

## LGMA, NSW. Federal Inquiry Into Local Government Submission

### APPENDIX: Case Study

The following table is from a regional coastal council (BEGA) and outlines a number of specific examples of cost shifting that relate to the day-to-day work of a Council. These are not isolated examples but provide concrete evidence of the continuing impact on Council's capacity to meet all of the statutory requirements devolved to Local Government.

ITEM	EFFECT
<b>Local Government Act 1993</b>	Council has been forced to employ extra staff to meet increased expectations under the Local Government Act – particularly in relation to the new building code, local approvals policy, new orders/notices procedure, management planning, reporting, financial reporting and S.355 committees. These extra resources originally equated to approximately three additional staff positions without any external funding support.
<b>Companion Animals Act</b>	Council previously administered the Dog Act with the annual registration of dogs undertaken 'in house'. This system was phased out with the introduction of the Companion Animals Act. Council now has a role to play in the State Government's lifetime registration process and has various other legislative roles including the need to advise the Government about dangerous and nuisance dogs. Staff now spend approximately 12 hours every month entering data into the Companion Animals Register. Other impacts include the time spent filing registration forms and receipting as well as the actual cost of stationery, postage, phonecalls and Internet access.
<b>DA requirements</b>	The latest State budget provides for a new levy on development applications. It is now Council's responsibility to collect that levy – based on the value of development works – and to forward it on to the State Government to fund its strategic development work.  Legislative and community consultation requirements relating to the processing of development applications have changed dramatically over the past 20 years. Changes include the introduction of the new Protection of the Environment Operations Act and numerous State Environmental Planning Policies. The resources needed to process those development applications have more than doubled as a direct result. Unfortunately the State Government regulates the maximum fee that Councils can charge for DAs and fee increases have failed to mirror the significant increase in assessment requirements. This is a major factor in the backlog of development applications awaiting Council approval and continues to impact negatively on the overall economy.
<b>LEP/DCP/CP requirements</b>	Plan FIRST – the State Government initiative to reform local, regional and State planning – will require considerable Local Government and community effort. At this stage the funding framework for the rolling out of this project is unclear. The draft proposals indicate significant work for Councils with no plans for additional income.
<b>OSM</b>	Before changes to the Local Government Act, Council's role in relation to on-site sewage management had been the approval of new on-site sewage management systems. A Council officer and rectification works typically followed usually identified failing systems via a complaint or inspection.  As a result of the new legislation (which was made retrospective) Council now has to inspect every on-site sewage management system in the Shire – more than 5200 of them in all – cause improvements if need be and issue;
<b>Protection of the Environment Operations Act (POEOP)</b>	The introduction of the Protection of the Environment Operations Act has seen the gradual transfer of EPA-licensed premises from the EPA to Council – 20 of them in the Bega Valley Shire.  The impact has been significant. For example: the State Government with a licence charge of approximately \$4000 per annum regulates a slipway mo

