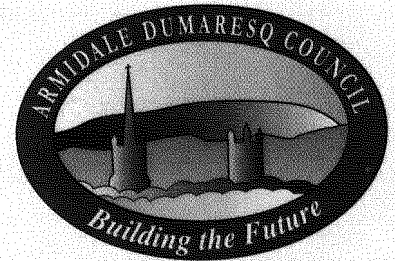


OFFICE OF THE MAYOR

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SB:AG:

16 July 2002

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	34
Date Received:	24/7/02
Secretary:	Burdell

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

Dear Sir,

COST SHIFTING ONTO LOCAL GOVERNMENT BY STATE GOVERNMENTS

Armidale Dumaresq Council was formed two years ago from the amalgamation of the Councils of Armidale City and Dumaresq Shire. The total area is 4,200 square kilometres with a population of around 26,000. The current budget is approximately \$35 million per annum.

1. *Local Government's current roles and responsibilities*

Local Government's role and responsibilities are continuing to expand at a fast pace. There are significant demands and growing expectations by the community for increased services, and pressure to respond to problems associated with other levels of Government, i.e. Policing, Security, Cameras, Private Security patrols.

Unfortunately, Local Government revenue bases cannot cater for these increasing demands and expectations, let alone the shifting of responsibilities from the State to the Local Council. In fact, Local Government is battling to fund its core function areas.

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.*

New South Wales is the only State in which a commitment has not been made to share with Local Government, competition payments or GST payments. New South Wales is the only State that continues with Rate pegging. Alternative funding sources are limited, and with shrinking Grant funding in real terms and restrictions on Rate revenue, the financial viability of Councils must be brought into question.

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 is part of New England Local Government Group (NELG), which has in the past looked at regional co-operative opportunities. The group is aware of combined electricity tendering and joint tendering for major plant.

Many co-operative opportunities have been looked at, but are not feasible due to logistical reasons or common demand periods i.e. Councils often need large plant at the same time, therefore the opportunity for sharing is inhibited.

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.*

Community Services

- a. The Recreation/Access Program was originally designed to be part funded to provide the recreation part of the service provision. The Department of Ageing Disability and Homecare (DADHC) provided \$42,911.00 in the 2002/02 financial years.

Mr Steve Austin was the coordinator of the Skills Development Project that was originally under the auspice of Challenge Armidale for 30 hours of a 38 hours week (1988-approximately 1993). At this time, Armidale City Council took over the auspice of this program and renamed it the Recreation Access Program for People with Disabilities.

The Community Services Manager at the time, Mr David Turner, turned this position into a 38 hours per week position. The extra 8 hours were for the Coordinator to provide access advice re Development Applications and any other access related issues as requested to Armidale City Council. These 8 hours had always been funded by Armidale City/Armidale Dumaresq Council. There is still a significant shortfall that is funded by the Armidale Dumaresq Council.

Currently the DADHC funding basically covers the Coordinator's salary. Other program costs equal approximately \$23,094.00 which is funded by Armidale Dumaresq Council.

- b. The Armidale Dementia Day Respite Program is supposed to be fully funded. DADHC provided \$33,643 for the period 2001/02 financial years. A further \$6,000 was allocated to the program. This position has recently been filled for 22 hours of a 35 hour week, and at the rate of \$20.015 (Grade 5/1), the recurrent funding just covers the salary component.

Armidale Dumaresq Council is effectively subsidising this program by approximately \$10,130 per annum recurrent when training, rent, post/print, program costs, telephone, etc are factored in.

- c. The Aged Disability Services Leader position is part funded by DADHC. In the financial year 2001/02, \$20,790 recurrent funding was provided. This amount does not nearly cover the total costs of this program of \$73,702. This figure includes wages and associated costs of telephone, training, postage, etc. The Armidale Dumaresq Council funds the difference of \$52,912.00 per year.

In 1988, Council did not provide any services in this area.

- d. In a recent local issue, \$150,000 was required to provide the services of a Community Safety Officer, of which only \$100,000 was agreed, the shortfall of \$50,000 having to be funded from the Armidale Dumaresq Council.

