



northern  
beaches  
council

# ATTACHMENT BOOKLET

**NORTHERN BEACHES COUNCIL**

**TUESDAY 28 MAY 2024**

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LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPMENT

### Inquiry into the ability of local governments to fund infrastructure and services

#### TERMS OF REFERENCE

That the Standing Committee on State Development inquire into and report on the ability of local governments to fund infrastructure and services, and in particular:

- (a) the level of income councils require to adequately meet the needs of their communities
- (b) examine if past rate pegs have matched increases in costs borne by local governments
- (c) current levels of service delivery and financial sustainability in local government, including the impact of cost shifting on service delivery and financial sustainability, and whether this has changed over time
- (d) assess the social and economic impacts of the rate peg in New South Wales for ratepayers, councils, and council staff over the last 20 years and compare with other jurisdictions
- (e) compare the rate peg as it currently exists to alternative approaches with regards to the outcomes for ratepayers, councils, and council staff
- (f) review the operation of the special rate variation process and its effectiveness in providing the level of income Councils require to adequately meet the needs of their communities
- (g) any other related matters.

The terms of reference for the inquiry were referred to the committee by the Hon Ron Hoenig MP, Minister for Local Government on 8 March 2024 and adopted by the committee on 14 March 2024.

#### Committee membership

<b>Hon Emily Suvaal MLC</b>	Australian Labor Party	<i>Chair</i>
<b>Hon Sam Faraway MLC</b>	The Nationals	<i>Deputy Chair</i>
<b>Hon Mark Buttigieg MLC</b>	Australian Labor Party	
<b>Dr Amanda Cohn MLC *</b>	The Greens	
<b>Hon Emma Hurst MLC</b>	Animal Justice Party	
<b>Hon Stephen Lawrence MLC</b>	Australian Labor Party	
<b>Hon Taylor Martin MLC</b>	Liberal Party	
<b>Hon Peter Primrose MLC</b>	Australian Labor Party	

\* Dr Amanda Cohn MLC substituted for Ms Cate Faehrmann MLC from 15 March 2024 for the duration of the inquiry.

**House of Representatives Standing Committee on Regional Development,  
Infrastructure and Transport**

**Inquiry into local government sustainability**

**Terms of Reference**

The House of Representatives Standing Committee on Regional Development, Infrastructure and Transport will inquire into and report on local government matters, with a particular focus on:

- The financial sustainability and funding of local government
- The changing infrastructure and service delivery obligations of local government
- Any structural impediments to security for local government workers and infrastructure and service delivery
- Trends in the attraction and retention of a skilled workforce in the local government sector, including impacts of labour hire practices
- The role of the Australian Government in addressing issues raised in relation to the above
- Other relevant issues.

**Committee Secretariat contact:**

Committee Secretary  
House of Representatives Standing Committee on Regional Development, Infrastructure  
and Transport  
PO Box 6021  
Parliament House  
Canberra ACT 2600



26 April 2024

Chair of the NSW Legislative Council Standing Committee on  
State Development  
Parliament House  
6 Macquarie Street  
SYDNEY NSW 2000

Submission via online portal

Our Ref: 2024/262194

To the Chair of the NSW Legislative Council Standing Committee on State Development,

**Inquiry into the ability of local governments to fund infrastructure and services**

Thank you for the opportunity to provide a submission to the Legislative Council Standing Committee on State Development's inquiry on the ability of local governments to fund infrastructure and services.

The Northern Beaches stretches from Palm Beach to Manly, boasts more than half of all the beaches in Sydney and is home to nearly 270,000 people, living in over 105,000 dwellings. The Council manages \$3.45 billion of infrastructure assets including buildings, roads, footpaths, stormwater drainage, swimming pools, bridges, wharves, playgrounds, sportsfields and seawalls.

Council's responses to the Inquiry are provided in accordance with the terms of reference below.

**a) the level of income councils require to adequately meet the needs of their communities**

Council requires sufficient income to fund both the operational and capital expenditure necessary to provide services and facilities to meet the needs and priorities of the local community.

Councils have different capacities to generate income and their financial performance and service needs are variously affected by geography, demographics, community preferences and population growth.

Community needs and service levels are determined in accordance with the Integrated Planning & Reporting (IP&R) framework whereby Council undertakes regular service level reviews to ensure it provides, and continues to provide, a range of quality services that the community needs and that are sustainable in the long term.

The IP&R is a robust framework which provides a pathway for Council to:

- work directly with the community to identify long-term priorities for local identity, growth and lifestyle
- understand the range of services the community wants, the service standards they expect and the infrastructure that will be required
- have meaningful conversations about the cost of meeting community expectations to allocate resources and map out a 4-year strategy to deliver key priorities, projects and services
- set appropriate rates, fees and charges and monitor the Council's progress in delivering priorities, projects and services through the Operational Plan

In looking at the level of income a council requires to adequately meet the needs of the community, it is necessary to look at restrictions which exist on each of the revenue sources available which do not increase in line with the increase in costs associated with services the community wants, the service standards they expect and the infrastructure that will be required.

**Rates** – The rate peg does not allow councils to adjust their rates to reflect actual changes in their costs and take account of differences between councils. It does not take account of changes in service levels, the impacts of extreme weather events, the impacts of climate change, cost shifting by other levels of government and operational costs associated with growing populations.

Over the past 3 years (to June 2023) inflation has increased by 16.8%, which is more than double the 7.2% increase in rates income over the same period. For Northern Beaches Council this is an accumulative gap of \$18 million in lost income from the rates base going forward each year.

**Fees and Charges** – A range of fees and charges have statutory limits imposed which often at levels below the full costs of providing the services. Annual increases in these fees and charges are generally well below the cost increases to which these services are subject. An example of this is the Stormwater Management Charge. The NSW Government has not updated the legislation, (which is now found in Section 125AA of the Local Government (General) Regulation 2021) regarding the maximum annual charge for stormwater management services since the legislation was enacted in 2006 and as such no longer covers the cost of providing stormwater management services.

**Grants and subsidies from the NSW and Commonwealth Governments** – Many of the grants are related to government initiatives for infrastructure and facilities which add significantly to Council's ongoing costs to operate and maintain these assets. There is no account for the challenges in applying for funding and complying with the requirements of grant funding programs.

Disaster recovery grants are extremely difficult to claim with onerous reporting, significant gaps in eligible costs, several layers of assurance testing and years in delays in payments. In the past 5 years the Northern Beaches experienced 6 natural disasters at a cost of \$14 million, of which \$7 million has been recovered to date from the Disaster Recovery Fund.

As well, grants such as the Financial Assistance Grants to councils have slipped from 1% of Commonwealth taxation revenue in 1996 to just 0.52% in 2024.

**Developer Contributions** – Shortfalls in contributions for new local infrastructure need to be funded by another source, however there is no allowance in the rate peg or ability to increase fees and charges to take account of this issue. The NSW Government previously supported councils through a subsidy to part-cover interest repayments on loans for infrastructure, however these schemes have not been available for several years.

**Other revenue including fines, interest and income** – As with fees and charges, fines have statutory limits imposed which are generally well below the cost increases to which compliance services are subject and this only adds to revenue levels below the full costs of providing the services.

There are no increases in the above revenue sources which take account of costs related to:

- changes in community risk tolerance and expectations that influence council service levels
- ongoing cost shifting from other levels of government such as NSW Beachwatch program and in the case of the NSW Waste Levy the failure to return these funds to councils to go towards creating a circular economy and litter prevention initiatives
- predicted increases in costs due to the need for climate and coastal adaptation
- changes in community risk tolerance and expectations that influence council service levels
- both operational and capital works funding for built green infrastructure as an emergent class of infrastructure that overlays traditional grey infrastructure.

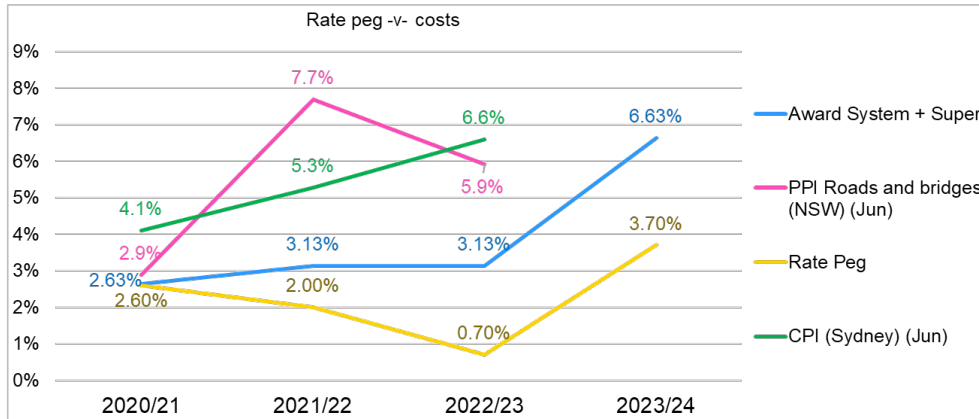
Allowance must exist in any mechanism whether it be a rate peg or an alternate model to enable councils to adjust income annually to adequately meet the needs of their communities.

**b) examine if past rate pegs have matched increases in costs borne by local governments.**

The rate peg has not provided councils with sufficient income to deliver services to their communities as evidenced the number of special rate variations and the size of some of those increases.

The impact of the rate peg has limited Council's ability to generate sufficient income to deliver the services expected by the community, maintain infrastructure to a satisfactory standard while maintaining long term financial sustainability.

The following graph represents the inability of the rate peg to keep pace with the major factors that drive cost increases for local government.



