

Cost Shifting Inquiry City of Albury Submission

Index

1.	Introduction.....	2
2.	Terms of Reference.....	2
3.	City of Albury Response	
	3.1 Demographics	2
	3.2 Responsibilities.....	3
	3.3 Financial	4
	3.4 Planning.....	6
	3.5 Service Delivery.....	7
	3.6 Compliance	8
	3.7 Advocacy	9
4.	Summary	10

1. Introduction

- 1.1 The Federal Minister for Local Government, Wilson Tuckey, has announced an inquiry into State Government cost shifting onto Local Government. The inquiry was announced on 20 May 2002.
- 1.2 As part of the 2001 Federal election campaign, the Liberal Party proposed an inquiry into the practice of cost shifting by state governments onto local government. Minister Tuckey's announcement of 30 May 2002 follows up that election commitment.
- 1.3 The inquiry will be conducted by the House of Representatives Economic Steering Committee.
- 1.4 The deadline for submissions to the inquiry is 26 July 2002. The inquiry is expecting to report to the Parliament in June 2003.

2. Terms of Reference

- 2.1 The terms of reference set for the inquiry are as follows:
 1. Local Government's current roles and responsibilities;
 2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government;
 3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and poor funding to achieve regional outcomes;
 4. 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;
 5. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities;
 6. The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee.
- 2.2 The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

3. City of Albury Response

3.1 Demographics

- 3.1.1 The City of Albury is a NSW Provincial City located on the Murray River in Southern NSW on the Hume Highway between Melbourne and Sydney. It is a regional centre for south eastern NSW and north eastern Victoria.

- 3.1.2 The City has a long and proud history from its original development as a crossing place for the Murray River in the 1800's and it has grown to a population of 42,500 people. With an annual growth rate of approximately 0.33%.
- 3.1.3 In area the city is comparatively small being only 106 sq km with the majority of the area being used for residential and commercial activities. In some parts urban development has extended beyond the city's boundaries into the adjacent Hume Shire. The Shire and the City Council have been unable to resolve boundary issues in recent times.
- 3.1.4 The City has a broad mix of people whose backgrounds add a cosmopolitan vitality. Predominant groups are German, Italian, Dutch, Greek, Philippine and Polish, with the more recent arrival of Vietnamese, Laotians, Albanians and Bosnians resulting in an enriched multicultural society.
- 3.1.5 Like all Australian communities the population is ageing and Albury has become a popular place for retirement with people from the surrounding rural areas because of access to shopping, families and medical facilities. 13% of the population are over 65 years of age.
- 3.1.6 In a regional context, Albury is part of the broader Albury Wodonga region with the City of Wodonga located on the southern side of the Murray River. That city has a population of 31,000 and is growing at approximately 1.20% per year. In 2001 the NSW and Victorian Premiers announced a merger of Albury and Wodonga Councils however this proposal has not proceeded at this time.

3.2 Responsibilities

- 3.2.1 The NSW Constitutions Act 1902 provides for the State Government to maintain a system of local government and appoint Councils with appropriate powers, authorities, duties and functions as determined by the State Government to fulfil this role.
- 3.2.2 A detailed Local Government Act comprising 18 Chapters, 9 Schedules, 16 Regulations and 23 Cognate related legislation determines the parameters of Councils operations. Each Council must abide by the following Charter contained in Section 8 of the Act:
- To provide directly or on behalf of other levels of government after due consultation, adequate, equitable and appropriate services and facilities;
 - To ensure that those services and facilities are managed efficiently and effectively;
 - To exercise community leadership'

- To promote the principles of multiculturalism;
- To promote, plan and provide for the needs of children;
- To promote the principles of ecological sustainable development;
- To have regard to the long term and cumulative effects of Council decisions;
- To be the custodian and trustee of public assets;
- To ensure effective accountability and management;
- To facilitate the involvement of Councillors, members of the public, facility users and Council staff in development, improvement and co-ordination of local government;
- To raise funds for local purposes by the fair imposition of rates, charges and fees.
- To keep the local community and state government informed about its activities;
- To ensure that it acts consistently and without bias in exercising regulatory functions;
- To be a responsible employer.

3.2.3 The Council believes that its activities and the facilities that it provides are consistent with the Charter and any audit of Albury's operations would ensure due compliance.

