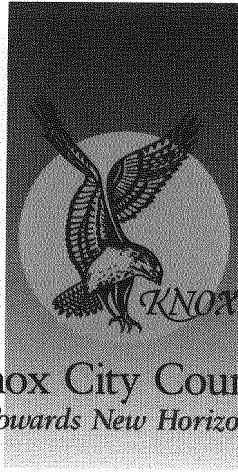


• Please address all  
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• Chief Executive Officer  
•  
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• Fax: 03 9800 3096



**Knox City Council**  
*Towards New Horizons*

25 July 2002

Enquiries to: Mr Graeme Emonson  
File Ref: 498861

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

Dear Sir/Madam

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

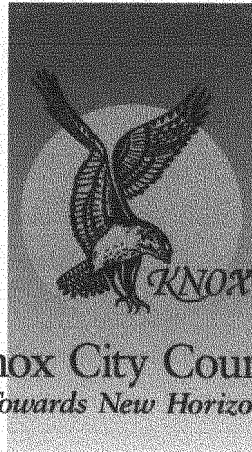
Knox City Council is pleased to submit its submission to this inquiry which is crucial to the long term effectiveness and viability of Local Government.

The progress of the inquiry will be monitored with great interest. Council is willing to provide any further information required or contribute in any way which may be helpful to the inquiry.

Yours sincerely

**Graeme Emonson  
Chief Executive Officer**

Secretary:	G. Emonson
Date Received:	26/7/02
Submission No.:	148
House of Representatives Standing Committee on Economics, Finance and Public Administration	



**Knox City Council**  
*Towards New Horizons*

.....	Secretary:
.....	Date Received:
.....	Submission No.:
House of representatives Standing Committee on Economics, Finance and Public Administration	

# **Inquiry into Local Government and Cost Shifting**

**being conducted by the  
Parliament of Australia  
House of Representatives**

**Submission by  
Knox City Council**

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

## **BEING CONDUCTED BY THE PARLIAMENT OF AUSTRALIA**

### **HOUSE OF REPRESENTATIVES**

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## **1. Local Government's Current Roles and Responsibilities**

### **1.1 Breadth of Local Services**

Victorian Local Governments plan and deliver a uniquely diverse range of services to individuals and communities within their district.

The main services provided include:

- maintenance and enhancement of local infrastructure
- local community health and wellbeing services
- local land use planning
- property valuation
- information services
- economic development

Appendix 1 provides a summary of services provided by the Knox City Council and the associated income and expenditure.

The Victorian Local Government Act 1989 describes the purposes of a Council as:

- (a) to provide for the peace, order and good government of its municipal district; and*
- (b) to facilitate and encourage appropriate development of its municipal district in the best interests of the community; and*
- (c) to provide equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively; and*
- (d) to manage, improve and develop the resources of its district efficiently and effectively.*

While the Local Government Act 1989 defines the "Purposes of a Council", the role of Local Government is largely influenced by the needs and requirements of the communities in its Municipal District.

The role of contemporary local government should not primarily be seen as that of a "Service Provider", but also to:

- plan and facilitate quality and relevant services in a responsive, innovative, cost effective and accountable way;
- promote the growth and prosperity of the community and the well-being of its citizens;
- advocate the views and needs of the people to other governments, community agencies and the private sector; and

- encourage the community to contribute to decisions about the way their community works and building active partnerships with citizens, business and government.

To achieve these objectives, effective communication and engagement of local community is essential to enable services to be tailored to local needs. This localised influence generally results in the mix of services provided varying between Councils.

The evolution of modern local government has witnessed a significant expansion in the range of services provided by Councils. The expansion of service types beyond traditional property-based services to meet local community needs has not been matched by corresponding funding sources. Whilst local governments are often best placed to plan and deliver such services, restricted funding sources often means community demands remain unmet.

Victorian local governments have a demonstrated record of successfully introducing new services to meet community needs. This approach however, is often restricted by a lack of financial resources. The future role of local government should not be limited by current activities. As the level of government closest to the community, Councils are very well placed to assume a broader role in planning and service delivery. Such an expanded role, however, must be matched with access to and control over appropriate funding sources.

## **1.2 Understanding Local Needs**

One key aspect that is undertaken by Local Government is the planning and delivery of services within its Municipal District. Discussion and consultation on the local understanding promotes effective local service delivery. As a result, Local Government is able to provide a locally tailored service within a global framework. The mechanisms used to manage this service direction is Council's Long Term Vision, Corporate Plan, Budget and Long Term Financial Strategy.

Knox City Council states its purpose in its Vision and Mission Statement as follows:

### **Vision**

Knox Council and the community, a partnership in progress, creating safe, healthy and caring communities with unique character, committed to protecting the environment and the economic sustainability for future generations.

### **Mission**

Making the vision happen becomes Council's mission or purpose. Together with the Knox community, we have identified the following key result areas to guide our actions in achieving the vision:

- Caring and Safe Communities
- Vibrant and Connected Communities
- Listening and Leading
- People and Organisational Excellence
- Sound Financial Management

Council's role therefore includes the following:

Facilitator, Planner, Researcher, Mediator, Provider, Sponsor, Information Gatherer, Advocate, Networker, Broker, Encourager, Partnership Builder and Promoter.

These are supported by a series of locally based strategies which enable services across a variety of areas to be effectively delivered to the community.

These processes which have been undertaken by Victorian Councils are now incorporated and formalised in the Best Value Principles.

