

STRENGTHENING AUSTRALIA'S COMMUNITIES

ALGA

AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION



FEDERAL BUDGET SUBMISSION

03

2003-04

04



A U S T R A L I A N L O C A L G O V E R N M E N T A S S O C I A T I O N

Hon Peter Costello MP  
Treasurer  
Parliament House  
Canberra ACT 2600

Dear Treasurer

**ALGA 2003-04 FEDERAL BUDGET SUBMISSION**

Thank you for the opportunity to make a submission on the 2003-04 Commonwealth Budget.

ALGA understands that this Budget will focus on security and counter-terrorism matters. Given those priorities, we ask that the Budget also address a range of critical issues confronting local communities throughout Australia. These issues need to be addressed sooner rather than later. In these times of uncertainty, drought and bushfire, it is crucial that we strengthen and increase the resilience of Australian communities.

In particular, we call on the Federal Government to fix unfair revenue sharing arrangements that leave local government seriously short-changed. Without fair funding, local government's ability to provide the broad range of services expected by the community is seriously impaired.

Opportunities also exist for local government to play a stronger role in dealing with problems of mutual concern, particularly in the areas of transport, the environment, regional development, shortages of health care professionals and the challenges presented by an ageing population.

Local government is committed to a co-operative relationship with the Commonwealth based on mutual respect and recognition of the contribution made to the national good by both spheres of government.

Yours sincerely

Councillor Mike Montgomery  
President  
Australian Local Government Association  
12 February 2003

A L G A F E D E R A L B U D G E T S U B M I S S I O N

03  
04



## EXECUTIVE SUMMARY

ALGA calls on the Federal Government to:

- address the unfair tax sharing arrangements between the Commonwealth and local government by fixing Federal Assistance Grants to an amount equivalent to 5% of GST revenue (an additional \$78m in 2003–04);
- continue the highly successful *Roads to Recovery* program beyond the current year of expiration (2004–05);
- provide new funding for the proposed national integrated land transport policy (AusLink). At present, no new funds are earmarked for this critically important initiative. Implementing AusLink within existing Federal Government outlays is a recipe for failure;
- allocate a stronger role to local government within the *National Action Plan for Salinity and Water Quality* and the *Natural Heritage Trust Extension*;
- renew the *Environment Resource Officer Program* and the *Cities for Climate Protection Program*. Funding for these important initiatives expires in June 2003 unless renewed in this Budget;
- take action to address the practice of cost-shifting to local government. Cost-shifting by Commonwealth and state governments places considerable strain on local government. The functions and roles of the three spheres of government need to be more clearly defined through an intergovernmental agreement. The Productivity Commission should also be funded to conduct a study on the extent of cost-shifting;
- work closely with local government in the development of long term strategies to address the challenges presented by an ageing population and provide funding for an 'Ageing In Place' pilot program;
- more actively promote regional development and deal with the growing inequality between Australia's 64 regions;
- urgently investigate a *Drought Relief Employment Program* to assist communities feeling the full impact of drought induced unemployment;
- fund a *Learning Communities Program* to assist local government provide a greater range of learning opportunities in disadvantaged regions;
- implement strategies to resolve the shortage of doctors in remote, rural and outer metropolitan areas, including funding local government to provide specific packages to attract doctors to communities where demand is not being met; and
- monitor the impact and effectiveness of public liability insurance reforms. The proposed reform package is designed to improve affordability and availability of public liability insurance. Close monitoring is needed to ensure this occurs.

The financial impact of ALGA's proposals on the Commonwealth Budget is shown in Table One below.

**TABLE 1 Financial Impact of ALGA Proposals on the Commonwealth Budget**

Proposal	2003–04 \$m	2004–05 \$m	2005–06 \$m
Financial Assistance Grants at 5% of GST	78	109	144
Roads to Recovery at current indexed levels	–	–	311
Productivity Commission Cost Shifting Study	1	–	–
Environment Resource Officers	1	1	1
Rural Doctor Package (assistance to councils)	50	50	50
Ageing Policy Funding	5	5	5
Learning Communities	10	10	10
Public Liability Insurance Reform	–	–	–
<b>Total</b>	<b>145</b>	<b>175</b>	<b>521</b>

**NOTE:** These figures are additional to current Commonwealth financial outlays.

## THE ROLE OF ALGA

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 ACT. Each year, the National General Assembly of Local Government provides local governing bodies with the opportunity to consider national policy directions and convey their views to ALGA's national executive.

Through these processes, ALGA comprehensively represents the interests of 717 local governing bodies throughout Australia. ALGA also speaks for local government nationally through its membership of the Council of Australian Governments (COAG) and a number of ministerial councils.

## LOCAL GOVERNMENT'S INCREASING WORKLOAD

Of Australia's three spheres of government, local government is the sphere closest to the people. Local government is involved in people's lives on a daily basis, improving their immediate living environment and making a tangible contribution to their social and economic well-being.

As the world moves steadily towards a more globalised future, there is an equally strong trend towards 'localisation'. For local government, it means growing demand not only on the quality, but also the range of services provided to Australian communities.

