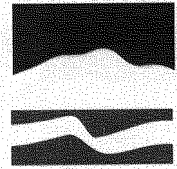


Enquiries: Janine McMaster  
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**DELATITE SHIRE**

Our Ref: AS18/5

6 August 2002

The Secretary  
House of Representatives  
Standing Committee on Economics,  
Finance and Public Administration  
Parliament House  
CANBERRA ACT 2600

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**Attention: Mr Trevor Rowe**

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No: .....	243
Date Received: .....	
Secretary: .....	Burdell

Dear Mr Rowe

**INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT**

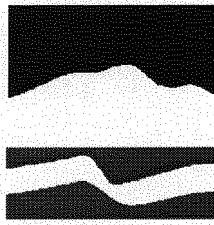
Please find enclosed our submission regarding the Inquiry into Cost Shifting onto Local Government.

If you have any further inquiries, please do not hesitate to contact this office.

Yours faithfully

Peter Franks  
**Director of Administrative and Community Services**

Delatite Civic Centre  
Fawckner Drive, Benalla  
Mansfield Service Centre  
Highett Street, Mansfield



# DELATITE SHIRE

## Commonwealth Parliamentary Inquiry into Cost Shifting onto Local Government Analytical Assessment – Delatite Shire Council

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### ***Definitions and Terms of Reference***

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

***Under Fund:*** Insufficient or short term funding for increased responsibilities (e.g. one-off rather than recurrent).

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

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

***Flow On:*** Indirect costs which Local Government incurs as a result of compliance, under funding, or shifting of responsibilities.

This document is a preliminary response to the “House of Representatives Inquiry into Local Government Cost Shifting” - Term of Reference No 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.”**

### **1: Building**

A	<b>Building Surveyor Inspections</b>  Increased roles and responsibilities for Municipal Building Surveyor as a result of legislative changes, which require increased inspections (e.g. Essential Services Inspections, Special Care Building Audits, Swimming Pool and Barrier Inspections, Smoke Detector Inspections).	<b><i>Compliance Shift Flow on</i></b>
B	<b>Consents and Reports – Building</b>  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.	<b><i>Shift Under fund</i></b>

<b>C</b>	<b>Increased Building Surveyor Audits</b>  Increased audits of Building Surveyors (by Tax Office, Building Commission etc) have a substantial impact on resources.	<i>Compliance</i>
<b>D</b>	<b>Lodgement Fees</b>  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.)	<i>Under fund</i>
<b>E</b>	<b>Section 29 Building Act Demolition and Report</b>  Section 29 Demolition and Report is a complex piece of legislation to administer and the fee is capped at \$50.00 (with more realistic cost estimates in the vicinity of \$100.)	<i>Compliance</i> <i>Under fund</i>
<b>F</b>	<b>Sewerage/Water</b>  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.	<i>Shift</i>
<b>G</b>	<b>Private Surveyors Complaints</b>  BCC is now referring all complaints about private surveyors to LGAs, even though they are the responsibility of the Commission.	<i>Shift</i>
<b>H</b>	<b>Private Surveyors Increase in Liability Premiums</b>  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.	<i>Shift</i>

## **2: Environmental / Public Health Services**

<b>A</b>	<b>EPA - Industrial and Traffic Noise</b>  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.	<i>Shift</i>
<b>B</b>	<b>Tobacco</b>  Tobacco Unit (Department of Human Services) continues to introduce new legislation which requires LGA enforcement with no associated funding or resources.	<i>Compliance</i>

<b>C</b>	<b>Immunisation</b>  Immunisation requirements have increased significantly (e.g. required vaccinations etc) with minimal or no additional financial assistance or resources.	<i>Compliance Under fund</i>
<b>D</b>	<b>Food Act</b>  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.	<i>Compliance Under fund</i>
<b>E</b>	<b>Health Act Amendments – Legionella</b>  LGAs are now responsible for the registration, maintenance, and annual auditing of cooling towers.	<i>Compliance</i>

### **3: Statutory Planning Services**

<b>A</b>	<b>Rescode</b>  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.)	<i>Compliance</i>
<b>B</b>	<b>Planning Fees (general)</b>  Inadequate set planning fees which do not cover cost of administering the Planning and Environmental Services Act.	<i>Compliance Under fund</i>

### **4: Local Laws**

<b>A</b>	<b>School Crossings</b>  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.	<i>Under fund</i>
<b>B</b>	<b>Dog Act – Amended Legislation</b>  New legislation requiring Council to investigate and enforce provisions relating to restrictive dogs (no off set fee or subsidies).	<i>Compliance</i>
<b>C</b>	<b>Registration of Animals</b>  Council to collect and pay to State increased levy for registration which has no discernable benefits for resident or LGA (\$2.50 per registered animal)	<i>Excess levy</i>