- (a) all services provided by a Council must meet quality and cost standards.
- (b) all services provided by a Council must be responsive to the needs of its community.
- (c) each service provided by a Council must be accessible to those members of the community for whom the service is intended.
- (d) a Council must achieve continuous improvement in the provision of services for its community.
- (e) a Council must develop a program of regular consultation with its community in relation to the services it provides.
- (f) a Council must report regularly to its community on its achievements in relation to the principles set out in the paragraphs above.

### **1.3 Need for Constitutional Recognition**

While the Victorian Local Government Act 1989 instructs Local Government to "Provide for the peace, order and good government of its municipal district", it is currently required to do so without formal constitutional recognition.

Local Government is the level of Government closest to the people. It is part of the community and has anchored the Australian system of Government at the community level since the late 19th century.

Local Government is the principal means by which local communities express their identity, enhance their wellbeing, care for their environments, and relate to Commonwealth, State and Territory Governments.

Local Government is committed to the overarching principles of local democracy, peace, social and economic justice, and ecologically sustainable development. Both the Victorian and Australian Constitution should recognise that there are three spheres of Government that work together in partnership to provide appropriate services to the community.

Local Government has demonstrated that as a result of its unique position and relationship with its community, that it is best placed to plan and provide for the demands placed on it by those within its municipal district as a legitimate level of government, worthy of Constitutional recognition.

## 2. Current Funding Arrangements for Local Government, including Allocation of Funding from other Levels of Government and Utilisation of Alternative Funding Sources by Government.

### 2.1 Progressive Taxation System

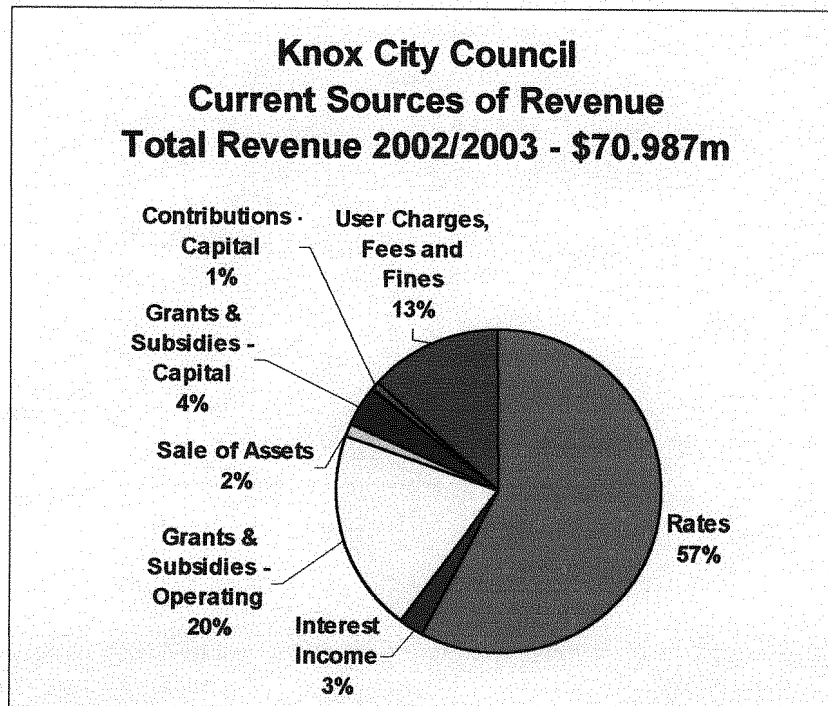
A progressive taxation system is one whereby those with the greatest capacity to pay bear a larger proportion of the taxation burden than those with a lesser ability to pay, but who are more likely to be the beneficiaries of the public services being provided. It is argued by its proponents that a progressive taxation system best caters for the needs of a society as a whole.

The system of levying municipal rates and charges in Australia is a property taxation system. A property tax based on valuation is intended to reflect both some measure of service to each property and the capacity of that property to bear the burden of sharing the community costs represented by the tax. In Knox's case, property based taxation represents 57% of total revenue.

Knox's existing rating base (Site Value) is a less progressive taxation system than that generally applied in Victoria (Capital Improved Value). This means that the growing taxation burden for "people" based services is generally being spread amongst the relatively static existing level of land holders/ratepayers. This essentially means that the growth in services demand is not being matched by a growth in the taxation base, causing an increasing taxation burden.

### 2.2 Revenue Sources

Knox City Council's revenue is derived from three major sources, rates, fees & charges and grants and subsidies. The following graph represents Council's sources of revenue for 2002/03, highlighting the emphasis being placed on property-based taxation (rates).



**2.3 Rate Income**

Whilst providing a range of property and “people” based services, the main source of revenue for Council is rates and charges raised from a property based taxation system which is more effectively designed to generate income for infrastructure and land use planning services, rather than “people” based services to the community such as health services, community safety and recreation.

