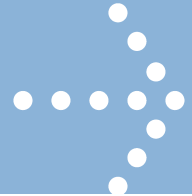




AUSTRALIAN LOCAL
GOVERNMENT ASSOCIATION



 **BLUEPRINT**
for Building
Better Communities



FEDERAL ELECTION

 2004

ALGA

... **BLUEPRINT**
for Building
Better Communities



Foreword

Local government in Australia plays a critical role in the Australian federation, delivering a broad range of important services to communities the length and breadth of the nation.

Local government has changed dramatically in the past few years. It is an increasingly efficient and effective sphere of government, relating to people on a more local, human level than can ever be achieved by state or federal government.

But local government is under increasing pressure and now stands alone as the only sphere of government that does not have access to a growing source of revenue.

Getting local government on a sound financial footing will allow this important sphere of government to play its full and rightful role in the Australian federation.

This document sets out a range of important policy priorities for local communities that need to be addressed by the major parties as we approach the coming federal election.

ALGA acknowledges a range of important initiatives for, and commitments made to, local government by both the Australian Government and the Federal Opposition over the past few years.

We now seek their commitment for a new deal for local government to help us build better communities!

A handwritten signature in black ink, appearing to read 'Mike Montgomery', written in a cursive style.

Cr Mike Montgomery
ALGA PRESIDENT

Overview

Local government plays a critical and growing role in the Australian federation, delivering an increasingly diverse and important range of services to the community. It maintains nearly 85% of the nation's roads, provides a vast range of community infrastructure, including entertainment complexes, museums and libraries, sports grounds, parks, child care facilities and aged care accommodation. It promotes regional development, tourism and economic and social advancement. It manages airports and marinas. It plans our communities, keeps them clean and plays a key role in emergency management. It cares for the environment through natural resource management. And it provides an increasing array of human services, from services for the young and the elderly to the promotion of public health and public safety.

But despite growing responsibilities, local government has for many years been under-funded, under-resourced and under-valued.

As a result, local government:

- has limited ability to raise its own revenue;
- does not have access to a fair share of national taxation revenue;
- is the victim of widespread cost shifting by state and, to a lesser extent, federal governments;
- faces rapidly increasing demand for the provision of human services;
- has rapidly ageing infrastructure needing major maintenance or renewal; and
- faces increasing budgetary pressure as demographic change and an ageing population put pressure on the single source of local government tax revenue—property rates.

A landmark inquiry into cost shifting and local government financing has recommended major changes to get local government back on a stable financial footing.

Local government has been encouraged by bipartisan support for this report—*Rates and Taxes: A Fair Share for Responsible Local Government*.

Local government now seeks commitments from the major parties to address the core issues facing local government, as set out in this election blueprint for building better communities.

Local Government in Australia

Local Government has existed in Australia since the 1840s and is a fundamental part of Australia's democratic system of government. Strong local government is a manifestation of the nation's commitment to 'good governance' based upon the overarching principles of local democracy, peace, security, social and economic justice, and ecologically sustainable development.

The activities of local government are based on general competency powers conferred under state and territory local government legislation. Policies, priorities and programs are determined by local governing bodies on behalf of local communities. While local government services are vital in their own right, local government is also a crucial partner in the efficient and effective planning, funding and delivery of across-government programs.

There are some 675 local governing bodies in Australia, providing a broad range of important services to residents. These range from the provision of infrastructure, such as roads, bridges, libraries, sports grounds and entertainment complexes to human services, including youth and aged care services, public safety, environmental management, immunisation clinics and emergency service coordination.

Functions include:

- infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management;
- provision of recreation facilities, such as parks, sports fields and stadiums, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks;
- health services such as water and food inspection, immunisation services, toilet facilities, noise control, meat inspection and animal control;
- community services, such as child care, aged care and accommodation, community care and welfare services;
- building services, including inspections, licensing, certification and enforcement;
- planning and development approval;
- administration of facilities, such as airports and aerodromes, ports and marinas, cemeteries, parking facilities and street parking;
- cultural facilities and services, such as libraries, art galleries and museums;
- water and sewerage services in some states; and
- other services, such as abattoirs, sale-yards and group purchasing schemes.

Local government spends around \$17bn a year servicing the needs of local communities—around 2% of gross domestic product.

A Fair Share for Local Communities

While local government has become more and more efficient over the past decade, it is under increasing financial pressure, hampering its ability to provide effective services to the community and limiting its potential to play a full role within the Australian Federation.

This fiscal pressure has a number of causes:

- Local government has a limited capacity to raise its own revenue.
- Cost shifting by state and federal governments has placed additional pressure on council budgets.
- Grants from federal and state governments—comprising around 12% of local government revenue—have fallen behind the real costs of providing services and maintaining infrastructure.
- Demand for increased spending on human services, such as health, welfare and public safety, has forced councils to reduce spending on other, more traditional areas, such as roads, bridges, community buildings, parks and sportgrounds and other assets.

