



Please Quote Ref: Inquiry into Local Government

Your Ref No:

For Enquiries

Please Contact: Peter Brack

Telephone Direct (02) 66702651

29 July 2002

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

Dear Sir

Inquiry into Cost Shifting onto Local Government

Dear Sir

Attached hereto is Tweed Shire Council's submission into Local Government Responsibilities and Funding.

Council would appreciate if the submission could be examined during the inquiry.

Yours faithfully

Reg Norvill

MANAGER FINANCIAL & INFORMATION SERVICES



House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	124
Date Received:	30/7/02
Secretary:	Bardell

**SUBMISSION BY TWEED SHIRE COUNCIL
INTO LOCAL GOVERNMENT RESPONSIBILITIES AND
FUNDING**

CONDITION

The legislative requirements for NSW Councils is principally located within the Local Government Act 1993, however they are influenced by other Commonwealth and State Government Acts.

CRITERIA

The role and responsibilities of Tweed Shire Council can be segregated into three categories: -

Governance

- Legislative and Governance Issues
- Structural Reform and Change Management
- National Competition Policy

Development

- Urban Planning
- Social/ Aged/Youth Planning
- Infrastructure Planning

Operation

- Transport Management
- Health/Food Regulation Control
- Waste/Water Management
- Recreation/Coastal Management

Council's submission does not propose to conduct any further discussion on its roles and responsibilities, as it believes that its submission can be best served by highlighting specific issues affecting this Council.

Council is of the opinion that other submissions will outline in detail the roles and responsibilities of N.S.W.Councils.



EFFECT

Rate Pegging

The main contributor impacting Tweed Shire Council's objective in meeting its service obligations to its residents is "rate pegging". This State Government initiative restricts this Council in raising the required level of general rates to fund its obligation in the provision of services to its residents.

In no other state, does the government impose such a restriction upon the operation of a Council.

This Council requires the flexibility to be able to deliver services to its residents which are commensurate with their needs and capacity to pay for the services.

Therefore, there must be a revision of the rate pegging principle and development of an appropriate method of rating principle which would assist the majority of Councils in determining an appropriate level of general rate revenue that Councils must raise to deliver services to its residents. Tweed Shire Council has identified that it requires rate revenue in excess of what is currently being allowed that will enable it to operate and maintain the infrastructure and service level "expected" by the community.

New Shire residents, especially those from capital cities are requesting Council to provide services to the standard that was provided by their previous Council. This request for a higher level of service has required Council to prioritise services and determine the level that such services will be delivered.

The U.K. Local Government Act 2000 reforms provide a requirement for Councils to develop strategies that would result in the effectiveness and efficiency of Local Government.

Public Consultation is a primary factor in achieving strategies, whereby Councils need to address the issues with the public on the introduction of new or improvements to any neglected services and how they can be funded.

The NSW requirement for Councils to develop Management Plans, does not involve the in depth aspects that are required by the U.K. Corporate Plan. It is considered that making the Management Plan more flexible could achieve improved results in developing a working relationship with the community and permit Councils to allocate funding resulting from such a relationship.

Fees and Charges

Tweed Shire Council is restricted by the provisions of the Local Government Act or Environment and Planning Assessment Act or their regulations in respect to the amount of fees and charges that will apply to various services.



In respect of the EPA Act, the State Government directs Councils to develop plans and policies as a statutory requirement, however Councils are required to fund the development and regulation of such plans or policies.

The EPA regulation sets the fees and charges that is applicable for Tweed Shire Council's development applications, however the fees and charges are not commensurate with this Council's costs. In the 2002/2003, Council is required to fund the \$1.7 million deficit from Development Assessment and Strategic Planning operations from rate revenue.

The fees and charges do not reflect a "user pay" principle, but is based on the belief that the residents of the Shire must contribute towards development planning, as they will benefit from the development.

Council is of the opinion that its fees and charges should be set at levels which will recover the full cost of the provision of its affected services and not to be determined by the State Government. The service cost structures and processes can vary between Councils and accordingly there must not be a set fee or charge, but they should reflect the Council's actual costs.

Dog Control

The introduction of the Companion Animals Act 1998 has had an impact upon Tweed Shire Council's financial capacity to regulate the control of animals. Council now does not receive registration fees or any other fees paid under the Act but only receives an amount which is prescribed by regulation, it is probably 60% of the fees collected.

As a result the net cost to this Council for the provision of Animal Control Services reflected through the 2002/2003 Budget is \$ 360,000.

Dog complaints are recognised as being in the top 5 of complaints made to Councils and the withdrawal of the ability of Council's retaining all animal control fees is impacting upon its financial capability to service the need to respond to residents requests.

Urban Fire Brigades

Council is required under Section 50 of the Fire Brigades Act to fund 12.3% of the Brigades aggregate expenditure and the estimates are disseminated into Fire District Areas and Council's contribution is based on the area estimates.

In 2002/2003, the total amount of Council's contribution under the Fire Brigades Act is estimated at \$245,000, which equates to 1.2% of Council's estimated rate income. In 2001/2002, Council's contribution was \$ 145,000 and this 70% increase in the amount of the contribution was not generated by a commensurate increase in rate pegging revenue. Council was required to reappraise budget options to meet this increase in contribution.