The rate peg has had a significant impact on the long-term financial sustainability of councils and in this regard the current rate peg methodology has not adequately reflected the impact of costs related to the diverse and substantial infrastructure maintained by councils for their community.

The nature of depreciation in particular seems to be neglected. In essence, depreciation is an estimate over time for the decrease in an asset's value due to use, wear and tear or obsolescence. In the first instance, depreciation is a non-cash cost in the Income Statement when it is expensed. However, it is a cash cost once it is expended for the purpose of funding the renewal of infrastructure which has depreciated over time. Capital renewals and upgrades are significant component of all council operations and need to be a consideration in determining an adequate financial model to enable councils to maintain financial sustainability and meet the needs and expectations of their communities.



The following is a summary of IPART's approval of special rate variations since 2011/12.

Year	Applications	Full Approval	Part Approval	Declined	No Determination
2011-12	23	9	10	4	0
2012-13	16	10	6	0	0
2013-14	24	21	3	0	0
2014-15	34	30	3	1	0
2015-16	23	22	1	0	0
2016-17	13	9	1	0	*3
2017-18	8	4	2	2	0
2018-19	13	8	3	2	0
2019-20	13	13	0	0	0
2020-21	1	0	0	0	**1
2021-22	8	7	1	0	0
2022-23	5	5	0	0	0
2023-24	17	14	3	0	0
<b>Total</b>	<b>198</b>	<b>152</b>	<b>33</b>	<b>9</b>	<b>4</b>

\* No determination was made by IPART because the 3 councils were dissolved under an amalgamation.

\*\* Withdrawn

Excluding applications where there was no determination, 93% of all special rate variation applications have been approved by IPART.

The majority of these applications have been to address financial sustainability, existing infrastructure backlogs and future infrastructure expenditure obligations which highlights that the rate peg alone has not provided councils with sufficient income to deliver services to their communities.

Developer contributions alone are not sufficient for councils to acquire land and invest in open space, sporting fields and community facilities to the extent required as their community grows. Rates are required to fund this shortfall. As a consequence of rate capping particularly in a period of high asset inflation, the opportunity costs are that income is forgone as well as the ability to purchase land and build appropriate infrastructure assets especially as the demand for open space, sporting fields and community facilities increases with higher density housing.

The above highlights that the past rate pegs have not matched increases in costs borne by Councils and consideration must be given to alternative approaches.

**c) current levels of service delivery and financial sustainability in local government, including the impact of cost shifting on service delivery and financial sustainability, and whether this has changed over time.**

As noted above, community needs and service levels are determined through the Integrated Planning & Reporting (IP&R) framework whereby Council undertakes regular

service level reviews to ensure it provides, and continues to provide, a range of quality services that the community needs and that are sustainable in the long term.

The rate peg does not take into account the impact of cost shifting and this has a significant impact on Council's ability maintain service delivery and financial sustainability.

In the latest cost shifting report from LGNSW (Cost Shifting Report) analysis by independent consultants Morrison Low calculated the total cost shifted onto councils in the 2021/22 financial year at \$1.36 billion which was an increase of 78 per cent since the 2015/16 financial year, when the total cost shift was estimated at \$820 million. In 2013/14, the total cost shift was estimated at \$670 million and in 2005/06 at \$380 million when the first cost shifting survey was undertaken. The extent of change over time and the ongoing nature of cost shifting can be clearly seen.

As noted in the Cost Shifting Report, challenges arise with respect to how the State and Federal initiatives are, or continue to be, funded. In States where there is not a rate pegging system in place, local councils are able to better manage the financial impacts by adjusting rates or levying specific fees and charges to reflect the change in costs of providing the imposed service, concession, asset, or regulatory function.

The rate peg does not adequately consider the cost shifting impacts on councils which means that councils have to divert funding from other commitments agreed with their communities in their Community Strategic Plan and Delivery Program to fund the cost shift incurred. This has a direct impact on a council's ability to deliver services to the community and overall financial sustainability.

When the Committee looks at the impact of cost shifting, it must ensure it looks at all elements including:

- the imposition of responsibility for providing a certain service, asset or regulatory functions upon local government by other levels of government without the provision of corresponding funding or compensation or the conferral of corresponding and adequate revenue raising capacity including in relation to rural fire service obligations, onsite sewer facilities, companion animals, contaminated land management, protection of environment, noxious weeds and development applications
- the transfer of responsibility to local government for funding certain services or functions (including concessions and rebates) where the responsibility for the funding of which lies with other levels of government including pensioner rebates.
- where local government agrees to provide a service/function on behalf of another sphere of government, but funding is subsequently reduced or stopped, and local government is unable to withdraw because of community demand for the service/function including public library operations, flood mitigation program and road safety
- where another sphere of government ceases or provides insufficient levels of a service/function it is responsible for and local government steps in because of

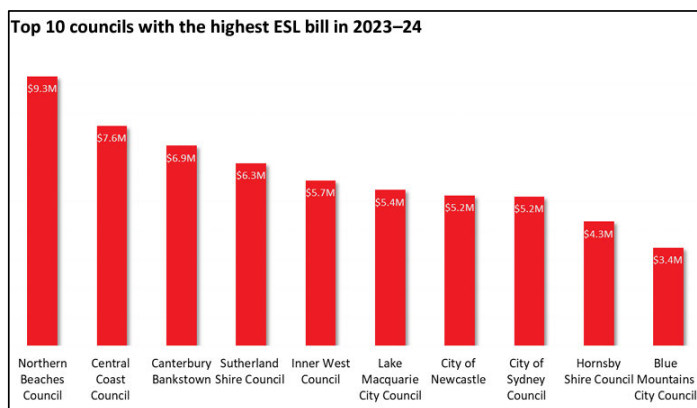
- community need/demand for the service/function including citizenship services, crime prevention/policing, transport services, domestic violence, women’s shelters
- rate exemptions on government and other properties which includes non-government-owned property exemptions (churches/religious institutions, private schools, private hospitals, private retirement villages), voluntary conservation agreements and rate-exempted properties managed by community housing providers
- Cost shifting examples that do not fit into any of the above categories including Transport for NSW road reclassifications, the waste levy, waste management site licence fee and additional committee governance

On average, this represents an additional cost of \$460.67 for every ratepayer across the State.

The Cost Shifting Report (p11) reveals Northern Beaches Council paid the highest Emergency Services Levy in 2021/22 at \$6.4 million (\$62 per ratepayer), which is 28% more than the next highest Council (Central Coast Council at \$5.0 million). Our Emergency Services Levy has increased to \$9.3 million this financial year, equivalent to \$90 per ratepayer. The Council was required to reduce infrastructure spending by \$3.1 million per year to fund this cost increase.

With councils having to fund this ongoing subsidy for the State Government each and every year it means our communities get less or go without. They go without better roads, they go without better parks, they go without important community services that only councils provide, and they and their ratepayers are effectively paying hidden taxes to other levels of government.

For Northern Beaches Council, this cost impost further constrains our ability to maintain our community infrastructure and sustain the same level of service to our community. Our draft Asset Management Plans (AMP 2024-2034) identifies an infrastructure funding gap of \$25 million per year. The gap between funding and infrastructure needs has been exacerbated by recent high inflation and the \$3.1 million increase in costs to Council associated with the Emergency Services Levy this financial year.



Going forward, councils must be given a mechanism which takes into account the impact of cost shifting when setting income levels as this has such a significant impact on their ability to maintain service delivery and financial sustainability.

**d) assess the social and economic impacts of the rate peg in New South Wales for ratepayers, councils, and council staff over the last 20 years and compare with other jurisdictions.**

In assessing the social and economic impacts of the rate peg in NSW, it is necessary to look at rates and their efficiency as a method of raising income. The Henry Tax Review (Report to the Treasurer on Australia's future tax system – December 2009) found that local rates were the most efficient of all current taxes used by any level of government, because changes in behaviour from rate taxes are small. This was also noted by the NSW Productivity Commission in its submission to Australia Government's Standing Committee on Tax and Revenue Inquiry into and report on the contribution of tax and regulation on housing affordability and supply in Australia. The Henry Review also recommended that States should allow local governments a substantial degree of autonomy to set the tax rate applicable to property within their municipality.

As noted above, the rate peg has not enabled Council to raise sufficient income to meet both the operational and capital expenditure to provide the services and facilities to meet the needs and priorities of the local community. This has a negative impact on ratepayers where services and facilities cannot be provided locally.

When looking at social and economic impacts of the rate peg in New South Wales for council staff, you must look at unplanned turnover which is highly inefficient and limits a council's ability to deliver the services and infrastructure our community expects.

The Australian Local Government Association (ALGA) in the Local Government Workforce and Future Skills Report (2022) found:

- The key reasons behind the skills shortage are the inability of councils to compete with the private sector on remuneration.
- Lack of suitably qualified/experienced candidates available locally.
- High demand across the labour market for certain occupations and remoteness/location making it difficult for councils to attract and retain workers.
- Almost all respondent local governments (over 91%) reported that they were experiencing skills shortages in 2021-22, compared to the 86% of responding local governments in 2018.
- 66% of respondent local governments said that project delivery has been impacted or delayed by vacancies, skills shortages, skills gaps or training needs.
- The most cited skill shortages that local governments are experiencing are engineers (as noted by 60% of 2022 survey respondents), urban and town planners (52%), building surveyors (48%), project managers (40%), and labourers (38%).
- As a result of these skills shortages, local governments said that they resorted to recruiting less skilled applicants for building surveyors, engineers, and water treatment operators.

- Several occupational skill shortages are becoming critical, including ICT professionals, engineers, urban and town planners, building surveyors, and mechanical tradespersons. The proportion of local governments experiencing critical shortages in these occupational areas has also increased since 2018 from a range of approximately 7-45% of responding local governments to approximately 26-65% of respondents in 2022.

