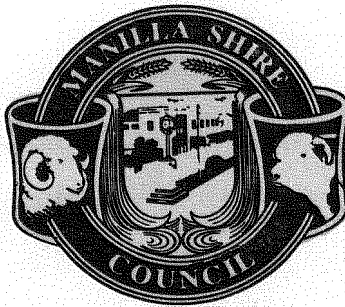


210 MANILLA STREET,
MANILLA. N.S.W. 2346.



Reply to: THE GENERAL MANAGER,
P.O. BOX 102,
MANILLA. N.S.W. 2346.

Reference: **SMB:RF:L81**

Telephone: (02) 6785 1304

Your Reference:

Fax: (02) 6785 1981

23rd July, 2002

MANILLA SHIRE COUNCIL

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

Dear Sir,

Enquiry into Local Government and Cost Shifting

I enclose a submission from Manilla Shire Council to the Enquiry into Local Government and Cost Shifting and express Council's appreciation for being afforded the opportunity to make a submission on the very important issue of Cost Shifting onto Local Government from other levels of Government and the impact on Local Government finances.

Yours faithfully,

Stephen Bartlett
ACTING GENERAL MANAGER

House of Representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	90
Date Received:	26/7/02
Secretary:	Burdell

MANILLA SHIRE COUNCIL



MANILLA - RTA BIG RIDE - APRIL, 2002

SUBMISSION TO:

**INQUIRY INTO LOCAL GOVERNMENT
AND COST SHIFTING**

JULY, 2002

The unique and picturesque nature of the Shire of Manilla attracts many short and long stay visitors to take advantage of a variety of outdoor activities and pursuits including, fishing, camping, boating, sailing, swimming, adventure, bush walking and exploring, bird watching and overall flora and fauna viewing. Tourism, particularly ecotourism, is a developing industry within the Shire with huge potential.

Mount Borah, located within the Shire and 10 kilometres from Manilla, is internationally recognised as the best hang and para gliding location in Australia and one of the best in the Southern Hemisphere. A number of World Championships have been held at Mount Borah over the years and hundreds of enthusiasts visit Manilla each year from all parts of the globe to engage in hang and para gliding.

6 DEMOGRAPHIC INFORMATION:

Manilla Shire has a high number of residents aged 65 years and over which is represented by 16.8% compared to 12.6% elsewhere in the Region. Residents aged 70 years and over in Manilla equate to 11%, significantly higher than elsewhere in the Region at 8.4% and NSW at 8.7%.

Manilla has a high unemployment level of 14.2%, almost double that of NSW at 8.8% and elsewhere in the Region at 9.0%. There are 56.4% of families with incomes of less than \$500 per week and 283 people or 23.2% of households, are recorded as lone households. Of those living alone, 28% do not own or drive a motor vehicle. Overall the Shire of Manilla has an aging population which will impose an increasing significant demand for the provision of health and aged care facilities within the town of Manilla (*Statistical Source: New England Area Health Service – Manilla Health Service Plan, May 2002*).

7 HISTORICAL DEVELOPMENT OF THE COUNCIL:

Manilla Shire Council is a local government body constituted under the provisions of the Local Government Act (NSW) 1993. The Council is a multi purpose Local Government Body and exercises the following service and non-regulatory functions:

- Community services and facilities
- Public health services and facilities
- Cultural, educational and information services and facilities
- Sporting, recreational and entertainment services and facilities
- Environment conservation, protection and improvement services and facilities
- Waste removal, treatment and disposal services and facilities
- Water, sewerage and drainage works and facilities
- Stormwater drainage and flood prevention, protection and mitigation
- Fire prevention, protection and mitigation services and facilities
- Land and property development
- Housing
- Industry development and assistance
- Tourism development and assistance.

The Council exercises a number of regulatory functions including an approvals and orders system under a raft of NSW legislation. The principal legislation directing Council's regulatory functions is as follows:

- Local Government Act 1993
- Public Health Act 1991
- Food Act 1989
- Environmental Planning and Assessment Act 1979
- Protection of Environment Operations Act 1997
- Roads Act 1993
- Native Vegetation Conservation Act 1997
- Companion Animals Act 1998
- Threatened Special Conservation Act 1995
- Heritage Act 1977.

