

31 July 2002

The Secretary
House of Representatives Economics, Finance and Public Administration Committee
Parliament House
Canberra ACT 2601

Dear Sir/Madam

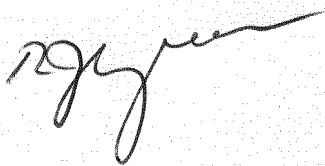
Re: Cost Shifting onto Local Government

Thank you for extending the deadline for the City of Unley's submission on Cost Shifting onto Local Government.

The Council's submission is attached for inclusion into the House of Representatives Standing Committee on Economics, Finance and Public Administration Inquiry. Of necessity it is brief, but we are willing to develop any aspect in more detail. We seek to present at the public hearing either when it is convened in Adelaide or if necessary in Canberra.

Please direct any enquiries to either myself on 8372 5103 or Mr C Coyle, Financial Controller on 8372 5122.

Yours faithfully

A handwritten signature in black ink, appearing to read "R.J. Green".

R.J. Green
City Manager

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	233
Date Received:	
Secretary:	<i>Bardell</i>

Village Charm. City Style.

Commonwealth Cost Shifting Inquiry

City of Unley

The City of Unley is an inner metropolitan Council of approximately 37,000 residents in an area of 14 square kilometres. The median age of the cosmopolitan community is 37 and Council's annual Budget is \$23 million.

Council has suffered because of Cost Shifting from State and Commonwealth Governments to Local Government over the years. Although much of the shift has been in the form of smaller projects it is evident that when combined, the shift is substantial. Since the mid 1980s, grants to local government have declined in real per capita terms and as a proportion to Gross State Product.

There are unavoidable costs associated with an upward creep of imposed standards, these arising from the actions of higher level governments (e.g. heightened accountability standards and consultation requirements) and judicial actions (extensions of concepts of liability and individual rights).

Services Which Have Been Devolved:

Following are the services which have been cut either directly or indirectly by the State and Commonwealth Governments.

TRANSPORT & COMMUNICATION

Roads – By persisting with an incorrect and inequitable formula to calculate Local Roads Grants, the Commonwealth Government is penalizing South Australia by \$24 million per annum and Council by approximately \$250,000 per annum.

Infrastructure – Brownfill sites are more expensive to maintain than greenfill sites. This is a fact often ignored when Commonwealth and State funding is available for infrastructure and it is allocated to developing councils.

Bike Paths – Bike paths were often installed with State funding. This funding has been reduced and demand for completion is now on Council (\$61,300 in 2001/02).

Bus Shelters – Bus shelters were a State responsibility. In the 1980s a joint funding program saw Councils involved in contributing to the costs. Now the State funding has all but evaporated and Councils respond to community demand and in most circumstances are left with full costs (\$37,800 in 2001/02).

Traffic Management – due to the State Government not developing an overall Adelaide Metro Transport strategy Council had to develop its own strategy and implement 40kph speed limits and construct traffic calming devices.

HOUSING & COMMUNITY SERVICES

Town Planning – Councils must now review their Development Plans every 3 years instead of every seven years – additional cost of \$80,000 per annum.

Development Act – Roles, responsibilities and administrative duties have increased with the introduction of mandatory notification and inspections of building works, plus the reduction in the type and range of applications determined by the Development Assessment Commission.

Community Centres – Funding for Community Centres from the State Government have decreased from \$35,000 in 1992 to \$22,000 in 2002. Although this contribution is only a small proportion of the funding required for Community Centres, it still means an increased funding contribution by Council.

Language, Literacy and Numeracy Programs – State funding which has been available on an annual basis since 1994 for English Language classes, has been cut by the State Government (\$7,000).

Environmental Management – The new Local Government Act 1999 requires Councils to undertake a greater range of policy, strategy, reporting and operational activities regarding environmental and natural resource management. This requires newly developed and resourced programs and projects regarding both new issues of general consideration such as energy and water conservation, or wetland and coastal management – as well as greatly expanded or refined versions of traditional activities.

Environmental Protection and Noise – The EPA does not provide resources for low-level environmental harm or nuisance issues, including noise complaints. This places pressure on Councils to undertake this role, without resources or with only short term funding arrangements.

Waste Management and Resource Recovery – Increased responsibilities and higher standards imposed by the EPA on waste management and landfill sites incur significant capital and operational expenditure. Environmental issues such as recycling are now a Council responsibility. The cost of waste management has almost doubled over the past ten years (now \$2.2 million).

