



the bushland shire

creating a living environment

SUPPLEMENTARY BUSINESS PAPER

WORKSHOP MEETING

**Wednesday, 28 July, 2010
at 6.30pm**

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2 2010 LOCAL GOVERNMENT ASSOCIATION CONFERENCE - ADDITIONAL MOTIONS FOR CONSIDERATION

DISCUSSION

At the 21 July 2010 Ordinary Meeting, Council considered Report No CC41/10 and adopted five motions for submission to the 2010 Conference of the Local Government Association (LGA). Since the Ordinary Meeting, two other motions have been developed for consideration by Council. If Council is supportive of the motions, they need to be adopted at tonight's Meeting such that they can be forwarded to the LGA in accordance with the required timeframe.

As advised in Report No CC41/10, the LGA Executive, as a result of deliberations involving the LGA Conference Committee following the 2009 Conference, determined a number of changes in relation to the consideration of business and the format of the 2010 Conference. Most notably these changes require any motions for consideration at the Conference to relate to the identified themes for the Conference. In this regard, the themes for the 2010 Conference are:

- Modernising the Financing of Local Government
- Modern approaches to Community Wellbeing
- Modern approaches to the Natural and Built Environment

The LGA have advised that all motions are categorised as either Category 1 or Category 2. Councils may submit any motion, however, to be a Category 1 motion, and placed before the Conference for consideration, a motion:

- MUST relate to one of the identified conference issues/themes, and,
- MUST NOT attempt to enforce one council's position on other councils, and
- MUST NOT cause detriment to one council over another, and
- MUST deal with the issues/themes at a regional/state or national level (i.e. the motion must not be a single council issue)
- MUST address the conference theme of "Modernising Local Government"

Also as advised in Report No CC41/10, the LGA requires that each motion submitted for debate at the Conference be formatted as below:

Council: *Please insert the full name of your council*

Issue: *Please insert the subject of your motion in as few words as possible*

Theme: *Delete inapplicable:*

- Modernising the financing of Local Government,
- Modern approaches to community wellbeing,
- Modern approaches to the natural and built environment

Motion: *Insert Motion Text which should commence*

That the Local Government Association...

Note from Council: *Insert Note from Council*

The two further motions recommended for Council's consideration are detailed below:

Issue: Financial Sustainability of Local Government

Theme: Modernising the Financing of Local Government

Motion Text:

THAT the Local Government Association Conference acknowledge that the current funding models for the financing of local government are insufficient and outdated to cope with the increasing pressures associated with aging assets, increased responsibilities and increasing population pressures. In acknowledging this fact, the Local Government Association is encouraged to obtain the support of the NSW Government to participate in a dialogue with stakeholders and develop a framework for a new financing model for Local Government. This will require the State to work with Federal and Local Government to implement a new financing model.

Note from Council:

It is now clearly established that NSW councils:

- are burdened with a huge infrastructure renewal backlog;
- are struggling with a narrow and constrained revenue base; and
- a large proportion are financially unviable or vulnerable in the long run under current policy settings and fiscal arrangements (local, NSW and Australian).

The work been done by the Associations in the following areas is acknowledged.

- removal of rate pegging
- better FAGs and/or other Australian Government funding;
- mutually agreed charging regimes for co-regulatory roles;
- transfer payments from Australian and NSW Government for any Australian and NSW Government mandated Community Service Obligations;
- greater use of debt financing for long term (intergenerational infrastructure); and
- initiatives to achieve better financial and asset management.

There has been a large amount of work by the Associations and a large number of independent and reputable reports prepared. The case for reform is compelling. In the longer term there is a need to reconsider the appropriateness of the current funding mechanisms for modern Local Government.

The recent move away from State Government determined rate pegging is welcomed. However more work is required. The overall rating and valuation system in NSW is overdue for review. The current land only valuation methodology creates a number of distortions and restrictions on the rate base. This is particularly evident in high density urban areas with a

high proportion of strata titled properties. Capital valuations or gross rental value assessments, while difficult to assess when compared with the UCV approach (and more easily challenged) may achieve more equitable and efficient results. Consideration should also be given to expanding the range of property types (tenures and rights) that can be rated, so as to broaden the rate base. And importantly, the current range of concessions and exemptions needs to be reviewed.

