

Town of Dalby

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FILE REF:
5/3/3

DGP:CMH

9th August, 2002

The Secretary,
Standing Committee on Economics, Finance
And Public Administration,
House of Representatives,
Parliament House,
CANBERRA. QCT. 2600.

Dear Sir,

Re: Submission - Cost Shifting Inquiry

I refer to your letter dated 13th June, 2002 inviting Council to present a submission on local government and cost shifting.

Council applied for an extension of time to process their submission please now find enclosed a copy of Dalby Town Council's submission to the Cost Shifting Inquiry.

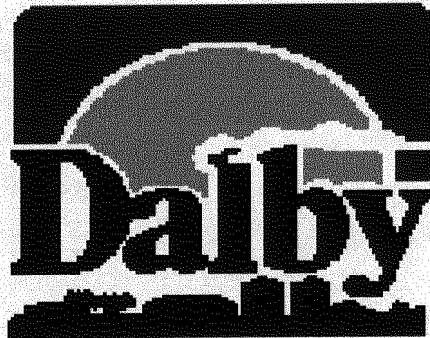
Yours faithfully

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	231
Date Received:	
Secretary:	<i>Bardell</i>

D. Phillips
D.G. Phillips,
CHIEF EXECUTIVE OFFICER.

Dalby Town Council

For the House of Representatives Standing Committee on Economics, Finance and Public Administration's inquiry into cost shifting onto local government by State Governments and the financial position of Local Government.



Submission

Executive Summary

The Council believes that not only has the devolution of services over the past ten years placed an additional burden on the local community, but the capacity to fund the most basic services has also been eroded due to:

- a) inflationary demands on providing services at the same level;
- b) the decreasing capacity to raise additional revenue from the local community;
- c) the decreasing in real terms of the Financial Assistance Grants and the possibility of a significant reduction in the near future due to the Grants Commission Review;
- d) the inability to take advantage of State Government programs as no funding is available to meet the 50% requirement by Local Government without severely affecting local maintenance programs;
- e) the demands of trying to meet the funding of large projects such as flood mitigation, major civil works, and the ongoing maintenance of ageing infrastructure for roads, water and sewerage.

The following key issues will be addressed in the submission:

- 1) profile of the Council;
- 2) regional role of the Council;
- 3) membership of regional organisations;
- 4) capacity of Dalby town Council to meet existing obligations let alone additional responsibilities;
- 5) impact of the devolution of services, functions and responsibilities including:-
 - welfare services;
 - environmental protection;
 - aged care services;
 - disability services;
 - waste management;
 - integrated planning act;
 - others
- 6) the inequitable allocation of Financial Assistance Grants and the degradation in real terms of this funding;
- 7) the centralisation of services to larger cities in the name of efficiencies to the detriment of locally based and government funded services e.g. Ambulance, Fire Services.

Overall, the Council believes there is a strong need to review the arrangements between State and Local Government with a view to seeing a return of many services that have been centralized away from local communities (e.g. Ambulance, Fire Services) with appropriate levels of financial support.

Dalby Town Council is what is known as a "donut" Council, with the town being ringed by just one rural shire Council.

It serves as a significant regional centre in its own right to the surrounding area and has already developed many joint boards/initiatives in this regard.

There is further argument that an even stronger regional approach through State and Federal Government's funding initiatives will enhance the communities that Dalby Town Council supports.

1. PROFILE OF COUNCIL

The Town with a population of 9,731 is situated 211 kilometres by road north-west of Brisbane and is 84 kilometres from Toowoomba and is the key centre of the northern Darling Downs. Altitude is 347 metres above mean sea level. The topography of the Town and its environs is extremely flat.

The Dalby Town, with an area of 49 square kilometres, is surrounded by the Shire of Wambo. Dalby also serves the Shires of Tara, Chinchilla, Rosalie, Jondaryan and Millmerran, to a large extent.

The Wambo Shire, with a population of 5,102 and with an area of 5,711 square kilometres surrounds the Town of Dalby and is primarily a rural primary production area and is serviced by the townships of Dalby, Bell, Jandowae, Kaimkillenbun and Warra.

