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23<sup>rd</sup> July 2002

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

Submission No: 116

Date Received: 05/06/02

Secretary: *Burdell*



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**The Secretary  
House of Representatives  
Standing Committee on Economics  
Finance and Public Administration  
Parliament House  
CANBERRA 2600**

Dear Sir

**Re: Inquiry into Cost Shifting onto Local Government**

Thank you for the opportunity to comment in relation to the abovementioned review into cost shifting onto Local Government.

The following submission is made in relation to the inquiry.

Council Profile

The Alexandrina Council was formed on the 1<sup>st</sup> July 1997 following the amalgamation of the District Council of Port Elliot and Goolwa and District Council of Strathalbyn and a portion of the District Council of Willunga. The Council is represented by eleven elected members including the position of Mayor. The Council forms part of the unique and beautiful Fleurieu Peninsula. The Council area is surrounded by the magnificent south coast that is now becoming a safe haven for the Southern Right Whale. Named after Australia's largest freshwater lake; Lake Alexandrina, the Alexandrina Council covers 1,824 square kilometres of the Fleurieu Peninsula. Alexandrina Council is a beautiful district with farmland, vineyards, hills, valets, lake, river and sea. There is a mix of rural primary industries, viticulture and significant growth in urban development. District details as follows:

Estimated population	17,535
No. of rateable assessments	14,132
No. of Electors	18,668
Length of sealed road	424 kms
Length of unsealed local roads	1000 kms

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**ALEXANDRINA COUNCIL** ABN 20 785 405 351 **Preserving the Past - Securing the Future**

Postal Address: Post Office Box 21 Goolwa SA 5214 Telephone (08) 8555 7000 Facsimile (08) 8555 3603

16 Dawson Street Goolwa Email alex@alexandrina.sa.gov.au 1 Colman Terrace Strathalbyn

Web www.alexandrina.sa.gov.au

### Financial Assistance Grants

On a number of occasions Council has expressed its concern to the S.A. Local Government Grants Commission about its continued decline in grants since the amalgamation and Council believes an urgent review of the methodology to calculate the grants should be undertaken.

Council is undergoing a massive population explosion with increases exceeding 5.5% per annum (compared with the average State rate of 0.6%), with projections indicating sustained growth continuing in the short/medium term.

Recently the S.A. Centre for Economic Studies prepared a report, for the Fleurieu Regional Development Board Inc., titled "Keeping Pace" that identified the population profile in the 40 – 54 age group is increasing at the rate of 6.1% per annum which reflects the movement of families into the area, all requiring additional services and enhanced employment opportunities. Demand for residential allotments and established housing is driving demand to record levels and in turn driving valuations to an all time high.

Residential values have been distorted over recent years from the high demand for housing that exists in this area. The formulae is additionally distorted by population data ex A.B.S. that does not reflect average population that resides over the year (over 40% of our ratepayers live outside the area yet use Council services for a percentage of the year).

Rural values are completely distorted by high viticulture values that are evident in the area. A recent review of the Valuation of Land Act did attempt to rectify this situation by creating additional land use codes for irrigated land, however the full recommendations are yet to be adopted. In the meantime we requested the Commission to extract viticulture values from the formulae to allow equity in the grants system.

This Council is expending millions of dollars within its infrastructure budget to provide for the viticulture industry and increasing population, yet is receiving declining grants on a continuing basis.

Council contends that the present formulae for the financial assistance grants is long overdue for review and in particular population data needs to be modified to accommodate the large itinerant population that exists in our area.

### Regional Community Services Initiatives

Council has established a close working relationship with our two Fleurieu council neighbours (City of Victor Harbor and Yankalilla Councils) in an attempt to meet community service demands that have been placed on the regional councils. This has been brought about by increased population and an expectation to provide specific services.

It is clear that the demand on Councils to provide these services is having an impact on the development and maintenance of its physical infrastructure such as roads, footpaths, bridges and stormwater drainage, just to name a few.