	<p>than 25 metre in length. Local Government regulates slipway less than 25 metres in length with an inspection fee (set under the Local Government Act) of approximately \$170 per annum. Local Government has not been provided with any additional resources or an avenue to raise extra revenue as part of this changeover.</p> <p>The legislative change has not only had a direct impact on Council workload and resource expenditure but has also resulted in an inconsistent approach to a number of broad environmental issues. For example, a dairy herd needs to contain more than 800 head of cattle before the State Government will regulate waste disposal and associated items. Local Government regulates all milking herd under 800 head. In the Bega Valley Shire there are no dairy herds larger than 800 head.</p> <p>Dairy farms across the State are therefore being regulated by many local types of council with little consistency in management of the industry's environmental impacts. This is one area – particularly at a time when dairy deregulation is having such a large impact – where State Government leadership would and should be expected</p>
<b>Voluntary Conservation Agreements</b>	<p>Voluntary Conservation Agreements are negotiated between the National Parks and Wildlife Service (NPWS) and individual landholders. Council supports the initiative and recognises the benefit to the environment for habitat corridors and biodiversity. However one of the outcomes of a Voluntary Conservation Agreement is the waiving of general rates – money lost from Council's overall revenue. (There are currently 29 such agreements in the Bega Valley Shire with another 24 to be considered in the near future). In addition to the lost rates there is also staff time spent processing applications and raising exemption reports each year. The NPWS doesn't pay rates.</p>
<b>State Forest Activity</b>	<p>Many State Forests in the Bega Valley Shire are commercially logged and the haulage of the timber product occurs along many Council owned and maintained roads. These roads are not constructed to service the traffic that this activity involves. State Forests doesn't pay rates.</p>
<b>Sewerage</b>	<p>The new EPA licences for Council's sewage treatment plants require 'Pollution Reduction Plans' (PRPs). The preparation of these plans involves a considerable allocation of staff resources. The cost of implementing these plans is even more significant.</p> <p>The EPA now requires higher standards of treatment – particularly disinfection – for effluent reuse. As a result Council will need to invest in disinfection facilities (and possibly filtration facilities as well) at all sewage treatment plants where effluent is reused. These facilities will cost millions of dollars if required.</p>
<b>Water</b>	<p>Water sharing planning and licence volumetric conversions is required under the new Water Management Act 2000 driven by the Department of Land and Water Conservation. Council staff are required to prepare for and attend Water Management Committee (WMC) meetings and to provide information/data. The end result is an increase in the cost of supplying town water at Local Government's expense.</p> <p>Council is required to produce Pollution Reduction Programs (PRPs) for its water supply systems with an impact on Council not only in the time spent preparing those plans but with implementation and on-going monitoring and reporting to EPA.</p> <p>The introduction of new Australian Drinking Water standards and the adoption of same by the Department of Health has resulted in increased drinking water monitoring with sampling now being carried out weekly, as opposed to monthly.</p>
<b>Fire Services</b>	<p>Local Government contributes 13.3 per cent of the NSW Rural Fire Services</p>

	budget and is therefore helping to fund the day-to-day operation of a State Government department. This contribution is about to increase without any corresponding increase under the State Government's rate pegging legislation.
<b>Television services</b>	The Federal Government provides capital expenditure for TV retransmission under the TV Black Spots Program but the applying body has to pay for ongoing maintenance. Bega Valley Shire Council has resolved to withdraw from the program unless operational funding is made available.
<b>Legal fees</b>	Bega Valley Shire Council has to pick up the tab for court action relating to dog fines and dog attacks under the Companion Animals Act.  Council is also being required more and more to meet the costs of appeals against refusals by Council of coastal development, which is constrained by State Government Planning Policies.
<b>Storm Water</b>	The EPA has required Council to produce an Urban Stormwater Management Plan at a cost of approximately \$60,000 – only 50 per cent of which was funded. Implementation of the action plans contained in the management plan will cost between \$200,000 and \$250,000 per annum over the next five years.
<b>Crown reserves</b>	There are significant costs associated with administration of the huge number of Crown reserves in the Bega Valley Shire. There are more than 1200 of these reserves in total, ranging from large coastal reserves to pocket-size parcels in rural areas. Council is required to manage, maintain and accept responsibility for these reserves without autonomy and while obtaining a return on relatively few. The Crown Lands Act restricts the use of any such return in that it can only be spent on the reserve in question (or an adjacent one). The costs associated with preparation of Plans of Management for these reserves are particularly large.  The Department of Land and Water Conservation's funding programs are inadequate. Councils from across the State must compete for grants that average between \$8,000 and \$10,000. Yet a basic playground set costs Council \$25,000 and public toilets in the vicinity of \$60,000 to \$100,000.
<b>Public Liability</b>	The State Government has removed itself from any public liability that may relate to coastal and relatively remote Crown Reserves with the onus now falling back on Local Government.
<b>Management Plan process</b>	Bega Valley Shire Council is committed to preparing a comprehensive Management Plan. However State Government expectations (as implied through the Act) have increased staffing levels needed to achieve this.
<b>Social Plan (now to include cultural plans) and Access and Equity Plan</b>	Bega Valley Shire Council has an increasing role to play in local coordination and planning via the new Social Planning Regulation and has needed to employ an extra staff member to have carriage of this. No resources have been made available to support this role. The State Government's requirement to report progress against plans and to consult with the community is resource intensive and placing additional pressure on an already stretched Department.
<b>Funding applications</b>	Council is constantly encouraged to apply for funding by various agencies, Government and non-government, or to auspice grants for other agencies. There is a cost in staff time to prepare applications, manage projects, acquit grants and liaise and consult with involved agencies. There is now an additional expectation from agencies that information will be available on the Council website. This has staffing implications.
<b>Youth Safety Net (Commonwealth Government project)</b>	The second round of this funding was offered with no indexation. This has serious implications for the staffing profile of the program and Council's already pressured Community Services budget. Impact of SACS Award increase originally agreed between State and Commonwealth Governments now only paid by State.
<b>Roads</b>	The Roads and Traffic Authority used to make unmatched grants for Main Roads (now called Regional Roads) construction. However the system was changed in the early 1990s to RePAIR for repair and improvement of roads