The district has a varied topography with land forms ranging from mountainous (20 to 25% slope) through hilly to undulating and almost completely flat. The highest point in the Shire is Mount Mowbullian at 1,184 metres and the lowest is Warra with an elevation of 341 metres above mean sea level, and is bounded by the Shires of Tara, Chinchilla, Kingaroy, Nanango, Rosalie, Jondaryan and Millmerran.

The steepest slopes occur where the land falls away from the Bunya Mountains in a south-westerly direction and some 650 metres of elevation is lost in an average distance of about 32 kilometres. Once the plain is encountered, the slope changes to the north-west as is indicated by the flow of the Condamine River. The slope on the plains is about half a metre per kilometre.

A hub of National and State Highway networks radiate in all directions from Dalby. These networks include the Warrego Highway (to the east and to the west), the Bunya Highway, (to the north) and the Moonie Highway (to the south-west). The Condamine Highway also branches off the Warrego Highway 20 kilometres west of Dalby and the Leichhardt Highway branches off the Moonie Highway 110 kilometres from Dalby to connect with major interstate highways through western New South Wales.

Town Infrastructure

HEALTH

Dalby residents are provided with a General Hospital that contains maternity, outpatients, dental and intensive care facilities. This is complimented by a Community Health Office and a full range of therapists. There are a number of private practitioners and medical specialists available, with the Ambulance District Headquarters also located in Town.

EDUCATION

Dalby is well catered for with education facilities up to Senior Secondary School standard. There are over 3,000 students from Dalby and district which attend the eleven schools within the Town. There is also an excellent range of kindergarten and day nursery facilities that service the needs of all families.

Town Infrastructure (Con't)

FACILITIES

Dalby is served by Government Departments, most banks and Financial Institutions, Health Services, Police, Ambulance, State Emergency Service, Fire Service and Welfare.

The major chain stores in Dalby, which include Coles, Woolworths and Target are complemented by a full range of retail stores.

SPORT AND RECREATION SERVICES

Dalby and District has over fifty sporting organisations. All major sports are catered for in the many facilities provided with the various associations taking an active role in promoting and developing sport and recreation to ensure participation rates are high.

COMMUNICATIONS

Dalby has both Optus and Telstra. Communications with an Optus digital mobile communication relay station located on Council's water tower. Additional communications infrastructure into Dalby includes Telstra Fibre-Optic cable links to Toowoomba and the rest of the Telstra network.

Internet Service Providers in the region are extensive with the likes of Telstra Country, Ozemail, Ozxpress and Growzone to name a few. Internet rates in the area are always extremely competitive with those of the metro areas.

Dalby Community Radio (4DDD) is located in the Cultural and Administration Centre, while ABC Radio (747) have their main tower adjacent to the Dalby Agricultural College. Cost \$20,000 per annum.

ADVANCED EDUCATION AND EMPLOYMENT TRAINING FACILITIES

The Dalby Agricultural College established in 1979. The College is now co-educational and runs a broad range of courses including Certificate 3 and 4 in Agricultural Production, Diploma Applied Science (Agricultural Production) with a number of miscellaneous short courses such as welding, butchering, agricultural chemical accreditation and Information Systems.

The College is involved in joint ventures with the Toowoomba College of TAFE and is working on a drought employment support scheme and quality assurance for small business.

Dalby has a TAFE campus that is a subsidiary of the Southern Queensland Institute of TAFE in Toowoomba with 200 – 250 students enrolled at any one time in Certificate level and Associate Diploma courses.

Additionally, the Open Learning Centre has an office in Dalby that offers a vast array of courses and tertiary preparation units.

2. REGIONAL ROLE OF THE COUNCIL

Dalby Town Council is a regional centre for the eastern Darling Downs region. It serves not only the surrounding shire of Wambo but also the shires of Tara, Chinchilla, Rosalie, Jondaryan and Millmerran.