3.2.4 In addition to being a Council for the constituents of Albury, being a provincial centre, there is an expectation that the Council will provide a regional leadership role for the broader Albury Wodonga region. Many of the facilities and services provided by the Council cater for the needs of the broader region, not just the residents of the City, examples include waste management, cultural development, art gallery, museum, sporting facilities, aquatic facilities etc. This role is gladly undertaken but it needs to be emphasised that it does so at a cost to the citizens of Albury. There is no contribution to Council to off set this role from State or Federal Governments or from surrounding councils.

3.2.5 Albury has always undertaken this regional provider role and there has developed an expectation that this will continue. In some areas, ie. waste management and libraries, specific regional groups have been formed to undertake these responsibilities but it is expected that Albury will take a broader role than the other participants.

3.3 **Financial**

3.3.1 The City of Albury is a large financial institution with a turnover exceeding \$88M projected for 2002/03. Appended to this submission is a cost shifting matrix that outlines the types of services undertaken by the Council that have been financially impacted by either a shift in funding responsibilities from the State or Federal Government, a reduction in grant funding or increased compliance requirements. Annual costs exceeding \$3M have been identified as impacting on Albury. In addition,

a major shift in state government funding for sewerage treatment infrastructure has added a further \$5M of cost to a major project that has had to be funded by the local community.

- 3.3.2 Albury's predominant source of revenue is general council rates and charges and in excess of 50% of our revenue is derived by these means. There is an increasing reliance on this stream of revenue for our operations. Council believes that its rate increases have been reasonable even though there has been some community concern about our level of rates in comparison with surrounding Councils. In the period 1986-2003 Councils rate increases have been 56.1% which is well below the NSW rate pegging level – 68.5% and annual inflation of 73.7%.
- 3.3.3 Financial assistance grants to local government were introduced in the early 1970's and the Council currently receives \$3.7M in this form of Federal Government assistance received via the State Grants Commission.
- 3.3.4 The revenue sharing grant has become an important part of the Council's budget being the equivalent of 19% of rate revenue or 5.6% of total expenditure. If this form of funding was not received about one third of our capital works would need to be reduced.
- 3.3.5 The Council believes that the current revenue sharing arrangements are appropriate but would like to see additional finance made available via this mechanism to compensate for the significant shifts of funding responsibility onto the Council. As is identified in the attachment, approximately \$3M of costs are met by the City of Albury because of the transfer, shift or compliance with State and Federal requirements.
- 3.3.6 It was originally suggested that a portion of the revenue received from the Goods and Services Tax (GST) could be earmarked to local government. There was also concern expressed that the general revenue sharing grant would be lost if this was the case. The GST has been introduced and is providing streams of revenue for State Government far greater than was originally envisaged. It is considered that this form of taxation could be used for many purposes and opportunity should be explored to link funding for specific purposes to the revenue source ie. tourism. As indicated, many councils are reliant upon their own resources to fund tourism promotion yet tourism in their area does contribute a significant amount of GST. On a nation wide basis it could be possible to link funding for tourism directly to revenue raised by the GST from this sector.
- 3.3.7 Many Councils have supported expanding Council's powers to raise revenue by the use of bed taxes and other forms of taxation. Anecdotal evidence suggests that the administration costs of such schemes are

prohibitive, accordingly, it would be more appropriate to provide flexibility using the GST mechanism to be able to tap into funding sources for specific purposes.

3.4 **Planning**

3.4.1 As noted in the Local Government Charter, Councils have a specific role for service provision and to exercise community leadership. Council's are also required to exercise appropriate asset management and community planning. Specific obligations exist under the Local Government Act and the Planning and Environment Act whereby Councils must plan for land use activity within their area and for social, environmental and cultural development of the city. Such planning must occur in an ecologically sustainable way and Council is obliged to prepare all embracing management plans when planning its future direction and actions to achieve the objectives and targets that have been determined.

3.4.2 The Council must resource itself to undertake both the planning role, and thereafter service delivery role yet there has been no financial compensation to cover these increased responsibilities. Council must still rely on its main source of revenue, Council rates and charges to cover the cost of these additional responsibilities.

