

SUBJECT: MAYORAL MINUTE - COST SHIFTING**FROM:** The Mayor**EDMS #:** 24/56767

I'd like to take this opportunity to talk about the issue of cost-shifting, which is affecting all councils in the state.

Cost shifting occurs when state and federal governments force councils to assume responsibility for infrastructure, services and regulatory functions without providing sufficient supporting funding. It means the pressure on us to continue to provide services that are appropriate and of high-quality to our residents is now extraordinary.

Cost shifting has been an ongoing issue for years now and has been accelerated by various NSW Government policies.

I've been contacted by Local Government NSW (LGNSW) who have commissioned an investigation into this matter. Through independent consultants, LGNSW have determined that, in the 2021/22 financial year, an amount of \$1.36 billion of expense has been passed on to councils to fund. This is an increase of \$540 million since the 2017/18 financial year.

What this has meant for our community here in Camden is that close to \$5.3 million was paid directly to the NSW Government in the 2021/22 financial year, which otherwise would have been spent on providing much needed local services and facilities to our growing community. These direct costs relate to charges such as the metropolitan waste levy, emergency services levy contribution and services which have traditionally been funded by the State Government – many of which our community wouldn't be aware of.

Council has no control over these costs, as highlighted by the recent significant increase in the Emergency Services Levy Contribution by over \$1 million in the 2022/23 financial year. Importantly, these amounts are not a one-off, and are costs that Council must factor into its budget on an annual basis. These increases and diverted costs are not optional and simply saying no is not an option.

The cost shifting represents lost services, lost opportunity and lost amenity for all our residents and businesses. It means our communities get less or go without because councils are compelled to channel money elsewhere.

Communities across the state, including here in Camden, deserve better. LGNSW is seeking the support of local councils in the state in calling on the NSW Government to address cost shifting onto our sector and I believe it's important we seek to address this issue urgently.

As such, I am seeking Councillors' support to write to the Premier, the NSW Treasurer and the NSW Minister for Local Government, asking that they urgently address cost shifting through a combination of regulatory reform, budgetary provision and appropriate funding.

RECOMMENDED**That Council:**

- i. receive and note the findings of the LGNSW Cost Shifting report for the 2021/22 financial year; and**
- ii. write to the Premier, the NSW Treasurer and the NSW Minister for Local Government seeking that they urgently seek to address cost shifting through a combination of regulatory reform, budgetary provision and appropriate funding.**