



General Purpose Standing Committee NO. 6

Inquiry into Local Government in New South Wales

Bellingen Shire Council's response to Questions on Notice taken during Hearing No. 5 at Armidale on Tuesday 18 August 2015.

1. **Mr David Shoebridge (pg. 29 of transcript):** *Do you now have a consistent approach to depreciation? Is that the purpose of this on the Mid North Coast?*

Response: Steve McGrath, General Manager, Coffs Harbour City Council, agreed to respond to this on behalf of MIDROC Councils.

2. **The Hon. Catherine Cusack (pg. 35 of transcript):** *The other difference I want to highlight, and you may wish to take this on notice, was the really important issue you raised about non-rateable land. Some of it is Aboriginal land and some of it is national park. It seems to me to be unresolved as to how those deficits are financed. If we could we have some more detail about the extent of your non-rateable land, as it is an extra cost to be carried, that would be helpful. I might ask the Mayor of Nambucca Shire Council for a quick comment on that.*

Ms HOBAN: *In terms of unrateable land, particularly forestry and Crown land, they are actually making money out of that land. Forestry trucks are travelling over our roads and bridges. There is no section 94 contribution for roads like there is for quarry trucks or extractive industries. So they damage our roads and make no payment for the land or the roads. Yet they are running it as a commercial business. I can understand that if something does not generate any revenue then it might be different. Certainly for Crown land and the running of caravan parks or other commercial activities I do not think it unreasonable to expect at least some level of payment towards the infrastructure that they use and make money out of.*

Mr DAVID SHOEBRIDGE: *I think on that point more detailed answers on notice would be terrific.*

Response: Bellingen Shire Council has a high percentage of non-rateable land with 57% of the Council area being unrateable, meaning Council can only collect rates on 43% of the Shire. Of this 57%, 32.4% is National Parks, 21.4% is State Forests, 0.9% is Crown Land and 2.4% other non-rateable land. If, for example, Council was able to rate State Forests, even at 50% of the current farmland rate, this would see an increase in rate revenue of approximately \$500,000 a year. This would equate to approximately an 8% increase in rates.

A change in State legislation would be required for this to become a reality. Forestry Corporation is a commercial entity that competes in an open marketplace and utilises

public infrastructure maintained by Council, resulting in a detrimental impact on public assets such as the road and bridge network. Giving councils more flexibility to increase rates to meet the increasing costs will certainly enable them to better meet service level expectations, achieve financial sustainability and address the infrastructure maintenance and renewal requirements into the future.

More specifically, Council strongly advocates for a revision in the arrangements for the rating of land owned by other levels of government, in particular, where either the government entity competes in the open market place or in the case of a national park, where the entity contains an income generating facility.

- 3. Chair: (pg. 36 of transcript):** *I have a couple of questions for you to take on notice, since we only have about a minute remaining. Are any of you selling assets or do you plan to sell assets to help you become Fit for the Future? Could you please take that on notice.*

Response: As a key strategy towards Bellingen Shire Councils infrastructure and service level improvements, Council is undertaking an operational land and property asset review in consideration of a rationalisation program. As part of this review a detailed audit of Council assets is currently underway, identifying parcels of operational land with the potential for sale, along with a detailed calculation on the return on investment for each asset. This review has already identified a small number of assets with a strong business case to sell which have been included in Councils Long Term Financial Plan and FFF submission. Any assets sold will form the basis of a 'sinking fund' to facilitate further investment in the improvement of various existing building and infrastructure assets.

- 4. Chair: (pg. 36 of transcript):** *The Orana Regional Organisation of Councils put together cost-shifting results for 2012. That is very handy to see where the cost-shifting is happening. There is no doubt that if we are going to have financially sustainable councils we will have to fix things like that. There are about 25 issues where there is cost-shifting. Thank you for your time. We would like you to table the application for JO funding from whoever applied to be part of the pilot program.*

Mr McGRATH: *I did it on behalf of the group. So I can get the original application with the attachment and the fresh one that we submitted.*

Response: Local Government is significantly impacted by cost shifting from other levels of government where the responsibility for, or the costs of, providing a service is shifted from State and Federal governments to local government without the provision of corresponding funding or adequate revenue raising capacity. Local Government NSW (LGNSW) reports that, across NSW, cost shifting from the State and Federal government for 2011/12 equates to \$521 million or 5.63% of local government's total income before capital. For rural councils, the cost shifting percentage is 3.95% which, for Bellingen Council, equates to \$1.076 million. It should be noted that the burden of the requirement to raise rates could be alleviated if such cost shifting did not exist.