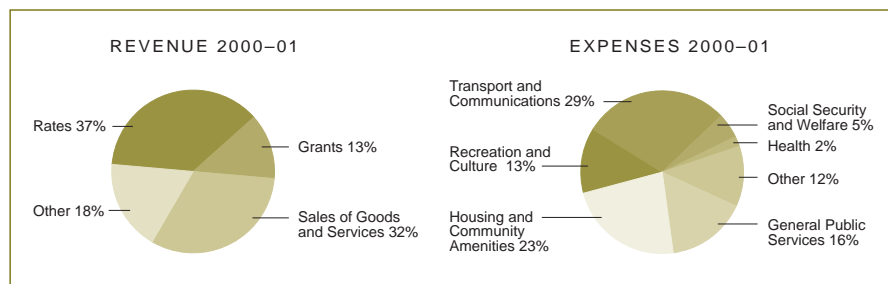
Today, local government offers services across a far broader spectrum than was the case a decade ago. For example, local government operates ports and airports, attacks salinity and protects the environment, provides welfare and aged care services, maintains the bulk of Australia's road system and plays a critically important role in the nation's health through environmental health measures, regulatory functions and waste management.

There are 717 local government bodies across Australia employing some 145,000 people. In much of rural Australia, local government is a major employer.

In 2000–01, local government collected around \$6.4 billion in rates and was responsible for maintaining around 84% of Australia's roads (683,893 km). It invested almost \$16 billion in Australia's local communities (see **Chart 1**), including:

- transport and communications (\$4.5 billion);
- housing and community amenities (\$3.6 billion);
- recreation and culture (\$2.1 billion);
- social security (\$820 million); and
- general public services (\$2.6 billion).

**CHART 1 Revenue and Expenses for Australian Local Government 2000–2001**



## FEDERAL RELATIONS

Local government plays an active and vital role in Australia's federation. ALGA is a full member of the Council of Australian Governments (COAG) and represents local government at the national level through membership of ten other ministerial councils. These arrangements provide an effective way for all three spheres of government to collectively address issues of national concern.

Local government should always be an equal partner in intergovernmental processes affecting those activities in which it has a legitimate interest.

ALGA believes that the functions of government should be exercised as closely as practicable to the affected citizens. This principle of 'subsidiarity' should be a fundamental tenet of the Australian federation.

However, for this federal system to operate effectively, two further principles must be applied. First, accountability between spheres of government must be clear and unambiguous. Second, fiscal equivalence is essential. In other words, each sphere of government should possess the resources to fund relevant functions within its own areas of responsibility.

Australia's federal system continues to be retarded by:

- limited recognition of local government as an integral part of the federation;
- vertical fiscal imbalance and inequitable financial arrangements between the spheres of government, particularly between the Commonwealth and local government;
- unclear delineation of the roles and responsibilities of the spheres of government; and
- ineffective mechanisms for co-operation and consultation between the spheres of government.

A model of integrated co-operation between spheres of government would greatly improve our system of government by:

- facilitating flexibility as to the roles and functions of each sphere of government;
- improving the exchange of information between spheres of government;
- adopting flexible administrative and fiscal requirements; and
- improving vertical and horizontal program integration between and across the spheres of government.

As a nation, we should be more actively examining the way our federation functions and exploring options for reform that address its short-comings and build on its strengths.

## FAIR FUNDING FOR LOCAL GOVERNMENT!

Local government is being seriously short-changed by the existing Commonwealth funding arrangements. Short-changing local government means short-changing communities.

The financial relationship between the Commonwealth and local government is characterised by a significant imbalance in the revenue-raising capacity and expenditure responsibilities of the two spheres of government.

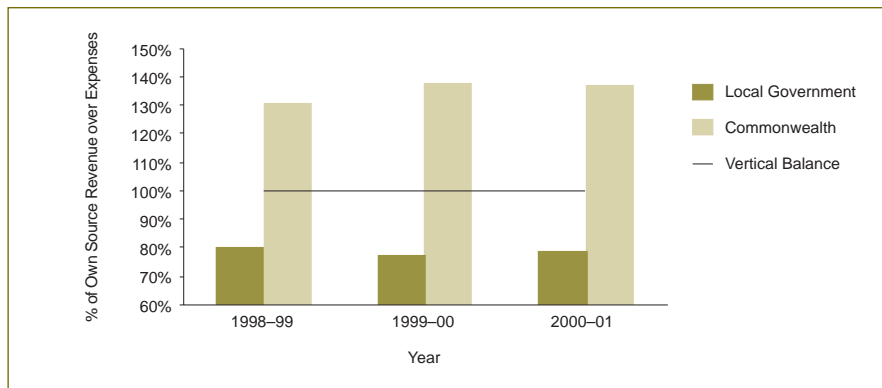
The amount of revenue raised by the Commonwealth is considerably larger than the amount it needs for its own spending programs. In contrast, local government's revenue base is not sufficient to meet its own expenses. This mismatch of spending and taxing powers is known as vertical fiscal imbalance (VFI).

Chart 2 shows revenue raised by the Commonwealth and local government as a proportion of expenses incurred by those spheres of government. The straight line in the chart indicates where both spheres would be if there were no VFI.

The efficient and effective operation of any sphere of government depends on access to a stable tax base with real levels of growth. The Commonwealth and state/territory governments (through access to the GST) have a tax base exhibiting these attributes.

