

Commonwealth Parliamentary Inquiry into Cost Shifting onto Local Government

Indicative Assessment – Manningham City Council

Definitions

Shift	Transfer of Commonwealth/State responsibility to local government without any funding
Under fund	Insufficient or short-term funding for new responsibilities
Compliance	New / amended Commonwealth / State legislation requiring compliance by local government resulting in unfunded costs/resources.
Excess Levy	Additional levies (increase or new) imposed on local government without compensatory return.
Flow on	Indirect costs which local government incurs as a result of compliance, under funding, or shifting of responsibilities.

		Estimated Recurrent impact on Operating Statement \$	Estimated Ongoing Capital Works Impact \$
<p>Road Funding</p> <ul style="list-style-type: none"> VicRoad fund maintenance to a level of 1% of the asset value. They admit that the level should be around 2% to meet appropriate community standards Black Spot funding occurs on projects with a Benefit Cost Ratio of 3 or more. The local community is required to fund legitimate Black Spot projects that cannot be funded and still exceed BCR 3 Risk of over expenditure shifted. Legitimate project variances are not being accepted by VicRoads as a claimable cost. <i>This is a once-off impact. The solution is to not undertake further VicRoads works unless an excessive contingency is established.</i> VicRoads will not meet the reasonable and demonstrated need for on and off road maintenance Inadequate 'backlog' roads funding requires greater maintenance expense by Council Previously accepted construction costs and standards are no longer accommodated by VicRoads <i>This is a once-off impact. The solution is to not participate in VicRoads projects however, this will result in community dissatisfaction on the basis of a lesser standard of works.</i> Areas previously funded by VicRoads are now maintained by LGA (additional cost). The redefinition of "main road" means that fewer roads are VicRoads' responsibility. Management of roadsides adjacent to freeways. <i>After consideration of freeways, adjacent land is handed over to Council for ongoing maintenance with only a one-off payment.</i> Changes to load limits on local roads <i>No funding allocated to compensate for expenditure that will be required in the future for additional maintenance of these roads.</i> Ancillary Infrastructure—Hospitals / Schools <i>State Government developments (schools, hospitals) which occur without appropriated ancillary infrastructure improvements (as required by other developers) to address parking and traffic demands. Council consequently is required to fund traffic management works, parking controls and enforcement.</i> 50 km/h Speed Limits <i>The introduction of the 50 km/h speed limits in local streets implementation of local traffic management devices to assist in containing vehicle speeds. One-off funding was provided for the provision of new signage and signage changes at the commencement of the new speed limit.</i> <p>Tree Clearance</p> <ul style="list-style-type: none"> Tree Clearance near Powerlines. This was previously the responsibility of the SEC. <p>Public Lighting</p> <ul style="list-style-type: none"> VicRoads costs shares 50% of the lighting on declared roads and Council pays 100% of cost. 	Shift	75,000	
	Under fund		150,000
	Shift		200,000
	Under fund	40,000	
	Under fund	100,000	
	Under fund		300,000
	Shifted	Varies from year to year	
	Shift under fund	50,000	
	Under fund	Estimates still being formulated	
	Shift under fund		40,000
	Compliance under fund	10,000	
	Shift	180,000	
Under fund	150,000		