The following table indicates that there is little connection with the cost of service delivery for “people” based services and the local government taxation system.

e.g. against an average rate of \$624 \*

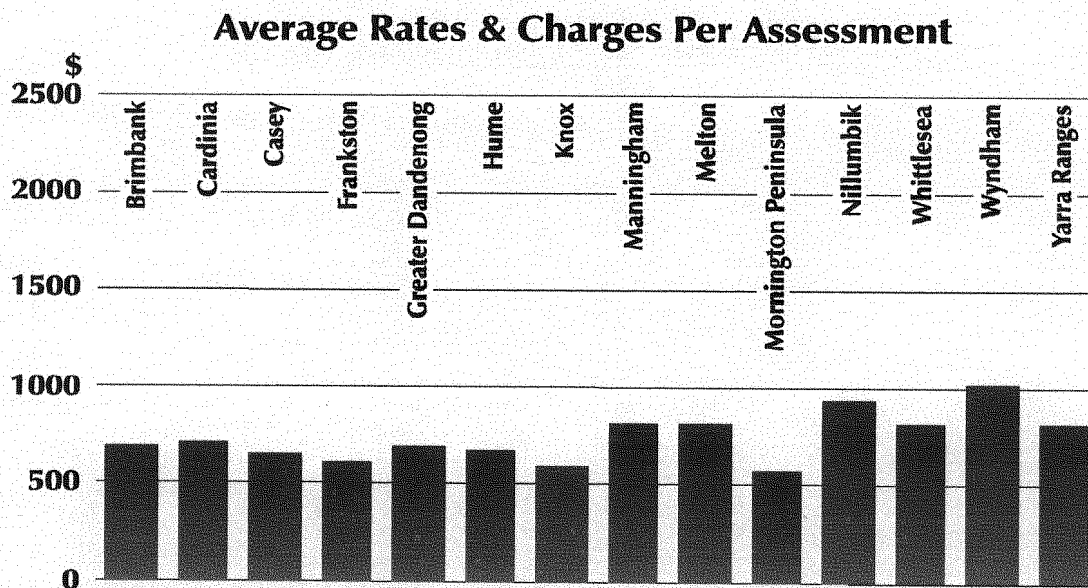
**Knox City Council – 2002/2003**

Property Type	% of the average rate
Vacant Land	129
Houses	101
Flat	33
Unit	36
Retirement Villages	10
Industrial	128
Commercial	181
Rural	270
Other	167

\* Based on Site Value system of rating and an average of \$624.

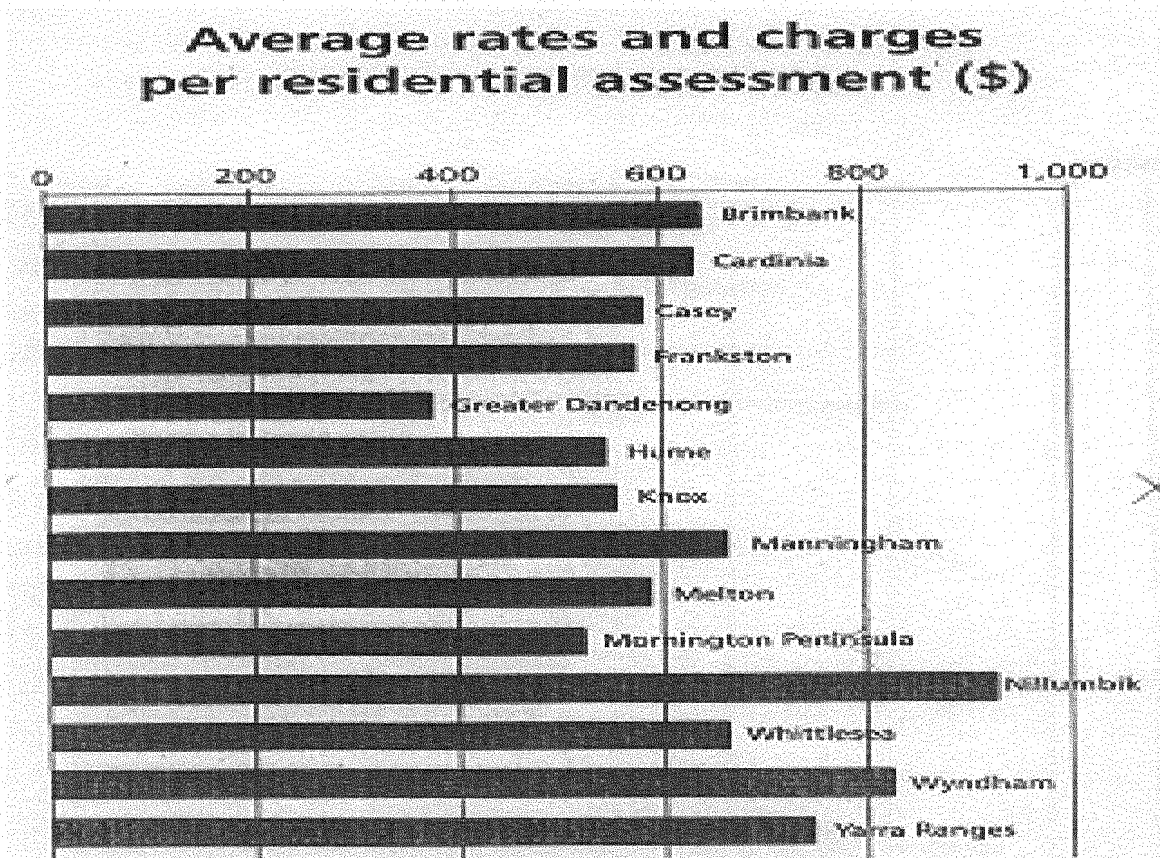
Rating strategies often vary significantly between Councils, often leading to confusion in the community e.g. use of municipal charges.