Land and Environment Areas

- a. Changes to Rural Lands Protection Act altered the responsibility of Councils in relation to the control of noxious animals on public roads.

Previously, Council was not responsible for controlling noxious animals on public road reserves, unless the adjoining landholder had fencing capable of constraining passage of these animals. If such fencing or controls were in place, and the landholder was proactive in the control of pests, Council would assist with control on the road in a spirit of cooperation.

With recent changes to the Rural Lands Protection Act (1998), the situation now is that Councils are responsible for noxious animals such as rabbits on roads, irrespective of the controls put in place by adjoining landowners.

Council's increased responsibility has been estimated at between \$20,000 and \$30,000 per year if a reasonable effort is taken by Council to comply with orders issued by the Rural Lands Protection Board and to take preventative action.

- b. Threatened Species Laws, Contaminated Land Legislation, and State of the Environment Reporting are all complex issues, and require considerable technical input and implementation at Local Government level without recurrent funding, and often without apparent intellectual/resource support from the State Government. (The lack of threatened species mapping would be a good example of this.)
- c. One particular area of concern is that of Tradewaste Discharge, and generally the Environmental Legislation requirements of noise, clean water and air. The extent of Local Government involvement in Environmental Management is to a degree discretionary, however the EPA can instruct Council to take action where it considers the environment is at risk.

The Legislation is designed to facilitate Council to maintain an environmental standard for residents in the Local Government areas, even though some of our activities are overseen by the EPA. This Legislation places an additional burden on resources, which needs to be recouped from some source, and which could be considered to be a "local" cost as the controls benefit our community.

Another area of concern is the handing over to Local Government, the responsibility for premises previously "licenced" by the EPA which, in some circumstances, are contaminated sites, and Council has the responsibility to order the owners to upgrade to the non-licenced standard. This has occurred with fuel depots, and has the ability to extend to other "licenced" activities, such as concrete batching plant, piggeries, etc.

- e. There has been a considerable increase in the amount of waste being directed to Landfill, as a result of the Waste Minimisation Act being transferred to the Protection of the Environment Operations Act. This includes the kerbside collection of recyclable material, the cost of disposal of which is transferred to the local Councils.
- f. The cost involved in the representation of Local Government Bodies on the various Committees now required to oversee, guide, or implement environmental matters is continually increasing. Some of these Committees include Regional Native Vegetation and Catchment Management Committees.

- g. Changes to Part 4 of the Environmental Protection Act 1979 required Councils to set up new administration processes, including Development Application forms, assessment procedures, and fee schedules. In addition, staff had to attend seminars and meetings to be educated about the impact of these changes. This was at considerable cost to the Local Government body. Also, if Councils did not want to be subject to a SEPP for exempt and complying development, then they had to prepare their own LEPs. Councils often took on the role (and costs) of informing builders, architects, etc in their communities about the changes.

Heritage Issues

There is increasing scope in Legislation to include indigenous heritage, and archaeology issues. The State Government does support heritage advisors to Councils, but at best this is still only on a dollar for dollar basis. There is also significant impact by Commonwealth Legislation on Local Government environmental planning.

Recently Councils have been delegated to make decisions on development proposals that are an integrated development because they require approval under the Heritage Act. Previously the DA would be referred to the Heritage Office as the approval body.

Also, the Heritage Office has indicated that it only really wants to see DAs that involve an item on the State Register. This is despite the provision in many LEPs that demolition of a heritage item listed in an LEP should be referred to the Heritage Office prior to determination.

Emergency Services

- a. New South Wales Fire Brigades and the New South Wales Bush Fire Brigades Contributions

The NSW Fire Brigades has recently increased the level of financial contribution over and above the 3.3% NSW State Government rate pegged by around 8%. Councils have been advised that if they apply for an increased percentage over the 3.3% they will be looked upon favourably by the NSW Department of Local Government Minister. A component of the NSW Fire Brigades would be State Government administration charges.

Additionally, to apply for the increased percentage requires the special consultation with the community and if this fails, Council picks up the costs from the consultation process and the increase by the NSW Fire Brigades.

In the previous years, similar fluctuations have occurred in the NSW Rural Bushfire Brigades contribution required, and once again, the advice to Council is the same.