3.4.3 Not only must Council prepare a detailed plan for the future on social, environment, and cultural issues that must be addressed it is also required to ensure that it has a planned process for replacement of its infrastructure and assets. Many Councils do not possess the resources to undertake these tasks effectively. It has been noted in several Local Government Department reports and ministerial statements of the poor financial condition of some Councils and also their lack of such planning and milestones in their operations. There is a clear expectation that Local Government will firstly carry the cost doing planning and secondly, that Councils will then resource implementation of these plans and quite often the financial resources are not there to achieve these lofty ideals. Such compliance requirements are beyond the capacity of some Councils to achieve unless adequately resourced.

3.4.4 There is increasing emphasis on reporting requirements for Council against an agreed management plan and taking into consideration social, environmental, and cultural outcomes, it is important to move forward and shift away from the traditional concept of performance audit being purely financial assessment. The concepts of triple bottom line reporting and achievement of a balanced scorecard performance are important for community transparency and openness and align with overall directional performance. If local government is to move forward in this direction it must be adequately resourced to enable it to achieve these outcomes. Social, environmental and cultural planning have traditionally been the role of the State Government and whilst local government has proved

and prepared itself to be able to undertake these responsibilities it should not bear the cost from its traditional revenue streams and to the detriment of its traditional responsibilities. Accordingly, it is considered that State Government revenue should be earmarked and made available to local government to undertake some of these important roles.

3.5 Service Delivery

3.5.1 The City of Albury is a complex organisation and even though it operates within a 13 business unit structure it is actually involved in 85 different types of work actions ranging from child care through to grave digging. The Council has adapted to provide services to the community in accord with community demand and in partnership with State and Federal Government.

3.5.2 The Council has been encouraged to undertake specific initiatives or to employ staff at the behest of the State Government with the lure of a grant or subsidy to initiate a program, nevertheless at the end of the funding a dilemma exists whether to continue the project which has built up a certain level of community expectation and performance delivery and fund it from Council resources or to abandon it. In most cases the Council opts to continue the service at an overall cost to itself.

3.5.3 The Council is very much influenced by State Department priorities of the day. In particular, the NSW Premier's Department is a classic example where projects are developed according to the issue of the moment, funded for 2-3 years and then left with the community who then turns to local government to pick up the administration and co-ordination role at a minimum. The Crime Prevention Program is an example of this. The initial planning at least was supported financially (\$40K) but there is now a clear expectation that implementation of the Community Safety Plan will be a local government commitment and there is no ongoing funding from the state level.

3.5.4 Another example is the Community Drug Action Teams, which were initiated throughout NSW to implement the NSW Drug Strategy. The model under the strategy provides a project officer to be funded for three (3) years to support communities to develop local strategies in regard to drug use. Community groups can apply to the project officer for funds to carry out the strategy but Councils end up resourcing the administration and co-ordination of these agencies, simply because they do not have those resources. If the community and organisations think the issue is serious enough then the pressure is applied to local government to redirect some of its staff time to work with the project. The project was never fully explored with local government prior to establishment and the State Government is wondering why the project officer's have had such difficulties in some areas achieving the objectives of the program.

3.5.5 Councils have been encouraged to work with other councils in service provision and in Albury's case we have explored these options on a number of occasions. In some areas such as refuse collection and bushfire management co-operative working arrangements exist nevertheless there is the expectation that Albury will play a 'big brother' role and meet the majority of the cost even if the benefits are not equally shared.

3.6 **Compliance**

3.6.1 Meeting the cost of compliance with ever increasing State and Federal Government demands and requirements is a major imposition for Local Government. In Albury's case it considers that its general costs in achieving additional compliance would exceed \$1M per annum. Examples have already been provided of where State requirements for additional planning in the broader sense add additional cost to Council. In addition, small fundamental changes in priority and process also add cost. Minor features such as additional training requirements, the need to be abreast of changing regulations and departmental expectations are all part and parcel of general operations that add to overall cost.

3.6.2 Council is required to prepare as State of the Environment Report, an Environmental Action Plan and report on a broad range of environmental indicators that are principally beyond it to control yet by doing so there is an expectation that the Council will allocate resources to achieve improved environmental outcomes. There is little or no funding from other levels of government to assist with such achievement particularly in the planning and building area with regulations and requirements changing frequently.