The table below shows the “Average Rates and Charges per Assessment” for Outer Metropolitan Melbourne Councils, and indicates significant divergence in average rates levied.



(Source: “Local Government in Victoria 2001” - Department of Infrastructure)

An analysis of average residential rates for Outer Melbourne Metropolitan Councils further highlights variability between comparable Councils.



(Source: "Local Government in Victoria 2001" - Department of Infrastructure)

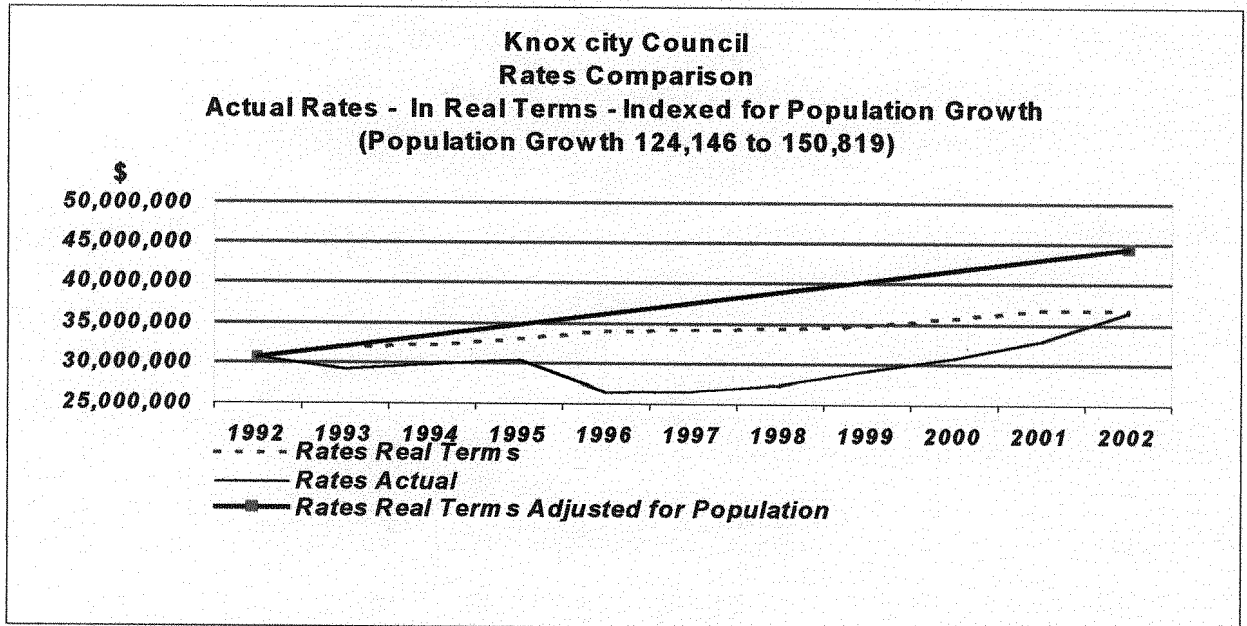
The main issues contributing to these variances are as follows:

- different rating methods e.g. Site Value or Capital Improved Value
- use of differential rating e.g. commercial or industrial rate
- varying underlying property values
- varying assessment sizes
- treatment of service charges such as Garbage, Recycling and Municipal Charge

## 2.4 Rates and the Service Gap

Since 1992, Knox City Council's rates revenue has fallen behind real estate levels adjusted for population increases. This reduction is a result of externally imposed rate reductions (in 1995/96) and an internal focus on rate increase minimisation. The following table shows the reduction and real terms. The following table shows the reduction and real terms.





Council is currently facing significant demands in maintaining existing infrastructure and the demands of an increasing population (approx. 20% increase since 1992). This demand is particularly heightened in new growth areas such as Rowville where Council is required to develop both the physical and social infrastructure requirements of new communities.

This challenging financial situation means that Council has very limited capacity to respond to the growing "people" based needs of the community such as health, safety and welfare.

It is only in recent years that Council has begun to implement rate increases in excess of inflation in order to generate an increased contribution from operating activities to pay for overdue asset maintenance. It is anticipated that it will take another five to six years of above CPI rate increases for Council to generate a sufficient Operating Surplus to fund future "people" based service demands and asset maintenance needs. It is anticipated that such increases will be levied against Council's property-based taxation system, placing a greater burden on this narrowly based, no-growth taxation system.

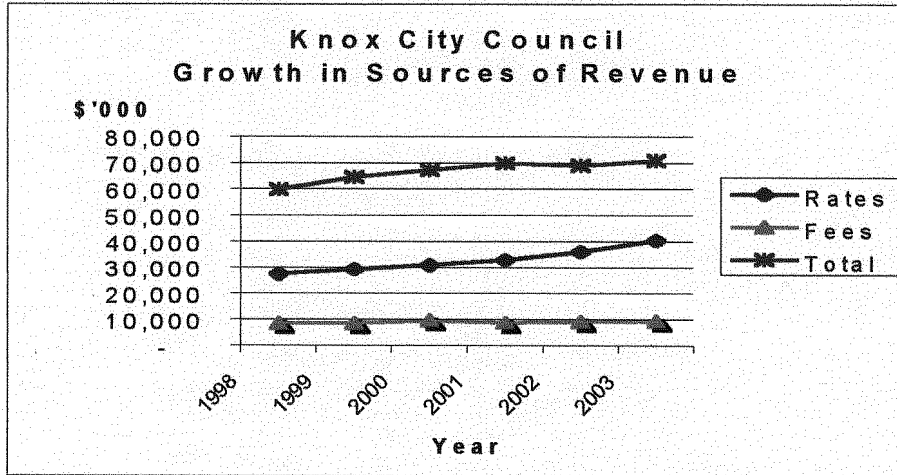
A summary of Council's actual and proposed rate increases is as follows:

1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
4.0%	7.9%	9.5%	8.5%	8.5%	6.5%	6.5%	6.5%

These increases have been, and will be, difficult for Council to impose on the community, particularly on those members of the community who are property owners on fixed or low incomes.