It is argued that in this instance where the adjoining Shire Council does not have a major Town within its area that the dominant Town, and in this case Dalby is called upon to provide a greater level of infrastructure for the general community than would normally be the case. The facilities provided by the surrounding shire are inadequate for the population that it supports and in distance needed to be travelled, facilities are not located within easy access to a majority of the population of its residents (e.g. the Wambo Shire Administration Office and major workshop is situated in the Town, with a majority of its employees also living in Dalby. It is also noted that some 30% of school children attending schools in Dalby are from the rural areas and in matters like use of the lawn cemetery and membership of the Police Citizens Youth Centre - Dalby, some 35% comes from outside of Dalby).

Sub-division developments approved outside of the town boundary, see residents of the adjoining shire enjoying subsidised rates by disproportionate grants allocated, whilst utilising the services of Dalby taking advantage of a treated water supply, free use to refuse tip facilities and other services, all provided by Dalby residents.

The services Dalby provides are:

Type of Facility	Number
Libraries	2
Mobile Libraries	-
Administration Offices	1
Workshop/Depots	5
Swimming Pools/Aquatic Centres	1
Indoor Sports/Recreation Centre	2
Sports/Recreation Fields*	18
Halls/Community Centres	6
Cultural Centres	1
Pre Schools/Kindergartens	4
Crèches/Child Care Centres	2
Health/Immunisation Clinics	1
Aged Persons Centres (non residential)	2
Aged Persons Hostels/Residential Centres	2
Staff Housing	2
Other Housing (include houses for aged Person other than aged centres above)	-
Garbage Tips (permanently manned)	-
Garbage Tips (not permanently manned)	2
Transfer Stations (permanently manned)	-
Transfer Stations (not permanently manned)	-
Premises serviced - garbage residential	4167
Premises serviced - garbage other	255
Video surveillance security systems	-

*Includes cricket, football, ovals, polo fields, basketball courts etc.

2. REGIONAL ROLE OF THE COUNCIL (CONT)

Servicing the following centres outside the Town:

Name of Centre	Population	Distance from Main Centre	Services provided from above list
Bell	300	40	Provided to all centres
Jandowae	875	46	Library
Jondaryn	220	40	Swimming pool complex
McAllister	40	23	Indoor Sports & Recreation
Warra	140	41	Sport & recreation fields
Brigalow	50	60	Halls and Community Centres
Condamine	30	85	Cultural Centre
Kogan	30	55	Tourist Information Centre
Tara	1175	87	Regional Art Gallery
Kumbarilla	30	38	Preschool/Kindergarten
Bowenville	200	29	Crèches/Childcare
Jimbour	40	24	Health & Immunisation Clinic
Kaimkillenbun	70	24	Aged Persons Centres
Bunya Mountains	450	60	Garbage Tip
Moonie	40	122	Sanitary Tip
Meandarra	210	143	
Glenmorgan	150	190	
Kupunn	20	31	
Broadwater	40	29	
Cecil Plains	280	48	
Tipton	20	20	
Irvingdale	20	18	
Wambo (Rural)	3430	0-60 km	
Cooranga North	25	62	
Other rural areas	5000	10-125km	

Dalby Town Council has always been proactive in regard to its regional role and has initiated and formed many joint boards/organisations.

These include:-

- Dalby Wambo Library Board
- Dalby Wambo Aerodrome Board
- Dalby Wambo Saleyards

In addition, active participation in:-

- East West Community Housing
- Toowoomba Golden West Regional Tourism Association
- Dalby Wambo Tourist Centre
- Dalby Regional Gallery Committee

The majority of the cost of providing these regional services is born by the ratepayers of Dalby Town Council. This is covered in more detail in item 4 the capacity of Dalby Town Council to meet existing obligations.

3. MEMBERSHIP OF REGIONAL ORGANISATIONS

Dalby Town Council has active representation in the following organisations.

Eastern Downs Regional Organisation of Councils - EDROC

EDROC is a voluntary organisation whose membership comprises the City of Toowoomba and the nine local government areas which surround it geographically. Council although not a member has responded with both financial and management resources to regional studies on planning and landfill management issues.

