

Enjoy the Sapphire Coast

# BEGA VALLEY SHIRE COUNCIL

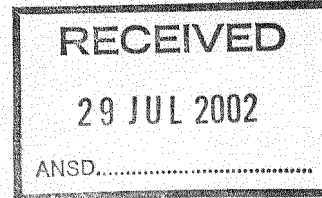
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CONTACT NO. Leanne Barnes (02) 6499 2105

24 July 2002

Mr David Hawker, MP  
Chair  
Standing Committee on Economics, Finance and Public Administration  
House of Representatives  
Parliament House  
Canberra ACT 2600



House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No: .....	158
Date Received: .....	26/7/02
Secretary: .....	Burdell

Dear Mr Hawker

## Re: Submission Parliamentary Inquiry into Cost Shifting to Local Government

Please find attached a list of examples from across this Council's operations demonstrating the impact of a range of impositions onto Local Government. This list does not cover all Council's roles and responsibilities but clearly demonstrates the impact across a range of activities. In isolation an individual example would be manageable, it is the cumulative effect and increase in such imposts that carry serious implications.

The Bega Valley Shire Council has noted the Local Government and Shires Association comments in relation to the Inquiry and their interpretation that the Terms of Reference restricted the Inquiry to reviewing cost shifting from State Government only. Council has not interpreted the Terms of Reference in this way and would be disappointed if this were the case. The review work undertaken by Council has looked at a broad cross section of operations and has indicated if the impact is from the Commonwealth.

### Local Government as an Equal Partner

Council believes that local government is an important player and partner in the governance profile of Australia. There are however, many barriers to local government being an equal partner in this important governance profile. Increasingly Local Government is being asked to assume greater responsibility for the environmental, economic, and social health of its community, lands and waters. In many instances this comes with limited or no funding.

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### **Council as a Regional Partner**

Due to the time constraints of the Inquiry and its timing which coincided with the end of financial year, Council has been unable to work as closely with our neighbours as we would have liked to so that we could have provided a regional perspective. Council works closely with Local Government in the region to achieve efficiencies, economies and improved quality outcomes for regional communities. Unfortunately this is not reflected in this submission.

### **Council as a Responsible Financial Manager**

In NSW rate pegging has constrained Council from working to achieve major capital developments for the community or the implementation of new program initiatives. A loans program recently instigated has allowed some gains in capital developments, however Council is committed to responsible financial management and is closely reviewing this strategy. Council is increasingly having to review its purpose and is working closely with the community to develop realistic and achievable programs for the future.

### **Council as Leader in Integrated Service Delivery**

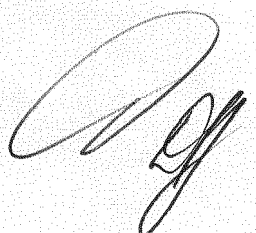
Council is currently working with State Government Human Service agencies to develop a model of integrated service delivery. Council's role in this program has been one of leadership. The objectives are to achieve a service profile which meets the priority needs of the Council's Social Plan, reduces duplication of service delivery and ensures clear communications between Council, State Government and the Non-Government sector.

Council is also playing a coordinating role in the pilot PlanningNSW Living Centres project. The Far South East Living Centres project is undertaking work in the Eden area involving three levels of government, the community and business and integrating planning for the environment, the economy and the community. This pilot project is in its second year and has the potential to produce some excellent integrated outcomes for Council.

The two examples outlined above are not isolated. Considerable effort is expended in investigating new ways of working smarter, at achieving best value.

### **Councils Contribution to Partnership**

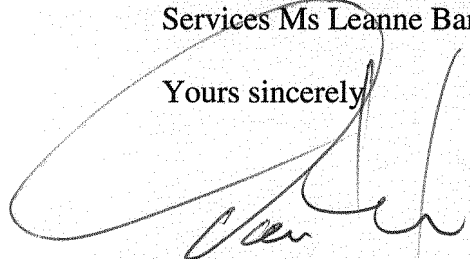
The Council commends the Federal Government for approaching this subject. Council would be willing to further develop its work in modeling integration of service provision. Council is committed to the three levels of government working together to achieve quality, integrated services across the spectrum of operations.



