



Our Ref: 350/03/01

Ask For: Lois Pratt

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

Submission No: 143

Date Received: 31/8/02

Secretary: Bardell

30 July, 2002

**The Secretary
Steering 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

Please find attached herewith a submission to the abovementioned Inquiry.

Council strongly supports the submission tendered by the Municipal Association of Victoria on behalf of Victorian Local Government and submits information in relation to the impact of cost shifting in the areas of health services, HACC and public libraries.

Thank you for your consideration of these matters.

Yours faithfully


**John F Dyer
Chief Executive Officer**

Encl.



HEALTH SERVICES



Cost Shifting – Health Services

Immunisation

Council receives its immunisation funding from both State and Federal Governments. The State Government fund the certificate program and the school and adult programs. Immunisation subsidies have not kept up with CPI, with subsidies still paid at the 1999/2000 rates of \$2.50 per immunisation certificate, \$3.00 per adult immunisation and \$4.50 per Hepatitis B immunisation.

On the Federal front the immunisation subsidy of \$6.00 per age appropriate (infant) vaccination has not altered since the inception of the Australian Childhood Immunisation Register (ACIR) in 1998. The Federal Government also fund doctors who immunise, however their funding is significantly greater at \$6.00 per age appropriate vaccination, plus \$18.50 for reporting the vaccination plus a GPII subsidy of up to \$11,000 per clinic per year for an immunisation clinic coverage of greater than 90%. Clearly there is no equity in funding between different service providers.

Food Legislation

In 1997 substantial changes were made to the Food Act 1984 resulting in the introduction of food safety programs for businesses in Victoria. Class A premises (Hospitals, Child Care and Aged Care Facilities) were required to have a food safety program by 31 March 1999 and Class B1 premises (large businesses that sell high risk foods) were required to have a food safety program by the 31 March 2000. All other food premises, except for premises that sell packaged low risk foods, are required to submit their food safety program by 1 January 2003.

A joint MAV and AIEH (Australian Institute of Environmental Health, Vic Division) working party analysed the cost to councils in providing food safety services. This report indicated that the cost to council is likely to increase from \$415 per premises in 1999/00 to \$469 per premises in 2002/03.

Whilst the State Government have produced documents and training/information sessions for Council, the legislation has change many times during its implementation and this has mad it difficult, and at times impossible for implementation strategies and policies to be in place before Council is required to enforce the legislation. Thus this leads to inconsistency in interpretation of the legislation by local governments.

Tobacco

Changes to the tobacco legislation in 2001 have created more work through inspections, education and enforcement for Environmental Health Officers. The changes to the tobacco legislation is the only legislative review that I am aware of that has been supported by State Funding and that Council can choose the level of enforcement it wishes to take. In 2002/2003 the funding has been linked to the level of enforcement, for example if you choose to do test purchasing for cigarettes with under age children and

follow this through with prosecution, then you receive more funding than if you choose to just provide an education and inspection program.

Not only has this funding been allocated on the chosen workload of the Council but it is also adjusted for rural municipalities and it is supported by documentation and education seminars for Officers.

Maternal & Child Health

There was no increase in funding from the State Government from 1997/98 to 1999/00, with funding since 2000/01 only increasing by CPI. The State Government currently do not provide for growth within the service. This will give Council the ability to manage increases in salaries and other program management expenditures. Funding agreements do not currently reflect the true cost of service provision and it isn't always adjusted annually. The table below indicates that since 1996/97 Council's contribution to the Maternal and Child Health Service has increased by 6%.

Additional funding has been supplied to local government for high-risk infants under the age of two years. This funding will cease at the end of 2002/03. The introduction of this funding was around the acknowledgement that people's lifelong health and wellbeing could be determined within the first two years of their life.

Year	Council's Annual Budget *	DHS funding +	% Of Program funded by Council
1996/97	\$324,181.00	\$124,118.98	62%
1997/98	\$324,181.00	\$120,606.01	63%
1998/99	\$327,287.00	\$110,412.91	66%
1999/00	\$326,196.00	\$107,065.20	67%
2000/01	\$326,196.00	\$108,491.57	67%
2001/02	\$336,556.00	\$106,677.00	68%
2002/03	\$340,616.00	\$107,600.00	68%

Notes

* Excludes additional funding for enhanced home visiting program.

