

ABN 60 983 072 606

Maroochy Cares, Maroochy Dares...

"Because we care about the lifestyle of the residents of Maroochy Shire, we must dare to do things differently - by protecting our environment, seeking out opportunity, promoting our diversity, developing our economic future and enhancing our sense of community."

Your Reference:

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29 July 2002

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

Dear Sir/Madam,

SUBMISSION TO THE STANDING COMMITTEE IN RESPONSE TO THE INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

Enclosed is the following documentation relating to Maroochy Shire Council's submission to the Committee inquiry into Local Government and cost shifting:

- Maroochy Shire Council submission
- Attachment A - Survey Response to the Inquiry for Local Government Association of Queensland (LGAQ)
- Attachment B - Statutory Instruments Applicable to Maroochy Shire Council
- Attachment C - Maroochy Shire Council Service Listing
- Attachment D - Maroochy Shire Council Customer Service Obligations List
- Attachment E - Urban Local Government Association of Queensland (ULGAQ) Submission to Queensland Grants Commission - Methodology Review (03/04/02)

For further information please contact myself at the above address or David West, Business Analyst at the same address.

Yours faithfully

PAM JENKINS
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Corporate and Community Strategy
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House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:
Date Received:	29/7/02
Secretary:	Burdell

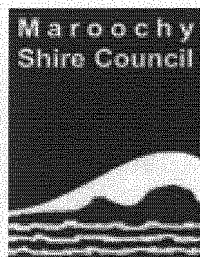
Please quote our file reference number on your reply for fast tracking within Council

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Commonwealth Inquiry into Cost Shifting onto Local Government

Terms of Reference Response



Version 1.0

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Executive Summary

The Federal Minister for Regional Services, Territories and Local Government, Wilson Tuckey, has instigated an inquiry into "Cost Shifting onto Local Government". Given the significant impact of the resultant added costs, legislative compliance and devolution of responsibility, Maroochy Shire Council has taken the opportunity to respond to the inquiry.

Maroochy Shire Council management, in discussions with Councillors, agree it has become increasingly apparent that the devolution of service provision and the passing of legislation have become a resource and financial constraint on local government and the community it serves.

Maroochy Shire Council has commenced investigations into the impacts of Cost Shifting on local government as it relates to Maroochy. The direct responses to the terms of reference (TOR) have been built from analysis and survey completed by the Local Government Association of Queensland, a full copy of the survey response is attached as **Attachment A**.

The theme to the major financial impacts from devolved activities appears to be the cost of regulation/enforcement of legislation and the cost of ongoing maintenance of assets associated with devolved services. The devolution may have been acceptable with ongoing funding to support the statutory requirements or service standards of assets, however current research indicates that little or no funding is offered on some major service/activity or legislation application. Similarly, little or no income can be derived from these activities.

It is the view of Councillors and Management of Maroochy Shire Council that in order for local government to be an effective agent for its' community, the role of local government needs to be recognised in the Australian Constitution, rather than as a created component of State Government.

The key issues from research can be categorised as follows:

Lack of constitutional recognition

The changing role of Local Government

Grants Commission Review

Devolution of services to Local Government without adequate funding

Changes in legislation that require a compliance or regulatory role to be carried out by Local Government without corresponding funding

Limited opportunities for revenue generation

Identified need for Regional Co-operation

Maroochy Shire is currently conducting research into the legislative requirements applicable to its' operations. Some of these requirements are mandatory whilst others come into play due to the nature and diversity of the services delivered to the community. **Attachment B** is a listing of the requirements documented to date by the research team.

Every effort has been made to respond accurately and as fully as possible to the Terms of Reference however the scope is extremely broad and the time allowed for adequate consultation and analysis has been limited.

Should the Committee require further detailed information or interpretation of submitted data Maroochy Shire Council will be pleased to oblige.

Terms of Reference (TOR) Response

TOR 1

Local government's current roles and responsibilities.

The traditional roads, rates and rubbish providers are now under increasing pressure to offer more quality services to a better-informed community. Added to this issue, there is an expectation of Regional Local Governments to provide community leadership roles in activities or programs that may be facilitated at a State Government level in metropolitan areas eg: Economic & Tourism Development, Proactive Community Safety Programs.

In recent times the role has changed to incorporate a more expansive modal and Local Government now takes responsibility for the planning and development of the community and its' environment in general. This function demands a significantly different set of skills and knowledge and imposes on each Council a cost in terms of resources, education and asset provision. Coupled with high growth this scenario, results in the demand for more built assets and services.

