

**Hobson, Katie (REPS)**

**From:** Kathleen O'Sullivan [kosullivan@crcc.nsw.gov.au]  
**Sent:** Wednesday, 7 May 2003 1:41 PM  
**To:** Committee, EFPA (REPS)  
**Subject:** Inquiry into Cost Shifting onto Local Government

House of representatives Standing Committee on  
Economics, Finance and Public Administration

Submission No:.....382.....

Date Received:.....7/5/03.....

Secretary: .....

The Secretary  
House of Representatives  
Standing Committee on Economics, Finance and Public Administration Parliament house  
Canberra ACT 2600

Dear Sir/Madam,

I write in relation to the Inquiry into Cost Shifting to Local Government.

Council has for some time been advocating a review of the impact of recent changes to the funding strategy for floodplain management in Australia

Until a few years ago funding for flood mitigation applications was made available on the basis of the Commonwealth contributing 40% of total funding, State Government 40% and Local Government 20% (2:2:1 basis).

In 1999 an agreement was made between the Commonwealth Government and the State Government for the Commonwealth contribution to be set at one third of the cost of successful applications. This formed the basis of the new Regional Flood Mitigation program. It was understood at the time that this agreement was made, that the intent of the State Government was to increase its contribution so that the funding required of Local Government would not change. This interpretation has been shown to be incorrect.

The outcome is that Local Government must now contribute 33% of funding for approved flood mitigation projects instead of the previous 20% which had been the level of contribution for approximately 40 years.

Local Government was not consulted about any proposed change to funding arrangements. Council had incomplete projects commenced under the previous funding arrangements (2:2:1) which were then funded under the new arrangements (1:1:1), resulting in pressures on budgets.

Clarence River County Council, along with members from other floodplain management authorities, are bitterly disappointed in the new (1:1:1) funding arrangements. Council's budget is already constrained and is severely affected by this reduction in funding.

Clarence River County Council is seeking your support for a reversal of this cost shifting and a return to the agreement between the State and Commonwealth Governments that funding for floodplain management should be on the basis of 2:2:1 (Commonwealth:State:Local).

Council also requests that the committee consider the impact of the increasing demand for legislative compliance by local government authorities to other Acts and Authorities and the ever increasing reporting and planning demands placed on local government authorities without the provision of extra resources to carry out those functions (eg compiling Social Plans, inspecting septic tanks, reporting FOI matters, Developing Privacy Management Plans and Records Management Plans).

Unfunded mandates and increased reporting and compliance requirements constituent cost shifting from one level of government to another, and in the case of local government, are shifted to an authority which is unable to seek the additional resources required to meet those increased demands because it exists under a regime of rate pegging.

Thank you for your consideration of Council's submission.

Kathleen O'Sullivan,  
CORPORATE SERVICES MANAGER,  
CLARENCE RIVER COUNTY COUNCIL

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