



MINUTES of

ORDINARY COUNCIL MEETING

Held on 27 February 2024 at 4:00pm

Attendance at Meeting:

Councillors: Mayor R Bell (Chair)
Deputy Mayor R Crouch
Cr T Bower
Cr S Burrows
Cr L Doran
Cr McMullen
Cr T O'Connor
Cr L Petrov
Cr T Toomey

Apologies:

Nil

Staff:

Ms T Averay General Manager
Mr M Raby Director Infrastructure & Development
Mr S Williams, Interim Director Corporate & Community
Mr M Ahammed, Manager Finance & IT
Mr S Vivers, Acting Manager, Development & Planning
Ms W Westbrook, Executive Assistant

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AUDIO Minutes of meeting link:

<https://urallashirecouncil.podbean.com/e/26th-february-2024-ordinary-meeting-of-uralla-shire-council/>

CONFIRMED

1 OPENING & WELCOME

The Chair declared the meeting opened at 4:00pm.

2 PRAYER

The Chair recited the Uralla Shire Council prayer.

3 ACKNOWLEDGEMENT OF COUNTRY

The Chair read the acknowledgement of country.

4 WEBCAST INFORMATION

The Chair advised the meeting was recorded, with the recording to be made available on Council's website following the meeting and reminded the attendees from making defamatory statements.

5 APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS**6 DISCLOSURE & DECLARATIONS OF INTEREST/S**

Cr Bruce McMullen declared non-significant non-pecuniary interest in relation to item 14.11, being family related .

Mayor Robert Bell declared non-significant non-pecuniary interest in relation to item 14.11, due to being a member of Rotary.

Cr Tom O'Connor declared significant non-pecuniary interest in relation to item 14.11, due to Officer – Treasurer for Rotary Art Show.

Deputy Mayor Robert Crouch declared significant non-pecuniary interest in relation to item 14.6, due to being owner of related property in Uralla.

Cr Leanne Doran declared non-significant non-pecuniary interest in relation to item 14.11, due to being a Rotarian.

Cr Leanne Doran declared non-significant non-pecuniary interest in relation to item 14.12, due to being a member of Uralla Neighbourhood Centre, but not an Executive..

7 CONFIRMATION OF MINUTES

7.1 CONFIRMATION OF MINUTES HELD 19 DECEMBER 2023 ORDINARY MEETING

RESOLUTION 01.02/24

Moved: Cr Leanne Doran

Seconded: Cr Bruce McMullen

That Council adopt the minutes of the Ordinary Meeting held 19 December 2023 as a true and correct record.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

8 URGENT, SUPPLEMENTARY, AND LATE ITEMS OF BUSINESS (INCLUDING PETITIONS)

Nil.

9 WRITTEN REPORTS FROM DELEGATES

9.1 MAYORS DELEGATE REPORT DECEMBER 2023 & JANUARY 2024

RESOLUTION 02.02/24

Moved: Cr Bruce McMullen

Seconded: Cr Tom O'Connor

That Council received the Mayor's Delegate Activity Report for December 2023 & January 2024.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

10 PUBLIC FORUM

The Chair Introduced the speaker:

Speaker: Angus Witherby

The speaker made a presentation to Council against the Item DA-57-2023

The Chair thanked the speaker for his presentation

The Chair Introduced the speaker:

Speaker: Matthew Varley

The speaker made a presentation to Council for the Item DA-57-2023

The Chair thanked the speaker for his presentation

PROCEDURAL MOTION TO MOVE AN ITEM

RESOLUTION 03.02/24

Moved: Mayor Robert Bell

Seconded: Deputy Mayor Robert Crouch

That Council move Item 14.2 to be heard after Item 10 and

Move item 14.12 to be heard after item 14.2 (moved to after item 10).

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.2 DEVELOPMENT APPLICATION - DA-57-2023 - 19 LOT SUBDIVISION - LOT 4 DP 590685 - MUNDAYS LANE SAUMAREZ PONDS

RESOLUTION 04.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Lone Petrov

Following a division decision the following has been resolved:

That Council authorises approval of Development Application (DA-57-2023) for a nineteen (19) lot subdivision of Lot 4 DP 590685, land on Mundays Lane SAUMAREZ PONDS, under delegated authority to the General Manager, subject to:

- i. Submission of an amended plan and supporting information including dedication of emergency access and pedestrian land to Council;
- ii. The future emergency and pedestrian access to be constructed to deliver all-weather access to Council's satisfaction;
- iii. Compliance with Clause 4.6 of the Uralla Local Environmental Plan 2012; and
- iv. The conditions of consent in the attached Notice of Determination, except where varied by the above.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.12 PROPOSED LICENCE OF THE RSL MEMORIAL HALL TO URALLA NEIGHBOURHOOD CENTRE.

RESOLUTION 05.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Leanne Doran

1. That Council licenses the occupation of part Lot 67 in DP881705 being the RSL Memorial Hall to the Uralla Neighbourhood Centre Incorporated for a period of 2 years for the purposes of managing the facility and delivering community support services to residents and families in the Uralla Shire area; and
2. The General Manager executes the licence under delegated authority.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

11 MAYORAL MINUTE

11.1 MAYORAL MINUTE - COST SHIFTING BY NSW GOVERNMENT POLICIES

RESOLUTION 06.02/24

Moved: Mayor Robert Bell

Seconded: Cr Tara Toomey

That Council:

1. Receives and notes the findings of the LGNSW Cost Shifting report for the 2021/2022 financial year; and
2. Places a copy of the cost shifting report on Council's website so that our communities can access it; and
3. Writes to the Premier, the NSW Treasurer, the NSW Minister for Local Government and our local State member, the Hon Adam Marshall MP, seeking that the State government urgently addresses these issues through a combination of regulatory reform, budgetary provision and appropriate funding; and
4. include a full copy of the LGNSW Cost Shifting report in the minutes in lieu of the hyperlink.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

Attachments

- 1 Morrison & Low Cost Shifting

Please find attached the report from Morris & Low on Cost Shifting following relating to the above item following this document (after page xx).