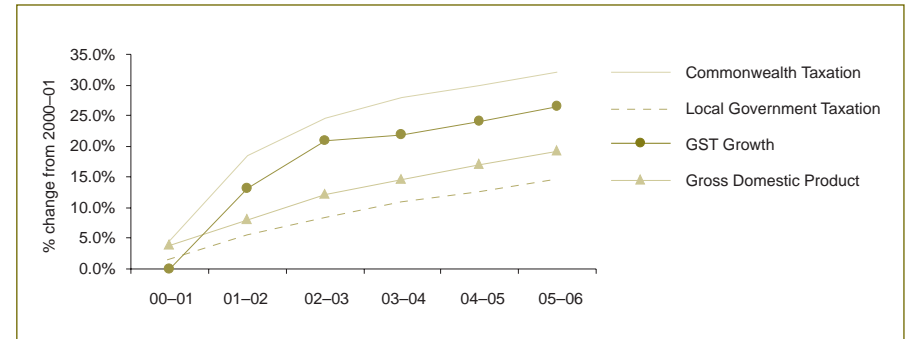
Taxes collected by the Commonwealth and states are expected to grow at a far greater rate than Gross Domestic Product. Chart 3 shows that local government's tax base (property rates) does not have the rate of growth enjoyed by the other spheres of government. This situation leads to a worsening of the VFI between the Commonwealth and local government. In real terms, the Commonwealth's fiscal position continues to improve while that of local government deteriorates.

**CHART 2 Vertical Fiscal Imbalance between the Commonwealth and Local Government**



The Commonwealth has (since 1974-75) distributed taxation revenue to local government in the form of Financial Assistance Grants (FAGs). The primary objective of FAGs is to redress VFI and strengthen local government, enabling the provision of a wider range of services, together with certainty of funding and financial equity between councils.

**CHART 3 Estimated Real Growth in Taxation and GDP**



FAGs are indexed annually using an escalation factor determined by the Commonwealth Treasurer on the basis of changes in inflation and population. FAGs grow at a rate significantly less than that of GDP or Commonwealth taxation revenue (as shown in Chart 3). ALGA considers the methodology unfair and discriminatory because demand for government services at all spheres increases as the economy grows. Tax bases need to reflect this fact.

ALGA therefore calls for FAGs to be set at an appropriate percentage of Commonwealth tax revenue. This would stabilise the VFI gap and offset the need for local government to either increase debt or increase taxes and charges.

This measure would provide long term revenue certainty for local government, commensurate with the stable taxation base underpinning state/territory finances. The consequently modest additional funding (\$78m in 2003-04) would enable local government to:

- improve the delivery of services to local communities;
- improve its capacity to provide standard levels of service to communities across Australia;
- 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.

Local government seeks further reform of the nation's tax sharing arrangements. Local government calls for the creation of a direct link between FAGs and Commonwealth taxation by linking the total amount of FAGs paid to local government to an equivalent of 5% of GST revenue.

> *ALGA calls on the Commonwealth to fix local government Financial Assistance Grants to an equivalent of 5% of GST revenue.*

## FUNDING AUSTRALIA'S ROADS

Local government is responsible for around 84% of Australia's roads (by length). This means the provision and maintenance of road and related infrastructure worth more than \$106 billion. Local government invests about \$2.7 billion a year in the local road network.

While this investment is significant, the demands placed on Australia's land transport system, including local roads, are set to dramatically increase. The AusLink Green Paper (the Commonwealth's proposal for an integrated land transport policy) identifies the nature and significance of future pressures on the national land transport network. It notes that by 2020:

- the total freight task is expected to almost double; and
- the urban passenger task will rise from 181 billion passenger kilometres (pkm) today to 236 billion pkm, while the non-urban passenger task will rise from 129 billion pkm to 227 billion pkm.

This growth will place enormous strain on the existing transport network. This strain comes on top of the burden imposed by ageing and deteriorating road infrastructure.

**Local government acknowledges and greatly values Commonwealth financial support for the provision and maintenance of local roads.**

Over the period 2000–05, average annual Commonwealth assistance to local government for local roads through *Identified Local Roads Grants* (\$423m a year) and the *Roads to Recovery Program* (\$232m a year) is estimated to be equivalent to 12.8% of total local government road expenditure.

The highly successful *Roads to Recovery* program, which provides \$1.2bn over four years to local government for local roads and related infrastructure, is due to end in June 2005. Notably, however, even with the additional funding provided by *Roads to Recovery*, Commonwealth funding for roads is in real decline (**Chart 4**).

**CHART 4 Real and Projected Commonwealth Local Road Funding**



In this context, ALGA strongly supports the need to develop a new framework to address current and emerging land transport challenges.

However, local government's support for AusLink is conditional upon a guarantee of:

- specific and identified processes to include on-going local government participation in high-level AusLink planning and decision-making processes; and
- secure, long-term funding for local roads at a level adequate to meet existing and future transport demands.

ALGA welcomes the Commonwealth's commitment to the retention of the identified local roads funding component of FAGs. However, local government seeks the additional assurance that the *Roads to Recovery* program will continue beyond 2004–05. The continuing integrity of Australia's local roads network is contingent upon assured Commonwealth financial support beyond June 2005, at a level at least equivalent to the current (fully indexed) identified roads component of the Financial Assistance Grants plus the average annual funding of the *Roads to Recovery* program (2001–05).

Relevantly, it is important that the findings of the House of Representatives *Inquiry into Local Government and Cost Shifting* be carefully considered in the development of the AusLink White Paper.

