



## BURWOOD COUNCIL

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File No: G.0350.000

The Secretary  
House of Representatives Economics, Finance & Public Administration Committee  
Parliament House  
CANBERRA ACT 2601

6 August, 2002

Dear Sir/Madam

House of representatives S... Committee on Economics, Finance and Public Administration	
Submission No:	229
Date received:	
Secretary:	<i>Badell</i>

### PARLIAMENTARY INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT

**Name:** Burwood Council  
**Population Size:** 29,980  
**Geographic Size:** 7 square kilometers  
**Current Operating Budget:** \$20.08 million

#### Overview of historic development of the Council:

The Municipality of Burwood was incorporated by proclamation in the Government Gazette on 27 March, 1874, at which time Burwood was a quiet little village with a mere 1,200 people and only about 300 buildings. Its southern boundary was Liverpool Road, beyond which lay the even more sparsely populated village of Enfield. Fifteen years later, this too became a Municipality, which was quite separate from Burwood until 1949, when its Council was abolished and two of its wards were added to Burwood.

The Burwood Council area is now home to approximately 30,000 people and boasts a major sub-regional shopping centre with more than 1,850 businesses in a wide range of sectors. The Burwood Council area is a net employer. Burwood Council currently employs approximately 150 staff. See attached brochure for further details about the development of the Burwood Council area.

#### Is the Council a member of a regional organization of Councils?

Yes – Burwood Council is an active member of the Inner Metropolitan Regional Organisation of Councils (IMROC) and is currently undertaking discussions with the Southern Sydney Regional Organisation of Councils (SSROC) with respect to inclusion in SSROC's purchasing contracts.

**Outline any contract works Council has undertaken for any State, Federal or other agency during 2001/02 and its value:**

- “Families First” (the State Government Department of Community Services has provided the Inner Western region of Sydney with funding for the “Families First” project. Burwood Council has accepted the auspice of this project. A casual worker has been employed and an interagency established. Funding OF \$19,000 for this project is for twelve months. Following the initial twelve months, there will be no funding to employ a worker or provide meeting and administrative support)
- Community responsibilities that have had to be supported by Local Government due to State Government funding “gaps” (eg. Auspiced Community Service Programs, support for Meals-on-Wheels Programs, low-cost accommodation for a number of local Child Care providers and community groups (as these groups are often insufficiently funded by State and/or Federal Government) etc.)

**Outline any activity Council has undertaken which would not normally be part of Council activities or traditionally has been provided by Federal or State Government during 2001/02 and its value:**

- Managing the Clubs “CDSE” Funding Program (As of 1 December 2000 Council’s Manager of Community Services is the convenor of the local CDSE Committee. This involves being present for numerous planning meetings and meeting with local groups to discuss projects at their request. Committee members prepare recommendations for funding which are then passed on to the Board for a final decision. Council works within its existing budget to provide this service)
- Community safety/Crime Prevention Plans and the subsequent implementation of these plans (a statutory requirement as a result of the enactment of the Children (Protection and Parental Responsibility) Act 1997 and Safer Community Compacts by the Attorney General’s Department)
- Obligations under the Protection of the Environment (Operations) Act (being a transfer of responsibilities from the Environment Protection Authority. Council works within its existing budget to provide this service and achieves minimum compliance due to a lack of resources.)
- Delegation for Interim Conservation Orders under the Heritage Act (transfer of responsibility from the State Government – Heritage Council of NSW)
- Health/food shop inspections (transfer of responsibility fro the State Government – Health Department. The NSW Health Department has been carrying out less food shop inspections over recent years, relying on Local Government to carry out this regulatory role. Imminent changes in legislation will see more responsibility for Local Government in education and notification possibly leading to a private certification situation. It is expected that increased staff resources will be needed to complete the required notification processes)
- State Environmental Planning Policy No. 10 (SEPP 10) for low cost housing (transfer of responsibility from the State Government. Council works within its existing budget to provide this service, which involves administration costs and additional processes)
- Funding of Roads & Traffic Authority (RTA) regional roads infrastructure (transfer of responsibility from the State Government as a result of reduced funding and a change in the classification of some roads. The classification system for roads within the Roads Act has little relationship to the classifications for grants. Council receives