12 NOTICE OF MOTION/QUESTIONS WITH NOTICE

12.1 NOTICE OF MOTION -CONSTITUTIONAL REFERENDUM - UPDATED EXECUTIVE ADVICE

RESOLUTION 07.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Leanne Doran

That Council resolves to hold a Constitutional Referendum in conjunction with the next ordinary Council election, due in September 2024, to seek community opinion [Local Government Act (1993) Chapter 4, Part 3] with the following Constitutional Referendum Questions:

1. Are you in favour of the Mayor being elected by the Councillors?
2. Are you in favour of removing the current ward system so that all electors vote for all Councillors that represent the Uralla Shire Council area?

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Cr Bruce McMullen

CARRIED 8/1

PROCEDURAL MOTION - BREAK

RESOLUTION 08.02/24

Moved: Cr Leanne Doran

Seconded: Cr Tim Bower

The Chair called for a short break at 5:35pm

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

PROCEDURAL MOTION - RETURN

RESOLUTION 09.02/24

Moved: Mayor Robert Bell

Seconded: Cr Leanne Doran

The Chair reconvened the meeting after a short break at 5:50pm

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

13 REPORT OF COMMITTEES

13.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING 15 JANUARY 2024 - SUMMARY REPORT

RESOLUTION 10.02/24

Moved: Cr Tara Toomey

Seconded: Cr Bruce McMullen

That Council receives and notes the summary report of the Audit, Risk and Improvement Committee meeting held 15 January 2024 with the amendment:

- a) Council note the report has been amended from 'exit to extend' on page 32 (6th dot point).

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14 REPORTS TO COUNCIL

14.1 MEMBERSHIP - BUNDARRA SCHOOL OF ARTS HALL AND COMMUNITY CONSULTATIVE S355 COMMITTEE

RESOLUTION 11.02/24

Moved: Cr Leanne Doran

Seconded: Deputy Mayor Robert Crouch

That Council accepts the membership application received from Ms Jennifer Dezius and appoints her as a member of the Bundarra School of Arts Hall and Community Consultative s355 Committee.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.3 RURAL PROPERTY SIGNS PROPOSAL

RESOLUTION 12.02/24

Moved: Cr Tara Toomey

Seconded: Cr Tim Bower

That Council :

1. Notes that the intention of the Uralla Rural Property Address Scheme is based on the voluntary participation by rural landowners who would only be subject to the charge if they ordered a rural property address sign.
2. Notes that the full recovery cost to Council for supplying and installing a rural property address sign is assessed to be \$360.00 per unit.
3. Endorses the *inclusion of a \$360 fee in the Draft 2024/25 Fees and Charges, being the fee for individual rural property owners who wish to participate in the Uralla Rural Property Address signage scheme*

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.4 PROJECT UPDATES - PUBLIC SPACES LEGACY PROGRAM**RESOLUTION 13.02/24****Moved:** Cr Tim Bower**Seconded:** Cr Leanne Doran

That Council notes the update and status reports for the Rotary Park Project; the Pioneer Park Project; and the Glen Project.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0**14.5 TREE MANAGEMENT GUIDELINES****RESOLUTION 14.02/24****Moved:** Cr Sarah Burrows**Seconded:** Cr Leanne Doran

That Council

- 1. Notes the submissions received.**
- 2. Notes the staff responses and amendments to the guidelines related to the submissions: and,**
- 3. Adopts the amended Guidelines for Tree Management with the following amendment:**

Council is responsible for the pruning of all trees on the streets, and residents are not generally permitted to prune street trees. If you believe a street tree needs pruning, please contact Council's Customer Service team to request staff to check the tree and take appropriate action. In cases where residents have typically maintained these trees, they should seek permission from Council before continuing to do so"; and

- 4. Note the advice from the Director Infrastructure & Development that a rural roads reserve management policy will be prepared for Council consideration for a future meeting, including guidance related to rural landowner boundary areas.**

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

PROCEDURAL MOTION - BREAK**RESOLUTION 15.02/24****Moved:** Cr Tim Bower**Seconded:** Cr Leanne Doran**The Chair called for a short break at 6:33pm**

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0**PROCEDURAL MOTION - RETURN****RESOLUTION 16.02/24****Moved:** Mayor Robert Bell**Seconded:** Cr Leanne Doran**The Chair reconvened the meeting after a short break at 6:58pm**

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

At 6:59 pm, Cr Bruce McMullen left the meeting having declared a non-pecuniary interest.

At 6:59 pm, Deputy Mayor Robert Crouch left the meeting having declared a non-pecuniary interest.

14.6 URGENT MINOR WORKS REQUIREMENTS**RESOLUTION 17.02/24****Moved:** Cr Tom O'Connor**Seconded:** Cr Tim Bower**That Council:**

1. Endorses the intention to install replacement perimeter stock fencing to renew the failed existing perimeter fencing at Council's Uralla Sewer Treatment at an estimated cost of \$8,000 drawn from unexpended Sewer Capital Renewal funds which are available within the current budget.

2. Endorses the intention to install approximately 50m of stormwater pipe in order to underground the existing flows of stormwater through the private property at 72 Hill Street, at an estimated cost of \$10,000 drawn from unexpended Stormwater Capital Renewal funds which are available within the current budget.
3. Notes that future investigation of stormwater impacts on two further properties downstream of 72 Hill Street will be undertaken and further stormwater undergrounding may be recommended to Council during the budget setting processes for the Financial Year 2024/2025.

For: Crs Robert Bell, Tim Bower, Sarah Burrows, Leanne Doran, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

Absent: Crs Robert Crouch and Bruce McMullen

CARRIED 7/0

At 7:05 pm, Cr Bruce McMullen returned to the meeting.

At 7:05 pm, Deputy Mayor Robert Crouch returned to the meeting.

14.7 QUARTERLY BUDGET REVIEW DECEMBER 2023-24 (QBRs)

RESOLUTION 18.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Lone Petrov

1. The second quarter budget review summary for the 2023/24 financial year be received and noted; and
2. The adjustments to budget allocations listed in the budget review statement be adopted.