The Municipality of Manilla was incorporated on 1 May 1901 and the adjoining contiguous rural area incorporated as a Shire on 9 June 1906. The Municipality and the Shire were amalgamated to form the Shire of Manilla in 1960. There are no current proposals for amalgamation or merger with any adjoining Local Government area.

8 MEMBERSHIP OF A REGIONAL ORGANISATION OF COUNCILS:

Manilla Shire Council was a member of the Northern Area Regional Organisation of Councils (NAROC) which comprised 19 Local Government Bodies within the North Western Slopes and Plains and the New England Regions of northern NSW. NAROC recently disbanded and a smaller regional organisation of councils formed called NamoiROC comprising of the Manilla, Tamworth, Barraba, Bingara, Gunnedah, Nundle, Parry, Walcha and Quirindi Councils.

NamoiROC was formed to pursue the traditional objectives of a regional organisation of councils including resource, information and intellectual property sharing, group project strategic initiatives and political representations to State and Federal governments on issues impacting upon and effecting Local Government.

9 INFRASTRUCTURE CAPITAL COST SHIFTING

Over the past 10 years, the NSW Government has gradually transferred responsibility for a greater share of capital funding to Local Government Bodies for infrastructure such as roads, bridges, urban water supplies and sewerage treatment systems.

9.1 State Roads Administration Costs

The Council undertakes maintenance, reconstruction and construction programs for the NSW Roads and Traffic Authority (RTA) in respect of State Roads located within the Shire. These programs are fully funded by the RTA, however, as a precondition to the awarding of these contracts the Council is required to have in place a number of management systems, including, Emergency Management Control,

Environmental Management Systems, Quality Control Systems and Occupational Health and Safety Programs for specific roadworks contracts. In addition, the Council is required to implement a more rigorous inspection criteria for roadworks contracts. While the Council acknowledges the overall benefit, the cost of development and implementation of the various contract management systems is borne by the Council without direct financial assistance from the RTA.

9.2 Bridges

The former NSW Government Road Bridge Subsidy Scheme provided for a 50% capital cost subsidy to Local Government for the construction of new bridges and replacement bridges on Local and Regional Roads. Relevant details of Local and Regional Roads under the Council's control are as follows:

TABLE 1 - MANILLA SHIRE COUNCIL ROAD LENGTH DATA

	Urban Roads (km)	Non Urban Sealed Roads (km)	Non Urban Unsealed roads (km)
Local Roads: which are the full financial responsibility of the Council	37.70	80.63	439.70
Regional Roads: which are subject to block grant funding from the RTA	4.00	54.03	7.48
Other Roads: where Council has full financial responsibility for the outside trafficable lanes only	3.50	0.00	0.00

There are no proposals in Council's Current Works Program for the construction or replacement of a bridge within the next 5 years. However, should construction or replacement of a bridge be required on any local or regional road under the Council's control, the Council will be responsible for the total capital cost and will not receive any direct financial assistance from the State Government. The withdrawal of the 50% subsidy for new and replacement bridge construction has placed a significant potential financial burden on the Council.

9.3 Urban Water Supply Schemes

Recent NSW Government funding policy changes for Urban Water Supply Schemes has seen a move away from the traditional 50% State Government funding subsidy for augmentation of urban water supply schemes. Council's last augmentation of the Water Supply Scheme for the town of Manilla was completed in 1990 at a total cost of \$1,880,000. Council received a subsidy of 50% of the capital cost from the NSW Government. Given recent trends and policy changes, Council will be subject to a shifting of capital costs from the NSW Government for infrastructure such as water supply and as a consequence, will be responsible for a greater proportion of any future augmentation capital costs.

9.4 Sewerage Treatment Systems – Non Recurrent \$90,750

Recent NSW Government funding policy changes for Urban Water Supply Schemes have also applied to Sewerage Treatment Schemes. Council recently completed augmentation of the Sewerage Treatment System for the Town of Manilla at cost of \$3,025,000. Council received a NSW Government subsidy of 47% of project costs. The reduction in subsidy from 50% to 47% resulted in a shifting of capital costs from the NSW Government to the Council of 3% or the sum of \$90,750.