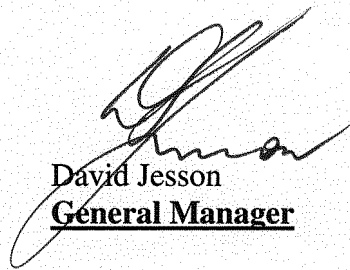
We wish the Standing Committee well in their deliberations and trust that the outcomes will be framed for action which will benefit the local communities of Australia.

Further information is available from the Council's Director Corporate and Community Services Ms Leanne Barnes on tel (02) 6499 2105.

Yours sincerely



David J Hede  
Mayor



David Jesson  
General Manager

cc Mr Gary Nairn, MP  
LGSA

**BEGA VALLEY SHIRE COUNCIL**

**SUBMISSION TO THE  
HOUSE OF REPRESENTATIVES ECONOMICS  
COMMITTEE**

**INQUIRY  
INTO COST SHIFTING ONTO LOCAL  
GOVERNMENT**

**July 2002**

## **INTRODUCTION**

On 28 May, the House of Representatives Standing Committee on Economics, Finance and Public Administration announced it would be conducting an inquiry into the issue of cost shifting onto Local Government, and the financial position of Local Government.

The inquiry was initiated in response to concerns that Local Government is increasingly having to provide a range of services to communities such as health care centres, aged care facilities, employment programs, and security guards without the financial resources to do so.

The Inquiry has been referred by the Minister for Regional Services, Territories and Local Government, Wilson Tuckey, with the support of the Prime Minister and Treasurer.

The Minister has asked the committee to examine "ways forward for service provision", including reviewing international models and examples.

## **BEGA VALLEY SHIRE COUNCIL**

### **Community**

The Bega Valley has a population of approximately 30,000. The majority of the Shire's residents live in or around a town or village. However a substantial proportion, 23% live in rural or coastal localities in more isolated parts of the Shire. The Shire's age structure broadly reflects an ageing population with 15.7% aged 65 and over. The Shire has a large Aboriginal and Torres Strait Islander population. Further details are outlined in the attached Social Plan and Council Management Plan.

Council has a landmark Memorandum of Understanding with the Traditional Owners and the three Local Aboriginal Lands Councils. Outcomes of this have seen five designated Aboriginal trainee positions created on Councils staff establishment and the development of planning and development protocols and consultation processes.

Council HAS also considerably extended its auspice of community services particularly in the youth services area and Councils commitment to community services has included the appointment of a dedicated Social Planner and Aboriginal Community Development Officer.

### **Environment**

The Bega Valley is located on the south eastern coastline of New South Wales and extends from Bermagui in the north to the Victorian border in the south. The Shire is the largest Local Government area in coastal NSW with an area of 6,052 square kilometres and has the largest coastline of any coastal NSW Council.

Only 27% of the Bega Valley local government area is rateable land with 73% of the Shire covered with native forest managed by National Parks or State Forests.

### **Financial Management**

The Council's total budget is outlined in detail in the attached Management Plan. As noted in the covering letter Council's budget has felt the impact of imposts from other levels of Government over an extended period. Whilst there are financial implications in taking on additional roles there is also a large impact on reducing the budget allocations to core business and the long term impact on infrastructure when maintenance regimes are compromised.

The Bega Valley Shire Council this year approached the Minister for Local Government to request approval for the introduction of an Environmental Levy. The need for this action was predicated on the growing needs to protect the local environment but also to ensure the Council was protected from prosecution. Environmental management requirements and planning continues to be a "growth industry".

### **Council's Recent History**

Bega Valley Shire Council was formed in 1980 by the amalgamation of the Mumbulla and Imlay Shires. In 1999 the Council was sacked by the Minister for Local Government and an Administrator appointed. Elections were held in February 2002 and nine Councillors were elected. Council is now focussing on forward planning and has already achieved some major outcomes including the adoption of a new Management Plan process which includes a major community consultation component and a detailed Occupational Health and Safety Strategy.

### **Council Increased Activity – at what cost?**

The Council has developed a detailed listing of the impacts of a number of changes that have seen the expectations on Council activity increase in recent time. This is attached as the main component of the submission.