When assessing the social and economic impacts of the rate peg in New South Wales for ratepayers, it is necessary to look at a socio-economic analysis and rates affordability.

When preparing the Long-Term Financial Plan, many factors are taken into consideration and a vast array of research and statistics are analysed to forecast the likely revenue that will be available to meet the community's long term objectives. The community's capacity and willingness to pay rates is an important consideration when determining a rating structure, with the majority of Council's income raised through rates and annual charges.

### **Residential properties**

In the 2023/24 financial year, there are 96,109 properties across Northern Beaches Council rated as 'Residential'. These properties include single dwellings, social housing, and multi-unit dwellings.

### **Housing tenure**

In Northern Beaches, 68% of households were purchasing or fully owned their home, 24.5% were renting privately, and 1.6% were in social housing in 2021 (ABS). Home ownership is notably higher on the Northern Beaches compared to Greater Sydney where 62% of households are purchasing or fully owned their home.

The median weekly mortgage repayment across the Northern Beaches was \$781 and the median weekly rent was \$607<sup>1</sup>.

### **Household income**

According to the 2021 Census, the median weekly income of households across the Northern Beaches was \$2,592 which was \$515 more than the Greater Sydney area.

### **Employment Status**

In September 2023, the Northern Beaches had an unemployment rate of 2.3% (3,633 people), lower than the Greater Sydney rate of 3.4%<sup>2</sup>.

### **Index of Relative Socio-Economic Disadvantage (IRSED)**

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2021 Census and is useful in identifying geographic areas that are relatively disadvantaged.

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<sup>1</sup> Source: Australian Bureau of Statistics, Census 2021 Northern Beaches/Greater Sydney, Census All persons QuickStats

<https://www.abs.gov.au/census/find-census-data/quickstats/2021/LGA15990>

<sup>2</sup> Source: Jobs and Skills Australia, Small Area Labour Markets, September quarter 2023 [Small Area Labour Markets | Jobs and Skills Australia](#)

The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations, and is useful in identifying geographic areas that are relatively disadvantaged.

An area with an IRSED of 1,000 is considered average, while a lower score indicates that the area is experiencing more disadvantage.

The IRSED for the Northern Beaches is higher than the average at 1,089. This indicates relatively lower levels of socio-economic disadvantage as compared to other Local Government Areas.

The IRSED index by suburb is outlined below. Whilst there is some variation across the LGA, no area falls below 1,000.

Index of Relative Socio-Economic Disadvantage (IRSED) 2021



\* Source: Australian Bureau of Statistics. Socio-Economic Indexes for Areas (SEIFA), Australia 2021

**Outstanding rates and annual charges**

On 30 June 2023, 3.57% of rates and annual charges levied remained outstanding which remains well under the industry benchmark of 5%. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayers' capacity and willingness to pay for the services of the Council.



**Financial hardship and concessions**

Council understands that individual ratepayers may experience financial hardship and has options available to provide support through the Rates and Annual Charges Hardship Policy.

Concessions are also available to eligible pensioners.

**e) compare the rate peg as it currently exists to alternative approaches with regards to the outcomes for ratepayers, councils, and council staff.**

It is essential that the Committee reviews the approaches taken in other States. In its Review of Rate Peg Methodology Issues Paper from September 2022, IPART noted that apart from Victoria, the other states and territories do not regulate rates income. Rather, councils are permitted to adjust the level of their rates income to align with their prepared budget for each financial year.

It also noted these councils meet specified requirements before raising rates e.g., several jurisdictions require councils to publish a public notice of rates and an explanation for the rate increases and, in some cases, to consult with the public. It provided the following table to give an overview of the legal mechanisms that allow rates income to increase in each jurisdiction.

**Table - Methods of increasing rates in other states and territories**

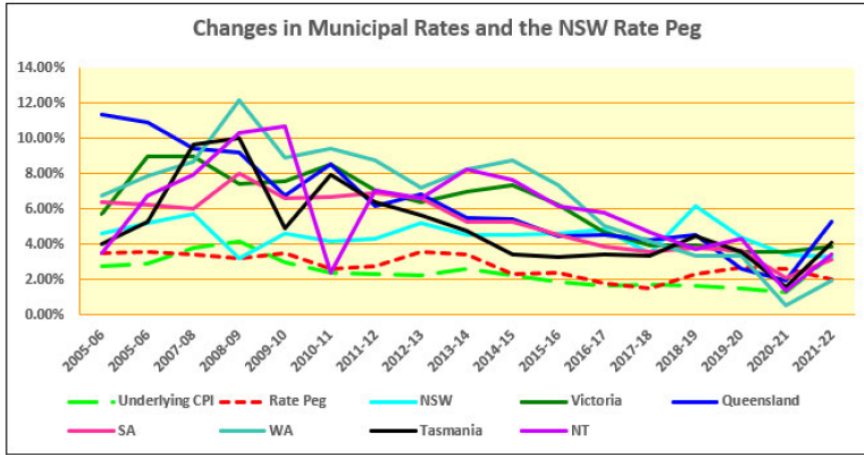
<b>Jurisdiction</b>	<b>Method</b>
Victoria	<ul style="list-style-type: none"> <li>• Uses a rate cap method, similar to NSW. The rate cap is set equal to the December forecast of the CPI from the Victorian Department of Treasury and Finance.</li> <li>• The Essential Services Commission (ESC) is responsible for recommending rate cap increases to the Minister for Local Government.</li> <li>• The Victorian method is flexible, as shown in 2022-23 when the ESC recommended that the rate cap should not be set outside of the historical range of 1.50% to 2.50%<sup>a</sup></li> <li>• Councils can seek approval for a higher rate cap from the ESC, if the rate cap decision does not meet their needs.</li> <li>• The rate cap for 2022-2023 was set at 1.75%<sup>b</sup></li> </ul>
Western Australia, Queensland, South Australia, Tasmania and Northern Territory	<ul style="list-style-type: none"> <li>• In these jurisdictions, councils have the autonomy to set their rates at the level needed to achieve the required income in their budgets.<sup>c</sup></li> <li>• Each jurisdiction has varying legislative requirements and restrictions on councils, but broadly councils have authority to independently set rates.</li> <li>• An example of a restriction is that in Western Australia, a council's income from general rates is limited, such that income from rates cannot exceed 110% of the budget deficit or be less than 90% of the budget deficit<sup>d</sup></li> </ul>
ACT	<ul style="list-style-type: none"> <li>• The ACT does not have local governments and instead land rates are set by the ACT government.</li> </ul>

<sup>a</sup> Essential Services Commission, Advice on the average rate cap for 2022-23, November 2021, p 1.

<sup>b</sup> Essential Services Commission, Average annual rate caps.

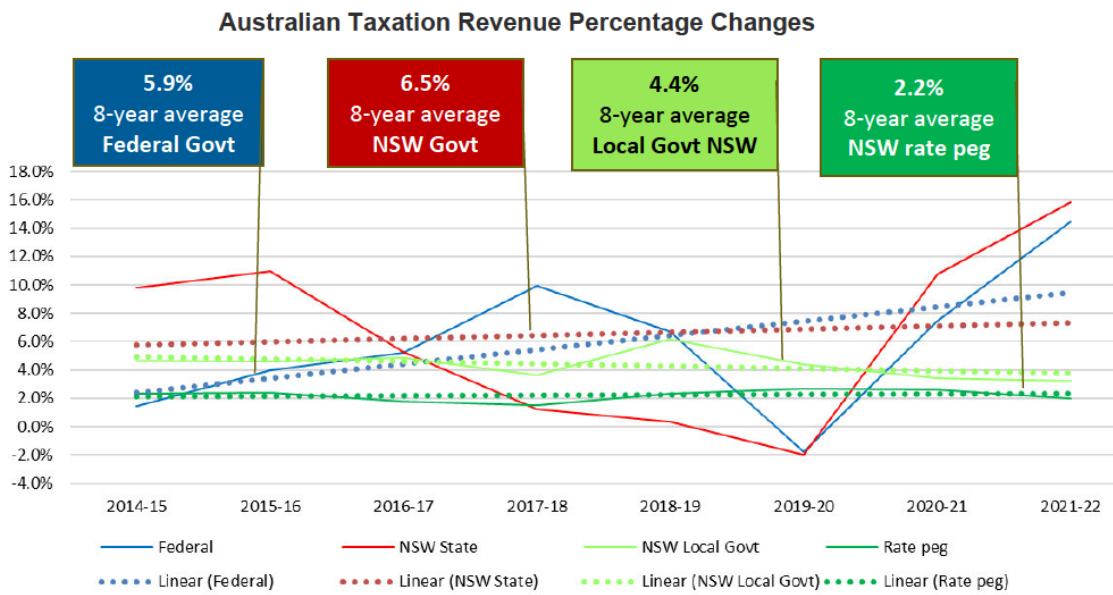
<sup>c</sup> Productivity Commission, 5 Year Productivity Review - Supporting Paper No. 16 – Local Government, August 2017, p 10.

<sup>d</sup> Local Government Act 1995 (WA), s 6.34.



Source: Australian Bureau of Statistics: Taxation Revenue, Australia Methodology, 2021-22 financial year

Over the 8 year period to 2021/22, rates income in NSW increased by 4.4%, which included the 2.2% rate peg. By comparison, during the same period, the NSW Government's taxation revenue increased 6.5% and the Federal Government increased 5.9% on average each year.



Source: Australian Bureau of Statistics, Taxation Revenue, Australia 2021-22 financial year



**f) review the operation of the special rate variation process and its effectiveness in providing the level of income Councils require to adequately meet the needs of their communities.**

The special rate variation application process is resource intensive, costly and can be politically contentious. IPART has noted that the special rate variation process incurs a significant regulatory burden on councils and the NSW Government.