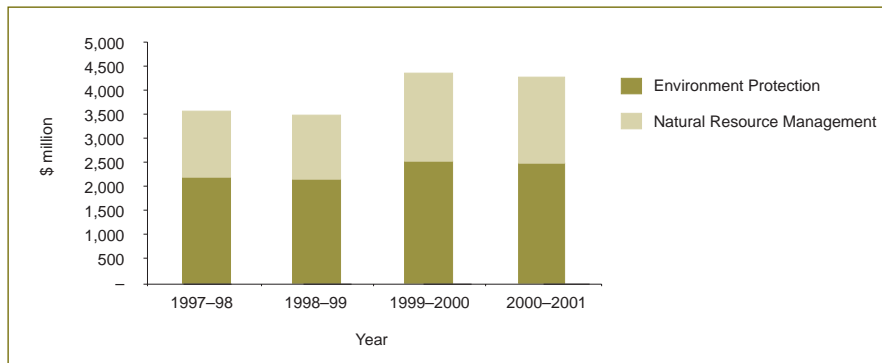
ALGA is also deeply concerned that AusLink is to be introduced within existing Commonwealth outlays for land transport. ALGA believes additional funding will be required if AusLink is to be viable. AusLink will be initially funded from the 2004–05 Federal Budget. ALGA calls on the Commonwealth to make appropriate provision in the Forward Estimates to properly and fully resource this important policy proposal.

- > *ALGA calls on the Commonwealth to ensure extension of the Roads to Recovery program beyond 2004–05, indexed to maintain the value of the program in real terms.*
- ALGA calls on the Commonwealth to make appropriate outlays in the Forward Estimates to ensure AusLink can be successfully implemented.*

## LOCAL GOVERNMENT AND THE ENVIRONMENT

Local government plays a leading role in environmental management. Each year, local government spends some \$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.

**CHART 5 Local Government Environment Expenditure**



Local government is concerned about the implementation of two important national initiatives. During 2000–02, the Commonwealth, states and territories committed a total of \$2.4 billion over five to seven years for natural resource management (NRM). This is being allocated through the National Action Plan for Salinity and Water Quality (NAP) and the extension of the Natural Heritage Trust (NHT). NAP commenced in 2000–01 and is scheduled to expire in 2006–07. NHT extension commenced in 2002–03 and is scheduled to expire in 2006–07.

Local government has expressed significant interest in both NAP and NHT. Around 417 individual local governments are located inside the boundaries of the 21 priority regions of NAP, and many more inside the NHT regions. There is considerable local government commitment to ensure that the programs are delivered in such a way that achieves the most sustainable outcomes for communities, the environment and the regional economies concerned.

However, substantial concern has been voiced, and will continue to be expressed by local government, over its limited involvement in both NAP and NHT.

As a member of the Natural Resource Management Ministerial Council, ALGA is keen to ensure constructive partnerships between the Commonwealth and local government are used to achieve positive outcomes from NAP and NHT. As a major investor in NRM, local government has a crucial interest in the outcomes of NAP and NHT.

While the Commonwealth has acknowledged the critical role of local government in NRM, there is an urgent need to transform this rhetoric to reality. Failure to constructively engage local government in the regional arrangements in all states will seriously jeopardise the outcomes of both these important initiatives.

To this end, ALGA seeks a Commonwealth sponsored initiative supporting local government extension services that would undertake the very important roles of:

- providing support and facilitating strategic council engagement in NAP and NHT regions;
- interfacing with regional bodies, to ensure local government's interests are reflected in the regional planning process; and
- support ongoing and future capacity building of local government in NRM.

Specifically, ALGA calls on the Commonwealth to fund state and territory local government associations to employ appropriate resources to deliver such extension services. These initiatives are estimated to cost \$1m a year.

ALGA is also concerned about the future of two current and highly successful Commonwealth environment programs due to expire in June 2003. These are:

- the *Environment Resource Officer Program*; and
- the *Cities for Climate Protection Program*.

Both of these long-running programs (nine and five years respectively) have built the capacity of local government to effectively implement local and national environment priorities at the local level. ALGA calls on the Commonwealth to strategically reinvest in these programs as a matter of priority.

> ALGA seeks:

- *earmarked funding for local government from NAP and NHT extension programs;*
- *the continuation and enhancement of the Commonwealth's Environment Resource Officer Program;*
- *the continuation and enhancement of the Cities for Climate Protection Program; and*
- *the establishment of a local government extension service to strategically improve the capacity of local government to engage in NAP and NHT extension.*

**PUTTING AN END TO COST SHIFTING**

The widespread practice of shifting costs from Commonwealth and state governments onto local government is placing substantial strain on local government and the communities they serve.

ALGA appreciates the work of the Standing Committee on Economics, Finance and Public Administration, which is currently inquiring into *Local Government and Cost Shifting*. The inquiry has received over 334 submissions and is conducting extensive public consultations.

Cost shifting occurs when a service is transferred to local government from another sphere of government without supporting funding or other forms of financial compensation. Cost shifting occurs in a variety of ways, including:

- requiring local government to provide services previously provided by another sphere of government (such as aged and children's services);
- mandating local government to provide concession and rebates without compensation (such as the provision of rates exemptions);
- formally referring service delivery functions to local government via legislation (such as food inspection, environmental management and planning control); and
- preventing local government from indexing fees and charges, which are driven by legislation in other spheres of government.