The regional community services initiatives are summarised below:

- [a] Caring Neighbourhood Project  
Assists people with a disability to participate in the community with the assistance of volunteers.  
Part funded by State and Local Governments.
- [b] Families First  
Provide a range of supports and services for families with children including coordination of parent education courses, coordination of parent support networks and facilitating inter-agency networks.  
Part funded by State and Local Governments.
- [c] Family Links  
Aims to develop a closer working relationship between children's services across the region.  
Funded by Commonwealth Government and in-kind contributions by Local Government.
- [d] Volunteer Home Visiting Program  
Supports families experiencing isolation from supportive friendship or family networks.  
Funded by Commonwealth Government and limited to current financial year.
- [e] Regional Community Care Project  
Provides in-home support and respite for frail aged and younger disabled.  
Funded by State Government and coordinated by the Southern Fleurieu Health Service on behalf of Councils.
- [f] Southern Fleurieu Suicide Bereavement Support Group  
Provides a range of supports for people bereaved through suicide.  
Funded by Local Government
- [g] Fleurieu Youth Development Officer  
Provides a range of youth development initiatives including the coordination of regional youth arts and cultural activities.  
Funded by Local Government
- [h] Fleurieu Region Community Grants Program  
Supports non-profit community groups wishing to make a positive contribution to the Fleurieu region.  
Funded by Local Government
- [i] Southern Fleurieu Youth Health Project  
Is managed by the Southern Fleurieu Health Service and provides young people from 13 to 18 years of age with an opportunity to identify priority health issues and develop strategies to improve access to health services.  
Part funded by State and Local Government.

- [j] Southern Communities Transport Scheme  
Provides services for transport disadvantaged, but is severely limited in what it can provide  
Part funded by State and Local Government

#### Local Community Service Initiatives

Council is not a primary health care provider however has responded to community need but must also balance its expenditure across a range of portfolios and assessed priorities.

We provide services to our aged community through a specific facility catering for physical and social needs. The facility encourages a healthy active lifestyle that aims to keep people in their homes longer. Clearly there is a benefit to the State Government dealing with aged issues on a local level. The State Government will contribute approximately \$64,500 towards this facility in the financial year 2002/03 whilst Council will contribute \$136,100.

Council has undertaken a collaborative arrangement with the S.A. Community Housing Authority to construct community housing units for the aged/disabled and low income people. Council's 2002/03 budget for community housing is \$88,900 that represents maintenance, Housing Association expenditure and depreciation.

Council has recently undertaken a Youth Sport Recreation Grant Scheme where organizations can apply for grants up to \$1,000 to assist young people develop skills in sporting activities. Recently Council has developed a skills based program where volunteer elderly citizens are able to pass on their knowledge and skills to young people in areas such as carpentry, motor mechanics, cooking, cosmetics, martial arts, in fact just about any courses that young people have identified as important to them.

The above have represented a brief resume of Council responding to community need in a positive and proactive manner.

Naturally this comes at a cost in terms of providing the services and balancing the need and cost against other infrastructure requirements.

#### Libraries

The Regional Telecommunication Infrastructure Fund (RTIF) was originally provided by the Federal Government to enable free access to the Internet across regional country libraries. Council received six PC's for its two library facilities in Goolwa and Strathalbyn.

The facility was made available in May 1999 with PubNets officially launched in February 2000. Library staff provided basic Internet training.

As demand increased the Networks for You program provided regular Internet training sessions gradually decreased with volunteers form the community giving basic classes at the libraries.

The PC's (hardware) need to be replaced this year. No asset renewal funded has been provided by external sources. The responsibility for replacement, maintenance and depreciation asset management has been left with the Council.

Networks for You is a South Australian Government's initiative that has been helping people throughout regional South Australia learn more about the Internet since February 2000. People in the Fleurieu region have been taking advantage of Networks for You by attending free of charge group presentations and free hands-on Internet Sessions at local Network Centres.

Network Centres are located in the Library service points at Goolwa, Strathalbyn, Mt Compass and Milang with Port Elliot sessions held at the Port Elliot Uniting Church. The level of service provided by Networks for You has gradually devolved as follows:

- Originally, Regional Coordinators were responsible for the program and delivered presentations to various community groups as well as schools and libraries.
- Trainees were then engaged to conduct 1 on 1 sessions.
- Volunteers from the community have now been trained to run the training sessions at the Library. Networks for You Regional Coordinators still act as coordinators for the overall project, with Library staff and/or Volunteers organising rosters at the local level.

