

The logo consists of a dark teal rectangle on top of a larger orange rectangle. The text 'Tamworth Regional Council' is written in a white, outlined, sans-serif font across the orange rectangle.

Tamworth Regional Council

**The Australian Government Productivity
Commission Draft Research Report
into**

***Assessing Local Government Revenue Raising
Capacity***



REGIONAL COUNCIL
Tamworth

SUBMISSION BY TAMWORTH REGIONAL COUNCIL

to

The Australian Government Productivity Commission Draft Research Report into ***Assessing Local Government Revenue Raising Capacity***

1 INTRODUCTION

Council appreciates the opportunity to submit its views and comments in relation to the Productivity Commission Draft Research Report into Assessing Local Government Revenue Raising Capacity involving examination of the capacity of Local Government to raise revenue including:

- The capacity of different types of councils (eg Capital City, Metropolitan, Regional, Rural, Remote and Indigenous) to raise revenue and the factors contributing to capacity and variability in capacity over time;
- The impacts on individuals, organisations and businesses of the various taxes, user charges and other revenue sources available to Local Government;
- The impact of any State regulatory limits on the revenue raising capacity of councils.

Tamworth Regional Council was created following the amalgamation of Barraba Shire Council (part), Manilla Shire Council, Nundle Shire Council, Parry Shire Council (part) and Tamworth City Council on 17 March 2004.

Council has a workforce of 459 full time equivalent staff, an area of 9,653 square kilometres, serves a population of 55,468 and has one large Regional City, 4 Towns and 17 Villages/Hamlets/Localities within its area. The Council provides a broad range of services and facilities for the regional and wider community, including:

- 6 Libraries
- 12 Landfills
- 5 Sewerage Treatment Plants
- 5 Water Treatment Plants
- 1,248 kilometres of Sealed Roads
- 1,913 kilometres of Unsealed Roads
- 67 Timber Bridges
- 168 Concrete/Other Bridges
- 6 Swimming Pools
- Roads and Drainage Services
- Water and Wastewater Services
- Regional Library and Art Gallery
- Regional Entertainment Facilities
- Regional Sporting Complex
- Regional Airport

- Regional Livestock Marketing Centre
- Australian Equine and Livestock Events Centre
- Regional Water, Wastewater and Materials Testing Laboratory
- Regional Museums
- Regional Economic Development
- Regional Service Centre
- Regional Botanic Gardens
- Regional Waste Management Facilities
- Regional Tourism Services and Structures.

Council's 2007/2008 Management Plan and Budget provides for capital expenditure of \$69M in respect of a broad range of infrastructure capital improvements including road construction, major drainage works, bridge replacement and completion of a new Australian Equine and Livestock Events Centre which will become an international equine icon. The Management Plan provides for operating expenditure of \$155M on a diverse range of works, services and facilities for the community. Council's total budget (operating and capital) for 2007/2008 stands at \$224M.

Tamworth is a New South Wales leading rural regional city and the major business and commercial centre of the North West and New England Region of NSW. Best known as the Country Music Capital of Australasia, Tamworth draws some 50,000 visitors each year to its internationally acclaimed ten day Country Music Festival in January. It's the gateway to the Outback, surrounded by some of the richest agricultural country in the nation - beef, sheep, poultry, fish, summer and winter crops, cotton, dairying, eggs, fruit, vegetables and vineyards.

Tamworth is the focus of a strong regional community of interest has developed and evolved from that time. The regional community of interest is broad and varied and encompasses all of the following areas.

- hospital and medical
- education
- retail
- sporting and recreational
- cultural
- social
- business and financial
- employment
- co-operative tourism marketing and development
- co-operative economic development and marketing

Tamworth Regional Council and the City of Tamworth will remain as the main urban centre servicing approximately 200,000 residents of the New England and North Western Regions of NSW.

2 LOCAL GOVERNMENT REVENUE RAISING

Council requests the Productivity Commission to take the following factors and views into account in the Commission 's final report in relation to Local Government Revenue Raising Capacity.