The impact on councils is substantial. For example:

- One Victorian city council estimated that in 2001–02, about \$4.5m was diverted from service programs and infrastructure upgrade/maintenance works to cover the costs of additional activities and responsibilities taken on as a result of state government decisions—more than 8% of the council's annual budget.

- A NSW city council identified 19 new responsibilities transferred consequent to state government decisions, adding \$2m to annual council expenses.
- In Tasmania, one council budgeted \$1.3m in 2000–01 to fund devolved responsibilities including \$630,000 for bridges alone and \$548,000 for the increased costs of compliance and administration—some 19.6% of total municipal expenditure.

An important tenet of democratic government is that programs and services are delivered, as far as practical, by the sphere of government closest to the affected people. However, most cost-shifting has simply been a means for one sphere of government (whether it be Commonwealth, state or territory) to devolve responsibility and accountability in order to improve the fiscal bottom line of the devolving government.

Cost-shifting:

- reduces fiscal transparency within the overall public sector;
- leaves local government fiscally vulnerable;
- makes difficult the attribution of the costs of service delivery;
- reduces the ability to assess performance;
- leads to greater levels of inequality across the country; and
- reduces the effectiveness of local democracy.

It is clear that all states, the Northern Territory and the Commonwealth initiate cost shifting. Significant reform of inter-government financial relations is required if this practice is to be stopped.

In order to assess accurately the extent of the problem, ALGA urges the Commonwealth to direct the Productivity Commission to undertake a technical assessment and report on the extent and quantum of cost shifting that has occurred from the Commonwealth and the states to local government.

The outcomes of such a report should be used as a basis for further reforms to the system of intergovernmental financial relationships. This could be achieved through an intergovernmental agreement (IGA). Such an IGA would secure agreement on revenue sharing and levels of service provision across the three spheres of government.

The IGA would require a guiding set of principles to be agreed to by all levels of government that would:

- subject to general local government competency principles, outline clear roles and responsibilities for each sphere of government in specific areas of service provision; and
- focus on performance of each sphere of government via agreed benchmarks.

This theme is further explored in ALGA's supplementary submission (February 2003) to the Cost Shifting Inquiry.

---

> *ALGA calls on the Commonwealth to fund the Productivity Commission to assess the extent and quantum of cost shifting from the Commonwealth, states and NT Government to local government.*

*ALGA also calls for an intergovernmental agreement on revenue sharing and responsibilities for service provision across the three spheres of government.*

---

## LOCAL GOVERNMENT AND AUSTRALIA'S AGEING POPULATION

The Commonwealth's intergenerational report, presented with the 2002–03 Federal Budget, identified the likely costs to the Commonwealth of a steadily ageing population.

The issue is not solely a problem confronting the Commonwealth. It also affects local government, which does not have the tax base to cope with the challenges presented by an ageing population. Local government provides directly, or resources local non-government organisations to provide, a wide range of infrastructure, facilities, services and other support to senior citizens. These include:

- seniors, home and community care centres;
- community transport;
- food services (such as 'Meals on Wheels');
- respite care and aged care facilities;
- self care units;
- community options services;
- home maintenance and modification; and
- community aged care packages.

The vast majority of local governments in Australia also provide pensioner rebates on property rates.

There are large numbers of councils with significantly ageing populations. Currently, 73% of Australia's local government areas have 15–24 year old populations smaller in number than the national average.

It is imperative the age structures and projected population dynamics in each state/territory and local government area become more comprehensively incorporated into policy deliberations concerning total financial assistance to local government.

The declining presence of younger populations in many areas has significantly negative consequences for local government revenue. In addition to their important production and tax-generating capacities, these are the people in the local community who, within a few years, buy the houses, pay the rates, and have the children that keep schools, businesses and industries operating and viable.

Changing demographics will have significant implications for demand on different local governments and their relative capacities to respond. In the short to medium term, it may be possible for local government to delay or buffer the more negative effects of an ageing population by developing infrastructure that will retain and even attract migrants, particularly young migrants.

In the longer term, however, the widespread emergence of a more elderly population has very obvious implications for a sustained change in the types of infrastructure, services, and revenue gathering exercises that will be needed in most regions, and in the possible short-term use of some of these goods, services and strategies.

Local government calls on the Commonwealth to develop and fund policies and programs that will prepare and assist local government in the delivery of services to an ageing population.

ALGA calls on the Commonwealth to allocate \$5m a year for an 'Ageing In Place' pilot program in local government areas with significantly ageing populations. The pilots would enable local government to work with other key stakeholders to investigate the social and economic implications of ageing populations at the local government level and develop service delivery models to meet future needs. The pilot programs would also examine ways in which better co-operation could be achieved between the three spheres of government in the provision of aged care through simplification and harmonisation of services.

---

> *ALGA calls on the Commonwealth to develop policies in conjunction with local government and provide funding assistance to improve the capacity of local government to meet the needs of ageing communities.*

*ALGA calls on the Commonwealth to fund an 'Ageing In Place' pilot program in local government areas with significantly ageing populations.*

---

## REDUCING REGIONAL INEQUALITY

ALGA's *State of the Regions Report 2002* presented a set of economic and social indicators for 64 regions across Australia<sup>1</sup>. The report confirms growing economic inequality between these regions.

Reducing inequality between regions must be a key priority for all spheres of government. Local government continues to work closely with community and business interests to improve economic opportunities, provide better levels of healthcare and improve the knowledge base of the local community.