The proportion of local government spending applied to health, welfare and public safety has, for example, trebled in the past three decades, from 4% of expenditure to around 12% today. At the same time, road expenditure has declined from around half of total local government outlays in the 1960s to little more than 25% in recent times.

Local government is also faced with an infrastructure funding crisis. Much of local government's infrastructure dates from the post-war period and is now in urgent need of either major maintenance or renewal.

The Tax Trap

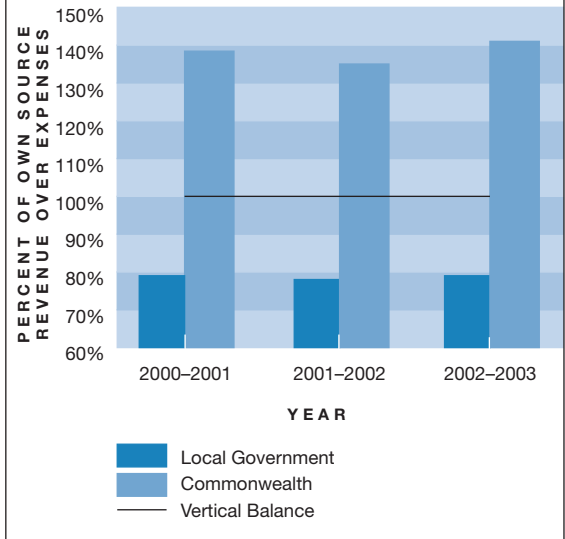
Local government's ability to meet the increasing demands placed upon it is being seriously hampered by financial circumstances. One of the most significant barriers to more effective local government is the enormous difference in the revenue-raising capacity and expenditure responsibilities of federal and local government.

The Australian Government raises far more revenue than it needs to cover its own expenditure programs. In contrast, local government's expenditure commitments far exceed its revenue raising capacity.

This mismatch of spending and taxing powers is known as a 'vertical fiscal imbalance' (see Figure 1). Figure 1 shows revenue raised by the Australian Government and local government as a proportion of expenses incurred by each sphere of government. The straight line across the chart indicates where both spheres would be if they were on an equal footing and there was no vertical fiscal imbalance.

FIGURE 1

Revenue Raising and Expenditure Australian Government and Local Government



To function effectively, each sphere of government—federal, state/territory and local—should have access to a stable base of taxation with real levels of growth.

With the advent of recent tax reform, both the Australian Government and state/territory governments (through access to the GST) now have a tax base that delivers real growth in revenue directly related to the growth in the Australian economy as a whole. Local government, on the other hand, has been left behind. Its sole source of taxation revenue is a property tax—rates.

Figure 2 shows how financial assistance grants (FAGs) to local government have declined as a percentage of Commonwealth taxation, even with the advent of the identified local road component of FAGs in the early 1990s.

FIGURE 2

Local Government Financial Assistance Grants as a Percentage of Commonwealth Taxation

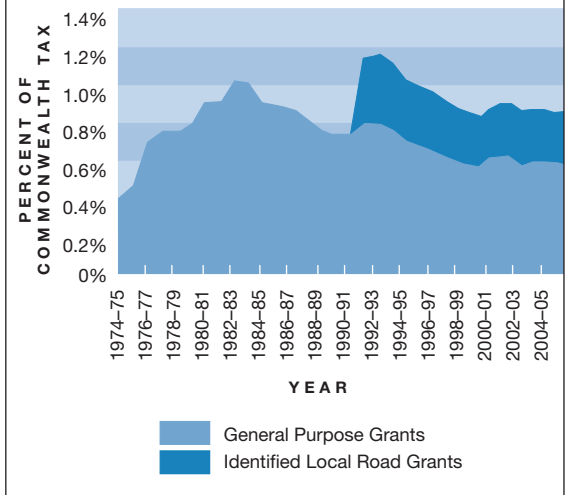
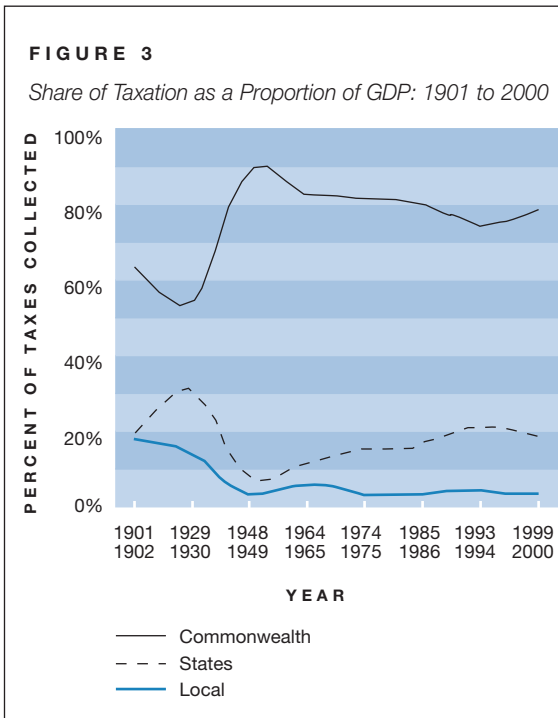


Figure 3 shows the share of taxation (as a proportion of gross domestic product) for each sphere of government over the past century. The figure shows the relative security of the Australian Government and state/territory governments compared to the worsening fiscal situation for local government.