It is considered that this contribution should not be an overall, as it does contain a “user pay” principle. Accordingly Section 50 of the Fire Brigades Act should be modified to enable Council to levy and collect a Fire Brigade charge on all properties that are defined in the Fire District Areas, the amount of the charge should be determined by its Land Use.

In Queensland, the above principle has been implemented, resulting in Councils not being required to fund the contribution out of its own budget.

Should the Act be amended, and then it would have potential to provide this Council availability to allocate the Urban Fire Brigades contribution to the development or improving other services to its residents.

Rural Fire Brigades

As from 1st July 2001, the State Government has taken over responsibility for the operations of the rural fire brigades. Although the Government does provide grants for the operations of this service, it does not totally compensate Council for its total costs.

In the 2002/2003 Budget, Council has allocated an amount of \$195,000 to fund its deficit on rural fire brigade operations.

Similarly to the urban fire brigades, Tweed Shire Council should have the flexibility to separately rate properties in rural areas to fund the deficit, as it is considered that it is a “user pay” benefit principle.

Pensioner Rebate

Tweed Shire Council in accordance with Section 575 and 577 of the Local Government Act 1993, is required to grant a reduction of General Rates up to a maximum of \$ 250.00, with the State Government reimbursing Council 55% of the reduction.

Tweed Shire Council’s projected growth in 2002/2003 is estimated to be 2.5% and of that percentage a considerable number of the persons reflected in this growth are pensioner retirees. In the 2002/2003 Budget, Council has allocated an amount of \$ 725,000 - equivalent to 3.5% of General Rate Revenue to fund its proportion of the pensioner rebate service.

Council’s funding of its proportion of the pensioner rebate service has an impact on its budget and it is estimated that its funding amount will increase each year.

The pensioner rebate system is a State Government initiative and accordingly it should be totally financed by the State Government. Placing this financial burden on Council has impacted upon the role and ability it has in the provision of services to all its residents.



Aged/Disabled/Youth Services

The 2002/2003 Budget provides for a net amount of \$ 220,000 to fund its costs of providing services to the aged/disabled and youth of the Shire. The provision of these services has been implemented following public consultation or the devolution of responsibilities by the State Government or the non-Government provision of these services in the Shire.

It is considered that these services are directly related to Commonwealth and State Government agency services and accordingly Council's costs incurred in provision of these services must be 100% funded by either Governments.

Conduct of Council Elections

The Local Government Act has been amended by the State Government for the Electoral Commissioner to conduct the Council elections.

This amendment to the Local Government Act has resulted in the conduct of election costs rising from \$ 100,000 to \$ 170,000.

It is considered that such an impost should not be borne by this Council and a more appropriate charge for the conduct of Council elections should be determined

Alternative Funding Sources.

The Tweed Shire Council has utilised the provisions of Section 94 of the Environmental Planning and Assessment Act 1979, to raise revenue for the provision of public amenities or facilities. The contributions are paid by developers as part of the development application process.

The difficulty in utilising this provision of the Act to fund the provision of the public amenities or facilities is in the preparation of the plans and the distinction of material public benefit between existing residents and new residents resulting from growth and the amount of contributions that should be allocated to the provision of public amenities and facilities.

Who should pay for the implementation of new amenities or facilities resulting from growth is a vexing problem affecting all developing Councils or identifying what proportion relevant to growth, especially if the alternative funding source of Section 94 is not utilised.

Tweed Shire Council is in receipt of Commonwealth and State Government Grants for the capital provision of a service or facility, however there is usually no on-going subsidy for maintaining the service or facility. Paying for these projects does impose added strain for Councils on an already controlled budget by the State Government and therefore this Council is required to identify benefits to accepting grants for the provision of these projects if it cannot pay the on-going maintenance.

However, if there was some form of on-going assistance, then this Council would give consideration to implementing the projects.



SUBMISSION – LOCAL GOVERNMENT RESPONSIBILITIES & FUNDING



ment to its

It can be argued that Local Government residents could be best served to deliver services more effectively than either Commonwealth or State Governments.

Commonwealth and State Governments should continually examine this issue on the delivery and funding of services to the public, this examination can result in the rationalising of services under the direction of the local Council. However best practice guidelines would have to be developed by Councils to ensure that they can deliver the services more efficiently and effectively than either the Commonwealth and State Governments.

Alternatively, the delivering of services to the residents of the Tweed Shire could be undertaken via a partnership between Commonwealth and State Governments and Council. This partnership could be successfully achieved through appropriate public consultation by Governments at all levels and the general public.

Regional Level Opportunities

Tweed Shire Council considers it important that Councils should work together on a regional basis to achieve desired results for the region. However funding these initiatives can be difficult for all participating Councils, as their budgets are already constrained in delivering services to its own residents without the need to address regional issues.

This Council is of the opinion that opportunities for funding regional projects should be funded entirely by the Commonwealth and State Governments, as they will directly benefit from such outcomes. For participating Councils, there will not be the same results and it should not be feasible for these Council to contribute equally or proportionally as the desired results do not equate to resulted outcomes.