Bega Valley Shire Council believe that Local Government is uniquely placed to provide a range of services to its local community. The traditional role of Local Government is changing and has been for the past 20 years. The pace of this change has escalated over the past 5 to 10 years and much of this change has come from communities raised expectations and other levels of Government devolving to Local Government.

Council has not had sufficient time in preparation of this submission to prepare a detailed staffing profile but has attached a recent profile report prepared for the Council. This outlines some of the changes and the impact of

## **What Should Local Government be Doing?**

Local Government is uniquely placed to work with local communities whether defined by geography, need or interest. Local Government should play a key role in planning for the future of local and regional areas, at providing input into the priorities for service delivery from other levels of government.

Local Government must focus on determining its role and priorities and then driving this agenda with other levels of Government.

Bega Valley Shire Council would expect that the State Government and the Commonwealth Government would actively encourage Local Government in this endeavour.

## BEGA VALLEY SHIRE COUNCIL SUBMISSION

### House of Representatives Standing Committee on Economics, Finance and Public Administration

### Cost shifting onto Local Government

#### Introduction

The following table outlines a number of specific examples of cost shifting that relate to the day to day work of Council. These are not isolated examples but provide concrete evidence of the continuing impact on Council's capacity to meet all of the statutory requirements devolved to Local Government. The Bega Valley Shire Council is committed to playing a leadership role in planning for the future for the people, lands and waters of the Bega Valley Shire. Council is restricted in its capacity to achieve this process by the continual expansion of the "core" role of Local Government.

ITEM	EFFECT
<b>Local Government Act 1993</b>	<ul style="list-style-type: none"><li>▪ Council has been forced to employ extra staff to meet increased expectations under the Local Government Act – particularly in relation to the new building code, local approvals policy, new orders/notices procedure, management planning, reporting, financial reporting and S.355 committees. These extra resources originally equated to approximately three additional staff positions without any external funding support.</li></ul>
<b>Companion Animals Act</b>	<ul style="list-style-type: none"><li>▪ Council previously administered the Dog Act with the annual registration of dogs undertaken 'in house'. This system was phased out with the introduction of the Companion Animals Act. Council now has a role to play in the State Government's lifetime registration process and has various other legislative roles including the need to advise the Government about dangerous and nuisance dogs. Staff now spend approximately 12 hours every month entering data into the Companion Animals Register. Other impacts include the time spent filing registration forms and receipting as well as the actual cost of stationery, postage, phonecalls and Internet access.</li></ul>
<b>DA requirements</b>	<ul style="list-style-type: none"><li>▪ The latest State budget provides for a new levy on development applications. It is now Council's responsibility to collect that levy – based on the value of development works – and to forward it on to the State Government to fund its strategic development work.</li></ul>



	<ul style="list-style-type: none"> <li>▪ Legislative and community consultation requirements relating to the processing of development applications have changed dramatically over the past 20 years. Changes include the introduction of the new Protection of the Environment Operations Act and numerous State Environmental Planning Policies. The resources needed to process those development applications have more than doubled as a direct result. Unfortunately the State Government regulates the maximum fee that Councils can charge for DAs and fee increases have failed to mirror the significant increase in assessment requirements. This is a major factor in the backlog of development applications awaiting Council approval and continues to impact negatively on the overall economy.</li> </ul>
<p><b>LEP/DCP/CP requirements</b></p>	<ul style="list-style-type: none"> <li>▪ Plan FIRST – the State Government initiative to reform local, regional and State planning – will require considerable Local Government and community effort. At this stage the funding framework for the rolling out of this project is unclear. The draft proposals indicate significant work for Councils with no plans for additional income.</li> </ul>
<p><b>OSM</b></p>	<ul style="list-style-type: none"> <li>▪ Before changes to the Local Government Act, Council’s role in relation to on-site sewage management had been the approval of new on-site sewage management systems. Failing systems were usually identified via a complaint or inspection by a Council officer and rectification works typically followed.</li> </ul> <p>As a result of the new legislation (which was made retrospective) Council now has to inspect every on-site sewage management system in the Shire – more than 5200 of them in all – cause improvements if need be and issue operational approvals on a regular basis.</p> <p>The cost of implementing these State-initiated changes has been very high and will continue to impact significantly on Council’s resources. However they have not been funded and Council only received a one-off seed grant of \$40,000.</p> <p>Implementation of the legislation is taking up the time of one full-time officer with the help of six other professional staff. Other impacts have included:</p> <ul style="list-style-type: none"> <li>- 150 hours spent developing an OSM database over the past 12 months;</li> <li>- Administrative costs associated with managing visits, records, documentation, GIS and mapping;</li> <li>- The cost of raising and pursuing accounts in relation to the \$60 approvals fee;</li> </ul>
<p><b>Protection of the Environment Operations Act (POEOP)</b></p>	<ul style="list-style-type: none"> <li>▪ The introduction of the Protection of the Environment Operations Act has seen the gradual transfer of EPA-licensed premises from the EPA to Council – 20 of them in the Bega Valley Shire.</li> </ul>