The capacity of the Australian and state governments to provide services grows in line with the Australian economy—this is not the case for local government.



Local government has only one source of taxation revenue—property rates. Rates are the largest component of local government revenue (40% to 50%). Despite steady increases over the past three decades, rates have not matched the increased costs and responsibilities faced by councils and are not in themselves a sustainable base to underpin local government expenditure.

Since 1974–75, the Australian Government has distributed taxation revenue to local government in the form of financial assistance grants to help counter the impact of vertical fiscal imbalance enable local government to provide a wider range of services and promote financial equity between councils and greater funding certainty. FAGs are an important source of revenue for all councils, particular those in rural and regional areas.

While the importance of FAGs to local government cannot be underestimated, local government believes that it is now time to significantly improve the financial relationship between the Australian Government and local government.

FAGs should be regarded as a taxation revenue transfer—not a grant. It should represent the share of Australian taxation provided to local government in recognition of significant vertical fiscal imbalance and the need to achieve horizontal fiscal equalisation.

ALGA calls on major parties to commit themselves to the principle of restoring a fair share of total Commonwealth taxation revenue to local government.

Under the provisions of the *Local Government (Personal Income Tax Sharing) Act 1976*, local government received in 1976–77 the equivalent of 1.52% of net personal income tax collections in the previous year. The proportion was increased to 1.75% in 1979–80 and to 2% in 1980–81.

Moving the quantum of local government funding to 2% of total Commonwealth taxation revenue would restore relativities back to 1980–81 levels.

As an interim measure, ALGA seeks a commitment to a review of the current escalation factor (based on the level of inflation and demographic changes) for FAGs. FAGs should instead be linked to a growth measure such as a fixed proportion of Commonwealth taxation revenue.

Providing local government with a fair share of Commonwealth taxation revenue will enable local government to:

- improve its capacity to provide common levels of service to communities across Australia;
- improve the delivery of services to local communities;
- maintain and improve the quality of social and physical infrastructure across Australia;
- help counter growing regional inequality;
- assist in the repair of environmental degradation across Australia; and
- improve community cohesion.

A Way Forward

The pressure faced by local government is now increasingly acknowledged. In particular, the Fair Share report on cost shifting and local government finances, tabled in Federal Parliament in November 2003 by the House of Representatives Standing Committee on Economics, Finances and Public Administration, found that cost shifting was placing severe pressure on councils amounting to between \$500m and \$1.1bn each year.

The report has made a number of important recommendations that suggest a way forward towards securing a more sustainable and financially secure future for local government.

Importantly, the report found that cost shifting was a symptom of a much greater problem—that of governance arrangements between the three spheres of government, a system which denies local government a fair share of national revenue.

ALGA has argued in successive Budget submissions that we need to replace the grossly inadequate system of financial assistance grants—a system that's nearly 30 years old—with one that provides local government with genuine growth funding based on a fair share of national taxation revenue.

A new funding system for local government must provide a fair share of national taxation revenue and must meet five broad principles:


- i) it must include all councils;
- ii) it must include a minimum grant payment;
- iii) it must be fair and equitable;
- iv) there is no reduction in real terms and funding increases are attached to a growth mechanism; and
- v) it is simple and transparent.

 **ALGA seeks a commitment from the major parties to:**

- 1. convene a summit to be hosted by the Council of Australian Governments to set an overarching agreement on the roles and functions of each sphere of government and a forward agenda to implementing key recommendations of the Fair Share report.**
- 2. develop an intergovernmental agreement with local, state and territory governments to eliminate the practice of cost shifting.**

Constitutional Recognition

Australia is yet to follow the lead of many other nations and recognise the roles and functions of local government in our national constitution. The failure to recognise local government remains one of the significant omissions from the Australian Constitution. Local government fulfils a significant and increasingly important role within the Australian federation, a fact that needs to be recognised and enshrined in the nation's defining document. Local government recognises the commitment made by some parties to constitutional recognition and now calls for bipartisan commitment to this cause.

 **ALGA calls on all major parties to commit themselves to achieving constitutional recognition of local government.**


The Importance of Partnerships

In recent years, the Australian Government and local government have developed a positive and productive partnership. In particular, local government has often been a crucial partner in the efficient and effective planning, funding and delivery of government programs.

One of the most successful and effective examples of this growing partnership is the *Roads to Recovery* program. The program is delivering on national objectives directly through local government. Further important opportunities exist by building upon existing arrangements and establishing new ones. In particular, a more direct partnership can achieve significant improvements in the delivery of services for the Australian people in a broad range of areas including:

- Natural Resource Management (NRM) through local and regional delivery of the Natural Heritage Trust and National Action Plan for Salinity and Water Quality;
- Implementation of the National Water Initiative;
- Reduction of greenhouse gases;
- Delivery of regional economic development outcomes;
- Delivery of online services to local communities;
- Security and social cohesion;
- Development and enforcement of national food standards;
- Implementation of public and environmental health strategies;
- Delivery of children's services and aged care services; and
- Delivery of community cultural development programs and the arts.