block funding for Regional Roads, yet under the Roads Act they are not classified. Councils used to receive 75% assistance for maintenance of Secondary Roads. For the purpose of funding arrangements, these roads were assessed, by negotiation, some years ago as either Main Roads or Regional Roads. Regional roads attract a share of available funds not a percentage as was previously the case. Council receives a block grant for lines and signs and has inherited a run-down inventory and is now expected to maintain the inventory to a high standard. Also, no additional funding has been provided to change 'No Standing' signs to 'No Parking' under the new Australian Road Rules. Some Councils then inherited maintenance responsibilities for roads that they did not previously maintain)

- Section 12 directions to prepare Storm-water Management Plans (transfer of responsibility from the State Government. In 1998, every Council received a direction under Section 12 of the Protection of the Environment (Operations) Act 1991, requiring the preparation of Storm-water Management Plans. Potential future funding opportunities were identified, including grants, cost sharing frameworks, Section 94 contributions, Section 495 Special Rates, catchment management levies and Section 30 Service Charges. To date, grant funding has been made available under the Storm-water Trust targeted at specific areas of innovation and management, including specific projects where coordinators have been funded. Other funding has been offered under RTA and Sydney Water SEIP Programs. However, no additional State Government funding has been made available for the ongoing operation of Storm-water Committees. Council works within its current budget to provide this service with limited resources)
- Preparation of Flood Management Plans (transfer of responsibility from the State Government – previously managed by Water Resources. The NSW Government published a revision of the Floodplain Management Manual in January 2001. This document reinforces the primary responsibility for achievement of effective floodplain risk management outcomes rests with local Councils, which develop and implement detailed local floodplain management plans using financial and technical assistance provided by the State Government. In 1977, the State Government introduced rigorous planning controls, which were applied uniformly across the state. By the early 1980's, public objection to blanket floodplain planning controls had reached untenable levels. In response to widespread dissatisfaction the Government introduced a merit-based flood plain land policy in 1984, which was welcomed after a period of trial. The first manual was produced in 1986. Subsequent revisions of the manual have maintained a merit-based approach. Funding has been made available on a 2:1 (State:Local Government) basis for Councils undertaking Floodplain Risk Management Studies and Plans. Council has had to fund it component from existing budget resources)
- Maintenance of storm-water systems (transfer of responsibility from the State Government. Sydney Water no longer actively seeks to improve the capacity of their storm water systems. Their core business is to maintain the existing infrastructure. This does nothing to assist Councils in managing insufficient capacity issues of existing upstream drainage networks. Consequently, where system capacity is exceeded and storm-water inundation becomes an issue, the Council (as the planning authority) is left to resolve the issue through other mechanisms, such as development controls (ie, on site detention). No funding is available for an alternative approach)
- Provision of bus shelters (transfer of responsibility from the State Government – Provision of bus shelters is no longer considered a core business of Sydney Buses (the STA). Their core business is to run a bus service like any other bus company, leaving

it up to local Councils to ensure the provision of appropriate bus shelters in their areas. Council works within its existing budget to provide this service by utilizing advertising opportunities)

- Cost/ Benefit analysis for RTA projects (transfer of responsibility from the State Government – previously undertaken by the RTA. Council works within its existing budget to provide this service)
- Reduction in support provided by State Government Departments generally (corporatisation has resulted in non-profit activities being discontinued at the State level – eg. Provision of bus shelters, NSW Planning’s Urban Design Advisory Service (UDAS) providing Councils with design guidance to be paid for at commercial rates, particularly on strategic land use issues)
- Cultural Planning (Council is required to prepare a Cultural Plan before its is eligible to receive any grants from the Ministry of the Arts for cultural or art-related projects. The development of Cultural Plans involves extensive consultation with the local community and existing services in the area. All of Council’s facilities and services must be thoroughly assessed during this process)
- Responsibility for parking patrol/control (this responsibility has only recently been transferred from the State Government to Local Government with the transfer of Police Parking Patrol Officers to Councils. Councils are now responsible for patrolling/controlling parking in the whole of their areas).