10 MANELLAE LODGE AGED HOSTEL – NON RECURRENT \$82,000

The Council owns and operates a Frail Aged Hostel known as Manellae Lodge. The Council built the facility in 1994 with capital funding provided by the Council, the local community and the Commonwealth Government. Manellae Lodge is licensed to provide 21 beds for frail aged accommodation for the residents of Manilla and District. Manellae Lodge is operated on a "not for profit basis" and represents a community self help initiative to satisfy community demand for local aged care services, facilities and accommodation.

Since 1998, the Council has completed a capital expenditure program amounting to the sum of \$82,000 required to meet higher standards imposed by the Commonwealth Government for licensing and accreditation of aged care facilities and accommodation. The Council does not question continuous improvement in the quality and standard of delivery of aged care services, however, as a direct outcome the Council as owner and operator of Manellae Lodge is faced with higher compliance costs to maintain licensing and accreditation. Council has a very limited capacity to recover increased compliance costs from resident charges due to the fact that charges paid by residents for entry into Manellae Lodge are assessed against a strict criteria and charges limited to 85% of the resident's aged or disability pension.

11 CHANGES IN COUNCIL'S FUNCTIONS AND RESPONSIBILITIES:

Council holds the view that over the past 10 years, the Council's functions and responsibilities, and indeed Local Government generally, have increased significantly. A comprehensive and realistic examination has been completed of the Council's

2002/2003 Management Plan to identify functions, services and activities provided by the Council which have **EITHER** been devolved from the State and Commonwealth Government, **OR** service levels for services provided by the Council have been increased by other levels of government **OR** costs have been shifted to Council from other levels of government.

The functions, services and activities identified in **TABLE 2** satisfy the following criteria:

- (i) Responsibility for new functions, services and activities have been **devolved** to the Council by State and Commonwealth Governments accompanied by new and increased costs of delivery not matched by an increase in the Council's revenue base.
- (ii) **Service Levels Changes** have been imposed on the Council caused by either State or Commonwealth Government policy, legislative or regulatory changes which drive up service levels and standards and increase Council's administration, compliance and enforcement costs.
- (iii) **Cost Shifting** in three different forms. *Firstly*, where an offer has been made to the Council by State or Commonwealth Governments to provide funding for the provision of a new service. Funding is subsequently reduced or withdrawn and Council is unable to withdraw from the service due to community reliance and demand. *Secondly*, for reason that either the State or Commonwealth Government fails or refuses to provide what is considered to be an essential service, Council has displayed local leadership and community focus and filled the void by providing the service. *Thirdly*, resources to finance administration and enforcement do not accompany new State or Commonwealth Government legislation, such as the current raft of environmental protection legislation and specific privacy legislation, administered and enforced by the Council.

It is acknowledged, however, by the Council that devolution, service level changes and cost shifting is indulged in to a much greater degree by the New South Wales Government of the day than the Commonwealth Government of the day.

12 MANILLA SHIRE COUNCIL FINANCIAL IMPACT

TABLE 2 is produced to identify the function, service or activity currently provided by the Council which satisfies the above criteria together with the associated recurrent costs. It should be noted that the recurrent costs attributed to the NSW Government of \$301,859 represents 13.99% of the Council's total income received from rates and charges for the current financial year 2002/2003.

TABLE 2

SUMMARY OF MANILLA SHIRE COUNCIL FUNCTIONS, SERVICES, ACTIVITIES SUBJECT TO DEVOLUTION, SERVICE LEVEL CHANGE OR COST SHIFTING AND ASSOCIATED COSTS