ALGA seeks to strengthen and deepen the partnership between the Australian Government and local government for the delivery of mutually agreed national policy and program outcomes. Throughout the House of Representatives inquiry into cost shifting and local government financing, ALGA has argued the need to fix the fundamental problems confronting Federal/local government financial relations. ALGA has also argued that specific services provided by local government on behalf of other spheres of government, should be the subject of direct negotiation within specific purpose payment agreements.

 **ALGA seeks a commitment from the major parties to recognise local government as an equal partner that can deliver important, mutually agreed outcomes for the Australian people.**

Transport

AUSLINK AND ROADS TO RECOVERY

Local government is responsible for around 85% of Australia's roads (by length) and provides and maintains road and related infrastructure worth some \$75 billion.

Local government acknowledges the Commonwealth's partnership with local government to help address the substantial backlog in local road maintenance through the critically important *Roads to Recovery* (R2R) program.

A program review, completed in May 2003, found that the program had gone a 'good way' towards addressing the local road deterioration problem, but many deficiencies remained both in terms of the maintenance of the existing road system and the need to upgrade and extend it. Specifically, the review found that:

To maintain the [local road] asset at its current level of service, the R2R funding would need to be not only continued but at twice its current level.

(R2R REVIEW PAGE 42)

It also found that:

Local roads will revert to their pre-R2R rate of decline at the end of the program in 2005 if the program is not continued. (R2R REVIEW PAGE 42)

THE GOVERNMENT'S NEW R2R2 PROGRAM

ALGA acknowledges and applauds the Australian Government's decision, announced in January 2004, to renew the *Roads to Recovery* program from 2005 to 2009, at a rate of \$300m a year.

It has listened to the strong and continuous representations from local government across Australia and recognised that R2R is a great example of a direct partnership between the two spheres of government.

ALGA also appreciates the ALP's commitment to introduce a *Roads to Recovery* style program to provide \$1.2 billion over four years.

The long-awaited AusLink White Paper sends mixed messages to local government. It is positive in that it promotes better national transport investment and meets ALGA's key demands for AusLink, namely:

- *Roads to Recovery* is continued beyond 2005 with quarantined funding within AusLink;
- the identified roads component of federal assistance grants will not be diverted for any other purpose;
- rail and freight priorities do not come at the expense of local roads; and
- additional funding has been made available for AusLink in general.

On the other hand, ALGA has been very concerned that the White Paper stated that the Government would not allocate set shares for the strategic component of the renewed *Roads to Recovery* program on a state and territory basis. It only says the funds will be 'fairly distributed'. (AUSLINK WHITE PAPER PAGE 83)

This approach has some real problems, including:

- Significant equity issues for remote and possibly metropolitan councils;
- Transparency issues; and
- While the strategic pool allocation system would use each jurisdiction's own regional mechanisms and involve state local government associations, their respective roles and processes are still very unclear.

ALGA has, however, welcomed comments made by the then Local Government, Territories and Roads Minister, Senator Ian Campbell, at the 5th National Local Roads Congress on July 12, 2004. He told the Congress:

We do want to ensure that, firstly, every state gets a fair share. I've got no problems at all with ALGA's, or the motion you passed, Mike, that you have shown me today, that shows that you effectively have a notional state-wide allocation.

The Congress resolved:

Local government's preferred approach is that the strategic component of 'Roads to Recovery' funds should be notionally quarantined at specified state/territory levels and local government in each jurisdiction would allocate these funds strategically at a regional level.

ALGA will continue to pursue these issues with the Government, seeking further consultations with ALGA and state and NT associations.



ALGA seeks commitments from the major parties to ensure that the new \$1.2bn R2R2 program is administered in a way which maximises the improvement of the local road network and is delivered in a simple, effective and transparent way directly to local government.

ALGA seeks commitments from the major parties to implement local government's preferred approach to use of the *Roads to Recovery* strategic component funds—that they be notionally quarantined at specified state/territory levels and local government in each jurisdiction would allocate these funds strategically at a regional level.

ALGA recognises AusLink as an important national infrastructure initiative. ALGA has consistently called for new funds for AusLink and the \$11.8 billion to be spent over the next five years is a very good start. It is however vital that local government is fully consulted on relevant aspects of implementing AusLink and is a full partner in any AusLink national agreements.

ALGA calls on the major parties to ensure AusLink has (1) specific and identified processes to include local government in the AusLink planning and decision-making processes, and (2) secure long term funding for local roads to meet existing and future transport demands.

AVIATION

The House of Representatives Standing Committee on Transport and Regional Services released its 'Making Ends Meet' report in December 2003. The 270 page report provides powerful arguments for better resourcing and federal assistance for local government owned regional airports.