For: Crs Robert Bell, Robert Crouch, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor and Lone Petrov

Against: Crs Tim Bower and Tara Toomey

CARRIED 7/2

14.8 MONTHLY FINANCE REPORT FOR JANUARY 2024

RESOLUTION 19.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Tara Toomey

That Council receives the attached Monthly Finance Report for January 2024 with amendment:

1. Item 6 loan amount Bridge Loan to \$1.184m

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.9 LOANS AS AT 31 JANUARY 2024

RESOLUTION 20.02/24

Moved: Cr Tim Bower

Seconded: Cr Sarah Burrows

That Council notes the loan position as at 31 January 2024 totalling \$1,392,395.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.10 INVESTMENTS AT 31 JANUARY 2024

RESOLUTION 21.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Tim Bower

That Council notes the cash position as at 31 January 2024 consisting of cash and overnight funds of \$1,843,426 and term deposits of \$23,068,862 totalling \$24,912,287 of convertible funds, including restricted funds.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

PROCEDURAL MOTION**RESOLUTION 22.02/24****Moved:** Cr Leanne Doran**Seconded:** Cr Sarah Burrows**That Council hear the following item 14.11 to be split and heard separately**

- 1. Rotary Art Show Sponsorship; and**
- 2. Elders Olympics Donation**

CARRIED

Deputy Mayor took up the chair as requested by the Mayor.

At 7:24 pm, Mayor Robert Bell left the meeting having declared a non-pecuniary interest.

At 7:24 pm, Cr Bruce McMullen left the meeting having declared a non-pecuniary interest.

At 7:24 pm, Cr Tom O'Connor left the meeting having declared a non-pecuniary interest.

14.11-1 REQUESTS FOR SPONSORSHIP & DONATION - ROTARY ART SHOW 2024 - ELDERS OLYMPICS 2024**RESOLUTION 23.02/24****Moved:** Cr Sarah Burrows**Seconded:** Cr Lone Petrov**That Council maintains the current sponsorship allocation to the Rotary Club of Uralla for the Rotary Art Show 2024 of \$1,000.**

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Lone Petrov and Tara Toomey

Against: Nil

Absent: Crs Robert Bell, Bruce McMullen, Tom O'Connor

CARRIED 9/0

At 7:28 pm, Mayor Robert Bell returned to the meeting.

At 7:28 pm, Cr Tom O'Connor returned to the meeting.

14.11-2 ELDERS OLYMPICS 2024 DONATION**RESOLUTION 24.02/24****Moved:** Cr Tim Bower**Seconded:** Cr Lone Petrov

That Council donates \$300 to contribute to transport and accommodation costs to support the Combined Aboriginal Elders Group to attend the 2024 Elders Olympics in Kempsey.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0**14.13 GRACE MUNRO AGED CARE CENTRE - LEASING MATTERS****RESOLUTION 25.02/24****Moved:** Deputy Mayor Robert Crouch**Seconded:** Cr Sarah Burrows

1. That Council provides written consent to Grace Munro Aged Care Centre limited for the grant of a sub-lease of part lot 24 in DP753646 to Transport for New South Wales for the purposes of providing access for the Lone Pine Walkway Replacement Project.
2. That Council provides a letter of support to Grace Munro Aged Care Centre limited for a grant of \$460,000 for the proposed extension of the facility on the condition that Grace Munro Aged Care Centre limited will be responsible for the future maintenance and renewal costs of the extension and will indemnify Council for any damage to the existing building arising from construction work associated with the extension.
3. That a report be brought back to the May 2024 Ordinary meeting on proposed terms and conditions of a long term lease of the facility to Grace Munro Aged Care Centre limited

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

14.14 REGISTER RESOLUTIONS ACTIONS STATUS AS AT 22 FEBRUARY 2024

RESOLUTION 26.02/24

Moved: Cr Leanne Doran

Seconded: Cr Tara Toomey

That Council notes the Resolution Actions Status Report as at 22 February 2024.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

Please find a copy of the Resolution Actions Status report on additional pages following for the above item following this document (after page xx)

CONFIRMED

15 CONFIDENTIAL MATTERS

RESOLUTION 27.02/24

Moved: Cr Tom O'Connor

Seconded: Cr Tara Toomey

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 10A(2) of the *Local Government Act 1993*:

15.1 McMaugh Gardens Residential Aged Care Facility Business Review - Appointment of Consultant

This matter is considered to be confidential under Section 10A(2) - d(i) of the *Local Government Act 1993*, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

RESOLUTION 29.02/24

Moved: Cr Tara Toomey

Seconded: Cr Tim Bower

That Council return to Open Session of Council and that resolutions of Closed Session of Council become the resolutions of Open session of Council.

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

16 COMMUNICATIONS OF COUNCIL DECISIONS

The Chair communicated the Council decisions from the closed session.

15.1 MCMAUGH GARDENS RESIDENTIAL AGED CARE FACILITY BUSINESS REVIEW - APPOINTMENT OF CONSULTANT

RESOLUTION 28.02/24

Moved: Cr Tara Toomey

Seconded: Cr Sarah Burrows

1. Council accepts the Stewart Brown Chartered Accountants proposal dated 13/09/2023 to undertake an updated review of the McMaugh Gardens Aged Care Facility business plan and engage Stewart Brown Chartered Accountants to undertake the review, and:
2. Stewart Brown Chartered Accountants present the final report of the review of the McMaugh Gardens Aged Care Facility business plan to Council, and:
3. Council allocates funds from the Residential Aged Care budget \$38,500 (inclusive of GST) to fund the review and report preparation.
4. invite consultant to May Council Meeting

For: Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey

Against: Nil

CARRIED 9/0

17 CONCLUSION OF MEETING

The meeting was closed at 8:10pm.