+ Includes GST.



HOME & COMMUNITY CARE SERVICES





Cost Shifting Inquiry – HACC

- ξ Baw Baw Shire is located approximately 100km east of Melbourne and is a large rural shire in the Gippsland region
- ξ 35,000 residents
- ξ 4000 sq km in size
- ξ 14 major townships within Baw Baw Shire with Warragul and Drouin being the major towns

1. Current Roles and Responsibilities / HACC Population Data

- ξ 1,100 clients currently receiving Home & Community Care Services, with basic level of care provided within budget.
- ξ Provision of Home Care, Personal Care, Property Maintenance, Respite Care, Day/Support Activities, Assessment and Care Management, Social Support
- ξ Current population aged 70+ is 3,517 (DOI).
- ξ Projected 2011 population aged 70+ is 4,496. (DOI).
- ξ Projected 2011 population aged 75+ will be 3,030. (DOI).

2. Current funding arrangements

Unit costs, as funded by DHS, do not meet the actual cost of service delivery, particularly in rural areas such as Baw Baw Shire, with large distances to travel to service client need and demand. Therefore to supplement these costs, additional funds are taken from other areas such as full cost business, council contribution and occasionally, client fees. Funds are also sourced from a variety of philanthropic and other sources.

The service continues to see additional cost pressures from industrial changes, and increases to such expenditure items as public liability insurance, work cover premiums and increasing travel costs in rural areas. For example,

- ξ Home Care Enterprise Bargaining Agreement – Council contribution 2001/2002 increases of \$30,000 per annum, recurrent.
- ξ Work cover premium increased to \$24,500 in 2000/2001, an increase of \$13,000
- ξ Insurances increased by minimum 20%

3. Capacity to meet existing obligations/regional development

With the release of growth funds, opportunities for collaboration between HACC funded agencies in each LGA have increased. This collaborative process has occurred out of necessity due to the shortage of funding for HACC services.

Primary Care Partnership developments are a good example of Local Government Authorities and similar service disciplines coming together to meet the necessary requirements of the wider community.

Gippsland Local Government Network has proven that projects can be conducted regionally, with benefits both locally and regionally.

Local Government is keen to work with Government departments to plan and develop services to meet client need, and this is seen in a number of MOU/protocols jointly signed by local and state government. Eg MCH, Common Planning Protocol.

4. Impact on Local Government

Impacts of new legislation from government departments, such as Privacy Act, Health Records Act and the Initial Needs Indicators Tool are additional responsibilities Local Government are required to comply with.

Additional resources are required to ensure compliance with the requirements. This places greater pressures on currently stretched resources especially with the INI tool, which places all responsibility onto Local Government for production, processing and duplication. In the past, the Client Information and Referral Record (CIARR) tool has been provided to agencies at no cost, and in duplicate for distribution to client.

5. Scope for future

There are a number of networks in existence at the local level that are already achieving better use of resources, and are committed to better quality services to local communities. At this local level, the networks are active and achieving positive results. Other levels of government should be utilising these existing networks to rationalise and share roles and responsibilities.

There is an obvious need to link together planning for residential care with the strategic planning of community-based services.

Other issues for Council

- ξ 2000/2001 – Increase in clients with High needs compared with those classed as having Core needs in the ADASS programs. Increasing demand for Council HACC services by clients with complex care needs. This places additional strain on services that are unable to meet basic needs of clients.
- ξ Council capped contribution to HACC in 2001/2002. Council contribution was utilised to cover cost of delivery of output, rather than extend service delivery.
- ξ Residential choices and availability is limited. Waiting lists are employed by residential care agencies. This results in increased demand for home-based supports.
- ξ An MAV study into cost shifting identified that in 1999/2000, unit prices as funded by DHS, were 8 – 36% below Councils' delivery costs.



LIBRARY

SERVICES





COST SHIFTING BETWEEN DIFFERENT LEVELS OF GOVERNMENT.

