



SINGLETON COUNCIL'S SUBMISSION

TO

STANDING COMMITTEE ON ECONOMICS, FINANCE

AND PUBLIC ADMINISTRATION

FOR

INQUIRY INTO LOCAL GOVERNMENT

AND COST SHIFTING

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INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

The nature of Local Government in New South Wales has been fundamentally changed by two significant factors:

1. The expectations of the community for the provision of services and facilities which it believes are basic requirements for a satisfactory standard of living in an environment increasingly responsive to a heightened awareness of economic, social and environmental factors which affect the collective community well being.
2. An expectation by the New South Wales State Government that local government authorities are the natural deliverers of an increasing number of activities resulting from increased legislative requirements, which are brought about by the government's political need to respond to the perceived community requirement for economic, social and environmental control.

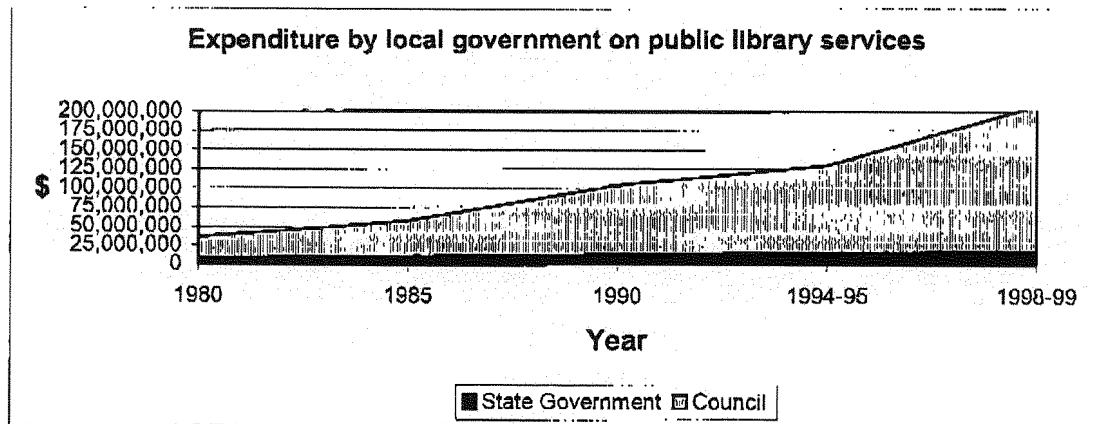
These expectations from both the community and the government are generally unrealistic in financial terms because of the limited ability of Councils to raise sufficient funds to satisfy the community and government requirements. The restrictions and controls placed on local government by the state government are not aligned to the added financial burdens which have been passed on, with no ability to resource the requirements.

The following matters are recorded as specific requirements to be met or actioned by local authorities and for which no additional funding is available outside the annual rating percentage increase approved by the State Government.

It is the cumulative effect of these and many minor day to day requirements impacting on time and staff numbers, which have increased costs for providing services, with little ability to resource other than to reduce services in areas not politically sensitive to the government.

1. PUBLIC LIBRARIES

The following graph was copied from the State Library of NSW publication, *Public Library Statistics 1998/99*.



When libraries were handed down to local government funding was to be dollar for dollar. Clearly State Government funding has not kept pace with the demands placed on libraries even with the increased funding in recent years.

- **Information Provided by Richmond-Tweed Regional Library For Lobbying Campaign**

In New South Wales in 1980 approximately \$36 million was spent on public library services. Of this total, Local Government contributed \$27.5 million (76%) and the NSW State Government around \$8.5 million (24%). In 1998-99, \$208.4 million was spent on public library services. Local Government contributed \$191.8 million (92%), and NSW State Government \$16.7 million (8%). This is a major cost shift to Local Government. If the State Government were to restore contributions to approximately the 1980 level this would have provided public libraries with an extra \$32.4 million in 1998-99 alone.

During the same period Membership of New South Wales Public Libraries increased from 35% of total population to 49%. Thus while New South Wales residents increased their use of public libraries by 40%, the State Government has dramatically reduced its support for public libraries.