As noted by IPART in its Review of the Local Government Rating System, councils can apply to IPART for a special rate variation to allow them to increase general income above the rate peg for a range of reasons, including to provide additional services, to replace ageing assets, or improve financial sustainability.

IPART noted while some of their recommendations for the rate peg may reduce some of the concerns expressed by councils but many of the issues raised will not be fixed by the rate peg or the special rate variation process and they consider the financial model for councils needs to be investigated to identify improvements.

Capping rate increases through the rate peg leads to most, if not all, councils applying for variations periodically, or to job losses, reduced non-core services or a deterioration in the quality of community infrastructure over time.

The variation process needs to accommodate different sources of cost pressures and it should be able to respond flexibly in different situations.

A well-designed variation process should:

- support the autonomy of councils to make decisions in the best interests of their communities
- require information in proportion to the magnitude of proposed variations above the cap
- increase the transparency of council decisions for the community to complement the cap component of the framework by addressing individual council needs if the cap proves to be overly constraining
- require from councils good information on impacts of cost changes on services, infrastructure and councils' financial sustainability.
- over time, be able to reward those councils that have a proven track record of performance and effective community consultation, with a more streamlined process.
- be simple and inexpensive to administer.

The Henry Review also recommended that States should allow local governments a substantial degree of autonomy to set the tax rate applicable to property within their municipality.

**g) any other related matters.**

The following issues should also be addressed as part of the Inquiry:

- Ensuring that statutory charges reflect the costs incurred by councils in providing statutory services.

- Consideration of a rate peg exemption model for councils that demonstrate an agreed level of performance and streamlining and simplification of the special rate Variation process.
- A comprehensive evaluation of existing pensioner concessions should be conducted, including the funding model and support for vulnerable ratepayers.
- The eligibility criteria for rates exemptions.
- The use of the Capital Improved Value to set the variable component of rates.
- The legitimacy of cost shifting from other levels of government to local government and how it impacts financial sustainability as well as funding mechanisms to take account of these cost transfers.

Should you require any further information or assistance in this matter, please contact my office on 8495 6286.

Yours faithfully

A solid black rectangular box used to redact the signature of the Chief Executive Officer.

Scott Phillips  
Chief Executive Officer



16 May 2024

Mr Luke Gosling OAM MP  
Chair of the House of Representatives Standing Committee on  
Regional Development, Infrastructure and Transport  
PO Box 6021  
Parliament House  
Canberra ACT 2600

Our Ref: 2024/208029

Submission via online portal

Dear Chair

**Submission: Inquiry into Australia's Local Government Sustainability**

Thank you for the opportunity to provide a submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport inquiry into Australia's Local Government Sustainability.

The Northern Beaches stretches from Palm Beach to Manly, boasts more than half of all the beaches in Sydney and is home to nearly 270,000 people, living in over 105,000 dwellings. Council manages \$3.45 billion of infrastructure assets including buildings, roads, footpaths, stormwater drainage, swimming pools, bridges, wharves, playgrounds, sportsfields and seawalls.

This letter comprises Council's submission to the inquiry and each focus area of the inquiry's terms of reference is addressed below.

**a) The financial sustainability and funding of local government.**

Local governments play an important role for their local communities through the delivery of a wide array of services and infrastructure, and their regulation and planning activities. The NSW Government imposes legislative and regulatory constraints on the raising of revenue by councils that affect the ways in which councils raise revenue, through rate pegging, limiting increases to statutory fees and charges to below the level of the cost of those services, limiting developer contributions for critical infrastructure at a time of significant population growth and only partial reimbursement of concessions. The capacity of local governments to raise revenue is important to their financial sustainability and their ability to promote the wellbeing of their local communities. Consideration of some key issues follows.

**Financial Assistance Grant**

The principal source of funding from the Australian Government to local government is through the Financial Assistance Grant yet the value of the grant has declined over the past three decades. The following points are noted in this regard:

- The funding pool for the Financial Assistance Grant to local government has fallen to 0.5% of Commonwealth taxation revenue in 2023/24, a significant drop from 1% in 1996.
- The indexation method (CPI and population growth) does not recognise the cost pressures on councils, and this gap was further widened by the 3-year indexation freeze on the Financial Assistance Grant from 2014/15 to 2016/17.
- In the 2009/10 Commonwealth Budget, the Australian Government decided to make the first quarter Financial Assistance Grant payment for 2009/10 in the 2008/09 financial year. The purpose of the accelerated provision of funding was to give 'local governments immediate use of these funds to take full advantage of the global economic recovery and prepare them for future challenges'. The Financial Assistance Grant has been partially or fully prepaid since this time, with the prepayment usually arriving in late June prior to the 1 July commencement of the financial year. The full grant was received in June 2023 for the 2023/24 financial year. This creates uncertainty in our cashflow management and budgeting and can distort our financial results between financial years. As the purpose of the advance payment has been to stimulate local economies and support financial sustainability, resetting the payment cycle with a once off lump sum payment would truly deliver on the intended purpose of the funds.

The following table sets out some relevant information regarding the Financial Assistance Grant:

<b>Financial Assistance Grant Component</b>	<b>Northern Beaches Council's 2023/24 grant</b>
General purpose Distributed between the states and territories according to population. Each state then distributes 30% of the funds based on population and the balance based on greatest relative disadvantage. In 2023/24 NSW received \$676 million from the \$2,150 million national allocation (31%).	\$6.5 million  Based on \$24.85 per capita - the minimum grant*
Local roads Distributed between the states and territories according to fixed historical shares. In 2023/24 NSW received \$278 million from the \$960 million national allocation (29%).	\$2.7 million  Based on road and bridge length and population

*\* Councils in NSW assessed as relatively disadvantaged (generally rural and remote councils) receive an additional allocation on top of the per capita minimum.*

Local governments only collect around 3.5 percent of taxation nationally and need support from other spheres of government to provide services and maintain the infrastructure their communities need.

These issues have placed strain on the services and infrastructure provided by council to its community.

In addition, Northern Beaches Council is subject to rate pegging by the NSW Government. The rate peg does not allow councils to adjust their rates to reflect actual changes in their costs and take account of differences between councils, it does not take account of changes in service levels, the impacts of extreme weather events, the impacts of climate change, cost shifting by other levels of government and operational costs associated with growing populations.

### Recommendations

1. Restore funding of the Financial Assistance Grant program to at least 1% of Commonwealth taxation revenue.
2. Review the annual indexation methodology for the Financial Assistance Grant to reflect all cost drivers for councils including significant issues such as cost shifting and climate change.
3. Reset the payment cycle in the Commonwealth's budget to deliver a full year's Financial Assistance Grant in each year, with an additional one-off payment to address the practice of bringing forward the payments.

### Cost Shifting

Cost-shifting from other levels of government undermines the financial sustainability of the local government sector by forcing councils to assume responsibility for more infrastructure and services without sufficient corresponding revenue.

While the largest proportion of cost shifting relates to the State Government, a portion of cost shifting can be attributed to the Australian Government for activities such as citizenship ceremonies under the *Australian Citizenship Act 2007 (Cth)*, the funding shortfall in the flood mitigation program and the funding shortfall in community and human services (including children service programs, community development/liaison programs, youth development programs, aboriginal community programs and cultural development programs).

When the Committee looks at the impact of cost shifting, it must ensure it looks at all elements including:

- The imposition of responsibility for providing a certain service, asset or regulatory functions upon local government by other levels of government without the provision of corresponding funding or compensation or the conferral of corresponding and adequate revenue raising capacity. This includes in relation to rural fire service obligations, onsite sewer facilities, companion animals, contaminated land management, protection of environment operations, noxious weeds and development applications.
- The transfer of responsibility to local government for funding certain services or functions (including concessions and rebates) where the responsibility for the funding lies with other levels of government including pensioner rebates.

- Local government agrees to provide a service/function on behalf of another sphere of government, but funding is subsequently reduced or stopped, and local government is unable to withdraw because of community demand for the service/function, including public library operations, flood mitigation program and road safety.
- Where another sphere of government ceases or provides insufficient levels of a service/function it is responsible for and local government steps in because of community demand for the service/function, including citizenship services, crime prevention/policing, transport services, domestic violence, women's shelters and natural disaster recovery.
- Rate exemptions on government and other properties, which includes non-government-owned property exemptions (churches/religious institutions, private schools, private hospitals, private retirement villages), voluntary conservation agreements and rate-exempted properties managed by Community Housing Providers.
- Cost shifting examples that do not fit into any of the above categories including Transport for NSW road reclassifications, the waste levy, waste management site licence fee and additional committee governance.

#### **Recommendations**

4. Recognise cost shifting attributable to the Australian Government.
5. Determine mechanisms for funding local government for existing services which have resulted in cost shifting to Council.
6. Ensure that there are mechanisms for funding local government if future cost shifting occurs.

#### **Population and Change**

Australia's population at the national, state and local government level is determined by natural increase and migration. Our ability to manage that population and the changes in population requires a strategic partnership involving closer collaboration and alignment.

Liveability at the council level reflects the capacity of councils to make the investments necessary in community infrastructure and services, often in partnership with the other levels of government, with community groups and with business.

There are growing community concerns in response to crowding, congestion and overdevelopment. Infrastructure delivery is struggling to keep pace with population growth and change. We are dealing with the frontline impact of an increase in population and the demand for new infrastructure and services. Community facilities and local roads are also ageing and require significant maintenance and upgrades to meet the needs of the community.