Council Minutes confirmed by **Mayor Robert Bell** 26 March 2024 : **Resolution 29.03/24**



CONFIRMED



LGNSW Cost Shifting Report – How State Costs Eat Council Rates

CONFIRMED

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CONFIRMED

1 Executive Summary

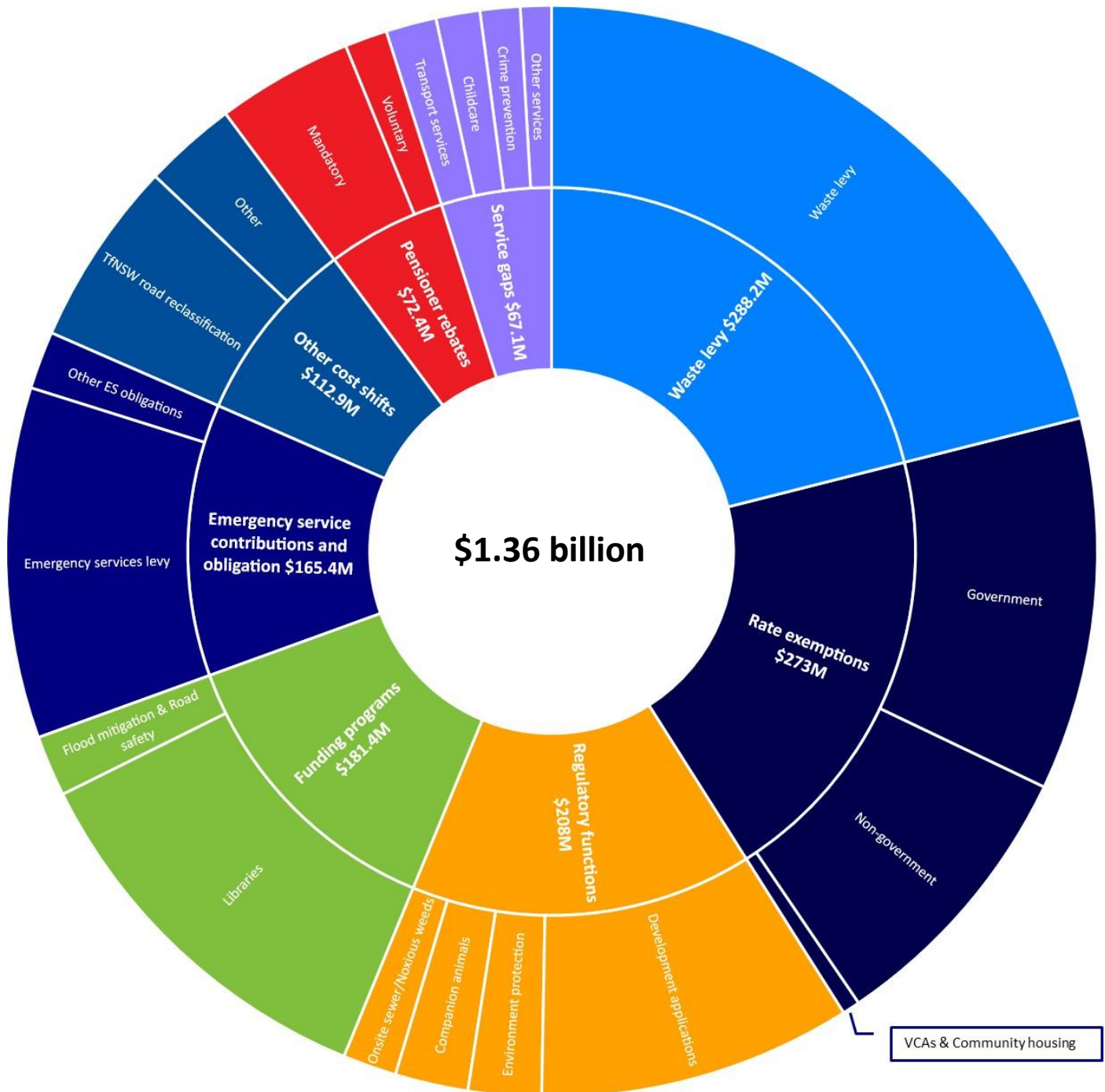
Cost shifting remains one of the most significant challenges facing the NSW local government sector. As the peak organisation representing the interests of all 128 general purpose councils in NSW, as well as special purpose councils and related entities, Local Government NSW (LGNSW) regularly monitors the extent of cost shifting onto local government via its Cost Shifting Survey.

The 2021–22 Cost Shifting Survey has revealed that cost shifting totalled **\$1.36 billion** in 2021–22 (see figure on the next page), far exceeding historical records and representing an increase of \$540 million since the Cost Shifting Survey was last carried out in 2017–18. Alarming, the increase in cost shifting has been accelerated by various State Government policies, with the most significant examples of cost shifting in 2021–22 being:

- The **waste levy**, which remains the largest single contributor to cost shifting in NSW, totalling \$288.2 million, because the NSW Government did not fully reinvest the waste levy, paid by local councils, back into waste and circular economy infrastructure and programs.
- The **Emergency Services Levy** and associated **emergency service contributions**, which totalled \$165.4 million and represented the largest direct cost shift to local councils. In 2021–22, councils contributed \$142 million through the Emergency Services Levy, \$12.7 million through Rural Fire Service (RFS) obligations, and \$10.7 million in depreciation expenses on RFS assets.
- The NSW Government's failure to fully reimburse local councils for mandatory **pensioner rate rebates**, resulting in councils losing \$55.2 million.
- The NSW Government's failure to cover the originally committed 50 per cent of the cost of libraries operations, resulting in an additional \$156.7 million in costs to councils.

Local councils and their communities are facing unprecedented challenges. As they lead the recovery efforts from both the COVID pandemic and repeated natural disasters across much of NSW, local councils are also grappling with the same challenges affecting the State and Federal Governments, such as rising costs, increased economic uncertainty, and severe skills and labour shortages – all of which are impacting council budgets and affecting service and infrastructure delivery in local communities. The continual shifting of the obligations and costs for State and Federal functions and services onto local government coupled with a defective rate peg system, is only making the situation worse. In 2021-22, each ratepayer of NSW has approximately \$460.67 from councils' rates eaten by state government costs.

Figure 1 2021–22 cost shifting components



2 Background

2.1 What is cost shifting?

Cost shifting describes a situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset, or regulatory function is imposed onto local government from a higher level of government (Commonwealth or State Government) without the provision of corresponding funding or the conferral of corresponding and adequate revenue raising capacity other than out of general rates.

As the council cannot raise or receive sufficient revenue to fund the imposed service concession asset or function, cost shifting forces councils to divert funding collected from ratepayers away from planned projects or services that the council has committed to the community to deliver in its Delivery Program.