A number of years ago Council entertained a 50/50 funding arrangement with the State Government over operating costs for the management of libraries. Council now picks up the majority of operating costs as well as all capital improvement costs.

#### Crime Prevention

There is an increased demand and expectation that Council should deal with graffiti management and crime prevention on a local level. This is made increasingly difficult when the SA State budget is cut from \$1.4 million to \$600,000 in the 2002/2003 financial year.

Council's cost to manage graffiti alone for the 2001/2002 financial year was estimated at \$15,000.

#### Surf Life Saving

The State Government is proposing a cost sharing responsibility to improve and maintain Surf Life Saving building facilities. We have two surf life saving facilities in our Council area and one of the buildings is in a bad state of repair. Whilst supporting the improvements to the buildings, the State Government is proposing a 56:33:11 funding mix between Government, Councils and Surf Life Saving Clubs.

In our instance the 33% funding mix is beyond the capacity of Council to fund, given that the total capital improvement and maintenance amount over a five year period is \$1.98 Million.

#### Emergency Helicopter Retrievals

Local community ovals are regularly used as emergency helicopter retrieval points. Many cases this occurs at night where oval lights are activated to assist with landing and take off for rescue helicopters. The State Government has refused to assist Council and community groups with installation and maintenance costs of replacement lighting.

### Stormwater Infrastructure

Cost shifting from the State Government has occurred in the provision of stormwater infrastructure. The State Catchment Management Stormwater Scheme (CMSS) subsidy has been cut in past years from \$4 Million to \$2 Million per annum. This has put a greater burden on Local Government for the provision of stormwater in larger catchments where the subsidy would have previously applied.

### Roads

Council has recently been advised that the Regional Road Program (RRP) has been cut by \$1.5 million, resulting in a total allocation of only \$700,000 from the State budget for the 2002/2003 financial year.

The RRP has assisted Councils to upgrade roads that they are responsible for that have regional significance and provide clear and direct economic benefit to the State. Council believes it is essential that the benefits of the RRP be maintained in the long term.

Councils regional roads accommodated a significant level of tourist traffic as well as heavy transport vehicles that pass through our area.

### Summary

Council is of the view that there has been significant cost shifting to Local Government over recent years.

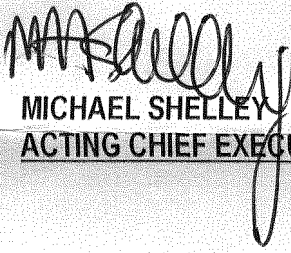
Over a number of years Alexandrina Council has experienced significant growth compared to other South Australian regional areas. Indications are that the growth will continue. The issues facing the Council now and over the next ten years could best be summarised as:

- Expected doubling of population along the river and coastal areas;
- Increased percentage of aged, young families and early retirees;
- More intensive dairy farming;
- Increasing areas given over to viticulture in the Langhorne Creek and Currency Creek localities;
- Potential salinity in Langhorne Creek area from irrigation that may impact on natural water table;
- Increasing impact of 'rural residential' properties;
- Pressure for community transport as there is no public transport;
- Tourism now an 'all year round' issue throughout the Council area rather than restricted to coastal and river areas;
- In some areas, sub-standard and ageing infrastructure;
- Lack of information on economic lives of assets – known variability because of different soil conditions;
- Road hierarchy needs review, with specific pressure on the road network for North-South and East-West B-double routes; and
- Need to extend STED to other areas of Council and deal with wastewater issues;
- Increasing service/program areas.

The increased pressure on Council to provide a range of community services is evident from the brief resume of services provided and discussed earlier in this submission.

Funding for increased services must be sustainable through allocations from the State Government or other sources of revenue.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Shelley', written over the typed name.

**MICHAEL SHELLEY**  
**ACTING CHIEF EXECUTIVE**