	<p>The impact has been significant. For example: a slipway more than 25 metres in length is regulated by the State Government with a licence charge of approximately \$4000 per annum. A slipway less than 25 metres in length is regulated by Local Government with an inspection fee (set under the Local Government Act) of approximately \$170 per annum. Local Government has not been provided with any additional resources or an avenue to raise extra revenue as part of this changeover.</p> <p>The legislative change has not only had a direct impact on Council workload and resource expenditure but has also resulted in an inconsistent approach to a number of broad environmental issues. For example, a dairy herd needs to contain more than 800 head of cattle before the State Government will regulate waste disposal and associated items. All milking herd under 800 head are regulated by Local Government. In the Bega Valley Shire there are no dairy herds larger than 800 head.</p> <p>Dairy farms across the State are therefore being regulated by many local councils with little consistency in management of the industry's environmental impacts. This is one area – particularly at a time when dairy deregulation is having such a large impact – where State Government leadership would and should be expected.</p>
<p><b>Voluntary Conservation Agreements</b></p>	<ul style="list-style-type: none"> <li>▪ Voluntary Conservation Agreements are negotiated between the National Parks and Wildlife Service (NPWS) and individual landholders. Council supports the initiative and recognises the benefit to the environment for habitat corridors and biodiversity. However one of the outcomes of a Voluntary Conservation Agreement is the waiving of general rates – money lost from Council's overall revenue. (There are currently 29 such agreements in the Bega Valley Shire with another 24 to be considered in the near future). In addition to the lost rates there is also staff time spent processing applications and raising exemption reports each year. The NPWS doesn't pay rates.</li> </ul>
<p><b>State Forest Activity</b></p>	<ul style="list-style-type: none"> <li>▪ Many State Forests in the Bega Valley Shire are commercially logged and the haulage of the timber product occurs along many Council owned and maintained roads. These roads are not constructed to service the traffic that this activity involves. State Forests doesn't pay rates.</li> </ul>
<p><b>Sewerage</b></p>	<ul style="list-style-type: none"> <li>▪ The new EPA licences for Council's sewage treatment plants require 'Pollution Reduction Plans' (PRPs). The preparation of these plans involves a considerable allocation of staff resources. The cost of implementing these plans is even more significant.</li> <li>▪ The EPA now requires higher standards of treatment –</li> </ul>

