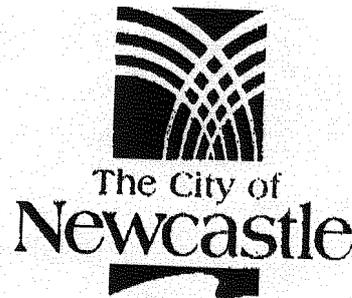


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26 July 2002



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The Secretary
 House Of Representatives
 Standing Committee On Economics, Finance And Public Administration
 Parliament House
CANBERRA ACT 2600

Dear Sir / Madam

HOUSE OF REPRESENTATIVES INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT

Please find attached Newcastle City Council's submission to the above Inquiry. Our submission relates primarily to the fourth term of reference of the Inquiry, ie

"Local Government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments."

The attached table provides information on new responsibilities placed on Newcastle City Council, particularly as a result of State Government decisions. In total, the effect of these responsibilities is additional costs to Newcastle City Council nearing \$2 million per annum on an ongoing basis.

Thank you for the opportunity to input into this issue and I look forward to seeing the outcomes of the Inquiry.

Yours faithfully

**Janet Dore
 GENERAL MANAGER**

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:.....	77
Date Received:.....	27/7/02
Secretary:.....	Burdell

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**Federal Inquiry into Cost Shifting onto Local Government
Submission from Newcastle City Council**

Issue	Description	Cost
Social Planning	<p>The Local Government Act requires Councils to prepare social or community plans for their Local Government Areas. This requires considerable community consultation, research and report preparation.</p> <p>The reduction of State and Federal Government broad based social planning and service co-ordination capacity as a result of tighter program targeting has increased the pressure on local government to perform this function. For example, Newcastle City Council has brokered the investigation and establishment of a Homelessness Interagency Network to improve co-ordination of social service agencies delivering services to the homeless. In the past this action would probably have been undertaken by a State or Commonwealth agency.</p>	\$40,000 p.a.
Contaminated Land Management.	<p>The State Government has mandated councils under the provisions of the Contaminated Lands Management Act and NSW Environment Protection Authority's "Guidelines on Significant Risk of Harm to the Environment and Duty to Report" to respond to contaminated land issue. Councils incur a significant level of liability and as such need to provide a new skills base, research capability, the procurement of specialist advice and robust management systems to satisfy its exculpatory liability. Newcastle and the lower Hunter's history of heavy industrial development, port related & mining activity has left a contamination legacy for lower Hunter Councils that imposes a significant management demand.</p>	\$60,000 p.a.

Newcastle City Council's Submission to House of Representatives' Inquiry into Cost Shifting onto Local Government

Issue	Description	Cost
<p>Stormwater Management.</p>	<p>All councils in NSW have been required under statutory notice to prepare stormwater management plans for their urban areas. The majority of urban areas in the lower Hunter were developed in the 19th and 20th century and retain aging infrastructure that has not been designed to address urban stormwater quality issues. To ensure statutory compliance local councils are having to research, test, plan, construct, monitor, maintain and fund new and innovative approaches to management of urban water cycles in their areas. Councils have embraced this challenge and have formed a regional consortium in an effort to achieve efficiencies, build partnerships and share learning. Significant local government, industry and community capacity building has been necessary to initiate and support change.</p>	<p>\$120,000 pa and likely to increase significantly over coming years</p>
<p>State of the Environment Reporting.</p>	<p>Under the provisions of the NSW Local Government Act 1993 all councils are required to prepare annual State of the Environment Reports. The prescriptive nature of this requirement has generated the need for data gathering and mapping across a range of environmental media, the development of data analysis and storage systems, production, printing, community consultations and communication effort and resourcing.</p>	<p>\$10,000 p.a.</p>
<p>Biodiversity.</p>	<p>The extensive raft of biodiversity policy and regulation at a state and national level has created significant resource demands and challenges for local government. This has been amplified by the recognition that biodiversity needs also to be management in a strategic sense at an ecosystem or bioregion level requiring the development of an additional</p>	<p>\$30,000 p.a. and likely to increase significantly over the coming years</p>

Newcastle City Council's Submission to House of Representatives' Inquiry into Cost Shifting onto Local Government