In 1998-99 the NSW State Government provided \$9,292,946 in subsidies for metropolitan libraries, and \$4,290,191 in subsidies for country libraries. A total of \$13,583,137. (An average of just \$2.16 per capita) (The remainder of State Government funding is provided through capital grants for specific projects, and for temporary funding of the State Library telecommunications network "NSW.Net")

NEW SOUTH WALES: PUBLIC LIBRARY FUNDING, 1980 : 1998-99					
Year	NSW Population	State Government Funding	Local Government Funding	Total Expenditure on Public Libraries	
1980	5,063,900	\$8,478,905 23.56%	\$27,517,031 76.44%	\$35,995,936	
per capita		\$1.67	\$5.43	\$7.11	
1998-99	6,337,970	\$16,670,000 8.00%	\$191,752,118 92.00%	\$208,422,118	State Government Funding at 1980 rate of 23.56% 23.56% \$49,104,251 less 8% \$16,670,000 provided
per capita		\$2.63	\$30.25	\$32.88	shortfall \$32,434,251
Source: "Public Library Statistics 1998/99" ; State Library of New South Wales, August 2000					

The most recent National Survey of Expenditure on Public Libraries by the Council of Australian State Libraries, in 1996-97 revealed that, on average, State Governments and Territories contributed 22% of total public library expenditure. By far the lowest percentage, just 9%, was contributed by New South Wales. In fact, the next lowest level of contribution was 20% of funding.

Comparative State Government Funding:

NSW 2000-2001

\$2.64 per capita (\$3.03 per capita including temporary funding for NSW. Net of \$2.5 million)

Victoria (1999-2000)

State Government provided \$5.03 per capita.

Queensland 2000-2001

State government provides \$5.90 per capita.

(National Average for all States and Territories 1996-97: \$5.38)

The NSW State Government is quick to point to the provision of a temporary additional \$8 million over a four year period, to link all public libraries to a State-wide Broadband Internet Link. However, substantial funding for such Internet Access was provided by both the Victorian and Queensland State Governments, and residents in those States already benefit from Internet Access through their local libraries, no matter how remote.

STATE GOVERNMENT PUBLIC LIBRARY FUNDING 2001 - 2006									
Year	NSW Population (ABS Census 1996 + 2001)	Total Funding for Public Libraries (includes NSW.Net)	Per Capita	Per Capita % Increase	\$ increase per capita	Year	Population: NSW	26.602 Average annual % increase (ABS 1996-2001 - 5.5%)	
2000-01	6,302,949	\$19,670,000	\$3.12						
2001-02	6,371,700	\$19,920,000	\$3.13	0.30%	\$0.01	2001	6,371,700	1.08%	
2002-03	6,440,451	\$20,919,000	\$3.25	3.89%	\$0.12	2002	6,440,451		
2003-04	6,509,943	\$20,988,000	\$3.22	-0.92%	-\$0.03	2003	6,509,943		
2004-05	6,580,185	\$21,615,000	\$3.28	1.89%	\$0.06	2004	6,580,185		
2005-06	6,651,186	\$22,742,000	\$3.42	4.09%	\$0.13	2005	6,651,186		

- Universities get government funding and fees from students, yet they refer students, especially open learning students, to their public libraries. Public libraries receive no compensation for this.

2. RECORDS MANAGEMENT

Under the *Archives Act of 1960* all government agencies "Public Offices" had a responsibility to ensure recordkeeping was undertaken as part of the organisations normal practice. Along with this, various guidelines and legal responsibilities for disposal were promulgated to government departments including local government. However, the definition of "public office" under the Act actually excluded local government.

When the *State Records Act 1998* was passed by Parliament the term "Public Office" was redefined to include local government, health agencies and universities. As part of the Act, requirements, guidelines and procedures have been developed to aid local government in implementing all aspects of the Act.

The requirement to undertake this responsibility was not something local government agencies were required to do in the past and now represents a significant shift in the records

responsibilities of Councils and a significant increase in costs over AND above what individual Councils might require for their own purposes.

Obligations under the Act require Councils to:-

- Establish and Maintain a Records Management Program
- Make and Keep full and Accurate records
- Protect records, ensuring safe custody and proper preservation
- Monitor and report to State Records
- Give access to State Records
- Keep technology dependant records accessible

For Local Government to comply with the Act, it requires far more resources than previously assigned. These include:-

- Staff
- Computer software, complying to the Act
- Computer hardware
- Floor space allocation
- Budget allocation for off site storage

3. PROTECTION OF THE ENVIRONMENT OPERATIONS ACT

A number of enforcement and licensing requirements have been divested to Local Government, particularly waste water treatment facilities.

