



**SUBMISSION TO INQUIRY INTO LOCAL
GOVERNMENT AND COST SHIFTING**

**TO THE SECRETARY
STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC
ADMINISTRATION
HOUSE OF REPRESENTATIVES
PARLIAMENT HOUSE
CANBERRA ACT 2600**

The Bass coast Shire Council wishes to make a submission to the Standing Committee on the inquiry into Local government and Cost Shifting. The Council has been concerned for some time about the issue of costs shifting and welcomes the Inquiry and the opportunity to make a submission.

The submission is structured around the terms of reference, as follows:

1. Local Government's current roles and responsibilities

The roles and responsibilities of local government have changed considerably over the years and local government is now expected to carry out a range of functions that were never previously on the horizon. This is especially so in Victoria with the restructure of local government into bigger units that are expected to carry out larger and more complex functions often on a regional basis.

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

The current funding arrangements are complex and often do not recognise the particular needs and pressures facing individual municipalities. In Bass Coast's situation, significant grant funds are based on permanent population, yet this Council provides a broad range of services to visitors, tourists and holiday-makers, for which it receives little if no recognition under current funding arrangements.

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 pool funding to achieve regional outcomes

This Council has taken a very active role in regional matters in Gippsland. However, it is often very difficult for councils within a region to provide or attract government funding for regional initiatives, because of the financial pressures imposed upon councils.

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.

The attached **TABLE 1** sets out the impact of cost shifting on Council. The table also makes reference, where applicable to the impact of the changes in the powers, functions and responsibilities between the Commonwealth and State governments and local government.

5. The scope for achieving rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities

Council believes that there is considerable scope for rationalisation not only in terms of service delivery but also funding arrangements. With three levels of government, there are many instances where the cost of administration and reporting from one level of government to another add no value to the end consumer of services. There are also examples of agencies that are funded by the Commonwealth to provide services within

the municipality, but because these agencies do not have the resources to deliver the services themselves, sub-contract the council to do so. The costs of these sub-contract arrangements adds no value to the recipients of the services and dilutes the effectiveness of the Commonwealth dollar to deliver services.

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TABLE 1 - IMPACT OF COST SHIFTING

Submission in relation to Term of Reference number 4.

The following terms are used to describe the impact of cost shifting and these changes.

Compliance: Additional costs/resources required as a result of compliance to new/amended State/Federal legislation.

Under Fund: Although funding may be provided for new/amended responsibilities it is insufficient or short term (eg. one-off rather than recurrent).

Shift: Clear transfer of State/Federal responsibilities to Local Government Authorities (LGAs) with no associated funding.

Excess Levy: New or increased levies imposed on LGAs for no or insufficient return.

Flow On: Indirect costs which LGAs are responsible for as a result of compliance, under funding, or shifting of responsibilities.

1: Building Services

A	<p>Building Surveyor Inspections</p> <p>Increased roles and responsibilities for Municipal Building Surveyor as a result of legislative changes which require increased inspections (eg. Essential Services Inspections, Special Care Building Audits, Swimming Pool and Barrier Inspections, Smoke Detector Inspections).</p>	<p>Compliance Shift Flow on</p>
B	<p>Consents and Reports – Building</p> <p>Proposed laws regarding “consents and reports” will provide additional work for Building Surveyors which fees will not cover. Building Control Commission (BCC) previously charged \$200 for this service whilst LGAs will only be allowed to recover \$100.</p>	<p>Shift Under fund</p>
C	<p>Lodgement Fees</p> <p>Legislated lodgement fee of \$15.00 for provision of information (to solicitors, surveyors etc) is insufficient (with more realistic cost estimates in the vicinity of \$150.)</p>	<p>Under fund</p>
D	<p>Section 29 Building Act Demolition and Report</p> <p>Section 29 Demolition and Report is a complex piece of legislation to administer and the fee is capped at \$50.00</p>	<p>Compliance Under fund</p>