Issue	Description	Cost
Coastal Management.	<p>regional management layer. Regulatory and policy reform include the NSW Biodiversity Conservation Act, NSW and Commonwealth Biodiversity Strategies, amendments to the NSW Fisheries Act, the Vegetation Management Act and accompanying Vegetation Management Committees and the National Environmental Protection and Biodiversity Conservation Act. The RAMSAR listings of wetlands in the Hunter Estuary and their inclusion under international treaties such as JAMBA and CAMBA demonstrate the importance of local councils' role in addressing this issue in Newcastle in response to national regulatory requirements and policy objectives. This role has required the acquisition of new skills sets into local government accompanied by extensive officer, elected representative, industry and community education programs to ensure local government and their community can respond appropriately to the issue. Specialist advice, research, data management including GIS mapping, systems development, maintenance and regulation have also been necessary.</p> <p>Governments forecast that 90% of the nation's population growth over the next 20 years will occur within the coastal zone. Sea level rise as a result of global warming is identifying new challenges in urban and infrastructure planning, natural resource and disaster management. This has focused significant planning emphasis on the coast. Newcastle Council has been strongly encouraged to prepare a coastal management plan for its coastline. The NSW Government's Coastal Protection Package (2001) identifies</p>	\$65,000 p.a. and likely to increase

Newcastle City Council's Submission to House of Representatives'
Inquiry into Cost Shifting onto Local Government

Issue	Description	Cost
Ecological Sustainable Development (ESD).	<p>additional demands on local government to provide an integrated and coordinated management framework and response along the NSW coastline. This demand is heightened in Newcastle as a result of the impact of the operations of the nation's largest export tonnage port on coastal processes, coastal infrastructure, marine ecology, City presentation and tourism.</p> <p>The national policy on Sustainable Development (1992) and the Local Government (ESD Amendment) Act 1997 have established new objectives and mandated a charter for local government and their communities to consider principles of ESD when undertaking their activities. These requirements have manifested in many ways and have required Council to develop new tools and learning programs and policies to facilitate this process. These have included Council's development of an Environmental Management System (EMS) under ISO 14000 for its own operations, development and implementation of a procurement policy, triple bottom line accounting, energy and water savings policy, sustainable parks management program and revised works and maintenance programs. All these initiatives have required new and additional systems, skills and training for staff. In addition to targeting Council's activities similar initiatives have been developed for industry and business through planning regulations that aim to deliver a balance of environmental, economic and social interests and values.</p>	\$100,000 p.a.
Community Land Management	Under the 1993 Local Government Act a new category of Council land was created with a specific management regime.	Estimated cost \$70,000 pa

Newcastle City Council's Submission to House of Representatives'
Inquiry into Cost Shifting onto Local Government

Issue	Description	Cost
Environmental considerations in Rezoning and Approval Processes	Community Land requires defined planning, accountability and management processes which are intensive and onerous.	Estimated cost \$100,000 pa year
Regionalisation.	<p>Additional statutory requirements and referrals under State Government legislation, such as the Threatened Species Act have required increase planning staff resources.</p> <p>The National Competition Policy and recent State policy direction aimed at promoting local government reform through new management models have driven resource commitment aimed at delivering efficiencies based on "regionalisation". These policy positions have been particularly prominent in areas of waste management, biodiversity management, vegetation management, noxious weed management, water reform, transport planning, regional landuse planning and estuary management. Whilst efficiencies and other benefits are potentially available this approach requires additional administrative and financial demands on top of program delivery at an individual LGA basis.</p>	Included in other listed costs