**2.5 User Fees & Charges**

Council has experienced a growing reliance on rate income over the past five years, while the contribution from Fees & Charges has remained constant as demonstrated by the table below.



User Fees is the second largest source of Council generated revenue and represents approximately 13% of total revenue (2002/03).

Over recent years, Council has enhanced fee income and created a user pays philosophy for some services. However, due to the overall value of revenue generated by this income source, it is difficult to generate large revenue increases. Further, many of these fees are set through State government legislation, limiting Council’s ability to increase fees and recover costs.

Despite these restrictions, over the past five years Fees & Charges have been increased to the extent that it provides a relatively consistent percentage of overall revenue.

Council continues to manage its Fees & Charges to its fullest capacity to ensure equity for people using Council’s services and maximise revenue streams.

**2.6 Government Grants and Subsidies**

Knox City Council is reliant on Government Grants & Subsidies from both Federal and State Government. Grants and Subsidies represent approximately 20% of overall income.

In terms of dollar value, the more significant Grants received by Council are as follows:

- Victorian Grants Commission
  - Financial Assistance Grant
  - Local Road Funding
  
- VicRoads
  - Roads Funding
  - School Crossings

- Victorian Department of Human Services - Child Care  
- Pre Schools  
- Home & Community Care  
- Aged Care Hostel  
- Maternal & Child Health  
- Respite Care
- Victorian Department of Infrastructure - Library Grants, Various minor grants
- Commonwealth Department of Transport and Regional Services - Roads to Recovery

Knox City Council continues to experience significant issues regarding Government Grants and Subsidies. These issues are generally categorised as follows:

- Under Funding of Basic Infrastructure
- Cost shifting through transfer or shifting of responsibilities
- Under funding due to growth in Services
- Cost shifting through reduced funding for existing programs
- Legislative Compliance e.g. changed child care regulations, Food Act changes

Each of these categories represents a form of cost shifting to Council. Council is able to identify more than 50 examples where Council has been required to contribute additional Council resources as a result of cost shifting. The following table is provided as an example for illustrative purposes of five services.

An example of cost shifting through increased responsibility is amendments to the Food Act 1984 No. 10082.

The Victorian Food Safety requirements under Section 19 of the Food Act 1984 No. 10082 are an example of subsidised services sponsored by other levels of government that the requirements have changed dramatically.

Recent amendments to the Victorian Food Safety Act now require Local Governments to administer significantly enhanced Food Safety provisions. This requires " the proprietors of declared food businesses to have a food safety program to assist in preventing and controlling dangerous incidents arising from the sale and handling of food". This requires Council to:

- assess each Food Safety Program submitted to ensure that it is appropriate for the business and to ensure that it complies with the Act; and
- inspect each food business to ensure that the program has been properly implemented.

To ensure that the provisions of the Act are properly implemented, Council is now required to provide extensive training for all food business proprietors as well as conduct site inspections to assist with the development of Food Safety Plans. Knox City Council has approximately 800 food businesses.

In this example, by State Government legislation change, a significant demand has been placed on Council's resources without a corresponding increase in government funding on placing a greater burden on the community.

As Council's financial position is constrained by the limits of a property-based taxation system, the capacity of Council to meet these needs without diminishing its assets maintenance program or applying unusually high increases in rates is limited.

The following table outlines the significant shift in cost to Council from 1998/99 to 2002/03 in five key health and well being services.

CHANGING GRANT CONTRIBUTION LEVELS FROM 1998/99 TO 2002/03										
	Pre School Per Child	% Change Since 1998/99	Illoura Early Childhood Intervention Service Per Child	% Change Since 1998/99	Food Services Per Meal	% Change Since 1998/99	Library Per Capita	% Change Since 1998/99	School Crossing Supervision Per Crossing	% Change Since 1998/99
<b>1998/1999</b>										
Operational Costs	1,527		4,980		6.29		18.10		5,807	
State & Commonwealth Funding	1,072		2,662		1.10		4.44		2,527	
Fees, Charges & Donations	100		200		3.45		1.27		0	
Cost to Council	355		2,118		1.74		12.39		3,280	
<b>2002/2003</b>										
Operational Costs	1,893	24.0%	6,738	35.3%	8.14	29.4%	19.68	8.8%	7,377	27.0%
State & Commonwealth Funding	1,154	7.6%	2,936	10.3%	1.10	0.0%	4.49	1.2%	2,702	6.9%
Fees, Charges & Donations	117	17.2%	244	22.1%	4.41	27.7%	1.45	14.1%	0	0.0%
Cost to Council	622	75.2%	3,558	68.0%	2.63	51.4%	13.74	10.9%	4,675	42.6%

The table below outlines the significant contribution made by Council to Home and Community Care Services in order to sustain a basic level of service to the community.