This highlights yet another emerging issue for government, this being lifecycle management of assets and the realisation that our existing assets are aging and will in the near future be a significant drain on limited finances without careful planning and management for their maintenance and ultimate replacement.

Ratepayer expectations are ever increasing whilst the funding dollar diminishes. As Local Government is the tier of government most accessible to the community, it is often deemed to be responsible for the short fall in either quality or quantity of service availability.

Attachment C offers a list of services and service descriptions.

The service listing covers the products and services provided by Maroochy Shire. The service description provides a brief on the service.

TOR 2

Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government.

Table 1 - Grants/Subsidies (period 1997 – 2002)

		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
7502/7510	Federal Assistance Grant	3,640,209	3,531,369	3,354,801	3,187,061	3,134,056	3,268,406
7510	State Roads Grant	848,245	833,356	865,006	865,006	920,293	2,031,104
CAPITAL GRANTS & SUBSIDIES							
7520	Subsidies - Effluent re-use	280,000	0	0	0	0	0
7522	Flood Mitigation	52,000	0	0	0	0	0
7525	Public Conveniences	0	33,590	-33,590	33,590	72,225	9,729
7526	Sea & River Erosion	0	20,642	0	0	0	233,000
7527	Sewage Transportation	0	0	0	0	0	0
7528	Sewage Treatment	5,034,721	1,418,402	800,000	1,697,647	420,103	546,624
7529	State Government General	98,472	3,034,052	1,635,106	584,798	14,313	3,600
7530	Water Transportation	52,133	0	0	0	0	658,924
7531	Water Treatment	0	0	111,718	95,146	0	0
OPERATIONAL							
7524	Library	512,584	508,193	528,558	528,558	514,113	537,964
7537/7538	Child Care / Family Day Care	2,215,683	1,994,894	2,108,263	2,068,215	1,757,386	2,139,236

Maroochy Shire Council in an attempt to maintain service standards have financially underpinned its commercialised business units and some semi commercial community services. This financial support is referred to as a Customer Service Obligation (CSO). CSO's provide financial relief to these business units and services for activities that would not normally be the role of a commercial enterprise in their field. Many of these activities may have once been State Government responsibilities. Local Government has taken on these responsibilities via devolution, legislative change or to provide an acceptable level of customer service. **Attachment D** lists Maroochy Shire Council's CSO's.

TOR 3

The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.

Maroochy is involved with several regional bodies with many & varying briefs, these organisations are:

SEQROC – South East Queensland Regional Organisation of Councils

NORSROC – Northern Sub-Regional Organisation of Councils
 ULGA – Urban Local Government Association
 LGAQ – Local Government Association Queensland

There is scope for more regional level activities involving Local Government to provide enhanced outcomes and improved services for communities, including more effective use of resources. Maroochy Shire Council is currently involved in joint Panels of Providers with adjoining Councils and is investigating other such arrangements where a combined effort will deliver greater economy, quality or efficiency.

Some services that could be considered are:

- Waste & Recycling Services
- Regional Water Supply & Sewerage Authority
- Contract/Purchasing Management
- Common Standards applying to Infrastructure Assets
- Town Planning
- Road Network Planning
- Library Services
- Child Care Services
- Lifeguard Services
- Regional Infrastructure Development & Provision

Resource sharing is another option to be considered in terms of specialist human resources, large plant and equipment etc.

TOR 4

Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments.

Some areas of discussion that are impacted indirectly by devolution need to be considered. Following are some examples of these impacts:

Increase requirements on operational activity - Information Services, Human Resources, Branch Management and Administration.

An opportunity exists for Local Government to complete in depth forward and capacity planning for devolved services/activities **if** sufficient time was provided from the State. This planning would seek to uncover the full operational and life cycle cost of devolvement to ensure funding was appropriate over an agreed time frame.

The process by which Federal and State funding initiatives that are offered to Local Government as Community Partnership opportunities needs to be reviewed. Community Groups in partnership with Local Government receive State or Federal assistance in the form of seed funding in for Community programs. This funding may continue for a period of time to establish the Community program. However, the initiative may cease along with the funding or the funding may be withdrawn or diminished in value over time. Local Government has 2 choices continue the program at their expense or cease the program and face the ire of the community at large. Negative flow on affects are on the Local Government when future funding programs are offered or other joint ventures are pursued.