	(with more realistic cost estimates in the vicinity of \$150.)	
E	<p>Sewerage/Water</p> <p>Relevant sewerage and water authorities are no longer checking plumbing water/sewerage fixtures. Further, no assistance / resources are provided when fixtures are causing nuisance. This has become responsibility of LGAs.</p>	Shift
F	<p>Private Surveyors Complaints</p> <p>BCC is now referring all complaints about private surveyors to LGAs, even though they are the responsibility of the Commission.</p>	Shift
G	<p>Private Surveyors Increase in Liability Premiums</p> <p>The BCC has advised LGAs that there will be a dramatic increase in workload for Councils due to insurance costs spiralling for private building surveyors. Private surveyors have advised the BCC that as the increase in premiums is not sustainable some surveyors will be choosing not to renew their registration.</p>	Shift

2: Public Health Services

A	<p>EPA - Industrial and 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
B	<p>Tobacco</p> <p>Tobacco Unit (Department of Human Services) continues to introduce new legislation which requires LGA enforcement with no associated funding or resources.</p>	Compliance
C	<p>Immunisation</p> <p>Immunisation requirements have increased significantly (e.g. required vaccinations etc) with minimal or no additional financial assistance or resources.</p>	Compliance Under fund
D	<p>Food Act</p> <p>Food Act requirements have increased significantly. The only source of income is from the annual registration fee which does not cover the administrative costs of enforcing the Act.</p>	Compliance Under fund

E	Health Act Amendments – Legionella LGAs are now responsible for the registration, maintenance, and annual auditing of cooling towers.	Compliance
F	Septic tank Inspections Council will be required by the EPA to audit all septic tanks in the municipality annually with no cost recovery for councils	Compliance
G	Swimming Pool inspections Council is required under the Health and Infectious Diseases Act to inspect public pools and spas for public safety purposes with no recovery of costs involved	Compliance
H	Inspection of Caravan Parks Council is required under the Residential Tenancies Act to register and inspect all caravan park sites. The fee recoverable under the Act is \$2.50 per site, whereas the cost is \$10.	Under Fund

3: Statutory Planning

A	Rescode Introduction of Rescode has had a dramatic effect on the time taken to assess planning applications (far more complex legislation and higher level of expertise required to administer.)	Compliance
B	Planning Fees (general) Inadequate set planning fees which do not cover cost of administering the Planning and Environmental Services Act.	Compliance Under fund
C	Administration of land subdivisions Council is required to approve plans for subdivisions, oversee construction works and accept the infrastructure as public infrastructure. The fees chargeable under the Subdivision Act do not come close to recovering the real cost of this work by Council.	Under Fund

4: Local Laws

A	School Crossings School crossings (numbers) and associated supervision and administration costs (e.g. workcover) continue to increase with no additional subsidies/funding. Previously this service was fully funded.	Under fund
B	Dog Act – Amended Legislation New legislation requiring Council to investigate and enforce provisions relating to restrictive dogs (no off set	Compliance

	fee or subsidies).	
C	Registration of Animals Council to collect and pay to State increased levy for registration which has no discernible benefits for resident or LGA (\$2.50 per registered animal)	Excess levy

5: Information Technology

A	Increased projects/responsibility to service areas (including staff) will usually have an IT component, which is rarely fully funded externally (e.g. new equipment, software applications, licenses).	Flow On (Indirect)
B	Software enhancements (required by Federal or State Government legislative changes) generally have no funding.	Compliance
C	State and Federal Government “E based” Projects (e.g. 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, communications maintenance, and labour support costs become recurrent funding issues for LGAs. Rural/regional Councils receive some funding whilst metropolitan Councils do not.	Under fund Shift

6: Community Services

A	Home and Community Care The HACC program is significantly under funded which results in LGAs having to provide sufficient “top up funding” as well as limiting service. State Government policies (such as de-institutionalisation) have increased the “user base” significantly, with no additional funding or resources.	Under fund Shift
B	Maternal and Child Health The unit cost per hour is grossly under funded. Additionally, State Government health policies, such as early release of post natal mothers have resulted in additional workloads for M & CH nurses (funded by LGAs).	Under fund Shift
C	Libraries Libraries are under funded in respect of both operational grants and capital/infrastructure upgrades. The “gap” is where feasible addressed by LGAs. Previously 50:50 funding share, now 75:25.	Under fund Shift