- b. The introduction of the State Emergency and Rescue Management Act 1989 imposed a number of responsibilities on Local Government, including:
- the formation of and administrative support for a Local Emergency Management Committee;
 - the provision of an Emergency Operations Centre;
 - the preparation and testing of a local Disaster Plan (DISPLAN).

Meeting these responsibilities has placed a substantial cost burden on Councils which has not been compensated by any State funding.

Roads

In 1995, the Roads and Traffic Authority transferred the responsibility for Regional roads to Local Government, and were then to provide Councils with a contribution by way of a Block Grant for the maintenance of these roads. These roads had previously been fully funded, but now where the level of funding is inadequate, Councils have to "top up" the funding in order to maintain these roads to a satisfactory level.

Administration Issues

- a. A major concern, especially for Armidale, is the issue of non-rateable land, which seems to be on the increase. While this land is mostly State administered (Schools, Universities), we are unable to recoup any General Rates, despite the fact that they take up fairly sizeable areas of land in premium rate areas. In Armidale, a city renowned for its educational institutions, this is a particular problem.

As a change to Section 555 of the Local Government Act has added Vacant Aboriginal Lands Council land to this category of non-rateable land, another \$2,500 in rates can no longer be levied by the Armidale Dumaresq Council.

- b. The New South Wales Public Works Department (PWD) was the traditional source of technical support to Local Government in rural areas of the state. With the restructure of the PWD into the Department of Land and Water Conservation (DLWC) as the operating arm and the Department of Public Works and Services (DPW&S) as a Commercial Technical organisation, the previously free technical help all but disappeared. Technical advice was available at a cost from DPW&S as a consultant. This loss of technical assistance was particularly apparent in the water, sewerage and drainage areas of

Local Government. During 1998, a group of Local Government industry professionals identified the present and growing deficiency in providing technical advice and support, particularly in water and sewerage issues, to Local Government Councils. Consequently in 1999, the NSW Local Government Water Industry Directorate (Water Directorate) was formed by professional officers of Local Government who are specialists in water and sewerage disciplines, with the support of the Local Government and Shires Association and the Institute of Public Works Engineering Australia. The Water Directorate is a voluntary organisation fully funded by its members which are Local Government Councils in NSW. Funds for provision of technical advice, preparation of procedures and protocols, and writing of operation and maintenance manuals, are all now provided by Local Government where previously much of this assistance would have been provided by the NSW Government Public Works Department.

b. National Competition Policy and Implementation

The Federal Government provided State Governments with funds to assist in the implementation of various National Competition Principles. The funds distributed to the NSW State Government never reached Local Government who bore the costs involved.

c. The Revenue Sharing Distribution (Financial Assistance Grant)

This was Federal Government Scheme allowed for payment of the whole amount (via the State Government to the Local Government) to be made early in the financial year. This allowed Councils to take advantage of the additional early cashflow and invest the funds to raise additional interest to spend on services. For Armidale Dumaresq Council, even at today's lower interest rates, this means \$100,000 less in income.

d. Electoral Commission

Since the Electoral Commission has taken over the Local Government Elections, the costs involved are considerably more than when the local Council was overseeing the process.

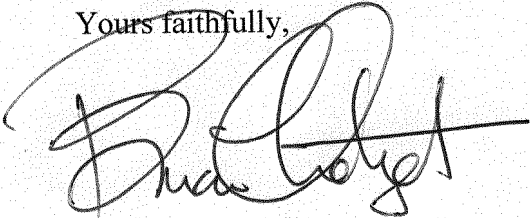
5. *The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.*

There may be scope to bypass the State Governments and to have Federal Government directly allocate funding to Local Government. In return, Councils must expand the types of services provided to their local communities, i.e., Policing, Education, Medical Services. This would mean greater determination by the local community in the Standard of Services and say in the funding of service levels required.

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.*

The Financial Assistance Grants have significantly reduced over the past decade. This was originally 4% of the total tax collected, but has now been reduced to 0.7%. There is a need to review the levels of this allocation and in turn, the percentage provided to Local Government.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Brian Chetwynd". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brian Chetwynd
MAYOR