EDROC's charter is to:-

- facilitate integrated regional strategic planning in the areas of land use, transport, natural resource management and economic development;
- address issues which transcend traditional local government boundaries; and
- perform an advocacy role with both State and Federal Government on behalf of its Member Councils.

Western Downs Regional Organisation of Councils - WDROC

WDROC is a regional organisation whose membership is open to the following local government Councils:-

- Bendemere
- Chinchilla
- Dalby Town
- Murilla
- Tara
- Taroom
- Wambo Shire

WDROC has the following objectives and principles:-

Objects

- a) to support and advance the interests of its members and their constituencies;
- b) to formulate policies and strategies from which all member Councils may act collaboratively in determining complementary plans for the co-ordination of regional growth and management of change;
- c) to foster co-operation amongst members on issues of mutual concern or to further joint interests;
- d) to act as an advocate to State and Commonwealth Governments or public bodies on issues of concern to members.

3. MEMBERSHIP OF REGIONAL ORGANISATIONS (CONT)

Principles

In the pursuit of these objects the Western Downs Regional Organisation of Councils will observe the following principles:-

(a) Liaison

Establish and maintain close liaison with the Local Government Association of Queensland Inc. and other local government networks to ensure as far as possible the pursuit of common objectives and strengthening local government representation.

(b) Decisions

Positions adopted and decisions taken shall acknowledge minority or dissenting view points at a member's request.

Resolution of regional matters shall promote the collective interest of the members in association without injuriously affecting the interest of any member Council.

(c) Regional co-ordination and co-operation in relation to but not limited to:-

- transport and communications
- water supply
- wastewater treatment
- solid and liquid waste management and disposal
- extractive industry
- environmental issues and management
- economic development and tourism
- enhancing employment opportunities
- urban development
- social justice and equity
- rural lands
- management of data

and any other issue of a regional nature that an absolute majority of members may wish to include.

4. CAPACITY OF DALBY TOWN COUNCIL TO MEETING EXISTING OBLIGATIONS LET ALONE ADDITIONAL RESPONSIBILITIES.

Dalby Town Council is rating to capacity and has a narrow rate base and continually looks to other sources of revenue to meet its expenditure needs.

An analysis of the "Assessment of Revenue Capacity" as part of the FAG allocation, it can be seen that the ratepayers of Dalby Town Council are more than paying for the community needs as the Town Council strives to meet its regional responsibilities.

4. CAPACITY OF DALBY TOWN COUNCIL TO MEETING EXISTING OBLIGATIONS LET ALONE ADDITIONAL RESPONSIBILITIES (CON'T)

Rates assessed (capacity)	\$2.5 M
Actual Rates (levied)	\$3.8 M

This shows that the rates levied are more than 50% higher than the assessable rates - which well and truly highlights that the community is rated to absolute capacity if not more so.

When this is compared to surrounding shires (whose rates assessed equals rates levied) it further illustrates that the ratepayers of Dalby Town are more than paying their way for the regional responsibilities.

Dalby Town Council is not in a position to fund additional functions/responsibilities that are currently funded by the State Government and Commonwealth Government.

In addition, due to the size of the Town, it is extremely difficult to expand its rating base/revenue base.

The latest census shows that Dalby Town Council has maintained its population levels despite the rural decline in many shires further putting financial demands on the Council.

5. IMPACT OF THE DEVOLUTION OF SERVICES FUNCTIONS AND RESPONSIBILITIES

The devolution of services in the following areas have had a significant effect on the funds available to maintain basic services in the Town:-

- Environmental Protection
- Waste Management
- Integrated Planning Act (IPA)
- Welfare Services
- Aged Care Services
- Youth and Community Development Programs

The reason is two fold.

1. State and Federal Government funding has not increased in real terms to support these programs.
2. There has been a greater demand put on local community groups/organisations who have had to fund/supply administrative support for these programs.

Council has employed a Community Development Officer on a part time basis to help co-ordinate community programs in particular youth work.

5. IMPACT OF THE DEVOLUTION OF SERVICES FUNCTIONS AND RESPONSIBILITIES (CON'T)

It is of considerable concern to the Council that there is an increasingly greater expectation by the local community for Council to provide the shortfall in these programs.