ALGA seeks the commitment of major parties to implement key recommendations of the 'Making Ends Meet' report calling for the introduction of a new airport subsidy scheme and the maintenance of the Remote Air Service Subsidy Scheme.

SUSTAINABLE TRANSPORT

As Australia's transport systems increasingly compete for public funding, we need to find ways to make them more sustainable—in economic, social and environmental terms.

In cities, 'density' causes problems of congestion, noise and pollution. Integrated land use and transport planning is a key part of the answer and local government is a core player in this area.

In regional and rural areas, 'distance' is the issue. We must ensure long distance public transport services (whether coach, rail, air or shipping) meet community service obligations and are sustainable.

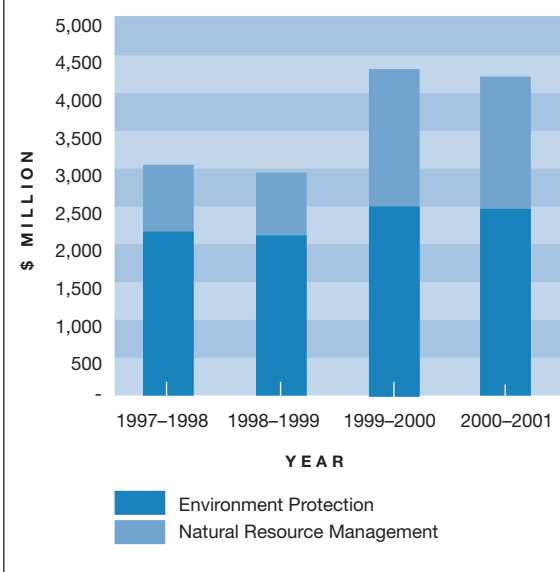
ALGA seeks the commitment of the major parties to provide national assistance for sustainable transport, including funding for a pilot program of transport initiatives at the local government level. Key issues would include traffic congestion, safety, travel demand management and accessible transport.

Environment

In 2000–01, Australian local government spent a total of \$2.5 billion on environmental protection and a further \$1.8 billion on natural resource management. This equates to 27% of total expenditure by local government, 86% of which is entirely derived from own-source revenue.

FIGURE 4

Local Government Environment Expenditure




In 2000, the Commonwealth, state and territory governments announced that a total of \$2.4 billion would be spent over a period of five to seven years to address environmental degradation. The *National Action Plan for Salinity and Water Quality* (NAP) commenced in 2000–01 and is scheduled to expire in 2006–07.

The extension of the *Natural Heritage Trust* (NHT) commenced in 2001–02 and is scheduled to expire in 2006–07. Local government welcomes these significant investments in the natural environment.

This submission calls upon the Australian Government to realise the full potential of further direct collaboration with local government on NRM. Actions that will compliment the already substantial investment local government makes in protecting and managing the natural environment include direct assistance for local government to:

- Establish a framework to review their planning schemes to complement regional plans;
- Further develop knowledge management systems to facilitate integrated planning based upon scientific advice; and
- Specifically investigate the science behind salinity impacts upon local government infrastructure and the development of appropriate technologies to remedy these problems.

Local government is in an excellent position to more closely engage in purposeful partnerships with the Australian Government and the state/territory governments for the implementation of the natural resource management objectives as it has a range of powers, functions, capabilities and responsibilities to influence sustainable and long-term changes.


 **ALGA calls on the major parties to accelerate the delivery of NAP and NHT by better engaging local government and to take infrastructure issues into consideration as a critical component of sustainable regional development and community prosperity.**

ALGA calls on the major parties to work with local government to create a more clearly defined role for councils in regional decision making through regional bodies selected to deliver on NAP and NHT.

ALGA calls on the major parties to recognise local government's responsibilities for strategic planning; development control; enforcement powers; pest, plant and animal risk control measures; management of local open space and advocacy/coordination of local community groups and interest groups.

WASTE MANAGEMENT

Local government has been concerned for some time about the failure of industry to take responsibility for the packaging it produces. Environmentally unfriendly packaging for which industry takes little responsibility is imposing major environmental and economic costs on the community in general and local government in particular. The review of the National Packaging Covenant provides an opportunity for the Australian, state and territory governments to work with local government to develop more comprehensive answers to waste management problems. A report commissioned by ALGA, the Municipal Association of Victoria and the Local Government Association of Queensland on the operation of the National Packaging Covenant—the Meinhardt Report—has highlighted a number of shortcomings of the Covenant from local government's point of view. These include a lack of tangible measurable outcomes from industry signatories, lack of true sanctions for non-compliance or non-performance, lack of state and federal government regulation of the packaging industry and lack of financial support by industry to cover the cost of recycling. The Covenant, which has been running for five years, is currently under review with a decision on its future to be made next year by federal, state and territory environment ministers.

 **ALGA calls on the major parties to commit themselves to working with local government to address concerns with the operation of the National Packaging Covenant—as identified in the Meinhardt Report.**

ALGA seeks a commitment from the major parties to ensure local government is not financially disadvantaged by its enthusiastic participation in the recycling process.