3.6.3 Councils must expend extensive amounts of money on training staff to be abreast of these new requirements. An example is the 'Plan First' Legislation setting up a regional framework for planning which involved an extensive process of change. All Council's planning and development staff have had to undertake additional training to be fully abreast of these requirements. Across a broad range of state government legislation little thought is given to the impact of compliance costs expected of Councils. This occurs both at a Federal and State level. For example, to ensure that the Council was GST compliant it is estimated that \$100K was expended with consultants, training and staff instruction required to achieve the agreed outcomes and ensure that the organisation was GST compliant.

3.6.4 Only today it was advised that new requirements with regard to the Council's landfill facility place greater responsibilities on management and therefore additional resources will need to be allocated to ensure management is appropriate for this resource. There is no off set for this increase in cost and it would be expected that any extra expense would be covered by the operations of the venture.

- 3.6.5 In its operation the Council is expected to achieve compliance with National Competition Policy (NCP) and competitive neutrality requirements. It is also subject to the requirements of the Trade Practices Act in its operations. Significant resources were allocated by Council to ensure overall compliance and commercial principles have been introduced into our business operations. Across the board there has been significant improvement in efficiency within the organisation, which has been to the benefit of our residents and ratepayers.
- 3.6.6 All Councils have been required to comply with NCP requirements which is part of a Federal package of providing benefits to the States where NCP achievement has occurred. In most other states Councils have participated in this process have received some benefit however in NSW it has been government policy that no NCP dividend be provided to Councils. Any cost of compliance has been met by the Councils yet any of the benefits of compliance are being retained by the State Government for its purposes.
- 3.6.7 These principles are not even uniformly applied in other forms of Government. The Albury Wodonga Development Corporation (AWDC) is a land development authority, and because of its status as a Federal entity it currently is exempt from rates in NSW. Council estimates that the total loss of rate revenue during the life of the AWDC is \$10.5M and annually rates and charges foregone are in excess of \$300K.
- 3.6.8 All private land developers meet the cost of rates as a holding cost for developable land.
- 3.6.9 Even in its general operations, the AWDC has not been consistent as it has agreed to make an ex gratia payment in lieu of rates to Wodonga Council yet no similar offer has been made to Albury. The only consolation has been that as the AWDC reduces its land bank by sale of properties or development that those lands do become rateable under new ownership. Accordingly, the foregone amount has dropped from \$0.5M a decade ago to \$300K in the current year.

3.7 **Advocacy**

- 3.7.1 Councils have a role to advocate in the best interests of their constituents and regularly representations are made to all levels of Government in this regard. In addition, provincial centres like Albury are expected to assume a regional leadership role on behalf of the broader regional community. Accordingly, the Council must represent regional interests and provide facilities to cater for regional needs even though there is little contribution from either surrounding councils or State and Federal Government.

- 3.7.2 The City of Albury is proud of its record in this regard. It was instrumental in establishing the first regional library in NSW. It is a major provider of waste management services in south eastern NSW and north eastern Victoria and it provides a wide range of cultural facilities second to none in provincial Australia that are enjoyed by our regional community. It is apparent that State and Federal Government expect provincial centres like Albury to assume this role but are not prepared to provide major funding to supplement this expectation. Council believes it is equitable if there is an expectation that it will provide facilities and services for a broader number of constituents than merely its residents that State Government has an instrumental role in assisting Councils in fulfilling this role.
- 3.7.3 In the recent NSW State Budget it was announced that \$300K had been allocated for Museum Development to assist larger regional museums like Albury and Dubbo to provide support and assistance to smaller museums in the surrounding area. At this point, details of this program are yet to be finalised nevertheless, it should not be an expectation of government that such support would be provided unless the Council's are duly compensated.
- 3.7.4 It also needs to be acknowledged that if a Council is prepared to assume a regional leadership role in service provision and it receives government assistance then the Council does have an obligation to ensure that what it provides is available to the broader community at a reasonable cost and without differentiation of service users.

4. Summary

- 4.1 This inquiry is a great opportunity for Councils to outline the impact of cost shifting to Local Government in the broader sense of the term. Local Government is an industry that being closest to the people readily accepts the challenges in delivering services and facilities that are desired and needed by its constituents. The cost of such recognition must be appropriately shared and too often examples are cited where State and Federal Government have encouraged Councils to take on particular projects that satisfy community needs then withdraw the funding that has established the success of the project. The political consequence is that if the service does not continue it is the Council that is viewed in an unfavourable light not the State or Federal Government.
- 4.2 In a true partnership arrangement between the levels of Government services will be provided and funded in a mature and co-operative fashion. In the past this has not been the case in many instances. If Local Government is expected to play a greater role in service delivery and service planning it must be appropriately resourced by the other levels of Government to do so. Local Governments means of funding itself are

limited, it must heavily rely on rating (*property taxation*) which in itself it controlled by the State. In addition, other forms of revenue are not available to it and it has been denied access to a portion of GST that it could use to fund its ever increasing responsibilities.

