

Ref. RP:AFS

23 July 2002

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

Submission No: ..... 60 .....

Date Received: ..... 26/7/02 .....

Secretary: ..... Bardell .....

The Secretary,  
House of Representatives Standing Committee  
On Economics Finance & Public Administration  
Parliament House  
CANBERRA 2600

Dear Sir/Madam

**INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT AND THE  
FINANCIAL POSITION OF LOCAL GOVERNMENT**

Thankyou for the opportunity to make this submission to the above Inquiry.  
My Council trusts that some positive outcomes may be achieved that will  
enhance the ability of Councils to better serve their communities.

**Background**

Berrigan Shire Council is situated in the Southern Riverina area of New South  
Wales abutting the Murray River and Victoria.

The Council has an area of approx. 2000km<sup>2</sup> and a population of approx.  
8100 people.

The urban centres of Barooga, Berrigan, Finley and Tocumwal contain  
approx. 75% of the Shire's population with the balance largely based upon  
irrigated primary production.

Like many rural areas, the urban population is growing and ageing whilst the  
rural population is declining, largely as a result of increase in farm sizes.

Local Government in New South Wales is treated as a creature of the State  
that will do as it is told rather than being treated as a partner of the State to  
enhance the well being of its community.

Set out below are specific areas of cost shifting to Local Government.

The list is not exhaustive, rather it highlights some of the more obvious and significant areas of concern.

Issue	Level of Government	Affect
Rate Pegging	State	<ul style="list-style-type: none"> <li>➤ Revenue raising is restricted by the imposition of State determined limits that lack regard to the genuine and unavoidable cost increases experienced by Councils.</li> <li>➤ Despite the above point the State itself imposes cost increases in NSW Govt programs in excess of the predetermined allowable rate increase.</li> </ul>
Pensioner Rate Rebates	State	<ul style="list-style-type: none"> <li>➤ State Govt introduced pensioner support subsidies that it expects Councils to partially fund</li> </ul>
Flood Mitigation Program	Federal/State	<ul style="list-style-type: none"> <li>➤ Other levels of Govt introduce funding formulas for significant and extended works program and then reduce funding part way through projects.</li> </ul>
Early Intervention Program	State	<ul style="list-style-type: none"> <li>➤ Program introduced and funded based on total allocation of funds rather than level of need. When need exceeds available funds the community expects the Council to pick up the cost as it is the public face of the program.</li> </ul>
National Competition Policy	State	<ul style="list-style-type: none"> <li>➤ Despite receiving significant compliance payments from the Federal Govt, NSW refuses to pass any of these on to Councils despite the fact that Councils are faced with significant implementation costs.</li> <li>➤ Application of this Policy has made it impossible to develop essential infrastructure due to application of competitive business principles without regard to social or environmental considerations.</li> </ul>

Equitable allocation of State resources	State	<ul style="list-style-type: none"> <li>➤ Border regions suffer lack of financial support for development initiatives from the State as it is seen to assist in the development of Victoria. The full cost of these initiatives fall back to local communities and Councils.</li> </ul>
Funding of Emergency Services	State	<ul style="list-style-type: none"> <li>➤ An increasing share and quantum of funding required from Councils for the provision of emergency services.</li> </ul>
Road Funding	Federal/State	<ul style="list-style-type: none"> <li>➤ Declining or static level of total funding despite increased cost of service provision.</li> <li>➤ Increasing funding formulas requiring \$:\$ funding in lieu of 100% state funding.</li> </ul>
Weed control	State	<ul style="list-style-type: none"> <li>➤ Declining funding levels and reduced level of weeds for which funding can be provided.</li> </ul>
Environmental issues	Federal/State	<ul style="list-style-type: none"> <li>➤ Increased Council responsibility without any fund provision.</li> </ul>
Parking Control	State	<ul style="list-style-type: none"> <li>➤ Transfer of responsibility for parking control and enforcement without any revenue.</li> </ul>
Environment Protection	State	<ul style="list-style-type: none"> <li>➤ Transfer of enforcement responsibility without revenue.</li> </ul>
Application of new processes without regard to cost or Council capability.	State	<ul style="list-style-type: none"> <li>➤ Introduction of Companion Animal legislation that sees funds go to the State for, in part, promotion despite the fact that no such local promotion takes place. Promotion cost falls onto Councils</li> <li>➤ Introduction of PlanFirst that purports to be funded by developers however Councils with a low level of development will not be able to recoup significant costs.</li> <li>➤ Application of costly reporting standards that are of nil or little relevance to the community.</li> </ul>

Application of Processes without regard to need or relevance	State	<ul style="list-style-type: none"><li>➤ The application of state wide legislative standards without regard for universal need ie development and environmental standards should b</li><li>➤ and rural areas as the issues are different. Waste management in metropolitan areas are critical whilst this is not the case in rural areas yet similar standards are applied.</li></ul>
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Whilst it is noted that the Inquiry is limited to cost shifting by the States it should be noted that cost shifting by the Federal Government is also a significant issue.

Should you require any further information regarding this matter please do not hesitate to contact me.

Yours faithfully,



**ROWAN PERKINS**  
**GENERAL MANAGER**