Similarly, diminishing funding levels and regional growth is incongruent. Whist funding for Federal and State initiatives wane or are wound up, growth in some areas of regional Australia are staggering. With growth in the community comes the expectation for Governments at all levels to provide adequate community services and infrastructure. Services that would be standard in metropolitan areas of Australia.

Local Government is often not or poorly represented in the consultation process prior to the devolvement of service/activity or the passing of impacting legislation. Poor representation, affects Local Government's ability to plan, budget & implement the service/activity effectively, hampering the quality of Local Government's response to the devolvement or legislation. It is simply driven by a demand over which it has limited control due to financial constraints.

Table 2 - Devolved Activities & Responsibilities

Branch	Activity/Function	Estimated annual cost
Maroochy Water Services	Fire hydrant	\$150,000
Environmental Management & Conservation	New legislation & changes existing legislation (No cost recovery for development of systems, No cost recovery for changes to systems for amendments & Limited cost recovery, due to set fees in legislation (and for applications only))	\$50,000
Environmental Management & Conservation	New Planning Schemes are required to be reviewed within set periods and desired environmental outcomes are to be measured (No cost recovery for development of systems & Cost recovery for applications only)	\$1,000,000
Environmental Management & Conservation	Federal Biodiversity legislation (No cost recovery for development of systems & Not integrated with existing processes)	
Environmental Management & Conservation	Legal proceedings under the EP Act. Funding of legal expertise when needed (Barristers, Solicitors) to instigate action in cases of environmental harm. S 504 to 506 and S 507 to 513 of the act. Relates to cases that affect the public/council from devolved ERA or specific incidents of environmental harm eg. destruction of significant vegetation, wetlands, improper disposal of significant quantities of waste etc	
Environmental Management & Conservation	The EP Act has provisions relating to the preparation of Environmental Protection Policies the purpose of which when implemented are to protect and enhance environmental values eg. stormwater management, sewerage, trade waste plans under EPP (water) and waste management programs under EPP (Waste). The result is to achieve the object of the act ie. ESD. These policies can implicate councils, as in the cases above. Depending upon the council's locality these plans can result in significant costs to develop and then implement. Hence, appropriate funding to plan and implement public works arising from policies should be made available. All existing policies (air, water, noise & waste) have either existing requirements or the provisions inferring requirements of councils to undertake action to achieve the object of the act through plans/programs etc developed by state government under the act & policies.	\$50,000
Environmental Management & Conservation	Integrated Planning Act - IDAS, infrastructure planning, DEO monitoring, amendments to IPA, planning scheme review and amendments	
Regulatory Services	Regulatory enforcement under Environmental Protection Policies for noise, air & water.	\$100,000
Regulatory Services	Regulatory enforcement under Integrated Planning Act for unauthorised uses leading to potential Environmental Harm (EPA responsibility)	\$100,000
Regulatory Services	Licensing and inspection of Environmentally relevant Activities	\$100,000
Regulatory Services	Control of feral animals	\$20,000
Regulatory Services	EPP Water Regulation	\$90,000
Regulatory Services	EPP Nuisance Regulation	\$30,000
Regulatory Services	Restricted Dog Regulation	\$25,000

Asset Maintenance	Demaing Roads	\$150,000
Asset Maintenance	Canal Management	\$150,000
Business Development	Emergency Care	\$200,000
Business Development	Provision & Maintenance of Cemeteries	\$300,000
Asset Construction	Sealing of Unsealed Main Roads	\$300,000
Asset Construction	Education Dept parking infrastructure	\$150,000
Asset Maintenance	Flood Event Community Clean up	\$20,000
Asset Maintenance	Maintenance of Dunal Access & Areas	\$20,000

Table 3 - Direct Costs due to increased compliance/administration

Branch	Activity/Function	Additional Annual Compliance cost
Maroochy Water Services	Water Act: WS&S Compliance Reporting	\$35,000
Regulatory Services	Introduction of an Integrated Planning Act 1997 compliant Planning Scheme.	\$150,000
Regulatory Services	Budget Accommodation Fire Safety Audit - PA	\$70,000

TOR 5

The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.

A different funding approach that could be considered is that direct funding is provided to Regional Organisations of Councils (ROC) for Program management.

A ROC is voluntarily formed to approach a capital project, service or activity with the view of providing a better value for money provision of the project, service or activity. The incentive for this amalgamation would be to deliver better value for money and to seek a single direct funding line with the Federal Government.

The project, service or activity that the ROC undertook would be scrutinised to determine that better value for money was achieved compared to independent effort from the Councils involved. The investigation and analysis would be via, economies of scale, collective bargaining, reduction of administrative duplication etc. Once analysed and validated the ROC would then become the project, service or activity provider for the region.

