

Date: 25 July 2002

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

Dear Sir or Madam,

Re: INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT

The South East Local Government Association (SELGA) and member Councils have considered the issues raised by the Commonwealth's inquiry into cost shifting onto Local Government.

SELGA's member Councils met on 5 July 2002 to prepare the following consolidated response to the inquiry.

We understand the terms of reference for the Commonwealth Inquiry are as follows –

The Standing Committee on Economics, Finance and Public Administration has been asked by the Minister to inquire into – *Cost shifting onto local government by state governments and the financial position of local government, including an examination of –*

1. *Local Government's current roles and responsibilities.*
2. *Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government.*
3. *The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.*
4. *Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments.*
5. *The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.*
6. *The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.*

SELGA welcomes inquiry

- Local Government welcomes the Minister's Inquiry and will take the opportunity to participate in the inquiry as a partner in serving the communities of Australia.
- To be an effective and successful partnership the cost sharing arrangements need to be negotiated from the start.

- Local government is a mature level of government with a proven ability to deliver services to the local community and on this basis the Commonwealth can feel confident in dealing directly with local government.
- The Commonwealth needs to ensure that there is more equitable vertical fiscal equalisation in the provision of Commonwealth funding to local government (ie: FAG's and road grants).

Specific Areas of Concern

Aged Care –

- Funding is only provided for the operation of aged care facilities and not the funding of new capital infrastructure. Council's are now providing direct funding for the provisions of new capital infrastructure to cater for the demand in aged care beds. (City of Mount Gambier, DC Grant; Naracoorte-Lucindale Council and Wattle Range Council).
- Accreditation for Aged Care Facilities – the cost implications of meeting the new standards for the accreditation of facilities is proving to be very restrictive (supply/demand).
- The new standards are unaffordable and appear to be bureaucratically driven – as a nation can we afford these standards and do we need to meet worlds best practice standards ?

Medical & Allied Health Services –

- The ongoing withdrawal of funding or the centralisation of services for a range of medical and allied health services has seen a cost impact onto local government in funding services in local regions. This has been necessary primarily due to access (transport) problems in regional areas. (ie: Wattle Range Council employ a social worker to address local community and client issues).

Recreational Jetties Divestment Program –

- The unilateral implementation of the Recreational Jetties Divestment Program by the State Government has seen the reallocation of responsibility for recreational jetties from the State to local government. There has been no recognition of this new responsibility through the Grants Commission funding mechanism.

Libraries Agreement –

- The process to renegotiate the State-Local Government agreement about funding for libraries was difficult and the pressure to retain the State Government funding was a battle and drain on resources. In real terms the funding appears to be reducing and the retention of this funding agreement will be an ongoing battle.

General Funding –

- Local Government appears to be forever fighting with Sate Government to retain current funding levels.
- There is a loss of real funding levels/ we are going backwards. The process is exhausting and a drain on resources.

- There is no surety for local government in this type of process.

Waste Management –

- The new standards for waste management (ie: National Packaging Covenant and recycling) have huge potential cost implications for local government.
- There should be a re-focus of how to address the current waste management issues (ie: at the waste generator not the landfill end).
- Are the new waste management standards for regional communities too high ?

Food Act –

- The new standards are too high – can we continue to afford the process of ever raising standards ? The new inspection processes will have cost implications for local government and their communities.

Services SA –

- The funding arrangements for the Services SA centres (Tatiara DC) are only short term and when the service is recognised as important to the local community the State funding has expired and local government is expected to maintain the service and to fund its operation.

Public Utilities –

- (Telstra & SA Water) – local government is expected to pay the cost of relocating public utility services during a local government project (mainly roadworks) where the services were not installed correctly in the first instance.
- There is a conflict between section 217 of the Local Government Act, 1999 and other State legislation (ie: Water Works Act) – there needs to be clarification in legislation to place the cost onus on the Public Utility.

Crime Prevention/Law & Safety –

- Local government is being expected to deliver these programs – SAPOL do not have the resources and the pressure falls back onto local government.

Highways Act –

- The reclassification of roads under section 26 of the Highways Act saw sealed road responsibilities handed back to local government with an initial 5 year funding agreement. The funding was never re-negotiated and local government has retained the roads and the responsibility of maintaining these sealed roads.

Railway Crossings –

- The provision of advanced warning signs for railway level crossings on local roads. In the case of the reopening of the railway system (Mount Gambier to Wolsley) local government is expected to erect and fund the installation of the level crossing signs.

Public Housing –

- Pressure is on local government to provide public rental housing (Tatiara; Naracoorte-Lucindale Council and Wattle Range Council) due to the shift in the SA Housing Trust policy away from worker housing to welfare housing.

Levy Collection –

- Local government is being expected to act as a revenue collection agency in relation to a range of State Government levies (ie: Catchment levies).

Emergency Services –

- Local government has handed over its CFS appliances and land & buildings at no cost to the State, however is expected to carry the ongoing loan liabilities in relation to these assets.

Department for Administrative & Information Services ('DAIS') Country Loadings –

- DAIS has a country loading applied to all its infrastructure projects (ie: Sheoak Lodge, Millicent) there are cost implications for local communities who inevitably funding these projects.

Constitutional Control –

- Local government has no constitutional control over its destiny (local government is a creature of the State) – there is a servant-master type relationship under the guise of some partnership relationship. There needs to be a real partnership arrangement in place.

Standards & Tied Funding –

- The standards are becoming too high. There are serious cost implications from trying to attain an ever-increasing level of standards. There is an obligation on local government to always prove themselves – the goal posts are always shifting.
- The State Government has tied the provision of funding to the attainment of new standards and accreditation processes – the funding received under this type of arrangement is not commensurate with the cost of achieving the accreditation. (ie: Visitor Information Centres).

Rate Capping/Pegging –

- The State Government placed rate pegging constraints on local government – 1996/97 by amendment to the Local Government Act.

Local Government Funding –

- Local government needs access to new growth revenue sources (not property based) to adequately fund its activities. (ie: petrol; GST; vehicle registrations; etc).

The Future

Definition of Roles & Responsibilities –

- Cost shifting should not be an indiscriminate, random process, as it now is.
- There needs to be a process whereby the roles between State & Local Government are specifically allocated, negotiated and/or rationalised with clear divisions of responsibility and funding.

Proven Track Record –

- The Council's within the SELGA region have a proven capacity and track record of co-operation and achievement on behalf of the communities in the South East of South Australia.
- SELGA has over 100 years of service on behalf of its member Council's and their communities.
- Projects such as the road studies (TIRES and SERTES); coastal management strategy plan; Section 30 Planning Review; etc) demonstrate this regional co-operation and ability to deliver.

I would be pleased to follow up member Councils on any queries that may arise out of this response.

For and behalf of member Councils:

City of Mount Gambier

District Council of Grant

Wattle Range Council

Robe District Council

Naracoorte Lucindale Council

Kingston District Council

Tatiara District Council

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