The broad range of Council services impacted by population growth include:

- Infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management.
- Provision of recreation facilities, such as parks, sports fields, golf courses, swimming pools, community centres and halls and caravan parks.
- Health services such food inspection, toilet facilities, noise control and animal control.
- Community services, such as childcare, community care and welfare services.
- Building services, including inspections, licensing, certification, and enforcement.
- Planning and development approval.
- Provision of and management of parking stations and on-street parking.
- Cultural facilities and services, such as libraries, art galleries and museums, and community events.

#### ***Transport and Infrastructure***

The Roads to Recovery (RTR) Program supports the construction and maintenance of the nation's local road infrastructure assets, which facilitates greater accessibility and improves safety, economic and social outcomes for the Australian community.

Transport and infrastructure are significant areas of expenditure for all councils. While some funding is provided by the Australian and State/Territory governments, roads are primarily funded from a council's rate income.

Unlike other levels of government, local government has no direct mechanisms to raise funds for road construction and maintenance such as road user charges, registration charges, or any road- or transport-related fees or charges.

Local governments, as the owners of transport infrastructure, face multiple and competing demands on their limited financial resources. Ratepayers are often left to fund transport networks for non-ratepayers particularly where local roads provide for through traffic or have economic significance beyond the access interests and responsibilities of the council.

While local roads are primarily funded by councils, and therefore local ratepayers, Australian Government funding is essential for local government to provide the local infrastructure and services the community needs.

The following Australian Government programs are vital for local government:

- Roads to Recovery Program
- Bridges Renewal Program
- Safer Local Roads and Infrastructure Program

The Roads to Recovery (RTR) Program supports the construction and maintenance of the nation's local road infrastructure assets, which facilitates greater accessibility and improves safety, economic and social outcomes for Australians.

The Roads to Recovery (RTR) funding period, which started on 1 July 2019, wraps up on 30 June 2024. Northern Beaches Council received \$1.4 million per annum under this program, which supported the delivery of road re-sheeting programs.

The Department of Infrastructure, Transport, Regional Development, Communications has advised that from 1 July 2024, a new five-year funding period will commence with increased funding as announced by the Australian Government in November 2023. We understand the available funding will increase until \$1 billion is available per year under this ongoing program. However, it is not clear yet how this increase in funding will be rolled out and which areas will receive the additional funding. With only 8 weeks remaining until the new funding year commences, we have not yet received a new agreement, which creates uncertainty in our planning.

Without this additional funding, underinvestment in local roads will continue. This funding shortfall hinders local and regional social and economic development, and ultimately affects the development and productivity of the nation.

### **Recommendations**

7. Provide an increase in the level of Australian Government funding available to local government through an increase to the Financial Assistance Grant and specific partnership programs to respond to population growth.
8. Provide financial assistance to address the infrastructure funding shortfall by an increase in Roads to Recovery funding, permanency of the Bridges Renewal Program and targeted funding for other infrastructure assets including support to build back disaster resilient assets.

### ***Climate Change and Adaption***

In the Northern Beaches area, over 19,000 properties are classified as bush fire prone, 22,000 flood prone, 8,850 properties at high geotechnical risk, 270 properties affected by coastal erosion, and a further 4,400 associated with potential estuarine inundation. In addition, some of our communities have an increased risk due to their proximity to large areas of bushland, in combination with their geographical isolation, affecting their ability to evacuate during an emergency.

The Northern Beaches has been identified as at high risk of future disasters in the NSW Reconstruction Authority's State Disaster Mitigation Plan, primarily driven by high exposure to coastal hazards. A robust and efficient funding system for disaster mitigation and response in the face of more frequent and intense weather events is essential.



Councils are at the forefront in dealing with the impacts of climate change. They have a critical role to play in ensuring that local circumstances are adequately considered in the overall adaptation response and in involving the local community directly in efforts to facilitate effective change. They are strongly positioned to inform State and Commonwealth Governments about the on-the-ground needs of local and regional communities, to communicate directly with communities, and to respond appropriately and in a timely manner to local changes.

Councils are required to:

- Administer relevant State and Territory and / or Commonwealth legislation to promote adaptation as required including the application of relevant codes, such as the Building Code of Australia.
- Manage risks and impacts to service delivery and public assets owned and managed by councils.
- Collaborate across councils and with the State Government to manage risks of regional climate change impacts.
- Collaborate with State and private sector organisations to enhance resilience of critical infrastructure.
- Ensure policies and regulations including local planning and development regulations, incorporate climate change considerations and are consistent with State and Australian Government adaptation approaches.
- Facilitate building resilience and adaptive capacity in the local community, including through providing information about relevant climate change risks.
- Work in partnership with the community, business and other key stakeholders to manage the risks and impacts associated with climate change; and
- Contribute appropriate resources to prepare, prevent, respond and recover from detrimental climatic impacts.
- Meet all existing and emerging reporting and disclosure requirements for climate related risks and targets.

These requirements and associated resourcing impacts also need to be balanced with council commitments and community expectations to reduce emissions in line with local, State and Australian government targets.

#### Disaster recovery

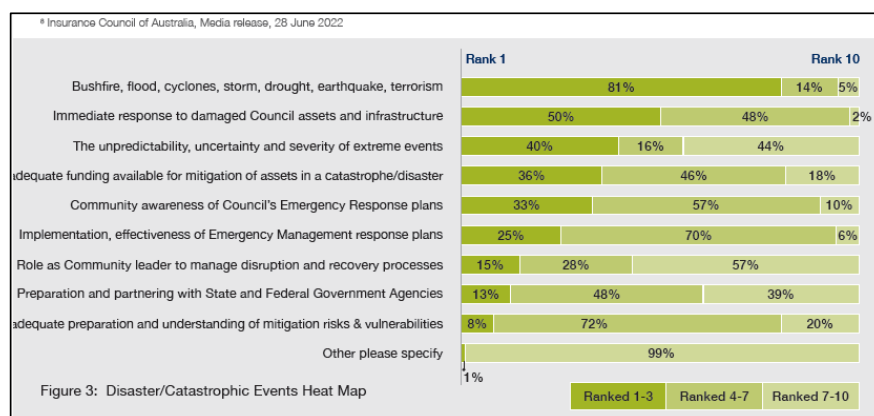
Climate change is no longer merely a future consideration for local government. The impacts of more frequent and intense natural disaster events are already being felt at a local level. The Northern Beaches was included in Natural Disaster Declarations 6

times between November 2019 and June 2022 alone. While Disaster Recovery Funding Arrangements provides an avenue for reclaiming costs, these recovery grants are extremely difficult to claim with onerous reporting, significant gaps in eligible costs, several layers of assurance testing and years in delays in payments. Responding to and recovering from the 6 disaster events over the last 5 years came at a cost of \$14 million, of which \$7 million has been recovered to date from the Disaster Recovery Fund. These costs do not include the significant amount of staff time associated with disaster response and recovery, nor the impacts and delays to regular Council services and operations.

State Disaster Mitigation Plan

The recently released State Disaster Mitigation Plan (SDMP) provides a comprehensive framework for disaster risk reduction for NSW. The natural hazard risk assessment that underpins the SDMP demonstrates significant exposure and vulnerability to natural hazards which is expected to increase markedly, especially for coastal areas such as the Northern Beaches. The current estimated average annual losses to the built environment for the Northern Beaches are significant and alarmingly, this is forecast to increase further as a result of climate change and represent the highest estimated average annual losses in NSW. While the SDMP provides a useful framework to drive adaptation planning, the significant investment required to develop and implement adaptation actions to reduce these risks cannot be adequately resourced from existing revenue streams and funding opportunities from either State or Australian Government grant programs are either insufficient in scale or have prohibitive co-contributions conditions.

The following Disaster/Catastrophic Events Heat Map is provided from the 2022/23 JLT Public Sector Risk Report and shows that disaster hazards occupy the most attention of councils, however emergency response, event predictability, funding, community awareness and planning aspects of disaster management were identified as high concern.



## Recommendations

9. Provide a mechanism for funding climate change and adaptation.
10. Work with State Governments to provide a more efficient process for disaster funding.

b) **The changing infrastructure and service delivery obligations of local government.**

In recent years, Council has undertaken asset maintenance and renewals in line with the funded Long-Term Financial Plan (LTFP) which has been restricted by rate pegging. Over the past 3 years, Sydney's inflation has increased by 16.8% which is more than double the 7.2% increase in rates income over the same period. This is an accumulative gap of \$18 million in lost rates income for Northern Beaches Council. This has led to the under-funding of optimal maintenance and asset renewal programs resulting in a growing infrastructure backlog. Council's Asset Management Plans identify infrastructure challenges that will require an additional investment of \$15.1 million per year to renew and maintain existing assets along with an additional \$10.4 million per year to invest in service uplifts and new assets.

Local government infrastructure assets are generally long-life assets, and while this under-funding can be maintained in the short term, it is not sustainable in the medium to longer term. Deferral of asset renewal programs places an increasing pressure on already restricted maintenance budgets, often resulting in additional reactive maintenance which is generally more expensive and impacts the community for longer periods of time. Additionally, deferring asset renewals to future years creates a bow wave effect, resulting in a higher requirement for renewal funding in future years, which is generally not funded in the LTFP. This is best described as good reactive operational asset management.

Industry best practice as outlined in the International Infrastructure Management Manual (IIMM) and NSW Treasury Asset Management Policy for the NSW Public Sector (TPP 19-07), describes and requires a mature and strategic approach to infrastructure service delivery through Asset Management Plans that identify and fund asset maintenance and renewals to deliver services to the local community to the required level of service. Failure to allow council to provide sufficient funds through the LTFP will mean our Asset Maintenance Ratio and Asset Renewal Ratio will continue to decline and Infrastructure Backlog will continue to grow, as currently reported in our annual financial statements. This will place increasing pressure on service delivery and require financial assistance from the NSW and Australian Governments.