There is difficulty at all levels of government due to the lack of electoral boundary consistency. If electoral boundaries were consistent to all levels of Government, representation of the "community" would be more streamlined at all levels.

Local Government remains the logical sphere of government to facilitate and interpret service delivery needs as it is closest to the people. It is at this point the community is engaged, capacity is built on and participation in decision making is encouraged.

Table 6 - Service Ownership & Delivery Opportunities for MSC

Branch	Function/Service	Why better outcome?
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Environmental Management & Conservation	Leadership/Implementation of Regional Plan Development of any Type - I.e SEQ Regional Air Quality Strategy not implemented as no perceived Council ownership	Promotes local government ownership - More effective implementation at local level
Environmental Management & Conservation	Environmental Awareness programs	Promotes local government ownership, More effective implementation at local level
Environmental Management & Conservation	Implementation of some educational programs at local level such as "AirWatch"	* EPA co-ordinator based in Brisbane * Schools cannot afford equipment so some Council's purchase the equipment and provide the equipment to schools as needed. * Councils can use local air quality data produced * EPA staff have indicated a potential reliance for Council's to facilitate process
Regulatory Services	Regulation under EP Act (although the legislation would need to be redrafted to be more effective).	Vested interest by LA in the environment and amenity of the Shire, plus greater political accountability.
Regulatory Services	Weed control on Highways and Motorways	Council controlled roads are treated more regularly and look better

Table 7 - Service Ownership & Delivery Opportunities for State/Federal Government

Branch	Function/Service	Why better outcome?
Maroochy Waste Services	Enforcement for major illegal dumping instances	Greater penalties and legislative framework
Environmental Management & Conservation	Co-ordination and support of Regional Plan Development of any Type	Scientific and financial resource provision that is not available at Council's
Environmental Management & Conservation	Development of model policies and codes for implementation by Local Government I.e. Air Quality & Greenhouse Planning Policy and/or Air Quality Management Plans Cleaner production guidelines at the local level	Scientific and financial resource provision that is not available at Council's
Environmental Management & Conservation	Identification of possible operational processes for new legislation or changes to legislation including information brochures for potential customers - (In addition to one off training currently provided for affected staff)	Consistent approach to implementation Consistent information to customers Resources in each Council not utilised to develop same processes Minor variations for local implementation
Environmental Management & Conservation	Development of standardised processes for Local Government to measure environmental impacts - I.e. Standard inventories for recording air quality impacts from approved development Standard processes for measuring impacts from approved development on greenhouse gas emissions / greenhouse sinks	Scientific and financial resource provision that is not available at Council's
Regulatory Services	Creation of regional water boards for potable water supply and treatment of waste water.	Because catchment areas and reticulated systems cross LA boundaries.
Regulatory Services	Plumbing installations should be self-certified by plumbers who are licensed by an accountable State-based plumbing industry authority (potentially a subdivision of the QBSA).	Self-regulation is more cost effective and reduces the monopoly held by Councils in line with NCP objectives.
Asset Maintenance	Beach Protection	Link accountability with Responsibility
Business Development	Child Care	Regional Focus: integrate community health
Business Development	Library Services	Regional Focus
Business Development	Cemeteries	Regional Focus
Business Development	SES Control	Emergency Services Integration

TOR 6

The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

Maroochy Shire Council is supportive of the Urban Local Government Association of Queensland (ULGAQ) submission, **Attachment E**, to the Queensland Local Government Grants Commission's (QLGGC) request to the current methodology of financial assistance provision. Maroochy Shire Council supports the recommendations contained in the submission. Recommendations were as follows:

That the QLGGC undertake a complete review of the existing methodology and refrain from making minor adjustments to the existing methodology as equitable outcomes will not be achieved;

That the QLGGC establish a broadly representative technical working party to support the development of any new methodology; and

That any model developed be fully available to local government and provide councils with the capability to model grant outcomes.

Attachments

Attachment A - Survey Response to the Inquiry for Local Government Association of Queensland (LGAQ)

Attachment B – Statutory Instruments Applicable to Maroochy Shire Council

Attachment C – Maroochy Shire Council Service Listing

Attachment D – Maroochy Shire Council Customer Service Obligations List

Attachment E – Urban Local Government Association of Queensland (ULGAQ) Submission to Queensland Grants Commission – Methodology Review (03/04/02)

Ends