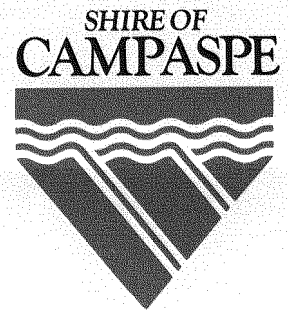


SJE 38-03-01



25 July 2002

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

Submission No: 80

Date Received: 28/7/02

Secretary: Bardell

The Secretary
House of Representatives Economics, Finance
& Finance Administration Committee
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Dear Secretary

Re: Inquiry into Local Government and Cost Shifting

Please find attached information from the Shire of Campaspe in relation to this inquiry.

The main areas of concern are within the Home and Community Care area, Meals on Wheels and Library services.

Council looks forward to hearing the outcomes of the Inquiry.

Yours faithfully

PHIL PEARCE
CHIEF EXECUTIVE OFFICER

Enc.

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INQUIRY INTO LOCAL GOVERNMENT RESPONSIBILITIES AND FUNDING

HOME AND COMMUNITY CARE (HACC)

It should be noted that while Council's contribution has increased annually, the total service hours produced decreased in the 2000/01 financial year. Outlined below are the factors contributing to the increased costs of running the service over the past 3 years with a particular emphasis on the past 18 months.

- * Introduction of the HACC Minimum Data Set – this was a requirement of the Department of Human Services and is a data set that must be collected by all HACC agencies. The initial cost to Campaspe was a \$40,000 software package to manage the Home and Community Care Program and collect the data electronically. Annual ongoing costs are \$5,000 associated with the software package and the increased administration time required to input the data of new clients.
- * The current Enterprise Bargaining Agreement saw a return to near award conditions. Salaries were increased by 4% in the first year and the remaining years of the agreement's life. However, the most significant increase in costs has been the change to conditions. Carers are now paid for the distance they travel between client's home and for the time this takes. Full introduction of the EBA conditions occurred in September 2001 and it took 3 months to gather enough information to determine the actual running costs. Target hours were reduced to ensure budgets were met. Waiting lists for services were put in place.

The estimated increased cost in time and travel charges for a full financial year is \$79,000.
- * The Occupational Health and Safety training budget has increased from \$10,000 in 2000/01 to a projected cost of \$25,000 in 2002/03 to meet Work Cover requirements.
- * The fall in the total number of service hours has a corresponding fall in the total amount of fees collected from consumers. Fees in home care have fallen from \$432,000 to \$350,000 over the past 2 years. This total reflects the fall in service levels.
- * The departmental commitment to providing growth funds continues, however there seems to be no commitment to increase the unit price currently paid to agencies. These current prices continue to fall short of the actual cost of service provision in all areas of HACC service delivery. Until this shortfall is addressed the cost shifting to councils that provide HACC services will continue to rise annually, if the current trend continues that margin will remain at approximately 3% of the total HACC budget.

| 2002/2003 Estimate | Total Cost | Grants | Fees | Reimbursement | Council Contribution |
|-------------------------|-------------|-----------|-----------|---------------|----------------------|
| Manager | \$124,357 | \$25,000 | \$0 | \$0 | \$99,357 |
| Co-ordination | \$405,623 | \$0 | \$0 | \$0 | \$405,623 |
| Assessment | \$157,186 | \$73,057 | \$1,500 | \$0 | \$82,629 |
| Home care | \$527,083 | \$488,071 | \$85,500 | \$0 | -\$46,488 |
| Personal care | \$242,635 | \$181,313 | \$14,000 | \$0 | \$47,322 |
| Respite | \$76,265 | \$79,158 | \$2,000 | \$0 | -\$4,893 |
| Home gardening | \$133,872 | \$85,816 | \$23,000 | \$0 | \$25,056 |
| ADASS | \$252,287 | \$211,649 | \$15,000 | \$2,580 | \$23,058 |
| Volunteer co-ordination | \$58,820 | \$40,934 | \$0 | \$0 | \$17,886 |
| Meals on Wheels | \$282,700 | \$54,928 | \$200,000 | \$0 | \$27,772 |
| | \$2,260,828 | | | | \$677,322 |
| % Cost to Council | 29.96% | | | | |

| 2001/2002 Actual | Total Cost | Grants | Fees | Reimbursement | Council Contribution |
|-------------------------|-------------|-----------|-----------|---------------|----------------------|
| Manager | \$105,695 | \$24,555 | \$0 | | \$81,140 |
| Co-ordination | \$400,672 | \$0 | \$0 | \$6,963 | \$393,709 |
| Assessment | \$162,576 | \$66,982 | \$7,770 | \$2,325 | \$85,499 |
| Home care | \$510,979 | \$443,625 | \$77,730 | \$0 | -\$10,376 |
| Personal care | \$160,728 | \$151,690 | \$12,492 | \$0 | -\$3,454 |
| Respite | \$52,486 | \$44,442 | \$6,098 | \$0 | \$1,946 |
| Home gardening | \$110,212 | \$85,816 | \$17,358 | \$0 | \$7,038 |
| ADASS | \$220,338 | \$224,672 | \$21,048 | \$0 | -\$25,382 |
| Volunteer co-ordination | \$60,362 | \$49,904 | \$0 | \$0 | \$10,458 |
| Meals on wheels | \$277,992 | \$54,929 | \$207,323 | \$0 | \$15,740 |
| | | | | | |
| | \$2,062,040 | | | | \$556,318 |
| | | | | | |
| % Cost to Council | 26.98% | | | | |

