

## **COST SHIFTING EXPERIENCES OF THE DENILQUIN COUNCIL**

### **SUBMISSION TO HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION**

#### **INQUIRY INTO LOCAL GOVERNMENT COST SHIFTING**

In response to the inquiry the Denilquin Council submits the following evidence of its own experiences in cost shifting from both the Federal and State Governments onto local government.

The submission is divided into three parts as follows:

- Unfunded mandates conferred upon the Council
- Diminishing support for funded services
- Failures to act by either the Federal or State Governments

The submission identifies the commitments of the Denilquin Council in 1994 and levels of financial support from the Federal and State Governments which existed at that time and compares those with the present day.

#### **Unfunded mandates**

##### **NSW Fire Brigades contribution**

In 1994 the Council's contribution to the operations of the NSW Fire Brigade was \$5,000. In 2002 the Council has budgeted a contribution of \$28,400.

This represents a real terms increase in the contribution to the NSW Fire Brigade by the Denilquin Council over the eight years period of 481%.

The budgeted amount for 2002 does not equate to the amount requested by the NSW Fire Brigade. This requested amount is \$32,957. This sum represents a real terms increase of 563% over the eight year period.

##### **Companion Animals Act implementation**

In 2000 the NSW State Government introduced the Companion Animals Act.

This Act requires amongst other things that the Council pay to the NSW Local Government Department the total of life time registration fees collected by the Council for dogs and cats registrations.

In 2002 the Council estimates paying over to the Department the sum of \$5,000 representing the life time registration fees collected. Whilst the Council receives

back 85% of this sum there is nevertheless the principle of the Council acting as a revenue collector for other levels of government which needs to be addressed.

Despite the relatively small cost to the Deniliquin Council, the quantum of funds being handed over by larger Councils could be significant.

In 1994 the legislation which applied at the time provided that the Council retain the fees collected for the annual registration of companion animals.

The requirement to now hand over life time registration fees has resulted in a loss of revenue to the Council which in the past had assisted in covering the costs of the administration of legislative requirements conferred upon the Council for animal control.

#### Water quality monitoring

For a number of years the Council has had to accept responsibility for the monitoring of the quality of Deniliquin's water supply. The results of the monitoring activity are submitted to the NSW Health Department.

In the last 12 months the required frequency for sampling of water supply has increased significantly. Where once it was quarterly or monthly, now it is weekly.

In 2002 the Council has budgeted the sum of \$2,400 for water quality monitoring.

In 1994 the requirement for monitoring did not exist.

Whilst the sum involved is relatively small it nevertheless represents a requirement which has been placed upon the Council by a department of the State Government for which no funding to assist in meeting the cost has been provided.

#### On-site sewage management systems

In the past regulation of on-site domestic sewage management systems within NSW was limited to general accreditation by the NSW Health Department. Approvals to install however were issued by local councils.

In 1996, a review of Local Government regulations relating to on-site domestic waste systems was undertaken by NSW Health and the Department of Local Government. As a result Council is now responsible for the registration, operation, inspection and maintenance of all on-site sewage management systems within the Council area. Initial funding was made available for the registration of systems however ongoing funding for administration, inspection enforcement and monitoring of systems is not available.

Council has allocated \$1500 in the 2002 budget, previously there was no allocation for these systems

#### Land and water management planning

In 1994 there was no such thing as land and water management planning.

In 2000 however, changes to environmental legislation introduced a requirement for local government to contribute to the land and water management planning process.

In 2000 the Deniliquin Council budgeted \$35,000 as its contribution to land and water management planning in this region. The same contribution was provided in 2001.

A similar commitment is required in each of the next eight years.

Throughout the ten year period the Council will have contributed \$350,000 for which there is no financial assistance from the State or Federal Governments.

#### State of the environment reporting

In 2000 the Council was required to produce a report dealing with the state of the environment in the local government area.

This was as a result of changes to the NSW Local Government Act. The initial commitment from the Council was \$4,500. This grew to \$20,000 in 2001. A further \$6,600 has been committed in 2002.

There will be requirements to review the State of the Environment report periodically.

In addition there has and will be projects identified which arise out of the report preparation process. These projects will have to be funded.

In 1994 there was no such thing as State of the Environment reporting and the resultant environmental work requiring to be attended to.