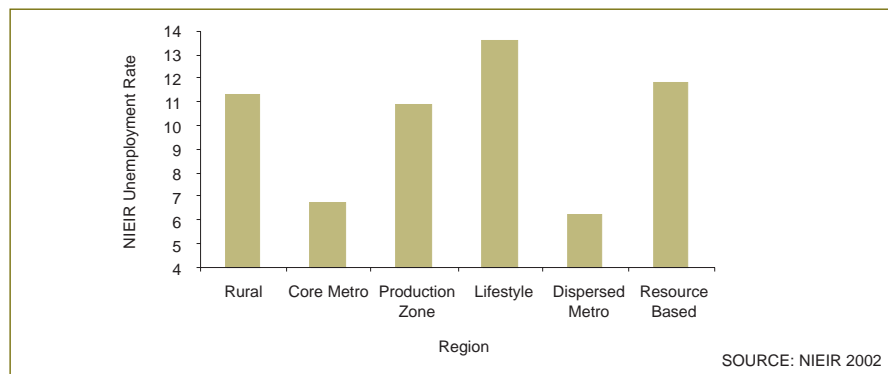
ALGA urges the Commonwealth to adopt a positive, integrated model for regional planning.

ALGA also recommends the Commonwealth provide incentives to promote employment growth and economic development in disadvantaged regions. These would include investment and tax incentives linked to the creation of new employment. Such incentives have proved effective in addressing regional inequity in the US, Europe and the UK, where they are often applied through 'enterprise zone' models.

## EMPLOYMENT

There is an urgent need to address employment levels in regional Australia, particularly in the Rural, Production Zone, Lifestyle and Resource Based regions.

**CHART 6 Unemployment Levels in Australia's Regions**



<sup>1</sup> ALGA identifies six types of regions in Australia: Lifestyle, Core Metropolitan, Production Zone, Rural, Resource Based and Dispersed Metropolitan

Local government in these disadvantaged regions requires Commonwealth assistance for a more coordinated approach to regional economic development in order to create strong, vibrant regional economies that will have the capacity to generate sustainable local job opportunities.

Combining the efforts of local government and Area Consultative Committees (ACCs) would enhance efforts to stimulate economic development of regions. ALGA seeks Commonwealth assistance to integrate ACCs into regional forums or development systems anchored on a firm local government area foundation.

ALGA requests the Commonwealth trial 'block funding'. This would link a range of regionally relevant state and Federal Government programs with greater levels of local discretion to achieve local outcomes.

ALGA is increasingly concerned about the impact of the drought on regional communities. ALGA seeks urgent investigation of a *Drought Relief Employment Program* to provide assistance to communities that are now feeling the full impact of drought induced unemployment, particularly in rural and production zone regions.

## INCOME

Income levels in Australia vary considerably from region to region. Globally competitive core metropolitan regions are able to offer high levels of income that, in turn, draw skilled workers away from other regions.

Many regions have struggled to retain younger workers as they seek better opportunities elsewhere. The comparative lack of educational opportunities in these regions has contributed to this trend.

There is a strong need to reinvest in human capital outside the core metropolitan areas.

ALGA calls on the Commonwealth to introduce a *Learning Communities Program* to assist local government to provide a greater range of learning opportunities for local communities. This would significantly enhance the economic competitiveness of these communities and increase the chances of retaining skilled workers.

> *ALGA calls on the Commonwealth to:*

- *urgently investigate a Drought Relief Employment Program to assist communities feeling the full impact of drought induced unemployment; and*
- *fund a Learning Communities Program to assist local government provide a greater range of learning opportunities in disadvantaged regions.*

## ADDRESSING SHORTAGES OF HEALTH PROFESSIONALS

For more than 160 years, local government has made a substantial contribution to the health of the nation. For example, in 1999–2000, the Australian public sector spent \$931m on public health. Of this, \$225m or 24%, was spent by local government.

Most public health activities are aimed at preventing illness or improving the general health status of a nation's population. What we spend on public health services is an investment in the nation's health that will bear fruit, in terms of reduced expenditure on illness, over time.

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE, 2002

Local government undertakes a range of public health and related activities, including:

- immunisation;
- food regulation (including provision of inspection and monitoring services);
- waste management; and
- environmental protection.

As a key player in public health and community welfare, local government is increasingly concerned and frustrated about declining community access to primary and acute health services. Access Economics estimates a shortfall of between 1,200 and 2,000 general practitioners exists across Australia, with at least 700 more needed in country areas.

Although access to health care is a Commonwealth and state government responsibility, local government has become increasingly actively engaged in the recruitment and retention of health professionals, particularly doctors. In order to recruit doctors, many local governments offer 'lifestyle packages', including accommodation, travel and assistance with locum relief. More could be done with direct Commonwealth support for such incentive packages.

While ALGA acknowledges the actions taken by the Commonwealth to date, there is a clear need for further action. ALGA calls on the Commonwealth to consider further measures to recruit and retain doctors and other health professionals to areas where shortages exist. Such measures may include:

- the introduction of differential Medicare rebates, with higher rebates applying to regions with significant doctor shortages, particularly rural and outer urban areas;
- action to stop the loss of procedural GPs from regional areas;
- an increase in GP training places from 450 to at least 600 a year;
- elimination of unnecessary barriers to the recruitment of overseas trained doctors;
- increasing the number of medical graduates by at least 300 a year; and;

- funding nurse practitioners to work—with appropriate GP supervision—in areas where few or no doctors can be secured.