Climate change is compounding these challenges further. The IPWEA *Practice Note 12.1 Climate Change Impacts on the Useful Life of Infrastructure* outlines the various processes by which climate change can be expected to reduce the useful life of current infrastructure. While it is already challenging to meet existing maintenance

and renewal requirements, this challenge will only worsen with increasingly severe and frequent storms, floods and bushfire events and the gradual degradation that comes with prolonged periods of hot, dry conditions. Rising sea levels and the associated costs of foreshore protective infrastructure will further exacerbate the funding challenges faced by coastal communities such as the Northern Beaches.

Identification and funding of climate change adaptation programs and inclusion of asset management practices for natural assets will help us better prepare for more frequent and severe storm and climatic events and achieve better environmental outcomes for our local and growing community.

**c) Any structural impediments to security for local government workers and infrastructure and service delivery.**

The most important structural impediments impacting Northern Beaches Council in terms of workforce participation is a lack of affordable housing and accessible and affordable transport.

There are difficulties in attracting and retaining appropriately skilled workers which impacts our ability to deliver the range and level of services our community expect. Due to historic barriers including lack of transport connection, the spread of our work locations within the local government area and the varied type of work have proven difficult to attract talent outside the local government area.

The requirement to base remuneration increases on annual award increases can make remuneration uncompetitive compared with the private sector who adjust remuneration to reflect market conditions. Councils are also required to accommodate their increasing employee costs within a budget where the mechanisms to calculate the rate cap do not take into account other factors beyond the basic award increase, which challenges financial sustainability.

There is restricted access to promotion, due to restrictions on succession planning which are based on the strong merit selection focus of local government and the requirement for all positions to be openly recruited (if longer than 12 months).

**d) Trends in the attraction and retention of a skilled workforce in the local government sector, including impacts of labour hire practices.**

The Australian Local Government Association (ALGA) reported in September 2022 that “around nine in ten Australian councils are now experiencing skill shortages – an increase of 30% in four years and two thirds of councils have had local projects impacted or delayed as a result”.

The local government employment profile is complex, with low unemployment rates creating a skills shortage across many key roles. The complexity of council service

delivery and the challenge of meeting regulatory obligations and community expectations makes it difficult for Council to meet its staffing requirements.

The increased competition of the job market has compounded difficulties that local government has consistently faced when attracting and retaining key talent. This has resulted in councils carrying forward unfilled rolls across the long-term, placing increased pressure on teams. The most recent Local Government Workforce Skills and Capability Survey recognised 91 per cent of councils experienced skill shortages in 2021-22, up 5.5 per cent since the last iteration of the report in 2018.

The impact of burnout and workload stress on key staff due to repeat disaster response and recovery events cannot be overstated.

The following points are currently key issues for Northern Beaches Council:

- Council is struggling to recruit some skilled positions and compete with the private sector, due to Award and budgetary constraints, e.g. trade workers are in short supply and can achieve higher levels of remuneration in the private sector.
- Flexibility used to be an attractor local government could offer, which has been lost due to most private employment competitors now offering flexibility. This has been as a result of the pandemic (and the related opportunity to work from home) and also changes to legislation.
- Budgetary constraints in relation to fringe benefits, i.e. vehicles, due to restrictions in our ability to use these as attractors.
- Increasing interest in employing trainees and apprentices to address ongoing and future skilled workforce gaps.

**e) The role of the Australian Government in addressing issues raised in relation to the above.**

As noted by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' website, the Australian Government contributes to the prosperity of the economy and the wellbeing of all Australians by assisting local governments to manage their own futures, including providing essential services and developing effective planning initiatives. In addition, as noted by the Australian Council of Local Government (ACLG), this showcases the important partnership the Australian Government has with local governments which is fundamental to the development and delivery of policies and programs for all Australians.

As such, it is necessary for the Australian Government to recognise local government's critical role in the Australian economy and to assist in addressing issues with current funding models which threaten financial sustainability.

***Financial sustainability and funding of local government***

As noted above the capacity of local governments to raise revenue is important to their financial sustainability and their ability to promote the well-being of their local communities. In this regard, it is necessary for the Australian Government to ensure:

- funding of the Financial Assistance Grant keeps pace with cost increases borne by local government
- it provides adequate means of addressing funding where cost shifting occurs through the transfer of the provision of services and infrastructure
- it provides adequate funding through programs such as Roads to Recovery as transport and infrastructure are significant areas for all councils
- funding is available for emerging issues including climate change and adaption, disaster recovery and cyber security
- it recognises that local government's ability to manage changes resulting from population increase associated with natural increase and migration requires a strategic partnership involving closer collaboration and alignment.

***Local government's role in infrastructure***

The Australian Government has an important role in maintaining the growth in productivity which is essential for maintaining and improving Australia's standards of living which cannot be achieved without local government maintaining adequate infrastructure.

Local government plans, develops and maintains key infrastructure for its communities. It provides and maintains infrastructure such as local roads, bridges, footpaths, drainage, waste disposal and public buildings.

Local government's capacity to fund infrastructure is constrained by its general revenue raising capacity. A number of factors have contributed to downgrading the maintenance of local infrastructure, including:

- pressure to broaden the range of local government services
- unfunded mandates from the State and Australian governments
- revenue raising restrictions imposed by State governments, especially in the face of significant cost increases in recent years.

***Climate change, disaster risk and recovery***

Australia's three levels of government agreed on the Roles and Responsibilities for Climate Change Adaptation in Australia in 2012.

The roles and responsibilities for the Australian Government and local government are summarised below, however there is no consideration in the above agreement as to how this should be funded.

Australian Government

- Provide leadership on national adaptation reform.
- Manage Australian Government assets and programs, including embedding climate change impacts into existing risk management frameworks and working with all governments to manage climate risks to nationally significant public assets.
- Provide and manage national science and information that is high quality and includes national and regional climate projections to allow Australia to effectively adapt.
- Maintain a strong, flexible economy and a well-targeted social safety net to ensure resources are available to respond to climate change and climate change does not disproportionately affect vulnerable groups.

Local governments

- Deliver adaptation responses that align to State and Australian Government legislation to promote adaptation as required including the application of relevant codes, such as the Building Code of Australia.
- Provide information about relevant climate change risks and contribute appropriate resources to prepare, prevent, respond and recover from detrimental climatic impacts.
- Inform other levels of government about the on-the-ground needs of local and regional communities.
- Manage risks and impacts to public assets owned and managed by local governments and to local government service delivery.

The 2014 Productivity Commission inquiry found that an estimated 97% of disaster funding is spent on response and recovery expenditure, with only 3% invested in risk reduction. Council is supportive of the recent shift to address this trend at an Australian Government level, noting work underway to develop the first national

climate change risk assessment as well as the revamping of the Australian Government's Disaster Ready Fund for investment in adaptation initiatives. However, despite these developments, current grant opportunities and funding arrangements do not meet the quantum of funding required to adapt to current hazards and future climate risks. This is particularly true given that relocation or retreat of public and private assets is likely to be one of the few options available to reduce risk associated with sea level rise. The costs associated with this adaptation strategy are so significant, that they can only be funded via a collaborative effort between local, State and Australian governments.

Current disaster recovery funding arrangements and reporting requirements should also be reformed to streamline the claims process, prevent funding delays and ensure relevant activities are included as eligible costs.

***Affordability and Skilled Workers***

The Australian Government has undertaken to seek to promote a labour market with jobs that are safe, secure, fairly paid and provide mutually beneficial flexibility to workers and employers.

As noted above, the local government employment profile is complex, with low unemployment rates creating a skills shortage across many key roles. The complexity of council service delivery and the challenge of meeting regulatory obligations and community expectations makes it difficult for Council to meet its staffing requirements.

The Australian Government's role should include funding employment related grants to support building a skilled workforce:

- (i) through sponsorships,
- (ii) study assistance,
- (iii) fringe benefit tax concessions similar to health and charity organisations.

**f) Other relevant issues.**

Cyber attacks are one of the greatest threats to both Australia's national security and our democracy, including at the local government level. The frequency and sophistication of malicious cyber attacks against organisations is increasing. This increase affects online services at all levels of government, within businesses and the community due to the increasing dependency on the internet and hybrid working models. These circumstances provide greater opportunity for cyber criminals to exploit vulnerabilities within the broad range of technology being used in society. The 2023-2030 Australian Cyber Security Strategy outlines a roadmap for Australia to become a global leader in cyber security by 2030. It aims to improve cyber security, manage cyber risks, and give better cyber security support to citizens and businesses.



Cyber attacks are mostly from overseas and from national actors or government-sanctioned criminals, making cyber security a national security and Australian Government issue.

### **Recommendations**

11. Provide support and funding to assess the risks and opportunities across the local government sector and develop a consistent approach for improving Council's cyber security capacity.
12. Appoint a dedicated local government Chief Information Security Officer (CISO) in the Australian Cyber Security Centre within the Australian Signals Directorate.

Should you require any further information or assistance in this matter, please contact my office on 8495 6286.

Yours faithfully

Scott Phillips  
Chief Executive Officer



## Council Policy

### Storage of Watercraft on Council Foreshores

#### Policy Statement

This policy is to enable the appropriate storage of watercraft on Council foreshores at the same time as maintaining safe public access and minimising environmental impact.