In NSW, cost shifting has taken a number of forms including:

- **The Emergency Service contributions:** Councils are required to fund 11.7 per cent of the cost of Fire & Rescue NSW, Rural Fire Service (RFS) NSW and the NSW State Emergency Service (SES) through an Emergency Service Levy (ESL). 73.7 per cent of emergency services costs is funded through insurance premiums and the remaining 14.6 per cent from the NSW Government's treasuries. Councils provide additional financial contributions to emergency services agencies in addition to the ESL.
- **The waste levy:** The waste levy is not as much a cost shift to councils as an invisible tax levied on ratepayers through councils. The waste levy is a levy paid by all waste facilities to the NSW Government, the cost of this levy is recovered through the waste collection fees levied by councils, in effect shifting the burden of this tax on to ratepayers.
- **Forced rates exemptions:** Councils are required to exempt government and other organisations from paying rates in the local government area. These organisations utilise local government services and infrastructure. As they are exempt from paying rates, the burden of the costs they incur is shifted to the ratepayers to fund. Examples of exempt organisations include government departments, private schools, and non-government social housing providers.
- **Imposing additional regulatory functions:** State and Federal levels of government implement or increase regulatory requirements through legislation that is then administered by local government. The costs of this new or increased regulatory function is often not funded by the determining level of government and councils must fund this through their own revenue sources including rates.
- **Cutting or failing to adequately continue to fund programs for services that need to continue:** Many funding programs announced by State or Federal government are required to be delivered by local government but are either not fully funded from their initiation or, if an ongoing initiative, funding is reduced over time leaving councils with the decision to either continue the program and make up the burden of the cost or cease the program entirely. An example of this in Libraries, where the original commitment from State Government was to fund 50 per cent of libraries cost, it now covers approximately 8 per cent of the total costs, leaving councils to fund an additional \$156.7 million to make up the difference.

- **Pensioner rebates:** Councils are required to provide pensioner rebates on rates and other charges, for which the State government only subsidises 55 per cent of the cost, the remaining 45 per cent is funded by other ratepayers.
- **Councils absorbing the costs of service and market gaps that should have been provided by State or Federal governments:** This is particularly an issue in rural and regional NSW, where councils often must step in to provide or support a service that is traditionally delivered either directly or through subsidised private providers. This can be for a diverse range of services from aged, disability or childcare through to medical services, education, or public transport services.

2.2 Cost shifting and the rate peg

Cost shifting has been a term used for many years to describe the cost impact on local government of decisions made at the State and Federal level. It is particularly relevant in NSW where a rate pegging system is applied to restrict how local government can raise rates revenue.

The issue of State and Federal decisions having a direct financial impact on local government exists in all States and territories of Australia to some extent. In many cases, local government can be the best and most efficient partner for State and Federal government to deliver its programs or services.

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 in NSW sets out the maximum amount that local councils can increase their rates by and is set by the Independent Pricing and Regulatory Tribunal (IPART) each year. In determining the rate peg, IPART does not adequately consider the cost shifting impacts on councils. As a result, increases in the costs shifted to councils identified here are not covered by a commensurate increase in rates revenue. This 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 councils' ability to deliver services to the community and their overall financial sustainability.

2.3 This report

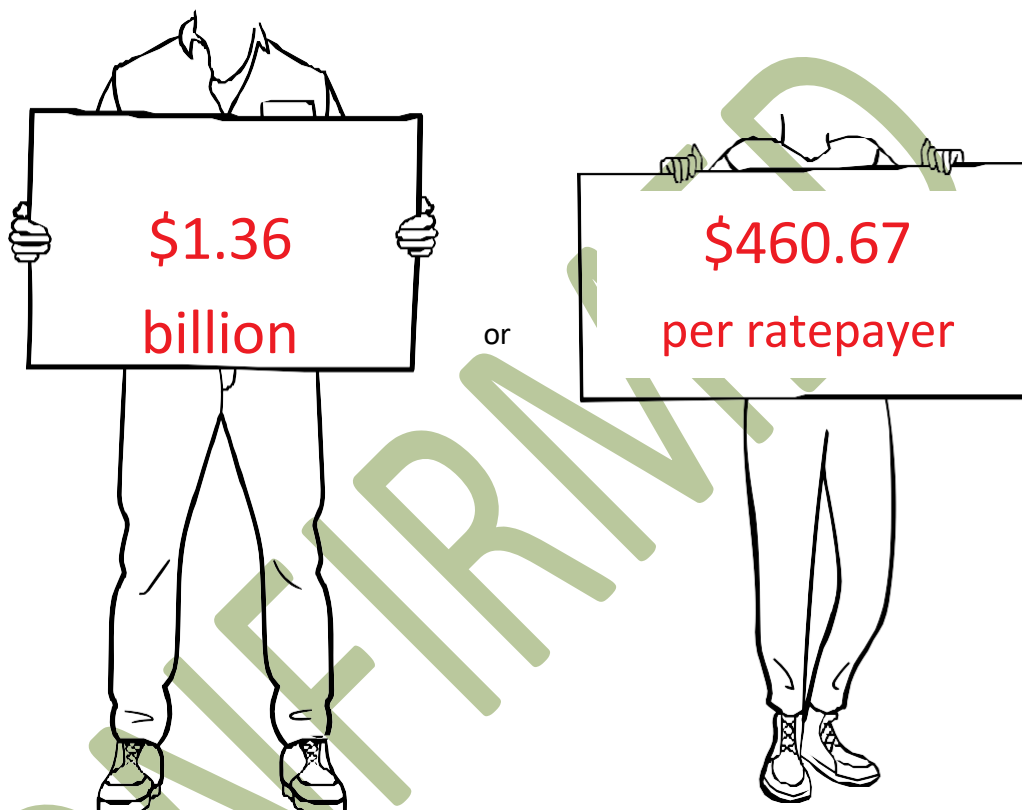
This report provides analysis and insights from the 2021–22 Cost Shifting Survey conducted in May 2023.

Section 3 of this report provides more detail on the findings from the survey, breaking down the findings into their key cost shifting areas, as identified in section 2.1 above, and Section 4 outlines the approach and methodology used in the survey and analysis..