4. LAND CARE

There is a real concern that Governments will stop funding Landcare and Local Government will be left to pick up the pieces because the Community will expect it. This is a major issue and must be addressed by the Inquiry. Landcare is a matter of immense interest to country communities and would be an ideal mark for a government cost shifting exercise.

5. PUBLIC WORKS

5.1 Classified Roads

In 1993 the State Government divided roads in NSW into three categories – National, State and Local.

The major change was the split from what were previously known as Main Roads into two categories – State and Regional Roads.

The State Government has continued to fully fund maintenance and construction works on State Roads and maintenance works on Regional Roads. However it only funds construction work through the REPAIR program on a 50:50 basis.

The RTA describes the objective of the REPAIR program "to provide additional assistance to Council to undertake larger works of rehabilitation and development works on Regional Roads in order to minimise the long term maintenance cost of these roads commensurate with their function and usage". The program is to target initially pavement rehabilitation, widening and sealing of shoulders, bridge repairs and replacement and initial seals.

Prior to the split the cost of rehabilitation and development works on Regional Roads was fully funded by the State Government.

5.2 Stormwater

In 1998 the NSW Environmental Protection Authority issued notice, under Section 12 of the Protection of the Environment Administration Act 1991, to all Councils in NSW requiring them to develop an Urban Stormwater Management Plan for their urban areas.

The aim of the Stormwater Management Plan was to generally improve the stormwater system and address specific issues such as water quality and river health by identifying practical short and long term solutions to mitigate the environmental impacts of urban stormwater discharges.

The plan required details of Councils commitment to implementation, monitoring, reporting and revision of the plan and for these requirements to be linked to Council's management plan.

Whilst Council has always been responsible, to some degree, for control of stormwater quality at the point of discharge this requirement is another example of where the State Government has made the responsibility a more onerous task for Local Government.

5.3 Regulatory Sign Posting & Line Marking

The RTA used to provide this service. In the early 1990's this responsibility in relation to regional and local road was dumped onto local government. To compensate an annual block grant is paid to councils.

Councils now have to spend more administration time on the management of regulatory signs and line marking which the inadequate block grant does not compensate for. Of late the block grant provided is inadequate to provide the necessary quantities of line marking. Also Councils' exposure to litigation would be increased in relation to safety aspects of providing adequate regulatory signposting and line marking.

5.4 Inspection Of New School Bus Routes

Prior to the 1990's the Department of Transport employed a number of inspectors who used to assess school bus routes etc. In a cost cutting exercise during the early 1990's the number of these inspectors was reduced. In doing this local government was imposed upon, without its concurrence, to assess the suitability of new school bus routes.

Councils must now provide assessment of new school bus routes and from time to time address various school bus issues. Also Councils exposure to litigation is increased in relation to safety aspects of approved new bus routes.

5.5 Approval of B-Double Routes

In 1999 the Minister for Roads passed on to Local Government, the responsibility for all functions, relating to the issue and publication of the Regulation regarding the specification of all areas and routes on which B-Doubles can operate.

Councils must now provide resources to assess and process applications for B-Doubles to use local and regional roads. However the RTA reserved the power to overrule Council's decision on these matters. In effect the Government gave local government the work but denied the integrity. Also Councils exposure to litigation is increased in relation to safety aspects of approved B-Double routes.

5.6 Crown Roads

Crown Roads are transferred to Council by use of Section 151 and 152 of the Roads Act - 1993. Under the Act the Crown has no obligation to notify, seek the agreement of, or compensate Council when transferring a Crown Road to Council.

Mr John Pritchard of Newcastle City Council was the Convenor of the Local Government Roads Legislation Group, which was involved in reviewing the Roads Act 1993 with the RTA. Mr Pritchard related that he had discussed Section 151 and 152 of the act with the RTA with a view to a Council being consulted and compensated when a Crown Road is transferred to its care and control and that he basically received no satisfaction on the issue.

