



HAY SHIRE COUNCIL

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

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

Submission No: 40

Date Received: 26/7/02

Secretary: Gardell

Dear Sir or Madam

Inquiry Into Local Government and Cost Shifting

Hay Shire Council wishes to lodge this submission to the above inquiry.

I have no doubt that the inquiry will receive numerous submissions relating to increased contributions and costs for fire services (rural and urban), load based licensing, public liability insurance, complying with EPA standards for landfill, etc, so this submission does not attempt to cover those issues. Likewise the inequality of and hardships imposed by rate pegging will obviously receive adequate coverage elsewhere.

There is no doubt that the role and responsibilities of local government have expanded significantly over time. This council is heavily involved in the administration of community services such as Meals on Wheels, Respite Care, Neighbour Aid/Shop mates, Community Transport and Home Maintenance, all of which were unheard of ten years ago.

Whilst a sound argument can be presented to suggest that local government is the best suited and most capable authority to administer and deliver such services, it does illustrate the expanding role of local government.

There is probably no greater example of cost shifting to local government, at least rural and rural local authorities, than the provision of medical facilities.

Rural councils are being called on to provide infrastructure and meet ongoing operational costs simply to ensure that their residents have access to basic health services. One cannot help but feel that the other levels of government are rubbing their hands in glee as local government becomes deeper and deeper entrenched in the provision of medical services.

In the case of this council, the amount of expenditure on providing incentive packages to doctors was \$82,300 in 2000/2001 and \$ 41,605 in 2001/2002. These figures do not include the cost of providing other administrative and management support, such support being very significant.

Council has made a commitment to build or purchase a building to be used as a surgery for two doctors and to provide that facility rent free for the first twelve months of operation. Additionally Council is to provide a rent free residence on a continuous basis for each doctor.

Given the smallness of Council's annual budget, these are massive capital and recurrent costs that the local community should not have to bear.

An unfortunate aspect of the costs relating to the provision of health services is that they are being forced on the small and remote councils least able to absorb them. It is not a cost that the large metropolitan councils need to meet.

I note with some disappointment that the focus of the inquiry is limited to cost shifting by state governments and, secondly and more importantly, that the recommendations are to be budget neutral.

One way that the Federal Government could assist the rural and remote councils involved out of necessity in the provision of medical services (without breaching the budget neutral condition) is to require the state government grants commissions to include such a criteria in the disability formulas used for the distribution of Financial Assistance Grants.

Also, and I realise that it is outside the scope of this inquiry, the Federal Government should lift the cap it has on the number of university students undertaking medical studies. Whilst there may be a glut of general practitioners in some metropolitan and coastal areas, it is certainly not the case in rural Australia.

As well as an increased spread of services, there is an expectation in the community that the standard of services provided by local government will continue to improve. As an example, whereas a council once provided an outdoor swimming pool and basketball court, communities are now demanding indoor heated pools complete with gymnasiums and indoor sporting stadiums.

It is rare for these types of facilities to cover operational costs even if assistance is provided from other levels of government for their construction costs.

It should be possible for the Federal Government to provide funding to local government without the need to go through state governments. If that requires constitutional recognition of local government, then bi-partisan support should be provided for such recognition.

I believe that the scope for activities to be undertaken at a regional level is rather limited, particularly in the "big ticket" items. This possibly relates more to the rural and remote councils where vast areas are involved.

To elaborate further on this point, the major expenditure items in the budgets of rural council unfailingly refer to the construction and maintenance of roads. Sharing the road plant (graders, rollers, etc) is not practical given the distances involved and the fact that the plant is generally in use full time in the area of the council that owns it.

There are situations where road plant is not used full time, the use being governed generally by seasonal conditions. In those instances a shared item of plant would be required by co-operating councils at the same point in time.

There are opportunities where administrative and managerial type functions can be undertaken on a regional basis and where technical staff can be shared between councils. There needs to be ongoing encouragement and incentives from other levels of government to ensure that this happens.

Yours sincerely



Robert Behl

Acting General Manager