## 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).	<i>Flow On (Indirect)</i>
B	Software enhancements (required by Federal or State Government legislative changes) generally have no funding.	<i>Compliance</i>
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 and communications maintenance become recurrent funding issues for LGAs. Only limited funding available to Rural LGAs.	<i>Under fund Shift</i>

## 6: Health and Community Services

A	<p><b>Home and Community Care</b></p> <p>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.</p>	<i>Under fund Shift</i>
B	<p><b>Maternal and Child Health</b></p> <p>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 &amp; CH nurses (funded by LGAs).</p>	<i>Under fund Shift</i>
C	<p><b>Libraries</b></p> <p>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.</p>	<i>Under fund Shift</i>
D	<p><b>Family Day Care</b></p> <p>The amended government regulations governing the operation and accreditation of Family Day Care have increased workloads for both Council Officers (administration) and Care providers. No increases in funding have been forthcoming to offset increased costs.</p>	<i>Compliance Under fund</i>
E	<p><b>Primary Care Partnerships (PCP)</b></p> <p>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).</p>	<i>Compliance Under fund</i>

## 7: Integrated Planning

A	<p><b>Economic Development</b></p> <p>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.</p>	<p><i>Shift Compliance</i></p>
B	<p><b>Asset Renewal</b></p> <p>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.</p>	<p><i>Under fund</i></p>
C	<p><b>Road Safety - Strategic</b></p> <p>Encouragement (and expectation) that LGAs will now have increased roles and responsibilities in respect of road safety and driver education (behavioural change).</p>	<p><i>Shift Under fund</i></p>

## 8: Youth Services

A	<p><b>Youth Services Grant</b></p> <p>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.</p>	<p><i>Under fund</i></p>
B	<p><b>FreeZA</b></p> <p>Funded since program's inception in 97/98 at \$20,000 per year. Current year funding has been reduced to \$17,500.</p>	<p><i>Under fund</i></p>

## 9: Community Planning

A	<p><b>Gambling</b></p> <p>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 application in a specific municipality.</p>	<p><i>Compliance Under fund</i></p>
B	<p><b>Housing</b></p> <p>New state housing initiatives (e.g. Social Housing Innovation Project) focus on partnership arrangements for the provision of community housing in a local area (between State, LGA and Community Housing organisations). Costs for Council can include land provision, rezoning and lease/legal documentation.</p>	<p><i>Under fund Shift</i></p>
C	<p><b>Disability Discrimination Act</b></p> <p>Ongoing implications for upgrade in infrastructure to meet requirements</p>	<p><i>Compliance</i></p>

## 10: Roads - Engineering and Infrastructure

A	<p><b>Maintenance of Median Strips</b></p> <p>Areas previously funded by VicRoads are no longer funded and therefore are maintained by LGA (at cost to LGA). The redefinition of "main road" means that fewer roads are VicRoads responsibility.</p>	<i>Shift</i>
B	<p><b>Maintenance for On and Off Road</b></p> <p>Maintenance funding for both "on road" and off road" has remained the same for past number of years. Additionally, changes to who will fund which portion of the assets within the road reserve have meant LGAs are shouldering additional financial burden.</p>	<i>Shift Under fund</i>
C	<p><b>Black Spot Funding</b></p> <p>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).</p>	<i>Under fund</i>
D	<p><b>Heavy Vehicle Road Limit Variations</b></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>	<i>Under fund</i>
E	<p><b>50km/h Speed Limits</b></p> <p>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.</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. 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.</p>	<i>Compliance Under fund</i>
F	<p><b>Tree Clearance Near Powerlines</b></p> <p>This was previously the responsibility of the SEC.</p>	<i>Shift</i>

## 11: Corporate and Financial Services

A	<p><b>GST</b></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>	<i>Compliance</i>
B	<p><b>Superannuation Unfunded Liability</b></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>	<i>Compliance</i>
C	<p><b>National Competition Policy and Competitive Neutrality</b></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>	<i>Compliance</i>
D	<p><b>Whistleblowers Legislation</b></p> <p>Costs involved in setting up procedures and purchasing of required guides. Ongoing costs associated with compliance yet to be determined.</p>	<i>Compliance</i>
E	<p><b>Privacy Legislation</b></p> <p>Costs associated with implementing the provisions – audit, policy and compliance statements. Ongoing costs associated with compliance yet to be determined.</p>	<i>Compliance</i>
F	<p><b>Non-feasance (abolishment of – by High Court)</b></p> <p>Increased claims cost and extra resources needed for risk management to safeguard Councils. Direct relations to increases in premiums for LG.</p>	<i>Compliance</i>

## 12: Rates/Valuations

<p><b>Valuations</b></p> <p>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.</p>	A	<i>Compliance Under fund</i>
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