Council is regularly called upon to provide funds by way of donations to these groups to help support their ongoing administrative needs.

It is estimated that additional costs of \$100,000 (2 staff) have been incurred on an annual basis as a result. This equates to \$1 million dollars over the ten year period.

6. THE INEQUITABLE ALLOCATION OF FINANCIAL ASSISTANCE GRANTS AND THE DEGRADATION IN REAL TERMS OF THIS FUNDING

Dalby Town Council does not consider that the objectives of the national principles are being met and disputes that due recognition of the unique circumstances of Councils performing a regional role has been given consideration in the distribution of the General Purpose Grants, arguing that the methodology of distribution based on population is flawed. It has always been considered that the Town of Dalby due to its regional role within this area supports upwards of 30,000 people. Statistics have been presented over the years to demonstrate this area supports upwards of 30,000 people, however scant recognition is given to this.

It is further suggested that Councils providing a similar regional role to ours fall through the cracks in the present distribution methodology and there is a need for increased stability in the distribution of grants, with greater funding being provided to these Councils to provide the support that is expected by residents of the districts.

The assessment of expenditure requirements and revenue raising capacity does nothing to assist the residents of our Town with the rates in the Dalby Town area considered to be high. Residents do not understand that the cost of providing services to the community taking disability factors, soil types, flatness of terrain, regional role, transportation, refuse tip operation etc providing this necessary infrastructure is generally at a higher cost.

The following table illustrates the inequities with the current FAG.

Council	Population	Area (sq km)	General Purposes Grant 1999/2000	\$ per capita	Roads Grant 1999/2000
Dalby TC	9,808	47	\$659,688	\$67.26	\$130,382
Wambo SC	5,300	5,703	1,293,607	244.08	594,008
Roma TC	6,442	77	552,252	85.73	110,902
Bungil SC	1,966	13,312	1,509,136	767.62	459,368
Goondiwindi TC	4,491	15	414,984	92.40	53,210
Waggamba SC	2,696	13,385	1,565,040	580.50	504,851

6. THE INEQUITABLE ALLOCATION OF FINANCIAL ASSISTANCE GRANTS AND THE DEGRADATION IN REAL TERMS OF THIS FUNDING (CON'T)

It is evident that there are similarities between these areas in the way they are treated with general purpose grants, with no logical explanation for the significant differences in outcomes based on expenditure needs or existing equalisation principles. It is considered that the Queensland LGGC does not appreciate the unique role that these towns play and the statutory formula which if allowed to progress to full implementation of the national principles will see the Towns in these areas significantly disadvantaged.

Another factor is that these grants are untied and it is disturbing to see adjoining shires receiving large grants particularly as they have in past years, not having to increase general rates and during this period becoming debt free. The Towns in question are rating to capacity and all have a narrow rating base - the consequences of drastic cuts in funding cannot be recovered from the general rate base and the level of service must diminish.

Residents of Dalby are constantly comparing rates charged in these circumstances and find it increasing difficult to understand the significant differences between general rate charges across boundary lines.

In the above example, major rural often wealthy areas surround the Town Councils and as under the current LGGC methodology, revenue capacity if calculated on a number of factors, including the gross personal income within respective areas, which when you consider the implications of the income rich rural production distorting the town projections can see Councils again significantly disadvantaged. These are genuine concerns at the measures used by the Queensland LGGC to determine Council's rate-revenue capacity, in particular the inclusion of a measure for the gross value or rural production and it is suggested that the Commonwealth Grants Commission should take this matter up with the Queensland LGGC during the review processes.