It is estimated that there are about 360km of formed Crown Public Roads within Singleton Shire Council and there are thousands of kilometres of unformed Crown Public Roads. Hence, the potential financial ramifications of this issue for Council are infinite.

5.7 Policing Of Street Parking

The NSW Cabinet announced that from late July, 2002 responsibility for control of street parking would be transferred to Local Government. As a result, Parking Patrol Officers would be transferred from the NSW Police Service to Councils. Hence, Singleton is currently not being serviced by a Parking Patrol Officer.

The Singleton urban area has many public streets and car parks which have parking restrictions approved by Council after careful consideration by the Singleton Traffic Advisory Committee. Some of these considerations have come about by the request of local residents and business operators to ensure that available parking turns over at a reasonable rate, rather than spaces being continually occupied whilst other parking restrictions relate specifically to traffic and road safety issues.

In short, Singleton Council needs to have some capability of ensuring the integrity of the approved parking restrictions on its streets and in its public car parks. It is in the interest of everybody that public parking be patrolled and enforced.

5.8 Road Closures

Local roads are owned by Council and funded by Council general rate revenue, with some Federal Government Assistance. The administrative costs of meeting the Roads Act, 1993, requirements for road closures are excessive. Local Government makes application to the Minister for Land and Water Conservation after a public consultation process leading to a Council resolution. The DLWC takes a substantial fee to review the application and Council's public consultation, and may reject a resolved application on the basis of there being a single objection.

This is an example of Local Government being forced by legislation to undertake all the costs but not having the authority to determine a matter. Local Road closures should be determined by Local Government, with no application to DLWC being required.

5.9 Road Asset Liabilities

The bringing to account of public infrastructure assets as a requirement of AAS27 has focussed Local Government attention on asset depreciation. Depreciation is accounted annually as an operating expenditure. For a saleable asset which might raise income (such as water and sewer infrastructure, through water and sewer rates) these expenses can be met and the assets can be economically maintained and replaced over time. This is not the case with road assets. Depreciation and other risk management and maintenance expenses cannot be met by unilaterally raising the general rate. Also, the addition of the "non-feasance" or highway rule as a result of the Singleton Council v Brodie case, has led to a situation where Council must increase its road expenditure or leave itself exposed to litigation. While this is unrelated to the shifting of costs from Federal and State Governments, it illustrates that Local Government is facing increasing expectations and consequent costs, with little capability of raising additional revenue to offset those costs.

5.10 Infrastructure on Roads

The quantity of infrastructure constructed in, or over Local Government road assets is increasing. Local Government is limited in its exercising of S.611 of the Local Government Act 1993 with respect to electricity, telecommunications or gas supplies which are provided under other legislation. The costs to Local Government of having utility providers' assets in

Local Government road assets include the administrative requirements of those other pieces of legislation, the lost opportunity of developing those road assets for other purposes, and the added costs to Councils when conducting streetscape (or footpath) improvements.

5.11 Minor Matters

Law enforcement agencies are increasingly seeking "band-aid" solutions to minor policing matters, such as complaints relating to traffic speed, vandalism and abuse of footpath regulations. This approach only masks the effect and does not seek to remedy the underlying cause.

Due to lack of resources, more times than enough the police refer people with complaints of such petty crime to council, when in fact, the problems are squarely a police matter.

Needless to say this approach takes a lot of pressure off these agencies and places it on Council. Thereby, further stretching Council resources and detracting from Council's overall image to the general public.

6. ROAD SAFETY

In 1995/96 the RTA's Local Government Road Safety Program was taken up by Council. Despite the RTA's offer of 100% employment cost subsidy, there were program costs to Council incurred over the 3 year duration. The program was terminated by Council for two reasons:

- Insufficient benefits to local community
- Elected body's belief that the program was a State Government responsibility, and was expected to meet State Government guidelines. That is, the State Government should employ the staff and accommodate them.

7. FLOOD LEVELS

In the mid 1990's the NSW Government restructured its Water and Land Management activities, to form the Department of Land and Water Conservation (DLWC). The activities of the former Water Resources Commission and Soil Conservation Service were included in DLWC's charter. The NSW town levee bank system had been previously constructed and maintained by WRC. The new DLWC at once began withdrawing from levee bank responsibilities, taking no responsibility for asset ownership, development of levees, reconstruction or maintenance. Although there has been no specific direction by the State Government that Local Government has the ownership and accountability for levees, the State Government has withdrawn its activity except for an advisory role and its administration of a grants scheme for Floodplain Management.