3 Findings

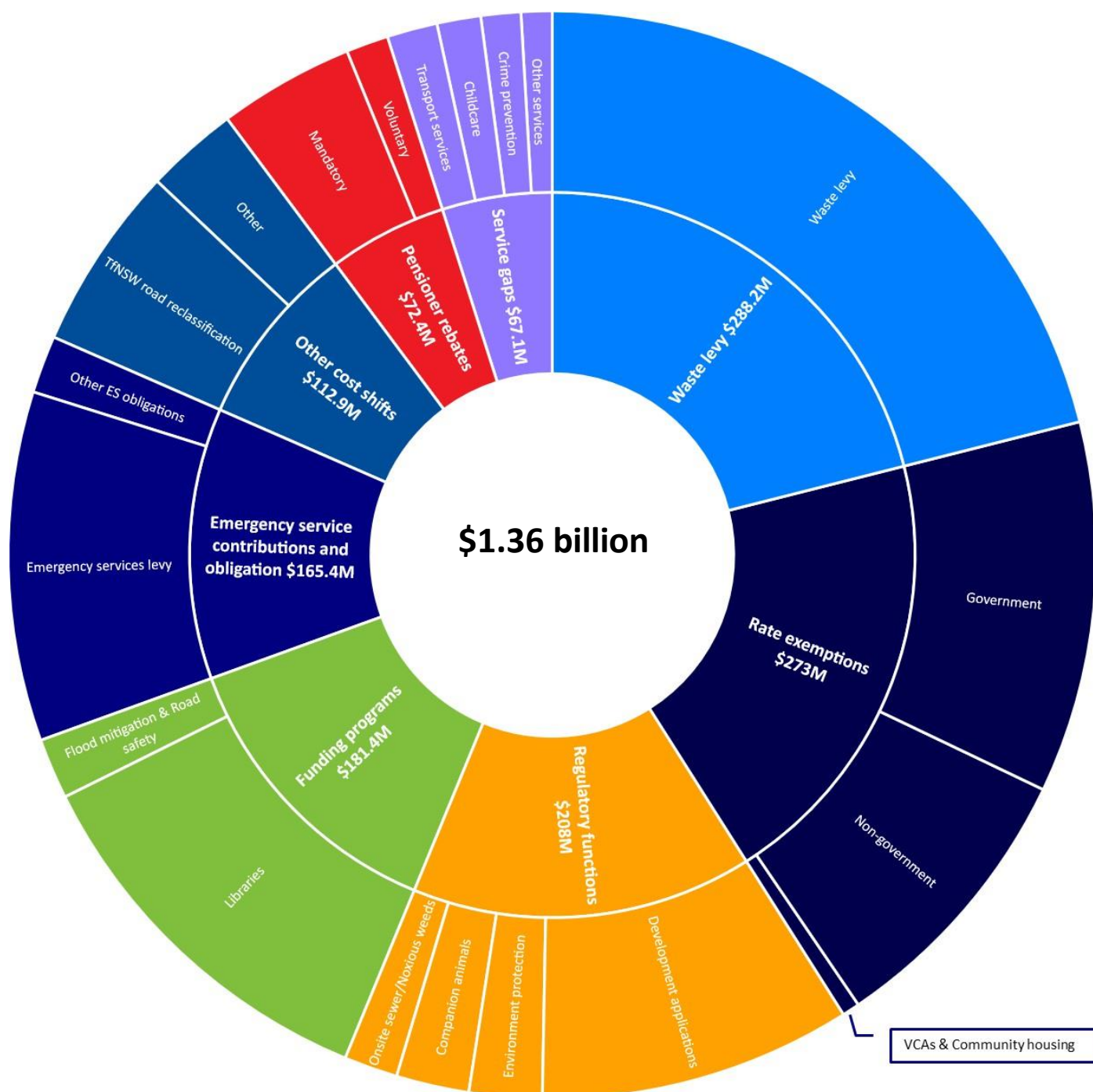
Our survey found that cost shifting cost NSW councils \$1.36 billion in 2021–22, which represents \$460.67 for each ratepayer. In effect, this is the average amount of rates that councils must divert from the services and infrastructure that council has committed to provide the community in order to fund the unrecoverable cost services, programs and functions that are imposed from the State or Federal governments.

In 2021/22,
the cost to
NSW
Councils of
cost shifting
was:



Many services, programs, and functions that the State and Federal governments require local councils to deliver, in turn provide benefits to the local communities they serve. This report does not provide an assessment on the merit of these costs, only to bring them to light. Due to the nature of how the services, programs and functions are provided and funded, cost-shifting can be hidden from view. This analysis helps to quantify and highlight these costs for all tiers of government and the community.

Figure 2 2021–22 cost shifting components



The largest direct cost shift to councils is from emergency service contributions and other emergency service obligations, totalling \$165.4 million.

However, the cost of rate exemptions are higher still, representing a total of \$273.1 million of potential rates that are exempted and redistributed to other ratepayers to pay. An additional \$288.2 million in waste levies are passed onto the ratepayers through the waste collection fees in their rates bill. A further \$156.7 million

in costs for libraries has been covered by councils to make up the difference between the committed funding for councils' libraries and the subsidies received.

While in nominal terms the largest total cost shifts have been seen metropolitan councils, was on a per ratepayer basis rural and large rural councils have seen a greater impact, as the graphs below indicate.