Local government is keen to work with the Federal Government to address the shortage of health professionals.

> *ALGA calls on the Commonwealth to:*

- *provide financial assistance to local government to assist with the recruitment of doctors and other health professionals to areas of need; and*
- *take further measures to address doctor shortages, such as increasing the number of medical graduates and GP training places and eliminating unnecessary barriers to the recruitment of overseas trained doctors.*

## PUBLIC LIABILITY INSURANCE REFORM

Local government is directly and adversely affected by the public liability insurance crisis that has gripped Australia over the past two years. Local government has been an active player in helping to resolve the crisis and is represented on the Ministerial Forum on Public Liability Insurance convened by the Assistant Treasurer.

Local government has been pleased to support the raft of reforms proposed by the Ministerial Forum and endorsed by the Council of Australian Governments. ALGA believes the reform package must be implemented quickly. It is concerned over predictions that insurance premiums could continue to rise over the coming two years, rather than be reduced.

Given the very large premium increases experienced over the past two years, further increases would have serious consequences for many community, sporting and other organisations. The reform package is designed to reduce the cost of premiums and increase the availability of insurance products. In particular, research presented to the Ministerial Forum on Public Liability Insurance last year suggested the reform measures had the potential to reduce premiums by around 13.5%.

There is a clear need for a monitoring group to carefully assess the impact of the reform package and report on its implementation.

ALGA calls on the Commonwealth to establish a small unit to monitor the progress of nationally agreed insurance reforms and their impact on the cost of premiums and the availability of public liability insurance products.

> *ALGA requests the Commonwealth to establish a unit to closely monitor nationally agreed public liability insurance reforms and their impact on premium prices and product availability.*

## SERVING LOCAL GOVERNMENT

Members and Senators who have previously served in local government include:

### HOUSE OF REPRESENTATIVES

Member	Local Government	Member	Local Government
The Hon Neil Andrew MP, Member for Wakefield (SA)	Council of Waikerie	Mr Peter Lindsay MP, Member for Herbert (Qld)	Townsville City Council
The Hon Graham Edwards MP, Member for Cowan (WA)	City of Stirling	Mr Sid Sidebottom MP, Member for Braddon (Tas)	Central Coast Council
The Hon Janice Crosio MBE, MP, Member for Prospect (NSW)	Fairfield City Council	Mrs Joanna Gash MP, Member for Gilmore (NSW)	Wingecarribee Shire Council
The Hon Geoffrey Prosser MP, Member for Forrest (WA)	Bunbury City Council	Mrs Kay Hull MP, Member for Riverina (NSW)	Wagga Wagga City Council
The Hon Leo McLeay MP, Member for Watson (NSW)	Marrickville Municipal Council	Ms Jill Hall MP, Member for Shortland (NSW)	Lake Macquarie City Council
The Hon Mark Vaile MP, Member for Lyne (NSW)	Greater Taree City Council	Ms Maria Vamvakinou MP, Member for Calwell (Vic)	Northcote City Council
The Hon Roger Price MP, Member for Chifley (NSW)	Blacktown City Council	Mr Harry Jenkins MP, Member for Scullin (Vic)	Whittlesea Shire Council
The Hon Warren Truss MP, Member for Wide Bay (Qld)	Kingaroy Shire Council	Mr Joel Fitzgibbon MP, Member for Hunter (NSW)	Cessnock City Council
The Hon Wilson Tuckey MP, Member for O'Connor (WA)	Town of Carnarvon	Mr John Forrest MP, Member for Mallee (Vic)	Swan Hill City Council
Mr Alan Griffin MP, Member for Bruce (Vic)	Springvale City Council	Mr John Murphy MP, Member for Lowe (NSW)	Drummoyne Council
Mr Alby Schultz MP, Member for Hume (NSW)	Cootamundra Shire Council	Mr Kelvin Thomson MP, Member for Wills (Vic)	Coburg City Council
Mr Bob Sercombe MP, Member for Maribyrnong (Vic)	City of Essendon	Mr Kim Wilkie MP, Member for Swan (WA)	City of South Perth
Mr Chris Pearce MP, Member for Aston (Vic)	Knox City Council	Mr Mark Latham MP, Member for Werriwa (NSW)	Liverpool City Council
Mr Don Randall MP, Member for Canning (WA)	Belmont City Council	Mr Martyn Evans MP, Member for Bonython (SA)	Elizabeth City Council
Mr Gavan O'Connor MP, Member for Corio (Vic)	Colac City Council	Mr Patrick Secker MP, Member for Barker (SA)	Mt Barker District Council
Mr Peter King MP, Member for Wentworth (NSW)	Woollahra Municipal Council		

### THE SENATE

Senator	Local Government	Senator	Local Government
Senator the Hon Paul Calvert, Senator for Tasmania	Municipality of Clarence	Senator Stephen Conroy, Senator for Victoria	Footscray Council
Senator the Hon Ian Macdonald, Senator for Queensland	Burdekin Shire Council	Senator Alan Eggleston, Senator for Western Australia	Port Hedland
Senator the Hon Bill Heffernan, Senator for New South Wales	Junee Shire Council	Senator Brian Greig, Senator for Western Australia	Town of Vincent
Senator Lyn Allison, Senator for Victoria	City of Port Melbourne	Senator Julian McGauran, Senator for Victoria	Melbourne City Council
Senator Richard Colbeck, Senator for Tasmania	Devonport City Council	Senator Jan McLucas, Senator for Queensland	Cairns City Council