PLEC – Support for Power Line Under grounding (PLEC) has been reduced with councils required to meet increasing costs to underground power lines (\$760,000 in 2001/02).

Water Management – Councils are required to collect the State Government Water Management Levy, but precluded from claiming administrative costs. State Government has amended the Water Resources Act, 1977 establishing Catchment Boards with certain responsibilities. However, they are avoiding payment of the costs from State owned facilities but requiring the ratepayers to meet their costs. In turn the Board's are endeavoring to have Local Government fund initiatives, which are traditional State Government responsibility. In addition, State funding for the Catchment Management Subsidy Scheme (CMSS) has been cut back by half, requiring a greater contribution from Councils towards stormwater mitigation. Catchment Boards have installed trash racks and expect Councils to maintain them at their cost.

Community Organisations – due to changing Federal/State Governments priorities and regulations, community based organizations experience difficulty finding suitable locations for basing their operations. Council supports many of these organizations through a leasing policy, which provides significant discounts on lease payments for community based organizations.

HEALTH & WELFARE

Supported Residential Facilities – The new Supported Residential Facilities Act introduced in 1996 has increased the roles and costs for Councils who are now responsible for resourcing the assessment, inspection and administration often with court costs involved. Local Government was assured this would be cost neutral however income from licence fees is insufficient.

Senior Citizens Centres – Were built or transferred to Councils in the 1960s and 1970s with heavy Commonwealth and State funding. Now there is virtually no funding assistance for maintenance or replacement. Net cost to Council of \$258,900 per annum with no State or Commonwealth funding.

Health Inspections – Council, under the Public and Environmental Health Act is now required to inspect cooling towers (Legionnaires Disease) with no resourcing for this work.

Food Act – Additional requirements under the new Food Act without additional revenue.

Disability Discrimination Act – Councils must develop and implement a 10 year plan to ensure public buildings and facilities comply with the Federal DDA Standards (\$50,000 per annum)

RECREATION AND CULTURE

State Government Surplus Land Sales – Councils are required to purchase significant/important land, which is surplus to the needs of the State Government at full market value (recently land purchased for \$2 million), e.g. schools, open space. Previously, this type of land was transferred to Councils, for community purposes, at a notional value. Some of the properties being sold by the State Government were donated in the first place for community use.

Playground Equipment – with continual changes to standards in the playground industry Council is required to continually upgrade playground equipment.

Libraries – Councils accepted library management and development in the 1970s. At that time the funding ratio between State Government and Local Government was 50/50 but now the figure is closer to 25/75 (total annual library cost approximately \$1.1 million).

Native Title – Councils are required under the Native Title Act (Cwth) to ensure audit of properties to ascertain non-extinguishment and development of appropriate administration regimes and protocols. This also requires major consultation with the local indigenous and non-indigenous community.

GENERAL PUBLIC SERVICES

Grants Commission – The Commonwealth distribute the Local Government Financial Assistance Grant on a per capita basis, which penalises the State of South Australia. The South Australian Grants Commission then distributes this Grant on an equitable basis, the formula of which penalises the City of Unley.

Tax Collection – Council is required to collect the Water Catchment levy for the State Government, at its own cost (refer above).

Postal Voting – the State Government requires mandatory postal voting for Local Government elections, at a cost of \$70,000.

Rates – Quarterly rate billing was required by the Local Government Act 1999 at a cost of approximately \$350,000 per annum. The responsibility for rate exemptions and rate rebates was transferred from State government to Local Government plus additional reporting requirements to State Parliament. The Local Government Act was also amended to give more organizations an opportunity for a rebate, therefore less income to Local Government.

Consultation – The Local Government Act 1999 introduced compulsory community consultation on a broad range of Council functions and this has been a very resource intensive exercise.

Taxation - Firstly, Fringe Benefits Tax (FBT) and now Goods and Services Tax (GST), require a substantial administrative cost for their management. There are also negative cash flow implications.

Freedom of Information – Placement of Councils under the State FOI Act 1991, amended to reduce timelines and increase complexity, requires increased resources to process applications.

FAGS – Quarterly payment of Commonwealth Government Financial Assistance Grants and Local Road Grants, which were previously paid annually up front, has cost Council income from investment.

PUBLIC ORDER & SAFETY

Crime Prevention – Increased demand and expectation placed on Council including management of graffiti. Funding from the State Government for the Crime Prevention Program has been withdrawn (\$75,000) in 2002/03.

Dog Management – Initially it was believed that Councils would be able to cover the administrative costs of the legislation. Council only recovers 55% of the cost. The State Government has declined Local Governments request to increase the fees.