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21 August 2002

The Secretary  
Standing Committee on Economics  
Finance and Public Administration  
Parliament House  
CANBERRA ACT 2601

House of representatives Standing Committee on  
Economics, Finance and Public Administration

Submission No: 265

Date Received: .....

Secretary: .....



MAYOR'S OFFICE

Dear Sir

### **INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING - SUBMISSION**

I refer to the above inquiry and now provide Council's submission for consideration by the Committee.

#### **Demographics**

The City of Dubbo is a New South Wales Provincial City in Central Western New South Wales with a population of approximately 39,500. It is the regional centre for western New South Wales with a shopping population estimated to be 120,000 and is an important transport hub with the Newell and Mitchell Highways passing through the City.

#### **Responsibilities**

Council is responsible for a wide range of services including water supply, sewerage, airport, regional livestock markets, tourism, caravan park, showground, property development, art gallery as well as traditional services such as roads, waste, parks and landcare, child care and social services. Council's total expenditure is estimated to be \$73.5M in 2002/2003.

#### **Regional Organisation of Councils - Membership**

Council is a member of OROC which is the Orana Regional Organisation of Councils.



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## Implications for Council arising from State Government Legislation

- Load Based Licensing

A licence fee expected to be up to \$90,000 is now required to be paid to the Environmental Protection Authority in relation to sewer effluent discharge.

- Water Licensing

A licence fee expected to be up to \$45,000 is required to be paid to the Department of Land and Water Conservation for river water licences.

- Environment

Significant additional resources are now required to meet State of the Environment reporting and the devolution of responsibilities resulting from the Protection of the Environment Operations Act. Council has recently added an Environmental Planner to its staff structure in order to be able to address some of these requirements. The overall cost of this resource is \$80,000 per year.

- Land Management

Managing Community Land now requires a significant increase in resources as a result of the extensive requirements for Plans of Management to be developed.

These plans are required to address such issues as habitat of endangered and threatened species, significant natural features and areas of cultural significance through objectives and actions. Councils dealings in Community Land are also now legislated. It is estimated that these requirements would cost Council \$50,000 per year.

- Animal Control

The Companion Animals Act requires significant resources to administer effectively. Council recently recognised that its animal shelter facilities were now inadequate and is now developing a new shelter at a cost of \$ 900,000. Council now employs three (3) Rangers and support staff. The Ranger Services function of Council which comprises animal and stock control, pollution and noise control will require funding of \$562,589 from Rates and General Revenue in 2002/2003.

- On Site Sewer Management

All on site sewer management systems (septic tanks) now require an approval to be issued by Council. This approval must be renewed and Council is expected to develop a strategy outlining approval and inspection policies. There has been significant resistance to compliance with this legislation from the Community and the fees that are applied do not cover the cost incurred by Council.

There are over 2000 systems in Councils area and to fully implement the provisions would be estimated to cost at least \$80,000 per year.

- **Fire Safety**

Owners of certain classes of buildings are required to submit to Council a Certificate verifying that the buildings fire system meets defined standards. Council is required to maintain a register and ensure Certificates are submitted as well as undertake random audits to ensure compliance. Again, to fully implement the provisions would be estimated to cost at least \$50,000 per year.

- **Integrated Development**

Various types of development are now defined as integrated development and Council is required to submit these developments to Government Departments who may require various conditions to be imposed on the development approval. This adds an additional administrative workload to the application determination process. The cost of meeting this additional workload is estimated to be \$20,000 per year.

- **Parking Enforcement**

As from 22 July 2002 Council has been given the power to enforce on street parking restrictions. Whilst Council will retain the revenue from fines issued it is not known at this stage as to whether this revenue will fully fund this regulatory process in the long term.

### **Implications for Council arising from Federal Government Legislation**

- **GST Compliance**

Council has a wide range of "supplies" some of which are GST free, some are GST excluded under Division 81 and others are subject to GST. The implementation of systems and compliance with the GST return requirements would cost at least \$50,000 per year.

- **National Competition Policy/Trade Practices Act**

Local Government is required to achieve compliance with NCP and is now subject to some requirements of the Trade Practices Act. New South Wales Councils receive no NCP dividends from the State Government for competitive improvements that are achieved.

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## **Paying for State Government Services**

- **New South Wales Fire Brigade**

Council is required to contribute a percentage of the operational costs for this service within its area. This cost has increased significantly as the service has been expanded to a 24 hour coverage. The amount of this contribution is \$234,000 for 2002/2003.

- **Rural Fire Services**

Council is also required to contribute a percentage of the capital and operational costs of this service. This cost has also increased with the expansion of the service. The cost of this contribution is \$66,000 in 2002/2003.

- **Valuation Services**

The State Valuation Office charges a fee for the provisions of valuations for rating purposes. This fee has increased considerably over recent years and is estimated to be \$63,300 for 2002/2003.

## **Community Expectations**

It is considered that the community expects local government to be involved in quality of life issues impacting on it. These are issues such as health, education, community safety and law enforcement. Whilst addressing these issues are considered to be the responsibility of the State and Federal Governments Council spends considerable resources on advocating and lobbying for improved services.

In regard to community safety issues Council has considered it necessary to respond to the concerns of the community and has established a Safety Committee for the Community who have prepared Safety Plan for submission to the State Government. The implementation of this plan will require commitment from a range of State Government Departments, Council and other Organisations.

A key element of this plan was the establishment of safety cameras within the Central Business District area. Council has funded the installation of these cameras at a total cost of \$230,000.

## **Structural Reform**

The Council's area covers 3425 square kilometres comprising the main urban area, rural fringe areas and farmland. There is no requirement for Council to expand its area to accommodate the future expansion of the urban area.

The Council has reasonably good infrastructure and is of a sufficient size to have the organisational capacity to expand its services both in extent and type. This is contingent however, upon adequate funding sources being available.

In terms of surrounding local government areas, this Council recognises the importance of the local government authority to these smaller communities. They are often a major employer and a focal point for community actions. Council does not wish to see any further decline in these smaller surrounding communities.

### **Financing an Expanded Local Government**

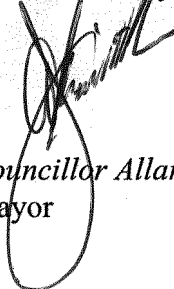
If local government is to respond to community expectations and continue to provide the infrastructure to meet growth then it is essential that it has access to a share of revenue from a growth tax base.

This could be a fixed percentage share of the GST revenue or a share (cents per litre) of fuel excise revenue. If this funding source were established it would give certainty to local government in terms of a revenue stream which will continue to grow in line with the overall growth of the country.

This would enable local government to commit itself to providing a wider range of services and community facilities. This is opposed to the current financing arrangements where rate pegging results in revenue increases being restricted to such an extent that increases in basic costs are not covered. This results in lower levels of service and minimisation of the maintenance and renewal of infrastructure assets.

I trust the above information will be of assistance to the committee and trust that the inquiry will result in some equity being established in the extent of responsibilities required and expected to be undertaken by local government and the ongoing financing required to be provided to meet these responsibilities.

Yours faithfully



*Councillor Allan Smith*  
Mayor