	<p>and Council now has to match the funding dollar for dollar. Funding that used to be spent on local roads has been diverted to regional roads as a direct result. There has also been an impact in terms of the work involved in preparing applications and acquitting grants.</p> <p>While environmental legislation is supported by Council, it comes at a cost expressed either as an increase in the budget for roadworks or a reduction in the amount of works that can be carried out.</p>
<b>Private development works on State highways</b>	The Roads and Traffic Authority used to approve private development works on State highways (eg intersection works for new subdivisions) under section 138 of the Roads Act, but then shifted this responsibility to Local Government. By shifting responsibility for these approvals to Councils, in addition to the resources required to process the approvals, the potential liability for the consequences of any accidents has also been shifted.
<b>Construction Industry Long Service Leave</b>	Council is required to collect a levy on the cost of all new developments over a certain value and forward this money to the State Government.
<b>Mobile Phone coverage</b>	The Federal Government is providing most of the funding for improved mobile phone coverage in small communities (such as Candelo in the Bega Valley Shire) but each community is expected to contribute \$5000 and there is pressure on Bega Valley Shire Council to be involved.
<b>Bridges</b>	The Roads and Traffic Authority used to have a bridge subsidy program that provided funds for the construction of new bridges and the replacement of old bridges. This subsidy has disappeared.
<b>Resource hungry activities</b>	A number of 'resource hungry' activities are imposed on Council including: Grants Commission reporting; Austroads reporting; Roads to Recovery; EPA requirements; OHS; Erosion and sedimentation control requirements Supporting other levels of government initiatives and policy implementation such as water safety and fish bag limit signage at boat ramps.
<b>Community Support Program</b> <b>Development Expenditure</b>	Council is the coordinating body for the Community Development Support Expenditure Program. Staff convene and resource meetings, receive and initially assess grants and liaise with applicants, undertake all administrative tasks associated with the program and act as a first point of contact.
<b>On-costs and admin for funded programs</b>	Once a program is funded Local Government wears any additional on-costs, wage increases etc.
<b>Community Services</b>	Local Government is becoming a major provider of services in this sector. This needs to be recognised in terms of funding processes, planning for State services and establishment of priorities.
<b>Home and Community Care</b>	Bega Valley Shire Council provides a top up to the salary component of the Home and Community Care program. Council also runs an equipment pool because of the inadequacy of the State service.
<b>Ageing and Disability Service</b>	Bega Valley Shire Council has been pressured into providing funds to support a disability service (Nardy House) yet this area of funding is clearly a State responsibility. Council has also provided top up funding for aged care facilities due to the inadequate level of funding provided by both State and Commonwealth Governments.
<b>Library</b>	NSWNet personal computers were supplied by the State Government but need to be maintained (and ultimately replaced) by Council.
<b>Maintenance of Assets</b>	Maintaining assets built by State and Federal Government, and through funded programs such as Work for the Dole, NHT etc.
<b>Anthropological/ archaeological monitoring on construction sites</b>	All construction sites have to be reviewed for heritage sensitivity and if deemed sensitive then on-going monitoring during construction by an outside agency is required at cost to Council