<b>Examples of the Contribution made by Council Toward Subsidised Services</b>				
<b>Other Examples</b>	<b>Cost of Delivery Per Hour 2001/2002</b>	<b>DHS Contribution Per Hour 2001/2002</b>	<b>Cost to Council Per Hour 2001/2002</b>	<b>% Council Contribution Per Hour 2001/2002</b>
HACC – Respite Care	33.00	23.51	\$9.49	28.8%
HAAC – Home Maintenance	40.52	34.00	\$6.52	16.1%

To enable Council to fulfill its obligations to the community in relation to maintaining infrastructure and community assets as well as providing the levels of services expected, then these cost shifting trends not only need to be reversed, but full funding must be restored.

## **2.7 Need for a Growing Taxation Base**

As a result of the increased Council contribution as indicated by the above tables, Council is continuing to seek more funds from Rates and Fees and Charges to subsidise the growing need for health & wellbeing services as the grants are insufficient to meet existing needs and costs.

In the long term Council will need access to a growing taxation base to meet the long term needs of the community. Within the current legislative framework, it has little opportunity to access other significant sources of revenue.

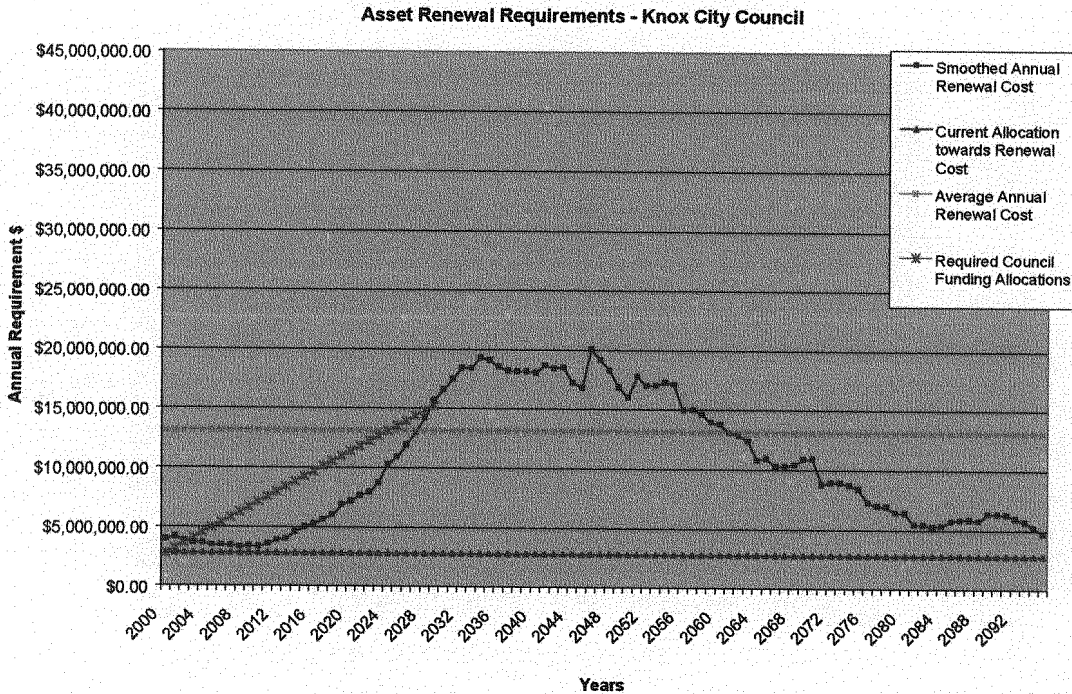
**3. The capacity of Local Government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.**

**3.1 Existing Needs**

There are a number of key financial issues and obligations that Local Governments are endeavouring to come to terms with.

**3.1.1 The infrastructure gap**

The graph included below shows Council’s current and future infrastructure renewal requirements as well current budgetary funding to meet these requirements derived from Council’s asset management system.



As indicated by the graph, currently there is a small shortfall between infrastructure renewal requirements and current funding, with this gap growing considerably from 2012 onwards based on Council’s existing infrastructure. It is as a result of these projections that Council has commenced implementing and including rate increases in excess of inflation as indicated at item 2.4 Page 6.

**3.1.2 The needs in the health and wellbeing area e.g. HACC waiting lists**

Population projections show that the number of people aged 65 years and over in the City of Knox is expected to increase by 43.5% between the years 2002 and 2010. Demand for HACC services is expected to intensify particularly over the next five years (2003 – 2008). The increased ageing population which is the main driver for demand for HACC services is uniform across all suburbs in Knox.

If the significant imbalance between the funding models available and the Ageing in Place policies of State and Commonwealth governments continues Council may have to implement extended waiting lists for services and or refine the categories of clients it will service. Neither of these options provide a positive outcome for the community.

### **3.1.3 Victorian Primary Care Partnerships**

The Primary Care Partnership Strategy is a major reform in the way services are delivered in the primary care and community support services sector in Victoria. The State Government has committed \$45m over four years to the reform.

The Primary Care Partnership Strategy aims to improve the overall health and wellbeing of Victorians by:

- Improving the experience and outcomes for people who use primary care services; and
- Reducing the preventable use of hospital, medical and residential services through a greater emphasis on health promotion programs and by responding to the early signs of disease and/or people's need for support.

Over 800 services have come together in 32 Primary Care Partnerships across all parts of Victoria to progress the reforms.