- 4.3 Much effort has gone into producing the City of Albury cost shifting matrix which is the schedule attached to the submission. The matrix clearly identifies the major projects and initiatives undertaken in Albury that have been subject to a shift in funding by Government or face additional responsibilities in compliance upon the Council. The number of projects and initiatives within the matrix is significant and when accurately measured exceed \$3M cost to this organisation per annum. Coincidentally this is similar to the funding that the Council currently receives as part of the General Purpose Financial Assistance Grants (*excluding road funding component*).
- 4.4 Council believes that if it is to undertake greater responsibilities and be a true partner in the delivery of services to the community there must be equity in funding and this cannot be undertaken alone or individually. It looks with great optimism to the findings of this Inquiry being of benefit to the growth and delivery of services by Local Government.

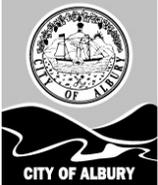


Cr Patricia Gould
Mayor



Mark Henderson
General Manager

25 July 2002



City of Albury Cost Shifting Matrix

GOVERNANCE

<p>One City</p> <p>The Joint Announcement of the merging of Albury & Wodonga Councils by the NSW & Victorian Premiers has had a significant impact on planning & research having to be undertaken by staff and general Council resources in preparing submissions, material for the One City Working Party, and involvement in discussions and action groups.</p>	No compensation provided	State		✓	\$50K
<p>One City Poll</p> <p>To gauge community reaction to the One City proposal the Council organized a community poll. Despite requests there has been no State contribution to this initiative.</p>	No compensation provided	State		✓	\$50K
<p>Tourism Development</p> <p>Tourism NSW has restructured its operations and withdrawn its regional tourism resource within the area. Albury Wodonga Tourism must now provide development and support to the broader region.</p>	Shift of responsibilities	State		✓	\$40K
<p><u>National Competition Policy & Competitive Neutrality</u></p> <p>Local Government is required to achieve compliance with NCP and CN and is now subject to some requirements of the Trade Practices Act. In addition, its pricing can be reviewed by IPART. Accordingly, its activities must comply with NCP and other requirements. This is a significant cost to Councils in terms of resourcing and reporting.</p> <p>In addition, NSW Councils receive no NCP dividends from the State Government for competitive improvements that are achieved.</p>	Compliance Requirement.	Federal/ State	✓	✓	\$25K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

<p>CULTURAL DEVELOPMENT</p> <p><u>Regional Arts Board</u></p> <p>Staffing for the Albury Wodonga Regional Arts Board was initially funded by the NSW & Vict. State Governments, but some funding has been withdrawn.</p>	Withdrawal of funding	States		✓	\$50K
--	-----------------------	--------	--	---	-------

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
<p>Regional Leadership/Advocacy</p> <p>Provincial Centres like Albury are expected to display a regional leadership role on behalf of a broader number of constituents than residents of the City. Accordingly, Council must advocate a regional perspective & provide regional facilities even though there is little contribution from surrounding Councils & State & Federal Government. Examples where Council assumes a regional advocate & provider role include:</p> <ul style="list-style-type: none"> ▪ Waste Management ▪ Cultural Development ▪ Libraries ▪ Economic Development ▪ Health Management ▪ Tertiary Education ▪ Environment Management ▪ Catchment Management ▪ Landcare ▪ Art Gallery/Museum ▪ Sporting Facilities ▪ Aquatic Facilities <p>Yet there is no contribution to Council to offset the cost of this role.</p>	No compensation provided	Federal & State; Other Councils	✓	✓	\$0.5M