Figure 3 Total cost shift by council classification

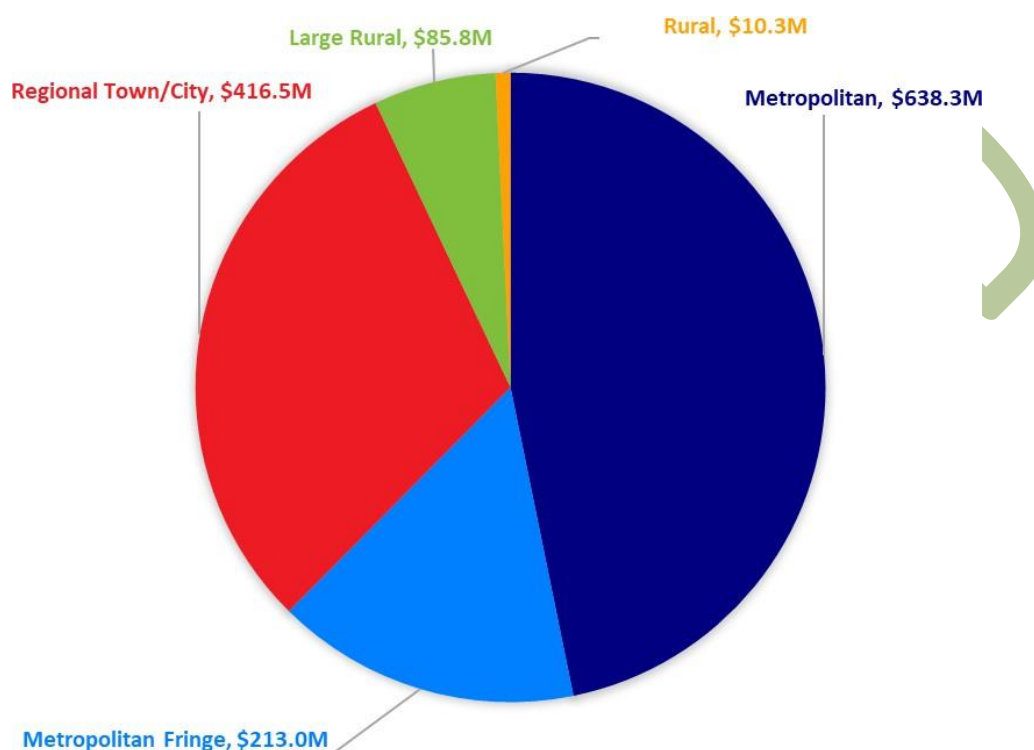
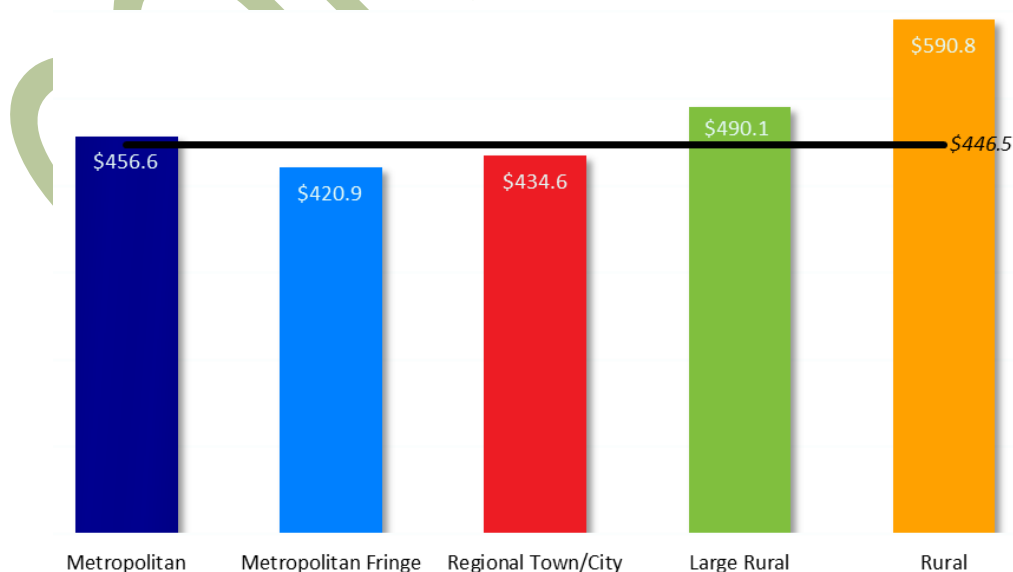


Figure 4 Cost shift per ratepayer by council classification



We will explore each component of rate shifting in the following sections.

