

GUNDAGAI SHIRE COUNCIL

ADDRESS ALL COMMUNICATIONS TO:
THE GENERAL MANAGER

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COUNCIL CHAMBERS, 255 SHERIDAN STREET

COUNCIL REF: L.16
YOUR REF: GAJT:CM

17 July 2002.

The Secretary,
House of Representatives Economic,
Finance & Public Administration Committee,
Parliament House,
CANBERRA. A.C.T. 2600

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

Submission No: 28

Date Received: 22/7/02

Secretary: Bardell

Dear Sir,

Please find attached the Council's Submission on the "Inquiry into Local Government and Cost Shifting".

Thank you for the opportunity of providing input into your inquiry. The Council looks forward to receiving your determinations.

Yours faithfully,

A handwritten signature in cursive script that reads "G.A.J. Tickner".

G.A.J. Tickner,
General Manager.

PARLIAMENTARY INQUIRY INTO COST SHIFTING

ONTO LOCAL GOVERNMENT

SUBMISSION

The Gundagai Shire Council is located on the South West Slopes of New South Wales and is dissected by the Hume Highway, Australia's busiest national highway. Gundagai is located approximately 400km. from Sydney and 500km. from Melbourne. The Gundagai Shire covers an area of 2448 square kilometres and has a population of 3726 as per 2001 Census. The Murrumbidgee River flows through the southern third of the Shire, commencing at the Burrinjuck Dam Wall.

The Council has budgetted to spend \$8.2m. during 2002/2003 which includes expenditure on water supply and sewerage services. Attached is a copy of the Operating Statement for 2002/2003. The Council is a foundation member of the Riverina Eastern Regional Organisation of Councils (REROC). REROC has proven to be very effective in providing resource sharing opportunities for its' members.

The existing Gundagai Shire area was created in 1923 by an amalgamation of the Adjungbilly Shire Council and Gundagai Municipal Council.

In recent times there has been a significant shift away from the traditional agricultural pursuits of meat and wool production to wine grapes, orchards and particularly tourism-based economic activities.

Cost Shifting

Many of the changes forced upon Councils are subtle and incremental in their effect on the day to day operations. Often the actual financial and physical effect on individual councils is not readily evident, however Councils are always aware that their ability to fulfill local community needs is significantly comprised by decisions forced on local government from above.

Issues that this Council has identified as having an impact on the local residents include the following:-

* Roads:

- the requirement that Councils contribute 50% of the cost of works on Regional Roads under the REPAIR Programme;
- failure to maintain Block Grants for Regional Roads at sustainable levels (actually reducing those grants in real terms);
- councils meet the full cost of line marking on Regional Roads;
- requirement to register all roadmaking trucks;
- removal of the overweight permit scheme;
- removal of the 3x3 local roads grant;
- costs and time to complete environmental assessments required on road work reconstruction and construction;
- use of local roads by b-double trucks and the cost of undertaking assessment of proposed b-double routes;
- increased traffic management and control requirements on all roadworks has added significantly to the cost of carrying out roadworks;
- the need to be pre-qualified to carry out roadworks for the R.T.A. has created additional non-productive costs;
- assistance for roadside vegetation and erosion control is no longer available;
- cost of employing road safety officers to justify road safety issues that need funding.

* Emergency Services:

- a significant workload has been created through the requirements placed on local government to administer the Emergency Management Act 1999 including supplying the local emergency management officer, preparation and distribution of Local Disaster Plan, involvement on district emergency management committee;
- contribution to the Rural Fire Service to fund the centralized bureaucracy for which no direct benefit received;
- support provided to the Gundagai Rescue Squad particularly for their work attending incidents on the Hume Highway.

* Noxious weeds funding has been substantially reduced from a \$ for \$ basis to approximately \$2 by council to \$1 by State Government in 2001/2002.

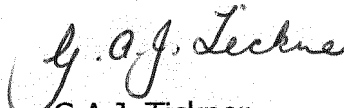
- * Rating income losses due to purchases by State Forests for pine plantations has resulted in \$150,000 reduction in the income for 2001/2002 (attached is a schedule highlighting rate income losses since 1985).
- * Septic Tank registrations, inspections and maintenance of a database have placed unfair burdens on councils where no problems exist in this area.
- * Preparation of Social Plans and State of the Environment Reports are required under legislation but are generally meaningless at a local level and should be carried out on a regional level as a minimum.
- * Accounting requirements and incessant amendments to statements and accounts require excessive staff time especially when these changes are rarely used at a local level to determine councils performance.
- * Companion Animals legislation.
- * Water supply licence costs have increased and water sampling, previously carried out as a community service is now done on a fee basis.