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

COMMUNITY DEVELOPMENT

<p><u>Crime and Safety Programs</u></p> <p>One off grants/funding are provided to establish programs and employ Officers, and then the expectation is that these programs/Officers will be ongoing and all costs will be “covered” by the Council.</p>	Shift of responsibilities Under funding	State		✓	\$50K
<p><u>Long Day Child Care</u></p> <p>An operational subsidy that was originally received was withdrawn, which now requires the Council and parents to met operational shortfalls</p>	Shift of responsibilities Under funding	Federal		✓	\$30K
<p><u>Family Day Care</u></p> <p>The service has grown and expanded under Council control to be one of the largest in the State. We have received some extra funding, but insufficient to offset all costs</p>	Shift of responsibilities Under funding	Federal		✓	\$50K
<p><u>Child Care Building Regulation Changes</u></p> <p>Significant changes to building regulations, which are only partially funded but are compulsory. Few capital grants for new Centres and increasing stringent regulations and compliance requirements</p>	Under funding	State	✓		\$100K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
<p><u>Neighbourhood Liaison Officer</u></p> <p>Initial funding for this program provided by Attorney General's Department to provide support and assistance to Neighbourhood Centres within the City. No further funding. If the program is to continue it would be funded by Council.</p>	Shift of responsibilities	State		✓	\$57K
<p><u>Physical Theatre Project</u></p> <p>Council devised a program based on theatre and the performing arts for 'difficult' teenagers. It has been very successful and has been funded by a special grant. Such a program demonstrates options to structured education, but it will not continue unless funded by Council.</p>	Under funding	State		✓	\$125K
<p><u>Immunisation</u></p> <p>This is a state responsibility administered by the Council yet there is no full reimbursement of costs. The shortfall is not covered.</p>	Under funded. Shift of responsibilities.	State		✓	\$6K
<p><u>EPA Industrial & Traffic Noise</u></p> <p>A number of issues are being informally 'delegated' by EPA to Environmental Health Officers (EHOs) to investigate and resolve. EPA is not providing support and resources to investigate complaints which are clearly part of their Act and policy area. Specific examples include traffic noise and industrial noise.</p>	Shift in responsibility	State		✓	\$20K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

<p>Youth Services</p> <p>There is no NSW funding for Youth Services that is available in other States. Small grants are provided through the “Indent” programme but it fails to cover the cost of events.</p>	Under funding	State		✓	\$50K
<p>EPA Industrial & Traffic Noise</p> <p>A number of issues are being informally ‘delegated’ by EPA to Environmental Health Officers (EHOs) to investigate and resolve. EPA is not providing support and resources to investigate complaints which are clearly part of their Act and policy area. Specific examples include traffic noise and industrial noise.</p>	Shift of responsibilities	State		✓	\$10K

FINANCE & ADMINISTRATION

<p><u>Rates Discounts for Pensioners</u></p> <p>Commonwealth/State initiatives originally full pensioners then extended to part pensioners shortfall is now met by the Council.</p>	Under funding Shift of responsibilities	Federal State		✓	\$500K
<p><u>Rates Exemption – AWDC</u></p> <p>National Competition Policy requirements apply to Local Government but some Federal bodies are exempt even though their activities are fully commercial. The Albury Wodonga Development Corporation is a land developer and realtor in the Albury Wodonga area yet in NSW is it exempt from the payment of rates for its vacant properties and land. The irony is that rates are paid in Victoria as per an agreement.</p>	Compliance. Foregone Income	Federal		✓	\$316K pa

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
Over three decades the estimated loss in revenue to Albury is \$10.5M.					
<p><u>State Valuation Office</u></p> <p>Valuations that are used for Council rating purposes are provided by the State Valuation Office. Re-valuations are carried out every 4 years. Despite a number of requests for a simpler valuation notice, this has not happened and there is no previous valuation indicated. The appeal period is short and notices are sent at an inconvenient time (Christmas). Accordingly, there is little objection to any valuation change until used for rating in the next year. At that time the objection period is closed, and the Council bears the 'brunt' of objections and abuse about the valuation change.</p> <p>The lack of customer focus in this intransigent bureaucratic process is a real concern to Council as our scarce resources have to deal with the lack of transparency in the valuation assessment.</p>	<p>Indirect cost in use of resources. Bad Public Relations</p>	State		✓	\$5K
<p><u>GST</u></p> <p>The GST Legislation for Councils is complex, as Council provides GST free supplies, supplies attracting GST and Division 81 supplies which makes certain supplies, at the discretion of the Minister, outside the legislation. The Government could have allowed Councils to be GST exempt which would have administratively much simpler.</p>	Compliance	Federal		✓	\$25K
<p><u>Protected Disclosure Legislation</u></p> <p>Costs involved in setting up procedures and purchasing of required guides. Ongoing costs associated with compliance yet to be determined.</p>	Compliance	State		✓	\$5K
<p><u>Privacy Legislation</u></p>					