# AUSTRALIAN LOCAL GOVERNMENT

## SOME FACTS

Population	19.7 m
Rates collected	\$6.4 bn
Local road length	683,893 km
No of employees	145,000
Local governing bodies	717
Value of infrastructure	\$106.3 bn

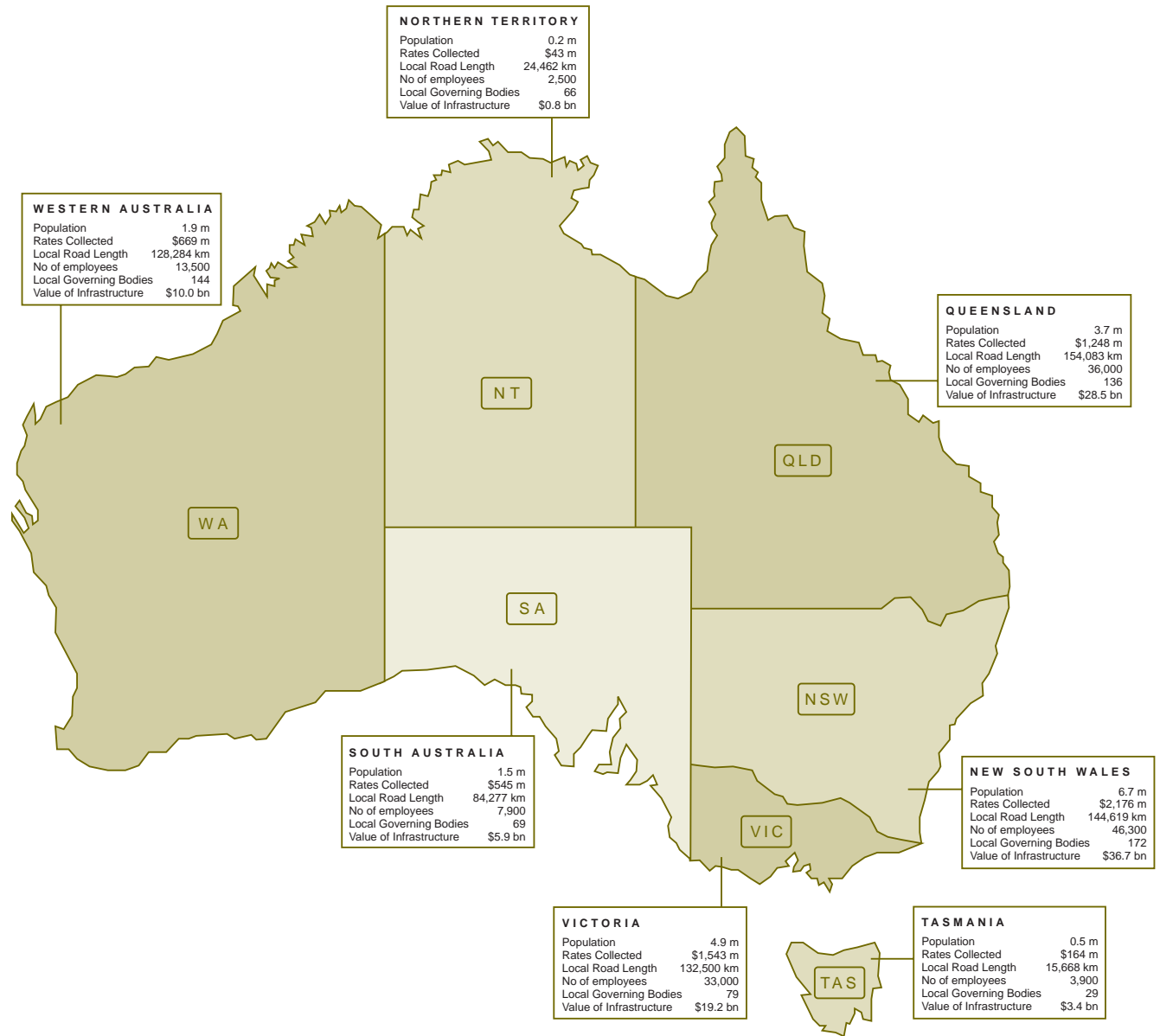
> Australia's largest council by population is Brisbane City Council, servicing a population of 898,500.

> Australia's largest council by area is East Pilbara in Western Australia. It covers an area of 378,333 km<sup>2</sup>, has a population of 6,832 and 2,864 km of roads.

> Australia has had four Prime Ministers who served on local government authorities.

- John Gorton (Kerang Shire Council)
- Ben Chifley (Abercrombie Shire Council);
- Earle Page (South Grafton Council); and
- Arthur Fadden (Townsville City Council)

> The first local government established in Australia was in Adelaide in 1840.



A L G A



A U S T R A L I A N L O C A L G O V E R N M E N T A S S O C I A T I O N

8 Geils Court  
Deakin ACT 2600  
Tel: 02 6122 9400  
Fax: 02 6122 9401  
Email: [alga@alga.asn.au](mailto:alga@alga.asn.au)  
[www.alga.asn.au](http://www.alga.asn.au)