#### Principles

1. That Council maintain and update, where necessary, guidelines for the storage of watercraft on foreshore areas, limiting the size and location within approved formal facilities.
2. That Council will make available facilities suitable for the storage of watercraft at appropriate locations which members of the public may rent for a fee as set by the Council. In the case of areas where the land is owned by the Crown and Council appointed as Trust Managers, a temporary licence agreement will be administered and a fee charged as set by the Council.
3. That Council's Rangers police the procedures and provide due notice to owners of unauthorised, abandoned or derelict watercraft outside of approved storage facilities of their removal. Where owners details are unavailable, Council's Rangers shall attach stickers warning that the vessel is due to be impounded, and impound where no action is taken within the relevant timeframe.
4. That Council staff undertake regular inspections of the formal facilities and also dinghies, kayaks and other watercraft stored outside of approved formal facilities within the Northern Beaches Council Area and review Council policy accordingly.

#### Scope and application

This policy applies to all employees, agents and officers of Northern Beaches Council.

#### References and related documents

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Impounding Act 1993
- Storage of Watercraft on Council Foreshores Guidelines

#### Definitions

*Abandoned Vessel:* Any watercraft which appears to be abandoned.

*Derelict Vessel:* Any watercraft left on public land which appears to be unseaworthy by the evidence of damage to affect vessel flotation and/or user safety.

*Public Land:* Land in public ownership that is either owned by Council or administered by Council on behalf of the Crown.

*Storage Facilities:* Council owned and maintained racks suitable for the storage of permitted watercraft.

*Watercraft:* Recreational vessels, including (but not limited to) dinghies, kayaks, canoes, outrigger canoes and dragon boats.

*Unauthorised Vessel:* Any vessel that is not stored in an approved storage facility or which does not have attached current evidence of authorisation for use of an approved storage facility.



**Responsible Officer**

Executive Manager Property

**Review Date**

July 2021

**Revision History**

Revision	Date	Change	HPE CM Ref
1	25/7/2017	Policy adopted by Council with no changes following exhibition	2017/136547
2			
3			



<b>Council Policy – No 84</b>	<b>Adopted:</b>	<b>OM:03.03.1997</b>
	<b>Reviewed:</b>	<b>OM: 05.08.2013</b>
	<b>Amended:</b>	<b>OM:14.02.2005, 17.10.2011</b>
	<b>Revoked:</b>	

**TITLE:** Temporary Storage on Council Land

**STRATEGY:** Recreational Management  
Land Use & Development

**BUSINESS UNIT:** Reserves, Recreation and Building Services

**RELEVANT LEGISLATION:** None

**RELATED POLICIES:** None

**Objective**

To regulate the temporary storage of building materials, plant or equipment or soil on Council reserves.

**Policy Statement**

The occupation of a portion of a Council reserve for temporary storage of building materials, plant or equipment or soil, may be permitted subject to the following conditions being met:

1. All applications to be made in writing in advance of the intended use and accompanied by a plan indicating the location and dimensions of the proposed temporary storage.
2. Lodgement of a bond as determined by Council from time to time, to ensure satisfactory restoration of the area following completion of the temporary storage. The bond may be waived in the case of a public utility authority.
3. No structures or fencing to be erected on the site without prior approval from Council.
4. The proposed duration of temporary occupation to be a maximum time of one (1) month.
5. Applicant to restore the area on completion of the occupation of the site. Grass surfaces to be restored using a species of turf as determined by Council's Reserves Manager (or his delegate), watered and maintained until established to the satisfaction of the Reserves Manager.
6. All trees on the site to be protected where necessary by the erection of suitable tree guards.

7. Payment in advance of a fee per square metre of reserve per week as determined by Council from time to time and contained within the fees and charges schedule within Council's adopted Delivery Plan.
8. Applicant to make satisfactory arrangement for sanitary and garbage services, where applicable.
9. Applicant to arrange for an approved public risk policy endorsed to indemnify the Council for a minimum of \$20 million.



## Council Policy

### Smoke Free Zones

#### Policy Purpose

Northern Beaches Council acknowledges the importance of providing community leadership in taking measures to prohibit smoking within public areas to:

- Protect members of the community from the health and social impacts from exposure to smoke from cigarettes, e-cigarettes (vaping), shisha (water pipes) and the like in public places;
- Improve the public amenity and enjoyment of Council owned beaches, parks and other recreational spaces; and
- Minimise the adverse environment impacts of litter resulting from discarded cigarette butts.

#### Principles

This Policy:

- Bans smoking in public places of congregation and close proximity, or locations used for children's activities;
- Bans smoking in and near Council owned buildings; and
- Promotes voluntary arrangements to discourage smoking in other public places owned or managed by Council through the inclusion of specific arrangements to ensure the requirements of this Policy be enforced in any leases, licences or other commercial arrangements that apply to Council.

The Policy recognises that:

- Passive smoking has identified health risks;
- Children are most vulnerable to the effects of passive smoking on respiratory illness and asthma (Cancer Council; National Health & Medical Research Council);
- Where Council provides assets and services intended to be of benefit to children and other members of the community, Council has an obligation to promote positive public health outcomes;
- Public health impacts of smoking in well-ventilated open spaces are complex, and impacts may be indirect or cumulative. Other, indirect effects can include children playing with and swallowing discarded butts, and from the accumulation of cigarette derived particles on clothing and skin;
- Some outdoor areas identified within the *Smoke-free Environment Act 2000* as locations where smoking is banned include:
  - i. Within 10 metres of children's play equipment in outdoor public spaces;
  - ii. Swimming pool complexes;
  - iii. Spectator areas at sports grounds or other recreational areas during organised sporting events;
  - iv. Railway platforms, light rail stops and stations, bus stops, taxi ranks and ferry wharves;



- v. Within 4 metres of the pedestrian access point to a building accessible to the general public, excluding those buildings that are used or partly used for residential purposes;
  - vi. Commercial outdoor dining areas;
  - vii. A place at a public hospital, health institution or health service under the [Health Services Act 1997](#) that is designated as a smoke-free area by a by-law or regulation under that Act and notified by signs displayed in, or at an entrance to, any such area; and
  - viii. An outside area that is a public thoroughfare, footpath or street where it is within 4 metres of an entrance to or exit from an applicable courtyard or garden.
- NSW Health is the authority responsible for the administration and enforcement of the *Smoke-free Environment Act 2000*. Complaints relating to persons smoking in areas defined under the *Smoke-free Environment Act 2000* shall be referred to NSW Health.
  - Council support further restrictions of areas, in addition to the current legislative requirements, where smoking is banned and that this be primarily implemented by education rather than by enforcement.

Additional smoke free outdoor public places declared under the provisions of the *Local Government Act 1993* and covered under this policy include:

- i. On public access beaches;
- ii. In Council owned parking stations that are partly or fully enclosed by walls and ceilings; and
- iii. At all activities, functions and events run or promoted by Council

In addition to bans identified above, Council will:

- Implement educational programs to support the Policy and to promote community awareness and acceptance; and
- Include specific requirements that this Policy be enforced in any leases, licences or other commercial arrangements that apply to Council owned and managed lands and properties.
- Install internationally recognisable smoke free signage. These signposts will be displayed in locations deemed appropriate by the Chief Executive Officer and in accordance with the *Local Government Act 1993*.

### Scope and application

This policy applies to all persons who are within the locations and public places within the Northern Beaches Council local government area as identified within this Policy.

### References and related documents

The *Local Government Act 1993* gives Council the authority to further expand upon, manage and enforce smoke-free areas stated under the *Smoke-Free Environment Act 2000* by declaring specified areas to be smoke free.

### Additional Legislation

*Work Health and Safety Act 2011*

*Tobacco Legislation Amendment Act 2012*



**Factsheets from NSW Health**

- <https://www.health.nsw.gov.au/tobacco/Factsheets/4-metre-law.pdf>
- <https://www.health.nsw.gov.au/tobacco/Factsheets/commercial-outdoor-dining.pdf>
- <https://www.health.nsw.gov.au/tobacco/Factsheets/swimming-pools-factsheet.pdf>
- <https://www.health.nsw.gov.au/tobacco/Factsheets/childrens-outdoor-playground.pdf>
- <https://www.health.nsw.gov.au/tobacco/Factsheets/public-transport-stops-and-stations.PDF>
- <https://www.health.nsw.gov.au/tobacco/Factsheets/sportsground-smoking-ban.PDF>

**Council Policies**

- Compliance and Enforcement Policy
- Smoke Free Workplace Operational Policy

**Definitions (in accordance with *Smoke-free Environment Act 2000*)**

**Smoke** means use, consume, hold or otherwise have control over a tobacco product, non-tobacco smoking product or e-cigarette that is generating (whether or not by burning) smoke or an aerosol or vapour.

**Public place** means a place or vehicle that the public, or a section of the public, is entitled to use or that is open to, or is being used by, the public or a section of the public (whether on payment of money, by virtue of membership of a club or other body, or otherwise).

**Responsible Officer**

Director Planning and Place

**Review Date**

April 2024

**Revision History**

Revision	Date	Status	TRIM Ref
1	24 Sep. 19	For internal consultation	2019/559240
2	30 Sep. 19	For public consultation	2019/559240
3	26 Feb 20	For Council meeting 24 March 2020	2020/113819
4	24 March 20	Adopted by Council	2020/113819





## Council Policy

### Grant Programs (Financial Assistance) Policy Grants and Partnerships (Financial Assistance) Policy

#### Policy Statement

Northern Beaches Council recognises and respects the vital contribution of community and business in developing and delivering projects and programs that contribute to a vibrant and sustainable community.

The Policy provides an overarching framework for Council to support community and business providing financial assistance to deliver projects and programs that build the social, cultural, environmental, and economic life of the Northern Beaches and further the achievement of the outcomes and vision of Northern Beaches Community Strategic Plan - 2040.