Regional Development

ALGA acknowledges the Australian Government's work in regional development and its effort to assist regions develop and seek funding for their own development proposals.

The new Regional Partnerships program, for example, seeks to make it simpler for communities to get backing for their regional development ideas, integrating the Australian Government's key regional funding programs, into one program. The Australian Government's Tourism White Paper and associated funding initiatives will also assist regional development.

ALGA argues, however, that more can be done to address regional inequalities as identified in the ALGA/National Economics annual *State of the Regions Report*.

ALGA believes a comprehensive approach to regional development will embrace ten key strategies:

1. A fair share of national taxation revenue for local government;
2. Better engaging local government in regional governance arrangements;
3. Investing in regional infrastructure, particularly transport infrastructure;
4. Supporting regional aviation/airports;
5. Expanding the use of community-focussed structural adjustment funding;
6. Encouraging learning communities and educational/training opportunities;
7. Boosting business development (eg tourism, addressing enterprise zones and zonal tax issues);
8. Improving access to financial services;
9. Driving regional IT development; and
10. Improving access to health care.

ALGA believes that additional investment in many of Australia's regions, be they metropolitan, rural or remote, is more than warranted if we are to address growing regional disparity. Europe in particular has invested in regional development and a strong regional emphasis is also in evidence in Northern America.


Regional development can take many forms, from specific investment in human services, including health and education, targeted business assistance and structural adjustment packages, to the funding of major infrastructure projects and their maintenance and renewal. The importance of transport and communications infrastructure cannot be underestimated to regional Australia.

 **ALGA calls on the major parties to work with and through local government to achieve economic, social, educational and cultural development and growth in all regional areas.**

ALGA calls on the major parties to commit themselves to promoting regional development by addressing key issues raised in ALGA's 10 point plan on regional development.

For example, the adverse impacts of the water market could affect youth, small businesses, job prospects and the social fabric of the community. An additional concern is that infrastructure investments based upon existing economic activity may become stalled.

Community-focused structural adjustment has the potential to ensure effective intervention by empowering and resourcing communities to develop local responses and solutions to changing economic and social circumstances.

 **ALGA seeks a commitment from the major parties to the introduction of community-focused structural adjustment packages as a means of assisting regions adjust to changing economic and social circumstances.**

STRONGER REGIONS, STRONGER GROWTH

While Australia's overall economic performance has improved, a number of regions in Australia are underperforming. Recent research commissioned by ALGA suggests that in terms of trends in regional economic performance, inequality between the regions has increased in relation to household income and access to quality employment opportunities. Inequalities between Australia's regions are unacceptable. But they are only likely to grow in the future without urgent action to address regional economic growth and development. ALGA suggests the following priority actions to foster stronger regions and stronger growth.

COMMUNITY-FOCUSED STRUCTURAL ADJUSTMENT

ALGA believes that community-focused structural adjustment packages are critical tools to enable regions under economic and social pressure to successfully adjust to change. ALGA has argued that such community-focused adjustment packages will need to be implemented as part of the national water initiative. While ALGA recognises that the water reforms will result in considerable national, regional and in many cases local benefits, a number of communities will be significantly adversely affected. In particular, areas where high volumes of water are traded out of the immediate locality are likely to see significant pressure on local enterprises.

ENTERPRISE ZONES

The Regional Business Development Analysis *Plan for Action* observes a stark reality for businesses in regional Australia. Businesses are finding it difficult to access necessary finance, attract outside investment, recruit appropriately skilled workers and navigate prohibitive regulation.

By contrast, the improved bottom line offered to business by the benefits accrued through the targeted implementation of enterprise zone type mechanisms will encourage investment and stimulate growth in distressed regional communities.

 **ALGA seeks a commitment from the major parties to develop and trial enterprise zones for regional Australia.**

ZONAL TAX REBATE SCHEME

The last review of the Zonal Tax Rebate Scheme occurred in 1981. The last increase in the value of the rebate occurred in 1993–94. The Zonal Tax Rebate Scheme has been reduced in value so much since its introduction in 1945 that it now offers little encouragement for workers to settle in regional areas. Further to this the fly-in/fly-out arrangements see many recipients basing themselves outside the regions the rebate is intended to support.

The Zonal Tax Rebate Scheme has the potential to offer a valuable incentive to encourage settlement and growth in regional Australia.



ALGA seeks a commitment from the major parties to restore the real value of zonal tax rebates to meet the stated objectives of the scheme and introduce provisions that provide for regular indexing of the rebate, removing eligibility for the rebate from those people who are employed under a fly-in/fly-out arrangement and better aligning the boundaries with generally accepted Australian Bureau of Statistics definitions for 'remote' and 'very remote.'

INVESTMENT IN LOCAL COMMUNITIES

The recent report for the Parliamentary Joint Committee on Corporations and Financial Services, *Money Matters in the Bush*, documents the impact of the withdrawal of banks from country Australia.

ALGA supports the recommendation for an evaluation of overseas measures designed to encourage banks to be more involved in the economic life of communities in rural, regional and remote Australia.



