

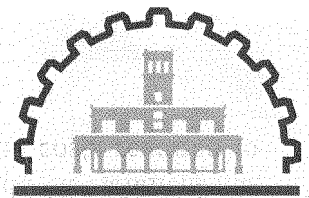
Correspondence to
be addressed to
Chief Executive
P.O. Box 197
Werribee 3030

DX 30258
Werribee

Your Ref:

Our Ref: 45/001/002

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	13
Date Received:	11/7/02
Secretary:	Burdell



WYNDHAM
CITY COUNCIL

Civic Centre
45 Princes Highway,
Werribee, Victoria 3030
Australia

Phone: (03) 9742 0777
Fax: (03) 9741 6237
TTY: (03) 9742 0817

<http://www.wyndham.vic.gov.au>
mail@wyndham.vic.gov.au

4 July, 2002

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

Dear Sir/Madam

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

The Council welcomes the Inquiry on cost shifting onto local government and has no doubt that input from all levels of government will add value to the Inquiry. Over many years local government has been forced to pick up increased unfunded responsibilities which are clearly the responsibility of either the State or Federal Government. The notion of local government bearing the burden of State and Federal Governments shifting costs is not new, however, the extent to which this problem has progressed is confronting, to say the least.

It should be pointed out that, whilst the Inquiry has commenced recently, it is by no means a reflection of what is happening with only the present Government. Previous governments have also been responsible for shifting the burden onto local government.

The opportunistic nature of the State and Commonwealth is clearly evident by it strangling Home and Community Care (HACC) funds to local government. With government funding falling short of the real cost of service provision, service providers are forced to make decisions about reducing service levels or contributing more themselves to ensure service levels are maintained.

Originally Council contributed 20% of the program funding; now it is faced with having to provide 39% of the total budget for HACC services. All fees received from clients are re-invested to provide additional hours of service and/or to meet the actual cost of providing these services. In previous years, all fee income was required by the DHS to be used to provide additional hours of service.

The State Government has also undertaken cost shifting in a less direct manner with its start up programs such as those in the areas of community safety and substance abuse where the State has provided the majority of the financial resources required to develop integrated community plans to address these issues. However, once the plans have been developed, the State Government has conveniently pulled out leaving local government to cover the majority of the costs required to implement the plans.

Beach cleaning is another area where successive governments have failed to change the subsidy level over a long period. It is suggested that if the quantum provided by the State for beach cleaning in the 1970's was investigated, it will be found that the argument is strengthened in that the State's contribution to beach cleaning did not change for approximately 20-25 years, until further funding was provided to increase attention to the clearance of syringes.

However, by far the most significant form of cost shifting relates to road classifications and the cost of construction and maintenance, which is actively practised by both the Federal and State Governments. Definitions have been established for roads to be classified as National Highways or Roads of National Importance, and therefore a Federal responsibility or State Freeways, State Highways, Main Roads, etc, which become a State responsibility from a funding and management viewpoint.

Consistently, the Federal and State Government have been very slow to acknowledge arguments that roads should be reclassified on the basis of changes to the road function. As the decision on classification is made by the body required to assume financial and management responsibility, it is not surprising that the Federal and State Government regularly refuse applications for roads, where the current functions clearly meet the established definitions.

It could be argued that the processes for classifying roads are fundamentally flawed and should be determined through an independent body, where the parties can have confidence that arguments will be given full and due consideration. The cost avoidance by this process is unquantified, but is likely to be in excess of \$100 million.

Again, the Council welcomes this Inquiry but questions the extent that governments will want to debate the merits of the issues generated through the submissions received. Nevertheless, the question of cost shifting should be fully understood by all ratepayers and given appropriate public exposure.

Yours faithfully,



**IAN ROBINS
CHIEF EXECUTIVE**