**Does the Council believe that devolution of services over the last 10 years has placed additional financial burdens on the Council?**

Yes – see comments above and below.

**Outline what services have been devolved and approximate annual cost and income:**

- Obligations under the Protection of the Environment (Operations) Act
- Delegation for Interim Conservation Orders under the Heritage Act
- Preparation of Storm-water Management Plans
- Preparation of Flood Management Plans
- Maintenance of storm-water drainage systems within Councils area
- Obligations under the Companion Animals legislation

Due to rate pegging constraints, all of the above obligations have had to be funded/resourced from within Council’s existing budget allocations and utilising the current staff establishment.

**Outline costs incurred by Council in meeting Federal and State compliance/administrative requirements:**

- Social Planning (Local Government is required, by State legislation, to conduct Social Planning. This involves extensive consultation with the local community and service providers, incorporation of Census data material and the production of a document for seven mandatory groups. Council incurs costs for facilitating consultations, purchasing Census data and production of the document, which are in the order of \$50,000 each time the plans need to be reviewed. Council is also required to report on the progress of the recommendations in their Social Plans in its Annual Report and Management Plan. Social Plans must be updated every five years (as a minimum)

- Recreation Planning (Local Government is required, by State legislation, to conduct Recreation Planning. This involves extensive consultation with the local community and services in the area. All of Council's facilities and services must be thoroughly assessed during this process. Due to a lack of in-house expertise and general lack of resources, preparation of these plans has to be undertaken by external consultants at a cost of approximately \$75,000 to Council)
- Plans of Management for Community Land (a State Government legislative requirement under the Local Government Act 1993. Due to a lack of in-house expertise and general lack of resources, preparation of these plans has to be undertaken by external consultants at a cost of approximately \$50,000 to Council)
- NSW Fire Brigade Levy (which is not constrained by Rate Pegging. For 2002/03 Council must contribute \$381,894, an increase of 11% over the 2001/02 levy, which is well above the rate pegging limit of 3.3% approved by the Minister for Local Government. This contribution should be the full responsibility of the State Government)
- Planning NSW Levy (which is not constrained by Rate Pegging. Council contributed \$50,849 in 2001/02 and will contribute a similar amount to NSW Planning in 2002/03. This responsibility should be with the State Government)
- Valuer-General valuation costs (which is not constrained by Rate Pegging. Council paid the Valuer-General's Office \$31,111 in 2000/01 and \$28,283 in 2001/02, for carrying out the valuation of all properties in the Council area. This service should be available free to Local Government as part of the off-set for the rate pegging limit imposed by the Department of Local Government)
- Superannuation increases (legislated by the Federal Government with no consideration given to Councils financial predicament due to Rate Pegging. Employer's superannuation contributions for 2002/03 will be increased to 9%. This adds an additional \$64,000 to Council's employee costs)
- Companion Animals Act (State Government legislation which creates additional responsibilities for Local Government in controlling cats, administration of whole of life registration for dogs, establishment of leash-free areas, establishment of local animal welfare committees etc. Compliance is achieved within current staff establishment, however, compliance costs include the cost of establishing leash-free areas (signs, bins, advertising etc.)
- State of the Environment reporting (a State Government legislative requirement under the Local Government Act 1993. Council works within its existing budget to provide this service at a very basic level and with minimal expertise and resources. Some of the environmental themes addressed in Council's State of the Environment Reports, are regional issues, making compliance difficult in an urban environment)
- Preparation of EEO Management Plans (a State Government legislative requirement under the Local Government Act 1993. Council works within its existing budget to provide this service with limited resources)
- Preparation of Annual Reports (a State Government legislative requirement under the Local Government Act 1993. Council invests little in its Annual Report in terms of financial resources and works within its current staff establishment to prepare the statutory Annual Report. Councils should be able to work with their own communities to determine reporting requirements)
- Fees set under State Government legislation (various), over which Local Government has no control despite cost increases (eg. Development Application fees, Building Certificate fees, free library service etc. Councils should be free to determine and set their own fees in these areas)