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<p>Stormwater</p> <ul style="list-style-type: none"> Melbourne Water levies a Drainage charge in the Metro area of some \$92 million, it spends some \$50 million on Capex and Opex. The \$42 million is paid back as a dividend and loan repayments to Treasury. 	Excess levy		200,000
<p>Waste</p> <ul style="list-style-type: none"> Land fill levy is being applied by EPA at a rate of \$4/tonne. 		60,000	
<p>Preschool Building Regulation Changes</p> <ul style="list-style-type: none"> Children's Services Regulation changes are also imposing a significant burden to the tune of \$1.2M for the 2001/002 period for refurbishments. Additional \$ required in later years. <i>This has a 5 year, potentially \$3M impact.</i> 	Compliance		1,600,000
<p>Open Space</p> <ul style="list-style-type: none"> Regulation regarding one-way valves on water systems and cost of hydrants, maintenance etc. 	Compliance	60,000	
<p>Food Safety</p> <ul style="list-style-type: none"> Gap b/w Food Act requirements and allowable fees. 	Compliance	25,000	
<p>Animals</p> <ul style="list-style-type: none"> Restrictive dog breed (put bull terrier) legislation Increase in levy to State for dog registration fees. 	Compliance Compliance	10,000 5,000	
<p>Traffic Management around Schools</p> <ul style="list-style-type: none"> School Crossing supervision Capital works in the vicinity of Schools 	Under fund Under fund	100,000	150,000
<p>Septic/sewer Inspections</p> <ul style="list-style-type: none"> Assessment of compliance with sewer connections—a role that the water and sewerage authority should fill Assessment of maintenance of septic systems to resolve water quality issues in creeks. 	Shift Flow on	50,000 100,000	
<p>Provision of Police Vehicle</p> <ul style="list-style-type: none"> Discretionary—provision of police vehicle, bicycles and radar gun to local officers. 	Under fund	30,000	
<p>Graffiti Removal</p> <ul style="list-style-type: none"> Removal of graffiti from public authority assets. Discretionary, but unless we do, Council's image affected. 	Shift	60,000	

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<p>Building Services</p> <ul style="list-style-type: none"> ▪ Building Surveyor Inspections Increased roles and responsibilities for Municipal Building Survey of legislative changes which required increased inspections (Essential Services Inspections, Special Care Building Audits, Swimming Pool and Barrier Inspections, Smoke Detector Inspections). <p>Consents and Reports--Building</p> <ul style="list-style-type: none"> ▪ Proposed laws regarding “consents and reports” will provide additional work for Building Surveyors which fees will not cover. ▪ Collection of Building Levy on Behalf of State Government. Collection of HIH levy and insurance gap ▪ Increased Building Surveyor Audits Increased audits of Building Surveyors by Tax Office, Building Commission etc., have a substantial impact on resources. ▪ Lodgement Fees 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). ▪ Section 29 Building Act Demolition and Report 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). ▪ Sewerage / Water Increased roles and responsibilities for Municipal Building Survey of legislative changes which required increased inspections (Essential Services Inspections, Special Care Building Audits, Swimming Pool and Barrier Inspections, Smoke Detector Inspections). ▪ Private Surveyors’ Complaints BCC is now referring all complaints about private surveyors to LGAs even though they are the responsibility of the Commission ▪ Private Surveyors’ Increase in Liability Premiums The BCC has advised LGA’s 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. 	Compliance Shift Flow on	40,000	
	Shift Under fund	10,000	
		5,000	
	Compliance	5,000	
	Under fund	10,000	
	Compliance Under Fund	5,000	
	Shift	5,000	
	Shift	10,000	
	Flow on		

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Public Health Services			
<ul style="list-style-type: none"> ▪ EPA A number of issues are being informally “delegated” by the 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. 	Shift	15,000	
<ul style="list-style-type: none"> ▪ Immunisation Immunisation requirements have increased significantly (eg. Required vaccinations etc.) with minimal or no additional financial assistance or resources. 	Compliance Under fund	35,000	
<ul style="list-style-type: none"> ▪ Food Act 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. 	Compliance Under fund	25,000	
Statutory Planning			
<ul style="list-style-type: none"> ▪ Statutory Costs of Planning Inadequate Statutory Fees Introduction of Rescode 	Shift	200,000	
	Shift	100,000	
<ul style="list-style-type: none"> ▪ Rescode A number of issues are being informally “delegated” 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	50,000	
<ul style="list-style-type: none"> ▪ Planning Fees (general) Inadequate set planning fees which do not cover the cost of administering the Planning and Environmental Services Act, and the increase in number of permits as a result of new Format Planning Schemes. 	Compliance Under fund	165,000	
<ul style="list-style-type: none"> ▪ Regulation of Liquor Licences 			
<ul style="list-style-type: none"> ▪ Regulation of Gambling 			
<ul style="list-style-type: none"> ▪ Enforcement of Brothels through the Planning Scheme – current expenditure provided 		60,000	
Local Laws			
<ul style="list-style-type: none"> ▪ School Crossings School crossings (numbers) and associated supervision and administration costs (eg. Workcover) continue to increase with no additional subsidies / funding. Previously this service was fully funded. 	Under fund	150,000	
<ul style="list-style-type: none"> ▪ Parking—State Facilities Enforcement of ever-increasing parking problems around schools and hospitals. State policy is to not provide funds for parking around schools and hospitals, even if funding is being provided for major infrastructure upgrade. 	Shift Under fund	15,000	