Newcastle City Council's Submission to House of Representatives'
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Issue	Description	Cost
Companion Animal Management	<p>The focus on Companion Animal Management has changed significantly with the implementation of the NSW Companion Animals Act 1998 and the associated requirements and resource has been substantial.</p> <p>The focus has moved from a pure enforcement role to a more educative role with greater public awareness of the legislative requirements of having a companion animal as well as what the community expects from council with facilities and education and proactive enforcement.</p> <p>Companion Animal Management Plan. Council is now required to have a Companion Animal Management Plan established, placing a resource drain upon Council during the review process as well as ensuring that the operational issues are being monitored and reported to the Advisory Panel.</p> <p>Community Liaison Officer. With the change to a more educative and community focused Companion Animal Management Plan, Newcastle City Council found the need to employ a full time Community Liaison Officer to assist the Health and Environmental Services unit with the implementation of the NSW Companion Animal Act 1998. This highlights the increase in strategic, administrative, and educative workload being placed upon Council.</p>	<p>Companion Animal Management Plan \$40,000 p.a.</p>
	<p>Community Liaison Officer. With the change to a more educative and community focused Companion Animal Management Plan, Newcastle City Council found the need to employ a full time Community Liaison Officer to assist the Health and Environmental Services unit with the implementation of the NSW Companion Animal Act 1998. This highlights the increase in strategic, administrative, and educative workload being placed upon Council.</p>	<p>Establishment of Companion Animal Community Liaison Officer to implement plan, including development of off leash areas. \$60,000 p.a.</p>
	<p>Administration. Additional administrative requirements to input the registration and microchipping and keep the information up-to-date has placed an increased burden upon the administrative staff.</p>	<p>Microchipping and Lifetime Registration requirements 1 officer 2 days/week p.a. \$150/wk x 52 weeks - \$8,000p.a.</p>

Newcastle City Council's Submission to House of Representatives'
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Issue	Description	Cost
	<p>Rangers There is a greater focus on the "Return to Owner" of straying animals. This has created a larger workload upon Rangers' time to return the animal, rather than just taking it to an impounding facility. Also there is the added financial burden upon the Council through increased mobile phone charges of calling owners of animals.</p> <p>Staff have also been required to acquire a new set of skills to cover the changing role and focus of Companion Animal Management. Council paid for Rangers to attain the Implanters Certificate, which is a two day accredited course.</p> <p><u>Notices and Orders</u> Community complaints regarding barking dog issues have moved from the workload of the Community Justice Centre and Local Magistrate to the daily workload of the Rangers and Council. This has significantly increased the workload and community negotiation for all staff within the unit. This is due to Council now having the power to place Nuisance Orders which is another increase in the daily workload of both the rangers and administrative staff.</p> <p><u>Cats</u> The whole area of cats as a companion animal and the community expectation of responsible ownership is a newly evolving area for Council. Previously focus was only on the trapping of feral cats, but now Council Rangers and staff are becoming involved in nuisance cats and other cat issues, resulting in the deployment of resources that would have been utilised in other areas.</p>	<p>Additional Ranger to cover increased workload arising from return to owner approach, and police the required off leash areas. \$60,000 annually</p>

Newcastle City Council's Submission to House of Representatives'
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Issue	Description	Cost
<p>Amendments to the Disorderly Houses Act 1995</p>	<p>In 1995 the State government amended the Disorderly Houses Act so that Local Government became the principal authority for the control of brothels. This change meant that brothels were considered as a commercial operation requiring approval under the Environmental Planning and Assessment Act 1979. It was necessary for a development control plan to be produced to give direction to the industry and enable adequate assessment by Council of the environmental impact of proposed brothels. The State government gave no assistance to local government at that time regarding brothel policies and has provided no funding to local government for ongoing costs despite Police resources being redeployed from sex industry enforcement.</p> <p>Since 1995 Council have had to respond to and investigate allegations of illegal brothels and take action to close them or negotiate for development applications to be submitted. In this time NCC has resolved 71 cases of illegal brothels, (3 involving prosecutions on the Land and Environment Court), processed 21 brothel DAs, (6 involving appeals in the Land and Environment Court), and approved 9 brothels.</p> <p>Ongoing liaison on sex industry issues continues between Council and the Police, Health Workers, Workcover, Department of Immigration</p>	<p>15% of 1 officer - \$9,000 p.a. Health & Environmental legal cost est. \$10,000 p.a. Development & Building legal appeals costs est. \$10,000 p.a.</p>
<p>Sewage Management Regulations 1999</p>	<p>Introduction of approval system requiring ongoing inspection program.</p>	<p>1 officer at \$50,000 p.a.</p>