The implications for Local Government include the level of resourcing required to participate in the 'alliances'; and increased expectations of both State Government and non-government agencies for Local Government to provide staffing, referrals, case management, services, health information and other 'in-kind' support to achieve improved outcomes.

This model will continue to add stress to Council's financial position unless the increased demands are matched by appropriate levels of funding.

## **3.2 Regional Arrangements**

Knox City Council already participates in a number of regional arrangements including the Eastern Regional Library, Leastwaste (regional waste management) and the Regional Integrated Transport Forum. The operation of these arrangements have been particularly beneficial to Council from a strategic, financial and service provision point of view. Council supports regional arrangements where mutual benefits for participants and the region can be achieved.



### 3.3 Issues with Regional Bodies

There are a number of issues to be considered in relation to regional bodies:

- **Organisational Structure**

The utilisation of regional bodies has the potential to introduce another layer of bureaucracy and therefore the ability react quickly to changing situations. While this is not the case with existing arrangements, it is a concern that needs to be addressed in any future arrangements.

- **Funding**

Some existing regional arrangements involve complicated funding arrangements such as is the case with most Victorian Library Corporations. There also tends to be a reliance on existing partners for funding, as alternative funding sources tend to be limited. Over a period of time, this can constrain the local effectiveness or level of service provided by the regional arrangement.

- **Potential self interest amongst participants**

As indicated above, each participant often has different community needs which may result in members promoting their own interests through the arrangement rather than adopting a regional approach. Effective strategies to deal with parochialism need to be carefully devised in any successful regional arrangement.

- **Accountability of Regional Bodies**

Regional Bodies need to be accountable in terms of both financial and governance responsibilities. In general terms, the framework for accountability in these areas is set by accounting standards, Acts of parliament and other written instruments.

Compliance is generally monitored through the annual auditing of financial accounts as well as the presentation of annual reports, corporate plans and other management reports to the controlling Board of Management. However where participating Councils have the ability to influence decision making outcomes, the interests of minor parties may not be well served.

- **Economies of Scale**

Regional arrangements present opportunities for advantages through size including financial advantages and the ability to devote combined resources such as expertise and managerial skill in enhancing management and service delivery in relation to a desired outcome.

Conversely, where the management of a regional arrangement fails to achieve the desired outcomes, deficiencies of scale can arise particularly through issues of increased bureaucracy and the development of an organisational structure which is not particularly effective or suited to the desired outcomes of the arrangements.

- **Ineffective Representation**

Regional arrangements are often managed by Boards which comprise representatives of member Councils. When decisions are required to be made in relation to the regional arrangement at Council level, the Board representative can often be in a minority situation, and not able to achieve the desired outcome at Council level, let alone the combined agreement from all Councils.

### **3.4 Opportunity for an Enhanced Role for Local Government**

There are a number areas in which Local Government is keen to develop an enhanced role, particularly in relation to local land use planning responsibilities, community development and strategic planning issues. As indicated above, Council is already involved in a number of regional arrangements to develop community and regional outcomes in a collaborative and coordinated way.

There are opportunities to streamline community health where there is duplication across a number of levels of government through the Primary Care Partnership approach as indicated earlier in this report.

### **3.5 Terms & Conditions of Grants**

The conditions of grants and subsidies are sometimes restrictive and inhibiting and often have significant ongoing operational cost implications e.g. capital enticement grants.

Recently, a number of operating grant offers have been received with restrictive conditions. These terms and conditions make it particularly difficult for Council to continue to provide quality services to its community and in some instances has forced Council to transfer provision of service to alternative service providers. Some of these restrictive conditions include:

- Fixed Term Contracts requiring the same output with no guarantee of increases for CPI.
- Increased flexibility of service delivery for the clients necessitating increased operational costs without reflective compensation.
- Inequitable selection of clients to receive these services.
- Inappropriate request for financial information and other financial details.
- Inappropriate and excessive terms and conditions in relation to breach of contract.

#### **4. The Local Government expenditure and the impact on Local Government's financial capacity as a result of the changes in the powers, functions and responsibilities between State and Local Governments.**

##### **4.1 Devolution of Powers and Functions**

There have been numerous services and responsibilities transferred to Local Government over the past years without any financial compensation. This directly impacts the capacity of Council to fully fund all of its desired programs and in particular has had a negative impact on the ability of Council to fully fund its asset maintenance programs.

A number of examples are:

- recent Victorian Health Act changes
- Victorian tobacco legislation
- Victorian Valuation Best Practice
- reporting levels and acquittals from all levels of Government
- increasing regulation e.g. Privacy, Safety, Children's Services & Aged regulations

The growth of "people" based services in Victoria local government has often evolved through a process of initial seed funding and full cost recovery which has been diminished over time. Associated funding gaps have been compounded by growth in service need and expectations from the community. The potential for this growth in demand to increase as a result of ageing populations and growing community expectations and needs is significant e.g. lifestyle are of growing concern to Council.

##### **4.2 Growing Demand for Health and Well Being Services**

As indicated earlier in this submission (section 3.1.2), the number of people aged 65 years and over in the City of Knox is expected to increase significantly between the years 2002 and 2010. Demand for HACC and other health and well being services is expected to intensify particularly over the next five years (2003 – 2008). The increased ageing population which is the main driver for services is uniform across all suburbs in Knox.

The following table provides the population growth trends to 2015 demonstrating the anticipated growth in the over 60 years of age sector which will increase the demand for health and well being services.