2.1 Commonwealth/Local Government Revenue Sharing

Council strongly supports intergovernmental reform to ensure Local Government sustainability by way of a long term financial relationship between Local Government and the Commonwealth. Council strongly supports the position of the Australian Local Government Association that Local Government funding needs to be addressed as part of further changes to the Commonwealth/State financial arrangements. Council submits that all States and Territories be entitled to a fixed proportion share of the goods and services tax (GST) revenue in place of the general purpose funding grants through Financial Assistance Grants (FAGs). It is noted that the level of funding available to Local Government through this funding mechanism has not kept pace with the growth of Commonwealth and State GST revenue. Consequently Council strongly submits reform of FAGs so as to ensure that Local Government receives general purpose funding from the Commonwealth equivalent to at least a 1% fixed share of Commonwealth GST revenue.

In support of this request Council cites national research which identifies that up to 30% of councils are facing severe financial pressures in providing a range of Local Government services and infrastructure required by their communities. A fixed share of not less than 1% of Commonwealth GST revenue will effectively provide a growth funding factor for Local Government which will be instrumental in restoration of the ability of Local Government to meet the reasonable needs and expectations of the communities it serves.

2.2 Local Government Cost Shifting

Local Government in Australia is suffering a severe malaise from an extended period of cost shifting from successive Commonwealth and State Governments. In a recent survey completed by Tamworth Regional Council and submitted to the NSW Local Government and Shires Associations for a NSW Local Government Submission to both levels of Government, \$9.8M was identified in Council's 2005/2006 Budget as being allocated to the cost of delivery of services which are the accountability and responsibility of the Commonwealth and NSW State Government.

Commonwealth and State Governments have over many years increasingly transferred to Local Government, often through legislation but also through Government policy, the impost for the delivery and payment of significant areas of development and planning, public health, environmental management, social welfare policy and law and order programs without the provision of matching funding.

Increasingly so, the Commonwealth and State Governments have transferred responsibility for Government programs and policy and within a short space of time have withdrawn the matching funding, leaving Local Government with the expectation and demand for continuation of the service without a funding source.

2.3 NSW Rate Pegging

In assessing Local Government revenue raising capacity Council requests the Productivity Commission closely examine the fact that New South Wales is the only State in the Commonwealth that imposes a constraint on New South Wales Local Government principal revenue raising source, that being ordinary rates levied on rateable land. The New South Wales Government annually prescribes a maximum amount that Local Government is able to increase ordinary rates and on the other hand is increasing its dependence on State Land Tax as a revenue source.

Council submits that rate pegging in New South Wales be abolished and land rates revenue raising discretion and autonomy be returned to Local Government. In return, the public accountability mechanisms embedded within the New South Wales Local

Government Act be relied upon to ensure that local accountability and responsibility for increases in rates and charges rest with Local Government.

2.4 Local Government Public Infrastructure Renewal

It is widely known that Local Government is responsible for more than \$12 billion of public infrastructure in respect of which there is a vast and widening renewal ability resting with Local Government. Public infrastructure provided by Local Government is the social backbone of States and the Nation, particularly so in rural and regional Australia where the distances are vast and the population widely dispersed. Many State and National benefits will derive from quality, well maintained and modern public infrastructure such as public libraries, art galleries, museums, sporting amenities, passive and active recreational areas, roads, bridges, drainage, water supply, sewerage services - all of which are provided by Local Government to the local and wider community.

Council supports the call by the Australian Local Government Association for the provision of \$250M per annum over a four year period specifically for the renewal and replacement of the abovementioned aging public economic and social infrastructure.

2.5 Strengthening the Inter Governmental Partnership

Council fully supports the strengthening of the Inter Governmental Partnership between the Commonwealth, States and Local Government to address the many impacts, both real and perceived, of climate change, Local Government service delivery, Local Government public infrastructure renewal and to meet the real needs, demands and expectations of communities in the delivery of a wide range of social, economic and environmental services and facilities.

The relationship between Local Government and the NSW Government is in need of improvement and major reform. A much closer working relationship and much higher level of mutual respect and acceptance of the respective roles between Local and State Government is essential.

Council appreciates the opportunity to make a submission to the Productivity Commission Draft Research Report.