Newcastle City Council's Submission to House of Representatives'
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Threatened Species Conservation Act 1995	Works undertaken by Lower Hunter Central Coast Regional Environmental Management Strategy have required Council's support	\$1,500 p.a. Estimates of other flora & fauna assessment costs associated with DA's too difficult to define
Food Regulation 2000	Additional inspection requirements for food premises resulting in 50% increase in required inspection times	1 officer at \$60,000 p.a.
Food Business Notification	Council required to accept and process Food Business Notifications for Dept. of Health.	5% of 1 officer - \$3,000p.a.
Public Health (Skin Penetration) Regulation 2000	All councils are required to maintain a register of those premises carrying out skin penetration procedures defined by the Public Health Act. Increased inspection requirements.	5% of one officer - \$3,000p.a.
Changed Newcastle Bus Routes	In March 2002, Newcastle Buses introduced new bus routes, with considerable changes in many routes. Due to public demand in some areas Newcastle Buses is reassessing the new routes in consultation with local residents, so the estimated cost of relocating unused bus zones (including relocation of shelters and seats), as well as installing new bus zones and converting existing bus zones to school bus zones may change	\$4,070 for installation of new bus zones and conversion of existing bus zones to school bus zones (recoverable through Council's Traffic Facilities Grant from the Roads and Traffic Authority) \$41,200 for removal and relocation of unused bus zones (incl shelters and seats) at Council's expense Total of Levy \$1,119,261 (total recouped through
Waste Management:	The NSW Government requires a levy of \$9.60 per tonne in	

*Newcastle City Council's Submission to House of Representatives'
Inquiry into Cost Shifting onto Local Government*

Issue	Description	Cost
<p>Issues arising from ICAC, Ombudsman and other State authorities</p>	<p>Newcastle to be paid on all waste disposed of to landfill. The purpose of the levy is to encourage resource recovery and while a % of the levy is recouped through the DWMS charge Newcastle Council itself promotes resource recovery through their own funds including the provision of a Community Education Officer and the Kerb Side Recycling Services (costs primarily recouped through DWMS).</p> <p>Newcastle Council has not seen any results from the NSW Government's \$9.60 per tonne levy and do not receive any particular grants or rebates from going the extra mile in promoting resource recovery.</p> <ul style="list-style-type: none"> • Increased demand for accountability and transparency of local government. Requires resourcing for policy drafting, compliance, and compliance monitoring. • Increased demand and statutory obligations (Protected Disclosures Steering Committee, S11 ICAC Act, Protected Disclosures Act), for local government employees to report suspected corrupt behaviour, gross mismanagement and waste of resources. Requires communication strategies, staff awareness and training, reporting and documenting processes, investigation resources and processes. • Increased demand for internal investigations to be performed by the agency rather than by the State Gov't Authority. ICAC's publication "Responding to Fraud" states that ICAC and the NSW Police will only investigate the 	<p>DWMS = 31.8% or \$356,347 Total paid by Council \$762,914</p> <p>Estimated additional staff time to fully comply is 1 officer 6 months full time to catch up with the demand, then 2 day/month on an ongoing basis to deal with new issues. (approx. \$35,000 for 2002/3 and \$5500 pa afterwards).</p>

Newcastle City Council's Submission to House of Representatives'
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Issue	Description	Cost
NSW Fire Brigade Contribution	<p>most pressing issues, but require all disclosures whether formal or informal to be properly investigated. Requires resources and training.</p> <ul style="list-style-type: none"> Increased demands for local government to deal with risk, especially risk of corruption. ICAC has published 7 guidelines (Waste, contracts, DA's, resources, corruption resistance, fraud, and investigations) already this year. There is an unstated pressure to review the areas ICAC is targeting and implement the recommendations. Requires resources, policies, communication, training, reviewing and investigating. 	
	Increased contribution requirement above rate cap	<p>1995/96 total \$1,173,255 1996/97 total \$1,260,092 (\$86,837 = 7.4% incr) 1997/98 total \$1,376,716 (\$116,624 = 9.26% incr) 1998/99 total \$1,623,030 (\$246,314 = 17.89% incr) 1999/00 total \$1,623,188 (\$88 = 0.01% incr) 2000/01 total \$1,636,779 (\$15,000 = 0.92% incr) 2001/02 total \$1,692,927 (\$54,148 = 3.3% incr) 2002/03 total \$1,918,086 (\$225,159 = 13.3% incr)</p>