<b>Knox City Council Age Structure Forecast age structure (proportions), City of Knox 2000 to 2015</b>									
<b>Forecast Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>% Change 2003–2015</b>
<b>Age group</b>									
0–4	6.70	6.60	6.50	6.40	6.30	6.10	5.50	5.20	
5–9	7.80	7.50	7.20	6.80	6.60	6.40	5.90	5.40	
0–14	8.00	7.90	8.00	8.00	7.90	7.60	6.20	5.80	
15–19	7.80	7.80	7.80	7.80	7.70	7.80	7.40	6.20	
20–24	7.00	7.10	7.10	7.10	7.10	7.10	7.20	6.80	
25–29	7.10	6.70	6.60	6.50	6.40	6.30	6.30	6.30	
30–34	7.60	7.60	7.50	7.40	7.10	7.00	6.00	6.00	
35–39	8.60	8.40	8.10	7.90	7.80	7.60	6.80	6.00	
40–44	8.40	8.50	8.60	8.50	8.50	8.40	7.40	6.70	
45–49	7.70	7.70	7.70	7.80	7.80	7.90	8.00	7.20	
50–54	6.70	6.90	6.90	6.90	7.00	7.10	7.50	7.60	
55–59	4.70	4.90	5.30	5.60	5.80	6.10	6.60	7.10	
<b>Total 0-59</b>	<b>88.10</b>	<b>87.60</b>	<b>87.30</b>	<b>86.70</b>	<b>86.00</b>	<b>85.40</b>	<b>80.80</b>	<b>76.30</b>	<b>-12.0%</b>
60–64	3.40	3.50	3.70	3.80	4.10	4.30	5.80	6.40	
65–69	2.50	2.60	2.80	3.00	3.10	3.30	4.40	5.90	
70–74	2.10	2.10	2.20	2.30	2.40	2.40	3.30	4.40	
75–79	1.70	1.80	1.80	1.80	1.90	1.90	2.30	3.10	
80–84	1.40	1.40	1.50	1.60	1.70	1.70	1.90	2.30	
85+	0.80	0.90	0.90	0.90	1.00	1.00	1.30	1.60	
<b>Total 60+</b>	<b>11.90</b>	<b>12.30</b>	<b>12.90</b>	<b>13.40</b>	<b>14.20</b>	<b>14.60</b>	<b>19.00</b>	<b>23.70</b>	<b>76.9%</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	

(Source: idconsulting)

### **4.3 Financial Impacts and Infrastructure Maintenance**

With Councils assuming more responsibilities in “people” based services, Council’s infrastructure, maintenance and capital works programs are placed under increasing pressure as they compete for scarce financial resources. Council’s assets are valued at \$709M, of which the maintenance budget is X %.

As indicated earlier in this report, the traditional rating framework of property based taxation is most relevant to funding infrastructure and land use planning services. This should be considered against a more progressive revenue source that would enable Council to meet the existing growing demands for “people” based services and still provide the necessary funding to maintain infrastructure.

**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.**

**5.1 Direct Responsibility**

Knox City Council believes there is an opportunity to look at reduced layers of bureaucracy through whole of service funding and the efficiency of one tier of government being responsible for service management. There is currently a significant cost involved in duplication of reporting, administration and strategy development for some services at various government departments, as well as three levels of government often undertaking strategic planning and development roles for the same service.

A whole of service or one tier model would also facilitate a clearer framework for the responsibility of service planning and service delivery.

Councils have an extensive community based strategy development process (refer Appendix 2 - Strategic Planning Framework) that identifies best outcomes for local communities.

Knox Councillors are also represented on approximately 25 community advisory committees and Council officers are represented on over 100 groups including Community Safety Groups, Community Support Networks, Community Transport Groups, Youth Networks, Volunteer Organisations, Aging Networks, Neighbourhood House Groups, Family Day Care Committees, Pre School Committees, Maternal & Child Health Committees, Disability Groups, Cultural Diversity and Aboriginal Networks as well Alcohol and Drug Rehabilitation Groups.

A model of direct responsibility complemented by direct funding is supported. This model will assist with addressing the gap in resources funding.

It is believed that significant efficiencies could be achieved through the one tier responsibility and funding model.

In terms of opportunities for better use of resources and better quality outcomes to local communities, there is potential for greater regional cooperation, developments in e-commerce and Internet Online Service Delivery.

- 6. The findings of the Commonwealth Grants Commission Review of Local Government (Financial Assistance Act 1995). Of June 2001, taking into account the views of interested parties sought by the Committee. The inquiry is to be conducted on the basis that the outcomes of the Budget will be budget neutral for the Commonwealth.**

It is acknowledged that all levels of government face difficult financial decisions in seeking to balance community needs, financial restraint and capacity.

However it is considered that greater efficiency of funding use could be obtained by creation of an appropriately funded one tier of government approach to service management.

In respect to the current method of funding, Knox City Council generally supports the findings of the Commonwealth Grants Commission Review

The biggest factor restricting the value and effectiveness of the Financial Assistance Grants process is the limited amount of total funds available. The value of the total funds available for ALL Councils is inadequate to enable Councils to meet infrastructure, health and well being and other financial requirements placed on local government. Untied assistance is vital if local government is to undertake significant infrastructure renewal and maintenance that is not only currently required, but will escalate in the future.

The State based per capita distribution of the Financial Assistance Grants to provide Council with some degree of funding certainty and equity.