Description of Function, Service or Activity	Cost Driver State Government (SG) or Commonwealth Government (CG)	Nature of Function, Service or Activity Devolved, Service Level Changed or Costs Shifted From State or Commonwealth Government to Manilla Shire Council	Manilla Shire Council 2002/2003 Budgeted Cost \$
Manellae Lodge Frail Aged Care Hostel	(CG)	Aged Care Licensing and Accreditation compliance costs	49,620
Computer Upgrade to accommodate Goods and Services Tax	(CG)	Cost of computer hardware and software upgrade to accommodate Goods and Services Tax Solution	30,000
Pensioner Rate Rebates	(SG)	Council's contribution to the pensioner rate rebates to satisfy State Government Social Policy legislative dictates. Council's contribution consists of Ordinary Rate and Charges for Water Supply, Sewerage and Domestic Waste Management.	64,965

Description of Function, Service or Activity	Cost Driver State Government (SG) or Commonwealth Government (CG)	Nature of Function, Service or Activity Developed, Service Level Changed or Costs Shifted From State or Commonwealth Government to Manilla Shire Council	Manilla Shire Council 2002/2003 Budgeted Cost \$
Fire Protection Services Recurrent Contributions	(SG)	Council's recurrent operation expenditure contribution to Fire Protection Services within the town and Shire of Manilla	55,199
Town Planning and Environment Protection Services	(SG)	State of the Environment Reporting to satisfy State Government environmental protection legislative and policy dictates	5,000
Town Planning and Environmental Protection Services	(SG)	Expenses associated with training for councillors and staff to comply with and implement planFIRST State Government Regional Planning Policy and Initiatives	6,000
Water Supply Services	(SG)	Additional monitoring and sampling to satisfy National Health and Medical Research Council standards.	3,000

Description of Function, Service or Activity	Cost Driver State Government (SG) or Commonwealth Government (CG)	Nature of Function, Service or Activity Developed, Service Level Changed or Costs Shifted From State or Commonwealth Government to Manilla Shire Council	Manilla Shire Council 2002/2003 Budgeted Cost \$
State Emergency Service Operations	(SG)	Council recurrent expenditure for providing State Emergency Service operations and management	22,598
Companion Animal Control and Management	(SG)	Recurrent expenditure for compliance with the Companion Animals Act	10,036
Noxious Plans Eradication and Control	(SG)	Recurrent expenditure for eradication and control of noxious plants.	33,000
Youth Affairs	(SG)	Youth Week social welfare activities	3,773
Seniors Week	(SG)	Seniors Week social welfare activities	5,056
Housing Accommodation Services	(SG)	Provision of housing accommodation for residents of the town of Manilla due to shortage of public housing accommodation	29,618

Description of Function, Service or Activity	Cost Driver State Government (SG) or Commonwealth Government (CG)	Nature of Function, Service or Activity Devolved, Service Level Changed or Costs Shifted From State or Commonwealth Government to Manilla Shire Council	Manilla Shire Council 2002/2003 Budgeted Cost \$
Sewerage Services	(SG)	Sewerage Licence monitoring expenses to satisfy requirements of the Protection of the Environment Operations Act 1997	7,500
Sewerage Services	(SG)	Liquid Trade Waste monitoring expenses to satisfy requirements of the Protection of the Environment Operations Act 1997	3,000
Waste Management Services	(SG)	Council operates a Non Licensed Landfill. Despite no requirement for landfill to be licensed, Council required to submit to monitor landfill and submit an Annual Report pursuant to the Protection of the Environment Operations (Waste) Regulation 1996.	2,500
Arts and Cultural services	(SG)	Annual contribution to the employment of Regional Arts Development Officer	2,500

Description of Function, Service or Activity	Cost Driver State Government (SG) or Commonwealth Government (CG)	Nature of Function, Service or Activity Devolved, Service Level Changed or Costs Shifted From State or Commonwealth Government to Manilla Shire Council	Manilla Shire Council 2002/2003 Budgeted Cost \$
Recreation and Cultural Services	(SG)	Recurrent expenditure for the management and operation of the foreshores of Split Rock Dam used by the Region and wider community for public recreation	33,114
Corporate Services – General Administration	(SG)	Implementation and management of the Privacy and Personal Information Protection Act 2000	15,000
TOTAL STATE GOVT (SG)			\$301,859
TOTAL COMMONWEALTH GOVT (CG)			\$ 79,620
TOTAL STATE + COMMONWEALTH GOVT (SG + CG)			\$381,479