#### Forms of application

Financial assistance under the Grant Programs (Financial Assistance) Policy  
Grants and Partnerships (Financial Assistance) Policy is in the form of a grant or sponsorship.

A grant is financial or in-kind support provided by Council to eligible organisations and individuals through formal programs for a defined purpose and outcome within a specific time frame. Council provides support in the form of both open competitive grant programs and financial assistance grants.

Sponsorship is financial or in-kind support provided by Council to eligible organisations to support an activity in return for specified benefits. Sponsorship is a commercial arrangement and does not include selling advertising space, joint ventures and unconditional gifts, donations, bequests or endowments.

Requests for donations are not supported as they are discretionary with no agreed outcome or expected return.

#### Administration of Programs

The Policy provides the framework for an equitable, open and orderly process for providing assistance to the community. It allows for greater accessibility to funding and support, while ensuring transparency around the provision of financial assistance across the Northern Beaches. It also provides for greater recognition of the contribution Council makes to supporting organisations that contribute to social, cultural, environmental, and economic life of the Northern Beaches. From time-to-time Council will establish programs in the Operational Plan or by resolution to support the delivery of this Policy. These programs will either be:

1. Open competitive grant programs where funding is untied. The governance framework for each open competitive grant program will be documented in program guidelines and administered by the responsible Executive Manager. These guidelines will be publicly available and contain details on:
  - Objectives of the program
  - Priority areas for funding
  - Assessment criteria
  - Eligible organisations and activities



- Assessment process

The outcomes of each program and the guidelines will be reviewed annually to allow for refinement of the program guidelines ahead of the next round of grants.

2. Financial assistance grants where funding is tied to a specific organisation and purpose. This includes funding provided to community libraries, surf clubs and the social services sector to support their operations. Financial assistance grants will be reviewed at the end of the funding agreement. The allocation of funding to organisations for the financial assistance program will be determined through a Council resolution.

## Principles

The following principles guide Council's grant programs:

- a) Priority: We will ensure outcomes of grant programs are aligned with Northern Beaches' Community Strategic Plan 2040 as well as other key Council social, economic, environmental strategies and plans. Funding is allocated to priority areas to meet identified community needs.
- b) Partnerships: We build and maintain constructive relationships based on mutual respect and transparency. We value the resources and skills that community groups, businesses and others provide the community. Programs are responsive and may adapt to changing community needs and circumstances over time.
- c) Inclusion and Equity: We support inclusion and equity in our community.
- d) Value for money: We seek the best mix of projects to meet the needs of the community, business and visitors and maximise outcomes for the local government area. We support projects that represent good value for the level of cash or value-in-kind support requested.
- e) Good governance: We commit to decision making in the public interest, and effective and efficient grant management processes. The application and acquittal requirements will be proportionate to the size of the grant awarded and the expected outcomes of the grant program. We will ensure there are systems and opportunities to support applicants and provide timely feedback. We will endeavour to provide feedback within 10 working days of a request for feedback being received.
- f) Transparency: We will ensure that grant processes are transparent and fair. Applications are assessed objectively against the assessment criteria. Conflicts of interests are to be declared as part of this process.

## Scope

This Policy provides a framework for the provision of financial assistance in accordance with section 356 of the Local Government Act 1993.

For the purposes of this Policy, Council views in-kind support as financial assistance due to its indirect monetary value.

This Policy applies to any individual, organisation (for-profit or not-for-profit) or community group applying for assistance from Northern Beaches Council.

It does not apply to funding under the Northern Beaches Council Discretionary Fund Policy which provides the opportunity for the Mayor and Councillors, to respond to requests for financial assistance from individuals and community groups, community organisations and small local businesses involved in community projects.



**References and related documents**

- NSW Local Government Act 1993 s356 and s377
- Northern Beaches Council Discretionary Fund Policy
- Management of Beach and Water Safety Policy, Northern Beaches Council
- Social Sustainability Policy, Northern Beaches Council
- Grant guidelines for open competitive grant programs

**Definitions**

*Grant* Financial or value in-kind support provided through formal programs for a defined purpose and outcome within a specific time frame. Council provides this support in the form of both open competitive grant programs and financial assistance grants.

*Sponsorship* Any commercial arrangement in which Council provides financial or in-kind support to an eligible organisation to support an activity in return for specified benefits. Sponsorship does not include selling advertising space, joint ventures and unconditional gifts, donations, bequests or endowments.

*In-kind support*

In-kind support can be an arrangement where Council foregoes revenue in full, or a percentage on items which are subject to a fee in Council’s Fees and Charges. This may include park hire, venue hire, garbage bins and Council services. Staff time and resources may also be included as in-kind support.

**Responsible Officer**

Executive Manager Strategy and Performance

**Review Date**

May 2027

**Revision History**

Revision	Date	Status	TRIM Ref
1	26 Mar 2019	First draft Community Grants and Partnerships policy	2019/096261
2	25 June 2019	Draft to Council for adoption (unchanged following exhibition)	2019/096261
3	29 March 2023	Initial draft developed for internal review	2023/209092
4	13 March 2024	Amended draft following Public Exhibition	2024/185795



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## Community and Stakeholder Engagement Report

### Supporting our community: Draft Grant programs (Financial Assistance) Policy Exhibition

Consultation period: 1 Feb to 28 Feb 2024 and 12 April to 30 April 2024

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## 1. Summary




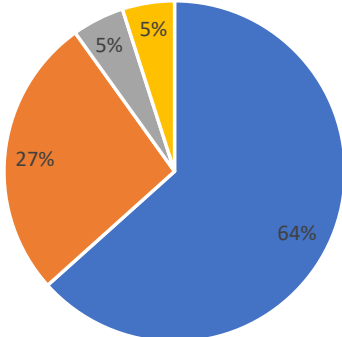
This report outlines the outcomes of community and stakeholder engagement on the review of the draft Grant programs (Financial Assistance) Policy. The community was invited to make submissions on the draft Policy, which covers financial assistance Council provides under section 356 of the Local Government Act. This includes competitive grant programs currently covered by the existing Community Grants and Partnership Policy and now extends to other financial assistance programs provided to community libraries, surf lifesaving and social services.


We received a total of 28 submissions via our Your Say webpage as well as via email.

The feedback collected during consultation indicated support for the draft Policy.


Respondents who were not supportive of the Policy would like: Council to focus on reduction of spending to reduce taxes; the policy be limited in scope to competitive grants; or more detail on the funding agreement.

### 1.1. Key outcomes

 Total unique responses	<h1>28</h1>	
 How responses were received	Your Say – Submission form (survey)  Written responses (email)	Completions: 22  Number received: 6
 Online question: Do you support the Policy?	<div style="text-align: center;"> <p>Do you support the policy?</p>  <p>■ Yes   ■ Yes with changes   ■ No   ■ Unsure/Prefer not to say</p> </div>	


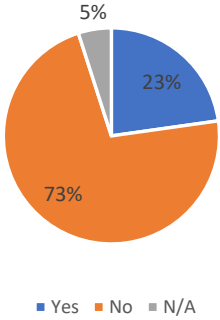

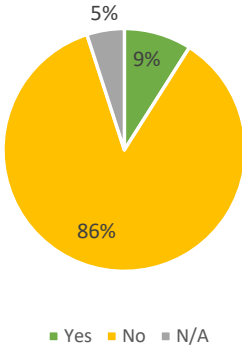
 Feedback themes	<ul style="list-style-type: none"> <li>• Reduction of Council spending</li> <li>• Public liability insurance</li> <li>• Unsuccessful applicants</li> <li>• Clarity of changes to the Policy</li> <li>• Support for events</li> <li>• Grants for buildings</li> <li>• Competitive v financial assistance grants</li> <li>• Funding agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Greater support should be provided through Council's grant program</li> <li>• More music-based grants should be awarded</li> <li>• Results of grants awarded should be reported</li> <li>• Good governance of discretionary fund</li> <li>• Funding amount to be stipulated</li> <li>• Funding priorities</li> </ul>
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## 1.2. How we engaged

 Have Your Say: visitation stats	Visitors:  370	Visits:  482	Average time onsite:  1m13s
 Electronic direct mail (EDM)	Community Engagement (fortnightly) newsletter: 2 editions  Council (weekly) e-News: 1 edition  The Wave Disability Newsletter: 1 edition  Beaches BizNews Newsletter: 1 edition		Distribution: Approx. 24,000 subscribers  Distribution: Approx. 61,500 subscribers  Distribution: Approx. 1,400 subscribers  Distribution: Approx. 8,000 subscribers
 Key stakeholder engagement	Email to 1,141 previous grant applicants  Letters to MPs – Member for Manly, Member for Pittwater, Member for Wakehurst, Member for Davidson, Member for Mackellar, Member for Warringah  Distributed to Chambers of Commerce by <i>Team Leader, Economic Development</i> (Manly Business Chamber, Mona Vale Chamber of Commerce, Newport Chamber of Commerce and Warringah Chamber of Commerce)		

	<p>Distributed to Community Development networks, to include in their communications</p> <p>Emails to surf life saving clubs, community libraries and social service organisation that currently receive financial assistance grants</p>
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**1.3. Who we spoke to (via Your Say Webpage)**

 Culturally and linguistically diverse background	<p>Do you identify as someone from a Culturally and Linguistically Diverse background?</p>  <p>■ Yes ■ No ■ N/A</p>
	<ul style="list-style-type: none"> <li>• South American</li> <li>• European</li> <li>• Maori</li> <li>• Dual citizenship Migrant in the 50's and Australian now</li> </ul>
 Languages other than English spoken at home	<p>Do you speak a language other than English at home?</p>  <p>■ Yes ■ No ■ N/A</p>

