

Murrumbidgee Shire Council

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Your Ref:

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File L1

PJG

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

Submission No: 109

Date Received: 29/7/02

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

Dear Sir or Madam,

INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

Murrumbidgee Shire Council wishes to make the following submission to the inquiry.

Firstly I must express Council's disappointment with the over-riding condition that the outcomes are to be budget neutral for the Commonwealth. This gives the impression that the inquiry could be used simply as a tool to criticise the state governments whilst not placing any obligation on the Federal Government.

There can be little doubt that the roles and responsibilities of local government are increasing. This Council is now involved in the provision of social services such as Meals on Wheels and Respite Care that were not seen as local government responsibilities in years gone by. While grants are received to cover the cost of the staff directly providing the services, Council is required to meet oncosts such as project administration and gaining the required accreditation for the services.

The biggest impediment to the current funding arrangements of local government is the rate pegging imposed by the NSW Government. It is an obtrusive mechanism that no other level of government would tolerate. It reflects poorly on all political parties that rate pegging has bi-partisan support because it is viewed as a vote catcher that does not cause hardship to the regulator.

There is one change in responsibility that is having a massive impact on the finances of rural councils, that being the provision of medical services. This is an area in which it can be argued that both the other levels of government have been derelict in their responsibilities, leaving local government to fill the void.

Last financial year this Council outlaid \$160,000 to purchase the surgery of a retiring doctor and a further \$200,000 to purchase his residence. Additionally Council spent \$32,000 to purchase medical records and \$30,000 to purchase medical equipment.

To appreciate the enormity of these expenditures you need to understand that council's ordinary rate revenue is approximately \$1.15m.

Council's motivation for the purchases mentioned was the knowledge that the very difficult task of attracting doctors to a small rural community would become an impossibility if the doctor(s) were required to invest in the infrastructure necessary to allow a practice to operate.

Correspondence to: The General Manager, PO Box 5, Darlington Point NSW 2706

The reluctance to be involved in such an outlay is compounded by the difficulty in on-selling the assets if and when the doctor wishes to leave the town.

There are two centres of population within Council's area, both with populations of less than 1,000 people. The purchases above refer to one of those centres. Some years earlier Council built a surgery in the second town.

In addition to the capital costs associated with the provision of medical services, Council has incurred other expenses relating to ongoing support and operational costs.

It is the inaction of other governments that is forcing local government to become entrenched in the provision of medical services. Having said that, it needs to be recognised that it is not an additional impost applied uniformly across the state. It is the rural and remote authorities having the most limited resources that must bear this additional burden. This fact should be acknowledged by the Commonwealth in its distribution of financial assistance to local government.

The coalition parties should (this time) give unqualified support for constitutional recognition of local government if that is what is required to allow grants to be paid directly to local government.

In recent years the need to comply with numerous regulations and conditions imposed by other levels of governments have eroded the financial capacity of local government. The point is not whether such requirements are good or bad, justified or unjustified, simply that they come at a cost to local government. Examples include –


- Preparation of State of the Environment reports.
- Preparation of social and cultural plans.
- More comprehensive and stringent Occupational Health and Safety regulations.
- Quality assurance standards to undertake road works for the NSW Roads and Transport Authority.
- Involvement in management of emergency and rescue response units.
- Compliance with conflicting Freedom of Information and Privacy regulations.
- Increasing contributions for fire fighting services, urban and rural.
- Load based licensing requirements for treating and disposing of wastewater.
- Increased environmental standards imposed on the operation of waste land-fills.

There has been encouragement from the State Government for local government to become involved in functions that were previously seen as outside the jurisdiction of local government, an example being road safety. The encouragement can come in many forms, including a judicious suggestion that the employment of a road safety officer will not go unnoticed when road grants are being allocated.

There are limited opportunities for local government to work cooperatively and regionally. The vastness of the areas being administered makes most physical resource sharing impractical and uneconomic. This may not apply to options such as information technology and communications systems that can be electronically connected. There is an opportunity for the Commonwealth to provide leadership and encouragement in exploring these types of possibilities.

Council hopes that the outcome of this inquiry will be some practical assistance to enable local government, particularly rural based councils, to meet the increasing demands being placed on their resources.

Yours sincerely,


Paul Goodsall
General Manager