In recent times the Council has had to increase its' staff by 6% (3 extra employees) as a direct result of the additional requirements and reporting for roadworks, companion animals, septic tanks, accounting and administration. It is estimated that at least that much man time again has been required to fulfill the other expectations placed on local government. The additional time found for existing employees has been achieved by either efficiency gains, through the work of REROC, or a reduction in other services and works that had been provided.

Conclusion

There is little doubt that local government has been called upon to carry out more and more functions because councils do deliver services effectively and efficiently. However the delivery of these extra functions via unfunded mandates (cost shifting) has severely affected the level of traditional services offered by Council as infrastructure works are unable to be maintained at a level expected by the community.

If the smaller regional communities like the Gundagai Shire are to prosper and grow it will be vital that additional and significant amounts of revenue are made available to deliver the goods and services that the residents deserve and central governments demand.


G.A.J. Tickner,
General Manager.

GUNDAGAI SHIRE COUNCIL
Values of categories as listed

| Year | General Fund Rate (Gross) \$ | FAGS \$ | Rate Pegging | General Fund Rate (Gross) (in 1/1/85 Values) \$ | FAGS (in 1/1/85 Values) \$ |
|---------|---------------------------------|---------|--------------|---|-------------------------------|
| 1985 | 829754 | 413900 | 8.00% | 768291 | 383241 |
| 1986 | 860562 | 451153 | 8.00% | 737793 | 386791 |
| 1987 | 897386 | 482875 | 7.00% | 719032 | 386904 |
| 1988 | 960239 | 492699 | 6.50% | 722434 | 370681 |
| 1989 | 1016946 | 509550 | 6.50% | 718402 | 359962 |
| 1990 | 1086152 | 527993 | 7.30% | 715089 | 347615 |
| 1991 | 1119029 | 529838 | 6.70% | 690473 | 326925 |
| 1992 | 1124302 | 532865 | 0.00% | 693727 | 328793 |
| 1993 | 1160016 | 532568 | 2.60% | 697625 | 320282 |
| 1994* | 602023 | 266282 | 3.50% | 349809 | 154725 |
| 1994/95 | 1213792 | 518866 | 0.00% | 705281 | 301490 |
| 1995/96 | 1238368 | 541630 | 2.20% | 704071 | 307942 |
| 1996/97 | 1268208 | 571400 | 2.70% | 702080 | 316327 |
| 1997/98 | 1298859 | 574892 | 3.10% | 697428 | 308691 |
| 1998/99 | 1301772 | 574112 | 1.70% | 687308 | 303119 |
| 1999/00 | 1349641 | 576380 | 2.40% | 695881 | 297184 |
| 2000/01 | 1384275 | 583465 | 2.70% | 694974 | 292928 |

* 6 months only

Reduction in 1985 dollars
Same reduction in 2000/01 dollars

73317
146035

90313
179889

| | Total FAG | Road Component |
|---------|-----------|----------------|
| 1994/95 | 866756 | 347890 |
| 1995/96 | 913372 | 371742 |
| 1996/97 | 966820 | 395420 |
| 1997/98 | 968976 | 394084 |
| 1998/99 | 980140 | 406028 |
| 1999/00 | 996284 | 419904 |
| 2000/01 | 1021965 | 438500 |

GUNDAGAI SHIRE COUNCIL

BUDGET OPERATING STATEMENT : 2002/2003

| | \$'000 | \$'000 |
|---|--------|-------------------|
| EXPENSES FROM ORDINARY ACTIVITY | | |
| Employee Costs | 2,192 | |
| Borrowing Costs | 18 | |
| Materials & Contracts | 916 | |
| Depreciation | 1,403 | |
| Other expenses from Ordinary Activities | 523 | |
| TOTAL EXPENSES FROM ORDINARY ACTIVITIES | <hr/> | 5,052 |
| REVENUE FROM ORDINARY ACTIVITY | | |
| Rates & Annual Charges | 2,256 | |
| User Charges & Fees | 408 | |
| Interest | 112 | |
| Other revenues from Ordinary Activities | 224 | |
| Grants & Contributions provided for operating purposes | 1,642 | |
| REVENUE FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS | <hr/> | 4,642 |
| SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS | | (410) |
| Grants & Contributions provided for capital purposes | | 1,459 |
| SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES | | <hr/> 1,049 |
| Extraordinary Items | | |
| SURPLUS(DEFICIT) FROM ALL ACTIVITIES | | <hr/> <hr/> 1,049 |