At the same time, we should question whether Local Governments' taxation base should continue to be restricted to a single form of property tax – rates? Rates are perfectly appropriate for funding property related services. However, the role of councils has expanded well beyond this, particularly into the area of human services.

Consideration should include the potential for broadening Local Governments taxation base. Options include mechanisms to give Local Government access to additional taxation streams such as income, consumption, road usage and property transaction taxes as well as resource rents or mining royalties. Local government should consider seeking a proportion of GST, allocated on a per capita basis, in lieu of land rates, consistent with the Commonwealth Government's desire to simplify the tax system, and reducing the ability of the State to artificially influence local government income.

Further, Local Government needs to consider opportunities for greater levels of commercialisation and entrepreneurialism (where appropriate). This would involve the smarter and more active management of council assets, including leveraging these assets within effective and prudently managed Public Private Partnerships (PPPs). Of course, the scope for doing so varies between councils.

The concept of Local Government should extend to financial autonomy and flexibility: i.e. the provision of flexible revenue raising powers to enable councils to do what their community wants. Ideally, to ensure full accountability, councillors should be responsible for raising from the community they represent all the funds required to fulfil the general Local Government role; the community that benefits should also understand and pay the full cost.

There is the obvious benefit of removing the major financial constraint that NSW councils have been labouring under for the past 35 years. But it would also:

- fundamentally alter Local Government's relationship and engagement with the NSW Government;
- significantly change councils relationship with the community, by introducing a greater level of accountability;
- give councils greater autonomy in delivering locally determined priorities; and
- fit with, and give greater meaning and relevance to the Integrated Planning and Reporting processes.

Alongside this there is a need for modernising the rating and valuation system. There is a case for the development of additional revenue mechanisms. It is no use considering expanding roles and functions without addressing financial modernisation.

There is a case for an overhaul of intergovernmental fiscal relations and transfers. At a broader level the Associations should continue to seek reform at a national level – i.e. through engaging with and supporting ALGA'S fair share campaign as it continues to progress. We welcome the Associations move to seek a guaranteed or legislated Local Government share of Australian and/or NSW taxation which would reduce councils' dependency on annual budget determined program allocations. The current system of FAGs

could continue, provided the additional funding proposed above remains on a per capita basis.

There remains a strong case for an alternative system for funding the three Emergency Services. The Associations have done considerable work and validated the need for three Emergency Services to be funded by a broad base property levy. If this is not implemented then the current funding arrangements need to have improved budget consultations and clarity of funding structures and management of assets.

There remains a case for security of funding for roads. There is a need for more certainty in road funding sources, i.e. a guaranteed/legislated Local Government share of Australian and/or NSW taxation which would reduce dependency on annual budget determined program allocations. The Roads to Recovery program should be entrenched in legislation, with continued funding on a per km basis. The State needs to accept responsibility for Regional roads to a greater extent than exists, and should also accept responsibility for street lighting in excess of a minimum residential standard on State Roads. Transport facilities such as airports should be funded by the State to a greater extent. The RLCIP Program should also be entrenched in legislation, to acknowledge a commitment to asset renewal. The final solution should not be tied to diminishing revenue streams.

Issue: Use of Alternative Media for Statutory Advertising

Theme: Modernising the Financing of Local Government

Motion Text:

That the Local Government Association make representations to the State Government for the Local Government Act to be amended to allow councils to use alternative media for the provision of public information and required advertising, including the use of the internet and online service providers to give effect to the intention of the Act in this regard.

Note from Council:

The Local Government Act requires councils to advertise certain dealings in daily newspapers. However, advances in telecommunications and information technology have provided new paradigms for the way that society accesses and uses information. Councils' use of the new technology for statutory advertisements may lead to greater exposure of the advertisements (at reduced cost) as the readership of newspapers continues to decline over time. The purpose of this motion is to enable councils to use more cost effective communication mediums, such as the internet, when meeting its advertising obligations under the Act. Modern local government needs to take advantage of opportunities that exist through modern communication methods.

RECOMMENDATION

THAT Council adopt the Motions included in Mayoral Minute No. MM10/10 for submission to the 2010 Local Government Association Conference.

NICK BERMAN
Mayor

Attachments:

There are no attachments for this report.

File Reference: F2008/00595
Document Number: D01457069