ALGA seeks the commitment of the major parties to evaluate legislative requirements on banks to satisfy the service and credit needs of the entire community and maintain a transparent and public record of assistance provided in this regard.

LEARNING COMMUNITIES

The announcement by the Australian Government to grant resident visas to skilled workers who commit to living and working in regional Australia is to be congratulated. However, the major challenge remains the retention of skilled workers in the longer term.

There is a need to develop skills in our communities, from basic literacy and numeracy to those skills required to meet the fundamental needs of the community and adjust to the changing nature of work. A community committed to lifelong learning and capacity building can contribute to expanding commercial opportunities and offer new solutions to regional challenges.



ALGA seeks a commitment from the major parties to foster stronger learning communities within regional Australia to both retain existing workers through new skills and attract new workers with better prospects for the future.

Public Libraries

Local government funds public libraries to the tune of some \$478 million a year. Increasing levels of cost shifting by state governments over the past 20 years has presented unique challenges for rural libraries that not only suffer from falling investment in book stocks and infrastructure but also are unable to access or service online information or digital collections.

Libraries are essential resources in facilitating access to the Internet and developing the technological literacy of the community. Advances in information technology have led to new challenges for the public library sector in terms of funding and infrastructure.



ALGA seeks a commitment from the major parties to support public libraries.

Health and Ageing

REGIONAL WORKFORCE SHORTAGES

For more than 160 years, local government has made a substantial contribution to the health of the nation. As a key player in public health and community welfare, local government is increasingly concerned about the growing shortage of health care professionals.

Councils across Australia are diverting scarce resources into projects associated with recruiting and retaining doctors to their communities. They are being forced to purchase and maintain appropriate housing, fully equipped medical practices and even entire hospitals to retain and compete for the limited number of doctors who want to work in country areas. This represents a very significant shifting of costs from federal and state governments, which are responsible for access to primary and tertiary health care, onto poorly resourced councils.

The Australian Government, which has responsibility for the provision of primary health care, should establish an infrastructure fund to cover the costs incurred by individual councils when acquiring facilities for the purpose of recruiting or retaining doctors in their communities. Packages to assist councils to purchase or rent facilities would enable them to provide 'walk-in, walk-out' arrangements to attract doctors without the fear of being tied into a practice they cannot sell.

ALGA strongly supports the concept of geographic bonding to address regional doctor shortages, noting that new medical school places are to be offered on the basis that they are bonded to areas of need. We have also been pleased to see the Australian Government take steps to address the issue of overall shortages in the medical workforce as well as the specific issue of maldistribution. It is accepted that medical workforce planning is inevitably imprecise.




Blueprint for
Building Better
Communities



However, the conditions of overall shortage which have been experienced over the past decade should have been foreseen and substantial workforce action undertaken to counteract consequential outcomes. In this regard, greater emphasis should also be given to the training, placement and resourcing of nurse practitioners across regional Australia.

Earlier this year, a 10 point plan to improve access to health care in regional areas was launched by ALGA, the Rural Doctors' Association of Australia, the National Farmers' Federation, the Country Women's Association of Australia and the Health Consumers of Rural and Remote Australia. The plan—*Good Health to Rural Communities*—called for:

1. Support for small rural hospitals as centres of quality health care and training;
2. A national strategic approach to procedural rural medicine;
3. Expansion of the Medical Specialists Outreach Assistance Program;
4. Incentive payments to doctors in rural areas and higher Medicare rebates for all Australians;
5. Extension of the role of practice nurses as part of the general practice team;
6. Support for advanced nursing practice;
7. Establishment of a local government medical recruitment infrastructure fund to assist councils that have to acquire facilities to recruit or retain doctors to rural towns;
8. Better access to high quality broadband service;
9. More attractive and effective bonded medical school places; and
10. Support for overseas trained doctors and removal of unnecessary barriers to their contribution to rural health.

 **ALGA calls on the major parties to establish a local government doctor recruitment infrastructure fund to assist councils which want to acquire facilities to enable 'walk-in, walk-out' arrangements to attract doctors to rural towns.**

ALGA calls on the major parties to adopt the 10 point plan to address regional health professional shortages as detailed in the *Good Health to Rural Communities* collaborative policy document.

IMMUNISATION

Local government around Australia plays an important part in the delivery of immunisation services. Nationally, almost 20% of pre-school immunisations are delivered through local government. In Victoria, almost 50% of pre-school and nearly 100% of school-age immunisations are delivered by councils.

The benefits of local government provision of immunisation services include:

- capacity for universality of service across all municipalities;
- greater opportunities for immunisation to be integrated with other local government infant and preschool health services, such as maternal and child health, family day care, kindergartens; and
- greater possibilities for high coverage in low socio-economic areas because it is a free service and easy to access (no appointments necessary).

While this is an important service, it has been undervalued by other spheres of government. The Commonwealth's \$6 payment for preschool immunisations, for example, has not changed since it was introduced in the mid 1990s. Funding for school-age immunisations is between \$2 and \$4.50.

