

City of Ballarat

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

Submission No: 15

Date Received: 12/7/02

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CITY OF
BALLARAT

Date: 8 July, 2002

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Mr Trevor Rowe
Secretary
House Economics Committee
Parliament House
CANBERRA ACT 2600

Dear Sir

COST SHIFTING ONTO LOCAL GOVERNMENT

The City of Ballarat welcomes the Minister for Regional Services, Territories and Local Government's request for the House Economics Committee to inquire into cost shifting onto Local Government by State Governments and the financial position of Local Government.

This is a critical matter for the City of Ballarat at this time. Considerable real pressures were experienced in developing a budget for the 2002/2003. In part, this was due to a range of cost shifting actions that have occurred over time. These are detailed below:

Road Projects and Maintenance

In terms of cost shifts between VicRoads and the City of Ballarat our assessment in terms of our Best Value review is as follows:-

The City of Ballarat received \$928,000 in 2001/02 for the VicRoads Municipal Program with approximately \$20,000 received for "administration purposes". In terms of actual costs based on EFT assessments, the City of Ballarat currently provides an additional \$100,000 through the provision of technical planning, supervision and management to deliver the Declared Main Road (DMR) Network program.

In terms of comparing our work effort between the City of Ballarat's road network and VicRoads works, we provide in the order 2 - 3 times more effort on the DMR per km than on the City of Ballarat's own road network. This is primarily due to a number of factors including:-

- The DMR network has significant more issues to its pure nature due to higher vehicle use and wider impacts on the general community that relates to level of service.
- The increased administrative and standards requirements to manage the DMR network which can be onerous.
- The shift in emphasis from VicRoads in their view, in terms of their responsibility.

- The reduction of internal services within VicRoads to assist the City of Ballarat (eg. Design and Technical staff).
- The issue that VicRoads in recent years have been playing a diminishing role in the day to day activities on the DMR network. (In previous years VicRoads would play a leading role in assisting Council in developing programs and assisting in the delivery of the program.)

In terms of the improvement projects, the City of Ballarat is currently reimbursed for all survey, design, supervision and construction costs in association with Main Road Projects. Council has now adopted as part of the 2002/03 program that Infrastructure Planning and Design will be claiming planning and other administrative costs directly from Vic Roads to reduce the associated costs with delivering the improvement program on the DMR Network.

Immunisation

The creation of the ACIR and the Federal Government's National immunisation campaign has seen a raft of funding measures put in place. Private general practitioners were awarded subsidies in the order of \$50.00 per encounter, whilst Local Government providers were allocated \$6.00 to perform the same task.

Preschool Sector

The change to Preschool funding implemented during the previous State Government has had significant implications for the sector, and Local Government in its supporting role. Through a move to per capita funding (as opposed to the funding of staff salaries), many inequities have emerged in the sector. The per capita funding model disadvantages smaller Preschools in particular that are unable to achieve any real economies of scale. In broader terms the growing financial pressure under which many volunteer committees now operate, in turn increases the demands upon Local Government to provide support and/or resourcing.

As the licensor of the greater proportion of Preschool premises, many of which are in excess of forty years old, the City of Ballarat is required to provide extensive maintenance programs to many of the municipality's Preschools.

The State Government's divestment of responsibility for capital investment (i.e. no funding for new Preschools) has necessitated many LGAs (particularly in metropolitan growth corridors) assuming responsibility for Preschool capital investment.

Maternal & Child Health

The level of operational funding for Maternal & Child Health Programs is based on a per hourly rate of service undertaken. The level of subsidy has not been indexed since 1997 and is in clear conflict with the MOU signed in 2000. The MA are acutely aware of the impact the failure to index funding is having upon LGAs.

HACC Services

Home Care: The inadequate indexing of unit prices is of significant concern to both this Council and the wider sector. (Currently H/C unit price is approximately \$22.75 with the cost of actual service provision being approx. \$29.75). In the previous 80/20 split, the Council contribution would be reduced by \$1.60 per unit. Within the quantum of work the City of Ballarat provides, this equates to approximately \$120k per annum.

Home Maintenance and Meals on Wheels: Cost shifting similar to the level occurring in Home Care currently exists.

Residential Beds: When compared to other States, Victoria has a lower proportion of residential care beds. This places added pressure on other community services of which Aged and Disability services are a major player.

An emerging cost shifting trend, not as yet impacting but with the potential to do so, is the consequence of both governments emphasis on increasing community care rather than residential services. Examples of this are:

- Programs promoting early discharge from hospital (State Government)
- Programs extending older people's time within their own homes (Community Aged Care Packages via Commonwealth Government)
- Disability programs aimed at achieving independent living by people who would have previously been in supported housing of one form or another.

These and similar programs have the potential to encroach into the HACC program, and impact on services available to the intended target group if not carefully monitored and proactive management undertaken.

Arts and Culture

There has also been considerable cost shifting and unequitable treatment in support for Arts and Culture in Regional areas compared to Metropolitan facilities. This is particularly relevant for those facilities and activities of both a State and National significance.

The attached submission recently prepared to the State Government clearly sets out the position for major Regional Galleries.

Public Libraries

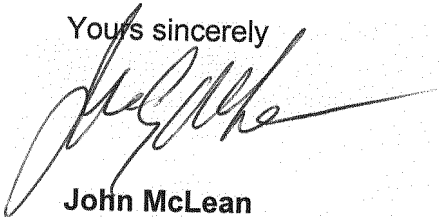
Local Government continues to pick up an increasing proportion of the cost of Public Library services. This is demonstrated by the move from a basic 50/50 contribution from State and Local Government to Local Government now being responsible for up to 80% of the costs of services. This has meant an increase in the Local Government contribution in the order of \$400,000 in an attempt to maintain services. However, the additional consequence is that service levels have decreased with the gradual reduction in the overall budget available for library and information services at a time when access to information is critical for community capacity building and an important access point for new technology as well as traditional services.

It is understood that the MAV is preparing a detailed submission to this inquiry. The above factors highlight the impacts at the local level as reflected by those directly involved in provision of services to the local community. It is considered important for the community to understand and discuss all issues regarding cost shifting in the preparation of its recommendations.

Another very topical factor that is impacting across the broad community at this stage is the impacts of changes of attitude towards public liability through becoming a more litigious society and significant increases in insurance premiums. Clearly, the relative impact on Local Government and local communities is becoming increasingly problematic and this is exacerbated by the cost shifting moves that have happened over time.

A copy of this submission has also been provided to the MAV for consideration and preparation of their sector wide submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John McLean', with a long, sweeping underline that extends to the right.

John McLean
Chief Executive Officer