<p><b>Water</b></p>	<p>particularly disinfection – for effluent reuse. As a result Council will need to invest in disinfection facilities (and possibly filtration facilities as well) at all sewage treatment plants where effluent is reused. These facilities will cost millions of dollars if required.</p> <ul style="list-style-type: none"> <li>▪ Water sharing planning and licence volumetric conversions are required under the new Water Management Act 2000 driven by the Department of Land and Water Conservation. Council staff are required to prepare for and attend Water Management Committee (WMC) meetings and to provide information/data. The end result is an increase in the cost of supplying town water at Local Government's expense.</li> <li>▪ Council is required to produce Pollution Reduction Programs (PRPs) for its water supply systems with an impact on Council not only in the time spent preparing those plans but with implementation and on-going monitoring and reporting to EPA.</li> <li>▪ The introduction of new Australian Drinking Water standards and the adoption of same by the Department of Health has resulted in increased drinking water monitoring with sampling now being carried out weekly, as opposed to monthly.</li> </ul>
<p><b>Fire Services</b></p>	<p>Local Government contributes 13.3 per cent of the NSW Rural Fire Services budget and is therefore helping to fund the day-to-day operation of a State Government department. This contribution is about to increase without any corresponding increase under the State Government's rate pegging legislation.</p>
<p><b>Television services</b></p>	<ul style="list-style-type: none"> <li>▪ The Federal Government provides capital expenditure for TV retransmission under the TV Black Spots Program but the applying body has to pay for ongoing maintenance. Bega Valley Shire Council has resolved to withdraw from the program unless operational funding is made available.</li> </ul>
<p><b>Legal fees</b></p>	<ul style="list-style-type: none"> <li>▪ Bega Valley Shire Council has to pick up the tab for court action relating to dog fines and dog attacks under the Companion Animals Act.</li> <li>▪ Council is also being required more and more to meet the costs of appeals against refusals by Council of coastal development which is constrained by State Government Planning Policies.</li> </ul>
<p><b>Storm Water</b></p>	<ul style="list-style-type: none"> <li>▪ The EPA has required Council to produce an Urban Stormwater Management Plan at a cost of approximately \$60,000 – only 50 per cent of which was funded.</li> <li>▪ Implementation of the action plans contained in the management plan will cost between \$200,000 and \$250,000 per annum over the next five years.</li> </ul>

<p><b>Crown reserves</b></p>	<ul style="list-style-type: none"> <li>▪ There are significant costs associated with administration of the huge number of Crown reserves in the Bega Valley Shire. There are more than 1200 of these reserves in total, ranging from large coastal reserves to pocket-size parcels in rural areas. Council is required to manage, maintain and accept responsibility for these reserves without autonomy and while obtaining a return on relatively few. The use of any such return is restricted by the Crown Lands Act in that it can only be spent on the reserve in question (or an adjacent one). The costs associated with preparation of Plans of Management for these reserves are particularly large.</li> <li>▪ The Department of Land and Water Conservation's funding programs are inadequate. Councils from across the State must compete for grants that average between \$8,000 and \$10,000. Yet a basic playground set costs Council \$25,000 and public toilets in the vicinity of \$60,000 to \$100,000.</li> </ul>
<p><b>Public Liability</b></p>	<ul style="list-style-type: none"> <li>▪ The State Government has removed itself from any public liability that may relate to coastal and relatively remote Crown Reserves with the onus now falling back on Local Government.</li> </ul>
<p><b>Management Plan process</b></p>	<ul style="list-style-type: none"> <li>▪ Bega Valley Shire Council is committed to preparing a comprehensive Management Plan. However State Government expectations (as implied through the Act) have increased staffing levels needed to achieve this.</li> </ul>
<p><b>Social Plan (now to include cultural plans) and Access and Equity Plan</b></p>	<ul style="list-style-type: none"> <li>▪ Bega Valley Shire Council has an increasing role to play in local coordination and planning via the new Social Planning Regulation and has needed to employ an extra staff member to have carriage of this. No resources have been made available to support this role. The State Government's requirement to report progress against plans and to consult with the community is resource intensive and placing additional pressure on an already stretched Department.</li> </ul>
<p><b>Funding applications</b></p>	<ul style="list-style-type: none"> <li>▪ Council is constantly encouraged to apply for funding by various agencies, Government and non-government, or to auspice grants for other agencies. There is a cost in staff time to prepare applications, manage projects, acquit grants and liaise and consult with involved agencies.</li> <li>▪ There is now an additional expectation from agencies that information will be available on the Council website. This has staffing implications.</li> </ul>
<p><b>Youth Safety Net (Commonwealth Government project)</b></p>	<ul style="list-style-type: none"> <li>▪ The second round of this funding was offered with no indexation. This has serious implications for the staffing profile of the program and Council's already pressured Community Services budget.</li> <li>▪ Impact of SACS Award increase originally agreed between State and Commonwealth Governments now only paid by State.</li> </ul>

