



AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

COUNCIL SUBMISSION TEMPLATE TO THE
HOUSE OF REPRESENTATIVES ECONOMICS COMMITTEE INQUIRY INTO
COST SHIFTING ONTO LOCAL GOVERNMENT

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.

The Terms of Reference can be accessed at
<http://www.aph.gov.au/house/committee/efpa/localgovt/index.htm>

Below is a suggested template, councils may wish to follow, when drafting their submissions.

NAME **Leeton Shire Council**.....

POPULATION SIZE **12000**.....

GEOGRAPHIC SIZE **1168 sq.Km**.....

CURRENT BUDGET **\$13M Current Income**

(May wish to attach latest financial statements)

ANY RELEVANT DEMOGRAPHIC INFORMATION

Irrigation Council

OVERVIEW OF HISTORICAL DEVELOPMENT OF THE COUNCIL

Council is due to celebrate its 75th anniversary. No major boundary changes in recent past. Leeton is an irrigation town and has a relatively young history.

IS THE COUNCIL MEMBER OF A REGIONAL ORGANISATION OF COUNCILS?

Yes or No. **Yes**

WHICH? ... **RIVROC**

OUTLINE ANY CONTRACT WORKS COUNCIL HAS UNDERTAKEN FOR ANY STATE, FEDERAL OR OTHER AGENCY DURING 2001/02 AND ITS VALUE.

RTA

OUTLINE ANY ACTIVITY COUNCIL HAS UNDERTAKEN WHICH WOULD NOT NORMALLY BE PART OF COUNCIL ACTIVITIES, OR TRADITIONALLY HAS BEEN PROVIDED BY FEDERAL OR STATE GOVT DURING 2001/02 AND ITS VALUE

DOES THE COUNCIL BELIEVE THAT DEVOLUTION OF SERVICES OVER THE LAST TEN YEARS HAS PLACED ADDITIONAL FINANCIAL BURDENS ON THE COUNCIL? Yes or No.

YES

OUTLINE WHAT SERVICES HAVE BEEN DEVOLVED AND APPROXIMATE ANNUAL COST AND INCOME.

The list of services include:-

- **Rural Bush Fire Services – this service has changed dramatically over the last 7 years. The level of service wide program charges being levied on Council's and the amount of their increase has been horrendous. These charges increased by 161% over the five year period to 2001.02. This is an average increase of 32% which has been an enormous impost on Council's. The service wide charges went from \$45,559 to \$119,142.**
- **Urban Fire Services – For this year these charges are proposed to increase by 13.3% and whilst our increase will be around \$2,500, the above two examples tend to show that there may be a belief at State and Federal level that Local Government has the capacity to absorb this sort of increase. This is clearly not the case. With ratepegging, ageing infrastructure, litigation and insurance premiums, Council's are faced with difficult financial times**
- **Onsite Sewerage Management – there has been a major imposition on Council's for the policing and control of septic tank legislation licensing. This has required to devote additional resources and effort in this area.**
- **Drainage Management – new requirements for drainage management is another additional responsibility that has been imposed on Council's**
- **Land and Water management Plans – Our Council was imposed with the requirement to fund an annual contribution of \$57,086 for land and water management plans. In addition to Council's commitment, land holders were also required to contribute. The unfortunate part here is that the contribution between Federal and State Government have stalled because the two arms of Government have been arguing over the contribution levels of each.**
- **Load Based Licensing – this is a fee levied from the EPA for an assessment of the ingredients from Council's sewerage system. Our original estimate in 2000/2001 was \$30,000 but as Council had to fund over \$250,000 worth of improvements this fee was reduced. Either way the fee is a significant cost,**

particularly when you recognise that Leeton's sewerage discharges into a wetlands. The wetlands is the home of 40,000 migratory birds and there is a study still underway on the effect that the Council's sewerage discharge has on the wetlands. The study is not yet finished and the outcomes of this study should dictate what environmental effects Council's discharge is having on the wetlands not a mathematical formula. It is likely that the Council's discharge is having a positive effect on the wetlands and therefore any fee imposed for a positive effect on the environment should not be levied. The above three examples are environmental requirements that have been added to local government in recent years. They certainly involve additional costs and burdens.

- **Parking Officers** – the transfer of these officers to Council in rural NSW will create a cost on our councils. As the transfer has only just occurred the financial implications are yet to be assessed.
- **Companion Animal Legislation** – Council now has far more responsibilities with this legislation, it includes control , licensing and loss of the annual registration fees. The lifetime licensing of animals and the majority of funds going to the State have eroded Council's annual registration licensing income.
- **Plan First** – the proposal to place an additional component on Development Fees for Plan First Reforms is another example of Council's being used as a collection agency for state government initiatives. The Council's administration, finance and development collection fee access will cost Council. It will also involve Council staff in having to explain to the community the additional levy, and it is once again an assumption that the community or a developer has the ability to meet the additional costs.
- **Social / Health Issues** – with the difficulties being experienced in the Health area there are additional issues that Council is taking on. Assistance for health professionals, drug issues, etc.

OUTLINE COSTS INCURRED BY COUNCIL IN MEETING FEDERAL AND STATE COMPLIANCE/ADMINISTRATIVE REQUIREMENTS.

HAS THE COUNCIL HAD TO EMPLOY ADDITIONAL STAFF TO PROVIDE DEVOLVED SERVICES OR MEET ADDITIONAL COMPLIANCE /ADMINISTRATIVE REQUIREMENTS? Yes or No.

Virtually all of the above changes have been absorbed within Council's existing resources. At various times some of these initiatives are outsourced such as Onsite Sewerage Management and Drainage. In other circumstances it has meant that other roles have had to be reduced such as our Rangers role with the Companion Animals Legislation. More time on it has meant his other rangers duties have had to be reduced

HOW MANY?

OUTLINE ANY COUNCIL SERVICES THAT COULD BE BETTER PROVIDED BY ANOTHER SPHERE OF GOVERNMENT OR THE PRIVATE SECTOR?

Council has never objected to taking on additional responsibilities. It is the taking on of additional responsibilities without the commensurate financial backing that Council opposes.

OUTLINE ANY SERVICES CURRENTLY PROVIDED BY OTHER SPHERES OF GOVERNMENT THAT COULD BE BETTER PROVIDED BY LOCAL GOVERNMENT.

For further information please contact your State or Territory Local Government Association.

**ALGA Secretariat
July 2002**