The debate about cost shifting must be considered within the environment that libraries as information providers find themselves responding to, as society changes both within the Australian context and at a global level.

Relevant factors include:

The ever widening impact of networked and digital resources

The global "thirst" for information

Public libraries are free and open to everyone.

The expectation that information will be provided more quickly and 24/7.

The introduction of Best Value as a replacement of CCT

The realisation that printed mediums will be around for the longer term complimented by access to electronic data bases.

The introduction of the GST and its impact on hardcopy pricing.

The need for continual re-skilling of workers as they progress through their working life

State/Local contributions.

The bulk of funds for Victorian public libraries come from local councils.

This has not always been the case however.

Since the late 1940's public library funding in Victoria has historically been shared between the State government and Local government, albeit on a state dictated basis.

From a solid basis of \$2 state to \$1 local contribution in the 40's, the funding arrangements have now declined to the opposite (at best) and at worst \$3 local to \$1 state.

The State although providing a steadily declining proportion of the funding have still dictated the basic terms of the arrangement as a prerequisite to receiving the annual government grant.

West Gippsland has traced the decline in State Government funding versus the additional effort by the three West Gippsland Member councils.

In the case of contributions by the Baw Baw Shire the following trend is clearly evident:

ITEM	1996/7	1997/8	1998/9	1999/00	2000/01	2001/02
State Government Grant (core funding)	400,122	400,122	412,126	432,733	428,406	436,380
State Government (other grants)	30,207	35,000	247,376	71,500	62,548	26,967
Baw Baw Shire Core Contributions (to WGRLC)	275,306	289,000	360,300	378,920	409,173	436,693
INCOME	1,202,370	1,532,454	1,939,968	2,159,069	1,911,712	1,921,408
EXPENDITURE	1,443,712	1,480,336	1,773,176	2,003,993	1,826,101	1,911,406
MATERIALS EXPENDITURE	96,384	110,669	171,783	262,802	285,330#	305,250
Processing (96-99 in CCT payment)				29,393	37,075	45,200
EXP ON MATERIALS PER CAPITA	1.7	1.84	2.55	3.61	4.08	4.11
state av	3.52	3.75	3.94	4.17	4.42	4.72
NEW MATERIALS	5,472	5,411	8,090	11,715	11,268	12,500
MUN CONTRIB PER CAPITA	\$8.20	9.05	11.44	13.14	13.32	13.88
state av	\$14.34	14.1	14.66	15.06	15.46	15.87

Source - Statistics extracted from Annual survey of Victorian Public Libraries - DOI, Library finance reports

Federal involvement

The Federal Government has been involved operationally at the local level through providing access to the National Library data base for cataloguing purposes (KINETICA). West Gippsland accesses this service using its own locally provided Internet service and pays a fee for the service.

The Commonwealth has funded a \$3.6m capital project through the Net working the Nation program to rollout satellite infrastructure to all country public libraries throughout Victoria. This 3 year project will reach finality in December this year. West Gippsland received two satellite dishes and associated racking. The program has subsidised broadband access for some libraries however libraries now using the satellite service are required to meet their own costs from 1st July 2002. West Gippsland had received a subsidy of 50% of its broadband costs for the 2001/2002 year, however prior to installation of the satellite a local arrangement with the libraries ISP provider meant that broadband access costs were relatively free. Costs for WG in 2002/2003 will be in the order of \$14,000.

Unfunded Superannuation.

It is argued that Library Corporations have been required to pick up the costs of government led reform in the general local government sector.

West Gippsland RLC was placed in the position of finding \$48,000 to meet its obligations under these imposed arrangements.

Member councils met this cost over an above their core contribution for the service over an agreed 3year period. The finance to pay out the liability was arranged by way of a bank loan.

Service Costs.

Library operational cost centres include building maintenance, salaries, collection purchases and technology. All cost centres are subject to national and statewide pressures relating to salary increments, CPI and greater returns to shareholders.

It is abundantly clear in the above table that whilst costs escalate at a local level the commitment by the first and second levels of government in Australia are failing in their support of the local effort demonstrated by local councils and their communities.

John Murrell CEO