- Compliance with the State Records Act (a State Government legislative requirement under the Local Government Act 1993, which requires Councils to comply with certain standards for archiving, storage of archive material and providing access to archived material. Council has been obliged to employ temporary staff to assist in this process due to a lack of in-house resources and will have to invest funds to upgrade its records storage areas)
- Performance-based Building Code of Australia (BCA) (the BCA has gone from being prescriptive to performance-based. The risk of decisions, particularly fire safety, is now the responsibility of Councils)
- “Residential Strategies” – State Environmental Planning Policy No. 53 (SEPP 53) requirements (a State Government initiative which will put more pressure on Council’s infrastructure assets with no corresponding/subsequent funding, resulting in Councils being burdened with an ongoing infrastructure maintenance cost )
- Accessibility arrangements and action plans (a State Government legislative requirement under the Disability Discrimination Act. Approximate annual cost to Council is \$30,000)
- Traffic Management Plans (a State Government legislative requirement. All road closures and major temporary road closures require the provision of a Traffic Management Plan to be approved by the RTA. Council works within its existing budget to provide this service)
- Introduction of tipping charges (a State Government environmental initiative that is funded (in part) by Local Government and has created pressure on Local Government to separate waste. The EPA imposes a levy on Councils for every tonne of waste delivered to transfer stations or landfill sites. The levy has increased from \$17 per tonne in 2001/02 to \$18.20 per tonne in 2002/03. Council collects approximately 10,000 tonnes of waste per annum, meaning that \$182,000 will be paid to the EPA by Burwood Council this year)
- New OH&S Act (a State Government initiative that places onerous requirement on Local Government. Council has employed a Risk Management Officer to assist with the implementation of additional OH&S reporting and monitoring requirements)
- Pensioner Rebates on Rates (Council currently funds 45% of the rebates to pensioners in the Council area. The State Government funds 55% of the rebate. For 2002/03, it will cost Council \$203,000 for pensioner rebates. Given the imposition of a rate pegging limit and Councils’ limited ability to raise revenue from other sources, the State/Federal Government should fully fund this rebate)
- Sydney Water Environmental Levy (unfunded impact on Local Government, swimming centres were previously not metred)
- Urban Design Review Panel (and the related expertise for staff required to assess urban design. Council has had to upgrade its Strategic Town Planning resources, resulting in additional salary and other employee costs)
- Freedom of Information Act compliance and Privacy & Personal Information Protection Act compliance (State Government legislative requirements. Council works within its existing budget to provide this service. Significant training cost have been incurred in ensuring staff expertise and, therefore, compliance with the various Acts)
- Increased axle loading on trucks (a State Government initiative which is putting mores stress on Local Government infrastructure, resulting in an ongoing maintenance cost for Local Government)

**Has the Council had to employ additional staff to provide devolved services or meet additional compliance/administrative requirements?**

- Waste Officer (initially funded by the local Waste Board, funding only extended for one year)
- Road Safety Officer (no commitment from the State Government to ongoing funding of this position. Originally fully funded, now only 50% funded)
- Risk Management Officer (to deal with the requirements placed on Councils (and other organizations) under the OH&S Act)
- Temporary archiving staff (to assist in implementation of the requirements of the State Records Act)
- Parking Patrol Officer (as a result of the recent transfer of responsibilities from the NSW Police Service)

**Outline any Council services that could be better provided by another sphere of government or the private sector:**

The following services/activities would be better provided on a regional basis –

- Social Planning
- Storm-water management
- Traffic Management
- Full control of local Community Services (such as Child Care...)
- Environmental issues (including catchment management, bio-diversity, aboriginal heritage, air quality etc)

**Outline any services currently provided by other spheres of government that could be better provided by Local Government:**

- Environmental issues
- Control of rate revenue
- Control of all fees and charges for Council services
- Full control of roads and all road maintenance issues
- Full control of local infrastructure and all associated issues

Council would be more than happy to present further details in relation to any of the above issues, if so required.

Yours faithfully

  
John Wyatt  
**ACTING GENERAL MANAGER**

cc: The Secretary  
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