<b>Roads</b>	<ul style="list-style-type: none"> <li>▪ The Roads and Traffic Authority used to make unmatched grants for Main Roads (now called Regional Roads) construction. However the system was changed in the early 1990s to RePAIR for repair and improvement of roads and Council now has to match the funding dollar for dollar. Funding that used to be spent on local roads has been diverted to regional roads as a direct result. There has also been an impact in terms of the work involved in preparing applications and acquitting grants.</li> <li>▪ While environmental legislation is supported by Council, it comes at a cost expressed either as an increase in the budget for roadworks or a reduction in the amount of works that can be carried out.</li> </ul>
<b>Private development works on State highways</b>	<ul style="list-style-type: none"> <li>▪ The Roads and Traffic Authority used to approve private development works on State highways (eg intersection works for new subdivisions) under section 138 of the Roads Act, but then shifted this responsibility to Local Government. By shifting responsibility for these approvals to Councils, in addition to the resources required to process the approvals, the potential liability for the consequences of any accidents has also been shifted.</li> </ul>
<b>Construction Industry Long Service Leave</b>	<ul style="list-style-type: none"> <li>▪ Council is required to collect a levy on the cost of all new developments over a certain value and forward this money to the State Government.</li> </ul>
<b>Mobile Phone coverage</b>	<ul style="list-style-type: none"> <li>▪ The Federal Government is providing most of the funding for improved mobile phone coverage in small communities (such as Candelo in the Bega Valley Shire) but each community is expected to contribute \$5000 and there is pressure on Bega Valley Shire Council to be involved.</li> </ul>
<b>Bridges</b>	<ul style="list-style-type: none"> <li>▪ The Roads and Traffic Authority used to have a bridge subsidy program that provided funds for the construction of new bridges and the replacement of old bridges. This subsidy has disappeared.</li> </ul>
<b>Resource hungry activities</b>	<ul style="list-style-type: none"> <li>▪ A number of 'resource hungry' activities are imposed on Council including: <ul style="list-style-type: none"> <li>- Grants Commission reporting;</li> <li>- Austroads reporting;</li> <li>- Roads to Recovery;</li> <li>- EPA requirements;</li> <li>- OHS particularly the new Act 2000 and Regulations 2001 which require extensive risk assessment and recording and reporting;</li> <li>- Erosion and sedimentation control requirements.</li> </ul> </li> </ul>
<b>Community Development Support Expenditure Program</b>	<ul style="list-style-type: none"> <li>▪ Council is the coordinating body for the Community Development Support Expenditure Program. Staff convene and resource meetings, receive and initially assess grants and liaise with applicants, undertake all administrative tasks associated with the program and act as a first point of contact.</li> </ul>

<b>On-costs and admin for funded programs</b>	<ul style="list-style-type: none"> <li>▪ Once a program is funded Local Government wears any additional on-costs, wage increases etc.</li> </ul>
<b>Community Services</b>	<ul style="list-style-type: none"> <li>▪ Local Government is becoming a major provider of services in this sector. This needs to be recognised in terms of funding processes, planning for State services and establishment of priorities.</li> </ul>
<b>Home and Community Care</b>	<ul style="list-style-type: none"> <li>▪ Bega Valley Shire Council provides a top up to the salary component of the Home and Community Care program. Council also runs an equipment pool because of the inadequacy of the State service.</li> </ul>
<b>Ageing and Disability Service</b>	<p>Bega Valley Shire Council has been pressured into providing funds to support a disability service (Nardy House) yet this area of funding is clearly a State responsibility. Council has also provided top up funding for aged care facilities due to the inadequate level of funding provided by both State and Commonwealth Governments.</p>
<b>Library</b>	<ul style="list-style-type: none"> <li>▪ NSWNet personal computers were supplied by the State Government but need to be maintained (and ultimately replaced) by Council.</li> </ul>
<b>Anthropological/ archaeological monitoring on construction sites</b>	<ul style="list-style-type: none"> <li>▪ All construction sites have to be reviewed for heritage sensitivity and if deemed sensitive then on-going monitoring during construction by an outside agency is required at cost to Council.</li> </ul>