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
Costs associated with implementing the provisions – audit, policy and compliance statements. Ongoing costs associated with compliance yet to be determined.	Compliance	State		✓	\$5K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

<p><u>Freedom of Information Legislation</u></p> <p>Costs of complying with the legislation, annual returns and demands for information are incurred by Councils. Appeals and Referrals are very time consuming! Fees do not fully recover costs.</p>	Compliance	State		✓	\$5K
--	------------	-------	--	---	------

INFORMATION TECHNOLOGY

<p><u>State & Federal 'E based' Projects</u></p> <p>State and Federal e-based projects (eg. Local Government On Line Services and Networking the Nation) are generally provided with initial funding, however for the objectives of the Federal/State Government to be maintained ongoing resourcing, hardware, software and communications maintenance become recurrent funding issues for LGA.</p>	Under fund Shift	State/ Federal	✓	✓	\$50K
---	---------------------	-------------------	---	---	-------

MUSEUM

<p><u>Museum Programs</u></p> <p>State Government system encourages expansion of services and funding for extra staff, but only for 3 years. Accordingly, net costs to Council continues in the long term if standard is to be maintained.</p>	Under funding Cost absorption	State		✓	\$40K
---	----------------------------------	-------	--	---	-------

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

DEVELOPMENT APPROVALS

<p><u>Low Cost Housing Option</u></p> <p>No funding for low cost housing but increasing expectation by State and Federal Government that Council's will provide housing options.</p>	Shift of responsibilities	Federal/S tate		✓	\$30K
<p><u>BUILDING & PLANNING</u></p> <p><u>Entertainment Premises Approvals</u></p> <p>Council has responsibility for administration of entertainment premises licences. Fees generated are insufficient to cover the true cost of this responsibility and there is an impost to the Council.</p>	No funding – Cost impost to Council	State		✓	\$25K
<p><u>Contaminated Lands</u></p> <p>Councils are now required to maintain a register of contaminated lands. There is no compensation from Government.</p>	Shift of responsibilities	State		✓	\$4K
<p><u>On Site Sewer Management</u></p> <p>Councils are required to inspect and maintain systems and keep records of these systems. This was formerly a State responsibility.</p>	Shift of responsibilities	State		✓	\$10K

PLANNING & ENGINEERING

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
<p><u>Fire Services</u></p> <p>Annual Fire Service Levies increase most years by an amount greater than the rate pegging increase, and sometimes exceed CPI. In 2002/03 the increase was 13% whilst ratepegging was 2.8%.</p>	Funding Shift	State		✓	\$27K
<p><u>S44 Emergency Fund</u></p> <p>Council contributions to the fund have increased from 12.3% to 13.3%. No guarantee that costs will be reimbursed by the Fund</p>	Shift of cost to Councils	State		✓	\$10K
<p><u>Strategic Planning</u></p> <p>Recent 'Planfirst' Review of the EPA Act set up a regional framework for planning which require a very intensive process of change including review and rewrite of the local plan and implementation of outcomes of the Regional Strategy.</p>	Indirect cost to Councils	State		✓	\$25K
<p><u>Endangered Species</u></p> <p>Administration of endangered species 8 point test for Council operations and properties.</p>	Indirect cost to Councils	State		✓	\$50K
<p><u>Heavy Vehicle Road Limit Variations</u></p> <p>Changes to load limits to allow heavy vehicles such as B-Doubles and B-Triples on local roads have had an impact upon the local road network. No funding allocation or additional funding has been provided to compensate for the required accelerated expenditure that will be realised down the track.</p>	Under funding	State	✓		\$50K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
<p><u>50km/h Speed Limits</u></p> <p>The introduction of the 50km/h speed limits within residential streets has resulted in community demands that Council implement local traffic management devices to assist in containing vehicle speeds.</p> <p>Other than one off funding for the provision of new signage and signage changes at the commencement of the new speed limit no additional or compensatory funding has been provided and Council is required to absorb the associated costs with implementing these devices.</p>	Compliance Under Funding.	State		✓	\$50K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