D	Child Care Building Regulation Changes Significant changes to building regulations which are only partially funded but are compulsory.	Compliance Under fund
E	Primary Care Partnerships (PCP) This is a State Government Human Services reform which requires Local Government participation and coordination. Whilst individual projects are funded, agencies (i.e. LGAs) are not funded for their participation (high usage of resources/personnel).	Compliance Under fund

7: Integrated Planning

A	Economic Development Prior to 1994, Economic Development for a local area was not a mainstream Local Government activity. Now a requirement as part of the Local Government Act.	Shift Compliance
B	Asset Renewal State Government placing greater emphasis on Council's asset renewal program without increasing funding to maintain assets thereby forcing LGAs to divert funds from other non-asset programs.	Under fund
C	Road Safety - Strategic Encouragement (and expectation) that LGAs will now have increased roles and responsibilities in respect of road safety and driver education (behavioural change).	Shift Under fund

8: Youth

A	Youth Services Grant The current State Government has indicated that this long term grant will not be available for the same purpose next year (contribution to Youth Support Worker salary) which will mean the service is reduced or LGAs will need to compensate.	Under fund
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9: Community Planning

A	Gambling New state gaming legislation (and policy) states that LGAs should always (as only entity entitled to) prepare and submit a detailed Social and Economic Impact Statement in response to any new EGM gaming	Compliance Under fund
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	application in a specific municipality.	
B	Disability Discrimination Act Ongoing implications for upgrade in infrastructure to meet requirements	Compliance

10: Engineering and Infrastructure/Roads

A	Black Spot Funding The LGA is expected to fund other Black Spot projects which are not met by State Government funding and yet have a high Benefit Cost Ratio (BCR).	Under fund
B	Heavy Vehicle Road Limit Variations 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.	Under fund
C	Ancillary Infrastructure - Hospitals/Schools State Government developments such as hospitals and schools which occur without the appropriate ancillary infrastructure improvements (as required by other developers) to address particularly parking and traffic demands. Council consequently is required to fund traffic management works, parking controls and enforcement to deal with the consequences of these developments and address safety and amenity issues for the community.	Shift Under fund
D	50km/h Speed Limits The introduction of the 50km/h speed limits within local streets has resulted in a community demands that roads of this type that have 85th percentile speeds in excess of the new limit require implementation of local traffic management devices to assist in containing vehicle speeds. 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. This also includes numerous sites which have previously been treated to achieve the previous 60 km/h limits and now have a perceived speeding problem.	Compliance Under fund

11: Finance and Civic

A	<p>GST</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> <p>LGAs have been responsible for initial set up costs (eg software, audits etc) and ongoing operational costs.</p>	Compliance
B	<p>Superannuation Unfunded Liability</p> <p>As a result of State directed amalgamations, many employees were made redundant causing a huge drain on the LAS Defined Benefits Fund resulting in LGAs having to make a substantial contribution towards the unfunded liability.</p>	Compliance
C	<p>National Competition Policy and Competitive Neutrality</p> <p>From 1994 Councils are required to comply with NCP and CN. This meant Councils are now subject to Part 1V of the Trade Practices Act and must comply with competitive neutrality for any significant business activity Council provides. This has significant resource implications for administration and reporting (as funding ceases in 2002/2003).</p>	Compliance
D	<p>Victorian Grants Commission</p> <p>A significant proportion of the grant is based on permanent population. This methodology does not take into account circumstances that exist in the Bass Coast Shire, where a huge influx of visitors, tourist and holiday-makers adds considerable costs to council's operations, yet this is not recognised to any degree in the grant.</p>	Under fund
E	<p>Whistleblowers Legislation</p> <p>Costs involved in setting up procedures and purchasing of required guides. Ongoing costs associated with compliance yet to be determined.</p>	Compliance
F	<p>Privacy Legislation</p> <p>Costs associated with implementing the provisions – audit, policy and compliance statements. Ongoing costs associated with compliance yet to be determined.</p>	Compliance

G	Valuations LGAs are now required to do a valuation every two years instead of every four years (with little direct or indirect benefit for LGAs). The amount of information required to be collected during the valuation has substantially increased.	Compliance <i>Under fund</i>
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