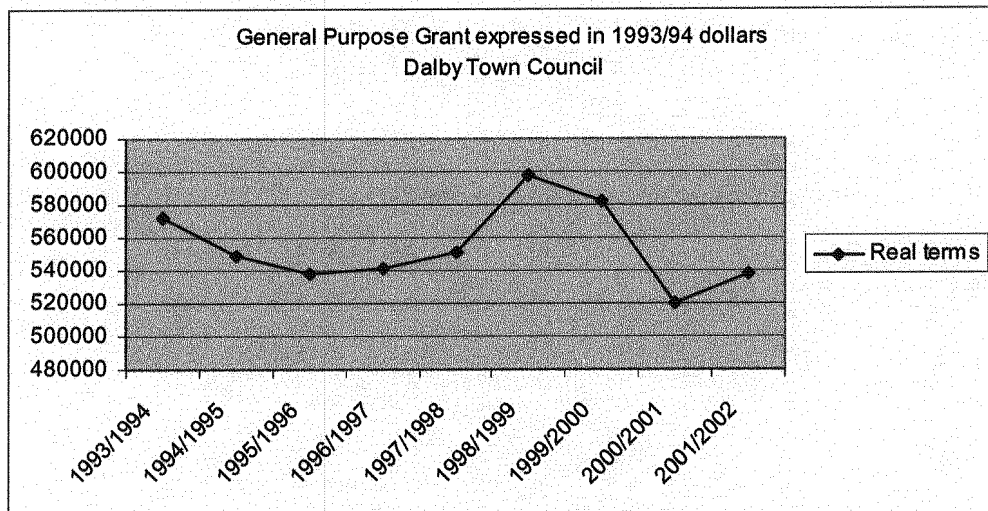
These differences are further reinforced in a submission prepared by Dalby, Goondiwindi and Roma Councils in February, 2001.

This submission is attached (Appendix 1) for your reference.

6. THE INEQUITABLE ALLOCATION OF FINANCIAL ASSISTANCE GRANTS AND THE DEGRADATION IN REAL TERMS OF THIS FUNDING (CON'T)

Furthermore, in addition to this inequitable allocation the reduction in real terms of the grant since 1994/95 is a major funding barrier for this Council.

The graph set out below highlights the reduction in real terms since 1993/94 of 6% to 9%.



Not only has the grant be distributed on an inequitable basis but has reduced in real terms.

7. THE CENTRALISATION OF SERVICES TO LARGER CITIES IN THE NAME OF EFFICIENCIES TO THE DETRIMENT OF LOCALLY BASED AND GOVERNMENT FUNDED SERVICES

Dalby Town Council sees a strong need to look to a regional approach to the delivery of many programs that have either been placed in the hands of local government or that have been taken away due to centralisation of services to bigger cities.

The management of a number of state government services have been either rationalised or centralised. In particular they have been taken out of the hands of those at the coal face.

Management of many services such as Ambulance, Police and Health have over a number of years lost their uniquely "local" perspective. Previously many government instrumentalities had a strong local management and accountability mechanism that ensured that services were provided in a more efficient and effective manner. For example the Ambulance was managed by a local Ambulance Board that would be made up of community members who were accountable to the community for service delivery.

7. THE CENTRALISATION OF SERVICES TO LARGER CITIES IN THE NAME OF EFFICIENCIES TO THE DETRIMENT OF LOCALLY BASED AND GOVERNMENT FUNDED SERVICES (CON'T)

In addition, when such centralisation took place, some \$2 million dollars raised by the local community for the ambulance service was absorbed by the State Government. These funds were critical for the ongoing efficiency running of a 'local' ambulance and the feeling of loss generated in the community was devastating.

Furthermore, before the State Fire Service levy was introduced, the precept for the fire services in the Town was \$190,000. A recent analysis shows that \$400,000 is now raised which is paid to the State Government which is a 100% increase.

The funding support for the local fire services in Dalby has not increased, thus illustrating a further loss to the community of Dalby.

The key mechanism to solve this issue is to reverse the trend (with appropriate funding) and to reintroduce localised accountability and management mechanisms.

There is also scope to look at other services such as the police to have localised accountability. Research should be undertaken to determine the merits or otherwise of other systems (e.g. USA).

Overall, the Council believes there is a strong need to review the arrangements between state and local government with a view to seeing a return of many services to the 'local' community with the appropriate level of funding support.

This should be by way of a fixed share of GST indexed to CPI.