STATE OF ENVIRONMENT REPORT

<p><u>Environmental Action Plan</u></p> <p>The LGA 1993 requires Council to prepare a comprehensive State of Environment Report identifying environmental indicators and reports on improvements and imposts including land, air, water, biodiversity, noise, heritage. This responsibility requires additional reporting and allocation of resources for environmental outcomes. There has been little or no funding from other levels of Government to assist with achieving these outcomes</p> <p>S.428 (1) LGA S. 403 (2) LGA</p>	<p>Indirect costs to Council. Compliance requirement</p>	<p>State</p>		<p>✓</p>	<p>\$80K</p>
<p><u>Cultural Diversity</u></p> <p>S. 428 (j) of the Local Government Act requirement to provide progress to promote services and access to people with diverse cultural and linguistic backgrounds. Additional responsibilities to achieve outcomes.</p>	<p>Compliance cost</p>	<p>State</p>		<p>✓</p>	<p>\$20K</p>
<p><u>Native Title Act</u></p> <p>In conduct of activities there is additional process for Local Government to achieve the objects of Native Title Act which is at a financial impact to Council. There is no compensation or reimbursement of this cost.</p>	<p>Compliance requirement</p>	<p>State</p>		<p>✓</p>	<p>\$5K</p>

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

TRAFFIC FACILITIES					
Expenses incurred by Council in administering the State Traffic Facilities Committee. This is a state initiative, yet a cost to Council	Shift of responsibilities	State		✓	\$5K
<u>Road Safety</u>					
\$36K subsidy for Road Safety Officer, net cost of program \$53K. The initial intent was 50/50 cost share between State Government and Council.	Under funding	State		✓	\$8.5K
<u>Road to Recovery Grants</u>					
Three year committal of funding not honoured and grant reduced from \$485K to \$311K. Council has committed resources based on a three year program.	Under funding. Shift in requirements	Federal	✓	✓	\$154K
<u>Cycleways</u>					
The community benefits of cycling were extensively promoted yet State Funding for the Bike Plan have been staged over a decade. This has lead to work progressing inefficiencies.	Under funding	State	✓		\$10K
<u>Pre School & Child Care Maintenance</u>					
Pre school operations are funded by State Government yet Councils are expected to provide and improve facilities – Net annual cost \$179K.	Under funding Shift of responsibilities	State	✓	✓	\$179K
<u>State Highway Maintenance</u>					
Council costs for maintenance of National and State Highway through	Under funding	State/	✓	✓	\$141.5K

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
Albury are \$141.5K. The responsibility for this extra cost is seen as unfair imposition on the Council \$141.5K.	Shift of responsibilities	Federal			

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

Albury Water

<p><u>Capital Projects</u></p> <p>Capital project funding for water and sewer infrastructure was funded on a 50/50 basis but recent changes now place greater emphasis on need. There is an extra cost in compliance with additional environmental requirements which adds to overall cost.</p> <p>In the development of the recent Albury Sewer Augmentation significant costs were added to the project because of this change in funding.</p>	<p>Compliance. Under funding. Shift in responsibility.</p>	<p>State</p>	<p>✓</p>		<p>\$5M</p>
<p><u>Catchment Management</u></p> <p>Council's are expected to be responsible and comply with increasing environmental requirements and catchment management controls add extra cost. The phosphorous reduction campaign developed by Albury originally received some Government assistance but is now fully funded by Local Government.</p>	<p>Shift in responsibility.</p>	<p>State</p>		<p>✓</p>	<p>\$11K</p>

Type of Service	Impact	State/ Federal	Cap ital	Op'ns	Council Cost
-----------------	--------	-------------------	-------------	-------	-----------------

ALBURY SERVICES

<u>Parking – Roads (on Street)</u> Enforcement of ever increasing parking problems.	Shift in responsibility	State		✓	\$ to be determined
<u>Registration of Animals</u> Council to collect and pay to State increased levy for life time registration which has no discernable benefits for resident or LGA.	Shift in responsibility Under funded	State		✓	\$50K less income.

PARKS & RECREATION

<u>Power Lines</u> Tree clearance near power lines. This is a benefit to power company but at Council cost. Council has had to meet cost of undergrounding or bundled cable.	Shift in responsibility	State	✓		\$50K p.a
--	-------------------------	-------	---	--	-----------