#### Flood plain management

In January 2001 the NSW State Government introduced its flood prone land policy.

To support this policy a "Flood Plain Management Manual" was prepared and distributed to local government Councils in NSW.

Compliance with the manual will place great responsibility upon local government to mitigate against and manage the consequences of flooding.

As yet Deniliquin Council has not calculated the costs of meeting its obligations however they will be significant.

### **Diminishing support for funded services**

#### **Flood mitigation works**

Since 1995 the Council has been involved in the construction of a flood levee to protect the Deniliquin community from potential flooding of the Edward River.

When the Council commenced the project the funding ratio was Commonwealth 40 %: State 40%: Local 20%.

In 2001 this funding ratio was changed so that the Commonwealth would contribute only 33.3% of the project cost. The State Government immediately followed suit and reduced its commitment from 40% to 33.3%.

This has meant that the Council is now required to contribute 33.3% instead of 20%.

As the Deniliquin flood levee project was at the time of the changed funding ratios, only 60% complete, this will mean that by the time the project is completed in three years the Council will have contributed an additional \$1 million over and above its contribution under the former funding ratios.

#### **Public library**

In 1994 the Deniliquin's Council's contribution the operation of the Central Murray Regional Library Service was \$127,500. In 2002 this contribution is budgeted at \$240,400.

Over the eight year period this represents a real terms increase in annual expenditure of 60.9%.

The library subsidy from the NSW State Government on the other hand has decreased from \$26,200 in 1994 to \$22,800 in 2002.

This represents a staggering 34.6% real terms reduction in financial commitment by the State Government in the face of extraordinary cost increases facing the Council for the provision of library services.

### Street lighting

In 1994 the cost of street lighting in Deniliquin which was met by the Deniliquin Council was \$99,000. In 2002 the Council has budgeted \$131,600.

Over the eight years 1994 to 2002 the cost to the Council has increased by 13.4% in real terms.

In 1994 the Council received a street lighting subsidy from the State Government of \$15,000. In 2002 the sum of \$27,000 has been budgeted.

The subsidy to the Council over the eight year period has increased by a mere \$12,000 while the costs faced by the Council have increased \$32,600.

### Retail Growth Facilitator

In 1999 the Council received a grant through the Department of State and Regional Development for partial funding of the costs of employing a Retail Growth Facilitator.

After the expiry of the two year period of the grant however an expectation had been created within the Deniliquin community that the services provided by the staff member would continue.

This placed the Council in a position where it could discontinue the employment of the previously funded staff member and as a result incur the wrath of the community, or it could continue to employ the person and pick up the total cost of employment of the person. Deniliquin Council chose the latter.

This sort of "carrot dangling" to local government by the other levels of government is common throughout Australia. It is however a disincentive to local government to get involved in these programs in the knowledge that within a short period of time a Council will be faced with picking up the total cost of new services encouraged by other levels of government in the first instance.

## **Failures to act by either Federal or State Governments**

### Attraction of General Practitioners

In 2000, faced with the prospect of a rapidly reducing work force of General Medical Practitioners, the Deniliquin Council decided to sponsor an assistance package to attract new GP's to practice in Deniliquin.

Deniliquin is classified as an area of need for the purposes of the services of GP's.

While the population of Deniliquin municipality is 8,000, the greater Deniliquin area has a population of an estimated 14,000 people.

At one stage in the year 2000 doctor numbers got as low as five. This represents a doctor/patient ratio of 1:2800. Clearly this was unacceptable.

Despite pleadings to both State and Federal governments for assistance to reverse the trend nothing was done.

Out of frustration the Deniliquin community decided to take matters into its own hands.

An incentive package was put together comprising \$45,000 in financial assistance to be provided over three years to fully qualified GP's willing to relocate to Deniliquin. Half this sum was offered to GP' requiring a degree of supervision for a period of time.

The Council has been successful in the last 12 to 18 months in recruiting four new GP's to the community for a minimum tenure of three years.

The cost to the Council however will be \$157,500.

The Council found itself having to provide these incentives because of a failure by both the State and Federal governments to develop practical incentives to attract doctors to the bush.

**Cr. Patricia M. Fogarty**  
**MAYOR**  
**DENILIQUN COUNCIL**

24<sup>th</sup> July 2002.