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<ul style="list-style-type: none"> ▪ Dog Act—Amended Legislation New legislation requiring Council to investigate and enforce provisions relating to restrictive dogs (no offset fee or subsidies). ▪ Registration of Animals Council to collect and pay to State increased levy for registration which has no discernible benefits for resident of LGA (\$2.50 per registered). <p>Information Technology</p> <ul style="list-style-type: none"> ▪ Increased projects / responsibility to service areas (including staff) will usually have an IT component which is rarely fully funded externally (eg. New equipment, software applications, licences). ▪ Software enhancements (required by Federal or State Government legislative changes) generally have no funding. ▪ State and Federal Government “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 Governments to be maintained, ongoing resourcing, hardware, software and communications maintenance become recurrent funding issues for LGAs. Rural / regional Councils receive some funding whilst metropolitan Councils do not. <p>Community Services</p> <ul style="list-style-type: none"> ▪ Library Inadequate State funding—to bring State to 40%. ▪ Home and Community Care Inadequate State and Federal funding—to bring LG back to 20%. ▪ Maternal and Child Health Inadequate State funding ▪ Early release of post natal mothers and complexity of cases impact. ▪ Long Day Care The loss of operational subsidy that occurred a couple of years ago has now had an adverse impact on community child care (reducing service choice). The costs shifted to Council and parents. ▪ Family Day Care 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. ▪ Child Care Facilities Regulations regarding child care services at Leisure Facilities have significantly increased operating and capital costs. 	Compliance	10,000	
	Excess levy	19,000	
	Flow on (indirect)	Difficult to estimate	
	Compliance	Difficult to estimate	
	Under fund Shift	Difficult to estimate	
	Under fund	520,000	
	Under fund	715,000	
	Under fund	170,000	
	Shift	150,000	
	Shift Flow on		
Compliance Under fund	28,000		
Compliance	10,000		

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<p>Integrated Planning</p> <ul style="list-style-type: none"> ▪ 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. ▪ 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. ▪ 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). This expenditure should be funded from transport dollar rather than the general rate. <p>Leisure Culture and Youth</p> <ul style="list-style-type: none"> ▪ School Focussed Youth Services A program funded by State Government to improve links between local school and community agencies to ensure improved service to young people. Future funding has not been confirmed in which case the service will disappear unless funded by LGAs. ▪ Disability Discrimination Act Ongoing implications for upgrade in infrastructure to meet requirements. <p>Finance and Civic</p> <ul style="list-style-type: none"> ▪ Best Value Reporting Cost of compliance with legislation ▪ National Competition Policy and Competitive Neutrality From 1994 Councils are required to comply with NCP and CN. This meant Councils are now subject to Part IV 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). ▪ Victorian Grants Commission Reduction in monies received from the grants commission. ▪ Whistleblowers Legislation Costs involved in setting up procedures and purchasing of required guides. Ongoing costs associated with compliance yet to be determined. ▪ Privacy Legislation Costs associated with implementing the provisions—audit, policy and compliance statements. Ongoing costs associated with compliance yet to be determined. 	Shift Compliance	70,000	
	Under fund	80,000	
	Shift Under fund	40,000	
	Under fund		
	Compliance		800,000
	Compliance	50,000	
	Compliance	20,000	
	Under fund	100,000	
	Compliance	20,000	
	Compliance	20,000	

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Resources / Valuations <ul style="list-style-type: none"> ▪ Valuations LGAs are now required to do a valuation every two years instead of every four years (with little direct or indirect benefit for LGA's). The amount of information required to be collected during the valuation has substantially increased. ▪ MFB Contributions The MFB is now under-funded and LGAs are having to contribute funds to ensure service provision is maintained 	<p style="text-align: center;">Compliance Under fund</p> <p style="text-align: center;">Shift Under fund</p>	<p>50,000</p> <p>50,000</p>	
TOTALS:		4,062,000	3,510,000