Payments need to more realistically acknowledge the real costs incurred in providing the service. Where immunisation recipients are under 16 years old or have a health card, and the encounter involves a GP consultation and a valid return to the Australian Childhood Immunisation Register, an immunisation can cost the Commonwealth more than \$68. Where local government immunises via mass programs, total immunisation delivery costs are estimated to be in the order of \$15 to \$25 (depending on a range of factors including country travel times, management practices, level of marketing and availability of the most efficient vaccines). Currently this can involve a contribution of as little as \$6 of Commonwealth support.

ALGA calls on the major parties to commit to an immunisation incentive program for local government as an efficient approach to improving immunisation rates, relieving pressure on GPs while maintaining good information to parents to encourage GP visits when appropriate. ALGA nominates immunisation as an area in essential need of Commonwealth/State/local government financial and administrative reform so that the provision of free immunisation programs is transparent and takes into account the real costs of service delivery.

Such a program could be expected to maintain/improve immunisation rates, cost the Commonwealth significantly less per encounter than via GPs, maintain an emphasis on the need for visits to GPs where appropriate, significantly improve subsidy rates to local government and encourage local government to maintain some of its own expenditure in this area which otherwise may continue to decline.



ALGA calls on the major parties to commit to an immunisation incentive program for local government as an efficient approach to improving immunisation rates, relieving pressure on GPs while maintaining good information to parents to encourage GP visits when appropriate.

AGEING

Australia faces the significant ageing of its population over the coming decade. While older people make an enormous contribution to local communities, population ageing has a range of impacts on planning and service delivery which presents real challenges for local government.

Planning is essential if local government is to help maximise the health, well-being and independence of Australia's older population.

Local government is the level of government closest to the people and therefore has a crucial role in providing for the needs of our increasing number of older people.

To encourage and assist local government authorities to develop plans which integrate social, economic and physical planning considerations, ALGA is calling for a 'Planning for an Ageing Community Sponsorship Program' in which councils would apply for seeding grants to develop strategies and plans to meet the needs of seniors in their local areas. The grants would give local government a unique opportunity to look specifically at the planning needs of seniors' within their local communities.



ALGA calls on the major parties to establish 'Planning for an Ageing Community Sponsorship Program' in which councils would apply for seeding grants to develop strategies and plans to meet the needs of seniors populations in their local areas.

ALGA calls on the major parties to continue to build on the significant partnership with local government established by the Minister for Ageing, Julie Bishop to enhance the capacity of councils to meet the challenges and opportunities presented by demographic and population change.

CHILDCARE

Local government is a major planner, provider and funder of early childhood services, making substantial own-source financial contributions. Data from the Victorian Grants Commission shows that in 2002–03 Victorian councils alone spent in excess of \$37 million under the category of 'family and children's services'.

Under the Child Care Broadband Review, local government expressed concern that any adjustments or retargeting within Broadband would result in the decline in viability of child care programs, in particular Family Day Care operated through local government.

To achieve a sustainable framework for childcare services, ALGA calls on the major parties to work with and through local government to establish a sustainable framework for childcare services.



Local government plays a strong and critical role in childcare. ALGA calls on the major parties to work with and through local government to achieve the establishment of a sustainable framework for childcare services.

Information Technology

Local government provides many important services to the people of Australia.

E-government services can provide:

- improved service delivery;
- better access to services for regional, rural and remote Australians;
- reduced consumer costs;
- social benefits; and
- cost reductions to local government.


Most of these services are not yet available online. Networking the Nation (NTN) funding has helped local government start to become a more active participant in e-government.

The NTN program is coming to an end, but further funding is needed to assist local government continue the journey. A new national initiative would help consolidate gains and maintain the momentum towards e-government.

Significant progress has been made with the assistance of the NTN funding to establish frameworks and support for local government use of information technology at both the national and state and territory levels. Local government will be able to fund some on-going ICT development, but the momentum developed under the NTN projects will be lost. Without additional funding, local government will slip behind Federal and state



governments in its capacity to participate in e-government projects. The most important benefits of integrating the three spheres of government using ICT will be lost and the goal of providing better access to services for regional, rural and remote Australians will not be achieved.

 **ALGA seeks commitments from the major parties to assist local government to continue to develop its ICT capacity to enable local government to be a strong and active participant in the journey towards e-government. Federal funding will enable local government to build on the momentum established through the NTN funding and ensure that local government is able to provide better access to services for regional, rural and remote Australians and to participate as an active partner in the development of e-government in Australia.**

About ALGA

The Australian Local Government Association was established in 1947 to represent the interests of local government nationally. ALGA is constituted as a federation of the peak local government associations in the six states and the Northern Territory together with the Government of the Australian Capital Territory.

INFORMATION

For further information, see the ALGA website:
www.alga.asn.au

CONTACT OFFICER

Rohan Greenland
Director, Public Affairs

Australian Local Government Association
8 Geils Court
DEAKIN ACT 2600

Phone: (02) 6122 9400

Fax: (02) 6122 9401

Email rohan.greenland@alga.asn.au



Blueprint for
Building Better
Communities