| 2000/2001 Actual | Total Cost | Grants | Fees | Reimbursement | Council Contribution |
|-------------------------|-------------|-----------|-----------|---------------|----------------------|
| Manager | \$105,233 | \$21,670 | \$0 | \$0 | \$83,563 |
| Co-ordination | \$369,570 | \$0 | \$0 | \$0 | \$369,570 |
| Assessment | \$131,262 | \$71,624 | \$2,150 | \$0 | \$57,488 |
| Home care | \$505,747 | \$509,110 | \$93,301 | \$0 | -\$96,664 |
| Personal care | \$152,686 | \$149,158 | \$18,417 | \$0 | -\$14,889 |
| Respite | \$40,670 | \$41,464 | \$3,736 | \$0 | -\$4,530 |
| Home gardening | \$100,703 | \$85,816 | \$16,953 | \$0 | -\$2,066 |
| ADASS | \$179,856 | \$146,774 | \$10,067 | \$0 | \$23,015 |
| Volunteer co-ordination | \$8,752 | \$8,752 | \$0 | \$0 | \$0 |
| Meals on wheels | \$350,968 | \$54,928 | \$253,951 | \$0 | \$42,089 |
| | | | | | |
| | \$1,945,447 | | | | \$457,576 |
| | | | | | |
| % Council Contribution | 23.52% | | | | |

MEALS ON WHEELS

The Meals on Wheels program is Home and Community care funded program. HACC is partly State and partly Commonwealth funded. The proportion of funding often changes from year to year as Victoria exceeds the levels of funding the Commonwealth is willing to match. Victoria is the only State that has consistently matched or exceeded the Commonwealths offer.

The Meals on Wheels program has run at a loss for the last 5 years.

| FINANCIAL YEAR | AMOUNT OF LOSS |
|----------------|----------------------------------|
| 1995-1996 | \$32 391 |
| 1996-1997 | \$52 246 |
| 1997-1998 | \$38 362 |
| 1998-1999 | \$37 745 |
| 1999-2000 | \$60 778 |
| 2000-2001 | Budget 38 730 (Revised \$50 652) |

The Meals on Wheels program runs under a subsidy arrangement. It is funded at a rate of \$1.10 per meal. This rate has remained the same for over 10 years while the cost of living has continued to increase.

Recruitment of volunteers has become a problem in recent years as it has for many other volunteer services. Over the past 20 years the change from single income families to double income and the rise in the numbers of working mothers has depleted the pool of prospective volunteers. The average age of volunteers is now around 70.

Volunteers deliver meal's using their own vehicles. There is increasing pressure because of petrol costs to reimburse volunteers or loose them. Reimbursement via a petrol voucher is already considered the norm in metropolitan areas. If we were considering the introduction of this system it would increase the cost of delivering the service by approximately \$20 000 per year.

Metropolitan Meals on Wheels providers are able to use the economies of scale to provide high quality, fresh hot meals at prices that our Country providers can not compete with.

If Council was to attempt to gain economies of scale by centralising the production of meals on wheels at the one kitchen it would need to provide a cook chill meal rather than a the current fresh hot meal.

A Cook Chill meal prepared at a central kitchen would mean the loss of jobs and income in local communities that provide meals across the Shire.

If meals were to be centralised then Volunteers numbers would fall because the quality had fallen and the local content had been removed. This has already been experienced when a contract MOW provision was taken out of a town. Paying for meal delivery will increase costs.

Rural consumers of meals on wheels have less choice of meal types eg culturally appropriate meals are expensive to provide in the country but in the city the economies of scale allow any consumer of meals to try what is provided for other cultures.

Rural consumers of meals on wheels will be faced with the choice of loosing the quality of fresh hot meals and moving to cook chill OR increasing the consumer fee to cover budget short fall. The net effect being that they will receive a service that is either more expensive or of lesser quality than there metropolitan counterparts.

CAMPASPE REGIONAL LIBRARY SERVICE

Looking at the Annual Survey of Victorian Public Libraries for the past 10 years the total public library grant as a percentage of total library expenditure has fallen, although the dollar amount has been up and down during that time. It is obvious that Councils are now providing more funds to public libraries than they were in the past. At one stage in the past funding was provided on a 50:50 basis, but as these figures indicate that has long since gone by the board.

| Year | Total Public library grant | As % of total expenditure | Core Funding (including Local Priorities) | As % of total expenditure |
|---------|----------------------------|---------------------------|---|---------------------------|
| 1990/91 | \$171,479 | 39% | | |
| 1991/92 | \$180,027 | 54% | | |
| 1992/93 | \$169,275 | 51% | | |
| 1993/94 | \$180,111 | 43% | | |
| 1994/95 | \$136,372 | 44% | | |
| 1995/96 | \$157,360 | 36% | | |
| 1996/97 | \$187,637 | 27.5% | \$164,406 | 24.1% |
| 1997/98 | \$201,406 | 31.8% | \$176,406 | 27.9% |
| 1998/99 | \$195,338 | 27.4% | \$180,338 | 25.3% |
| 1999/00 | \$276,805 | 37.6% | \$188,805 | 25.6% |
| 2000/01 | \$195,292 | 23.8% | \$185,292 | 22.6% |
| 2001/02 | \$218,842 | | \$187,342 | |
| 2002/03 | | | \$190,580 | |