Levee maintenance has become a Local Government requirement (if any maintenance is to be undertaken), and development is limited by grants which require significant Local

Government contribution. If grants are not available for urgent reconstruction, then Local Government must lobby or accept the capital expense.

8. RURAL FIRE SERVICE (RFS)

On 1 July, 2001, RFS officers became totally responsible to the Commissioner for the Rural Fire Service. In its previous state, FCOs were two-hatted, in that they were administratively responsible to Local Government as employees of their Councils. Prior to 2001 they were still governed operationally by the requirements of the Rural Fires Act, 1997, but their focus was local and they acted for Council under the authority of the General Manager.

From July, 2001, the RFS has instituted new systems to bring all FCOs and RFS District Management under full administrative control of its Head Office. The centralised programming of these systems has increased its Head Office costs, which are **not** borne by State Government. Instead they are recovered through a "Program Costs" item which is levied to each District as part of their budget. Although the District RFS budgets are still administratively controlled by Local Government, there is decreasing discretion by Local Government in setting its RFS budget ceiling. As Program Costs increase outside the control of RFS Districts or Councils, either the cost to Local Government increases or estimates in other areas (such as operating and capital expenses) must decrease to compensate.

Additionally, the administrative workload for Council has not reduced. The servicing of Service Level Agreements, Zone Agreements and Service Delivery Model formulation, requires constant Council Management input. These costs are neither accounted, nor included as RFS budget costs.

9. CROWN RESERVES

Council has the responsibility of managing reserves which are not leased or vested by the crown to others. In other words if no one wants the land the responsibility for its care shifts to the local council. No funds are provided to help with this responsibility. Generally the land has low capability to earn an income to cover its maintenance costs. If it did have a good earning capability somebody would want it.

10. CEMETERIES

Similar comments to those in (9) above apply to the management of cemeteries.

11. COMMUNITY LAND

The 1993 Act places compulsory requirements for the management of community land. The requirements include compulsory plans of management, restrictions on leases and licences, prohibition on sale of community land and requirements for community consultation. Whilst these requirements are generally a good idea their compulsory nature has placed a significant financial burden on councils.

This is highlighted by the fact that the state government has not placed the same compulsory requirements on itself for crown land reserves under the Crown Lands Act 1989.

Councils often manage council community land and crown land reserves which are side by side. To the public they look as though they are the same land. Burdekin Park, Singleton is an example. The state government has two sets of rules for Councils to apply to what the public perceive as one park. This arrangement has shifted considerable administration costs onto Councils.

12. COMPANION ANIMALS

The NSW State Companion Animals Act was introduced in 1998. Council has been given the responsibility by the State Government of inputting data to the NSW Companion Animals Register with animal micro chipping details and the receipting of fees.

The number of animal registrations received per month can vary from 100 to 200 and the costs of inputting to the State Register are significant when compared to the type of register which Council would otherwise maintain.

13. STATE OF THE ENVIRONMENT REPORTING

This was a new legislated requirements which costs about \$8,000 annually to implement. Most of the information contained in it is used by the State Government and is not particularly useful at the local level.

14. PLAN FIRST

The proposed initiative is likely to result in a significant amount of unresourced work for Local Government.

15. TRIPLE BOTTOM LINE

It is highly probable that this philosophy will have major cost shifting implications for Local Government and needs to be addressed by the inquiry.

16. SOCIAL PLAN

The Government's requirement for all Councils to prepare a Social Plan created a major problem in terms of staff resources and money.

The time frame for completion of the initial plan was very short and the requirements for content of the plan were complex. This resulted in many Councils needing to employ

consultants to prepare the plan and to set up working groups at a high level to ensure the satisfactory outcomes from community consultations.

This government initiative is to be commended and will no doubt provide ongoing development of community facilities and activities.

However, this government initiative has heightened community expectations, in some cases to an alarming degree. The costs of meeting or otherwise dealing with these expectations is enormous and whilst there will be a political benefit to the government, it will be at additional cost to the community, again with little ability of Councils to resource the requirements to meet community expectations.

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