3.1 Emergency service contributions and obligations

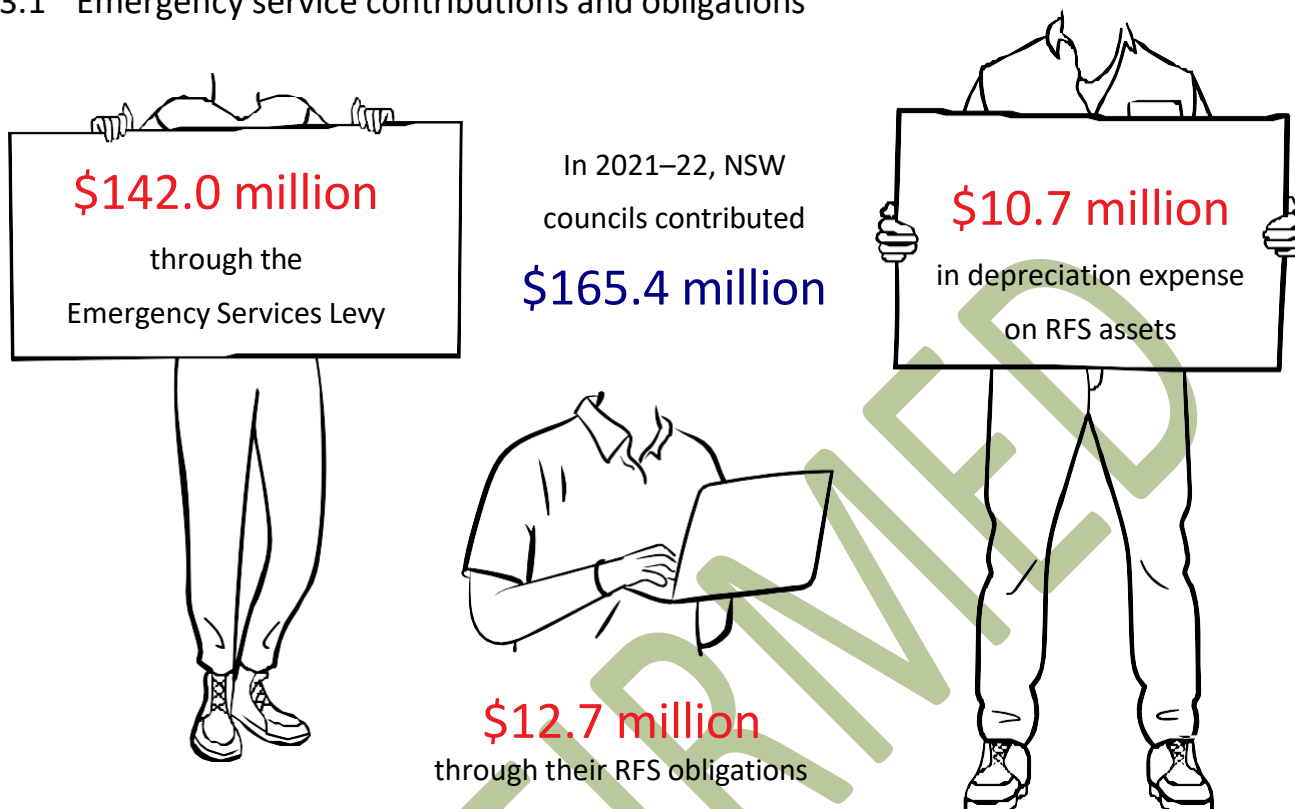


Figure 5 Emergency services contributions and obligations by council classification

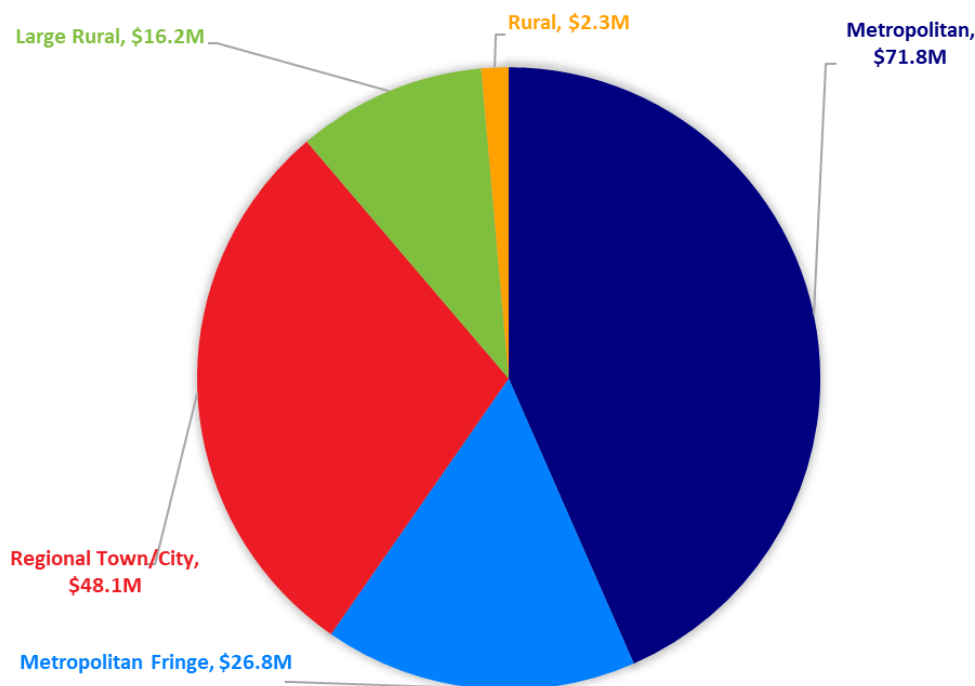
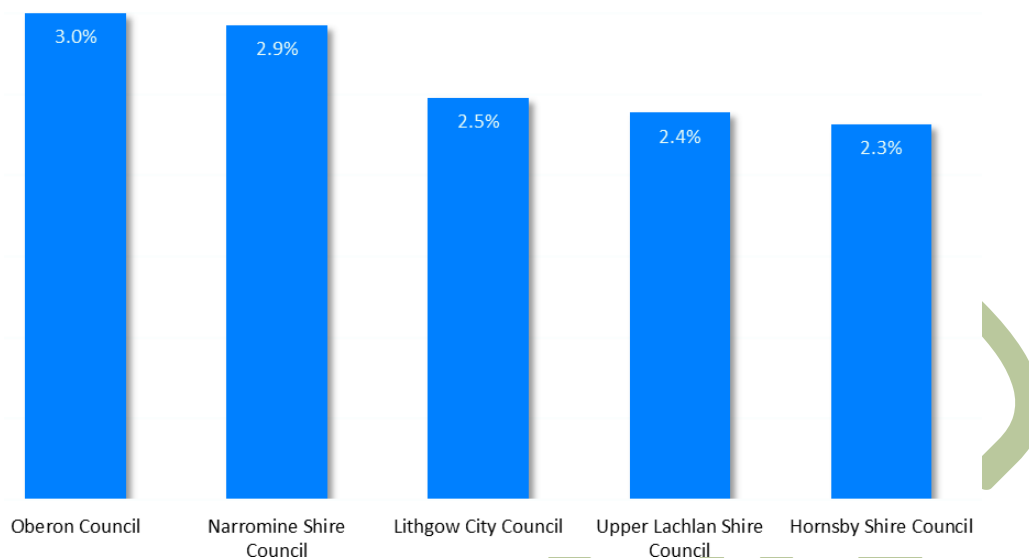


Figure 6 Respondent councils with the highest emergency services contributions and obligations burden



Figure 7 Respondent councils with the highest emergency services contributions and obligations burden as a proportion of total operating expenditure



NSW councils are required to fund 11.7 per cent of the NSW SES, NSW Fire and Rescue and NSW RFS budgets through a direct contribution levied each year by the State Revenue Office. This is funded directly from general revenue, primarily rates, as councils have no ability to raise revenue to fund this in any other way.

Councils also have no influence on the costs or budget setting of these organisations. This contribution of ratepayers' funds is in addition to the Emergency Services Insurance Contribution that is extracted through insurance companies, who cover 73.7 per cent of the agencies' budgets and results in higher insurance premiums for policy holders

The emergency service levy is estimated to have cost NSW councils overall \$142.0 million in 2021–22. That is a total of \$46.23 per ratepayer, which goes directly to the NSW Government as part of the emergency services contribution.

Figure 8 Respondent metropolitan and fringe councils with the largest ESL bill for 2021–22

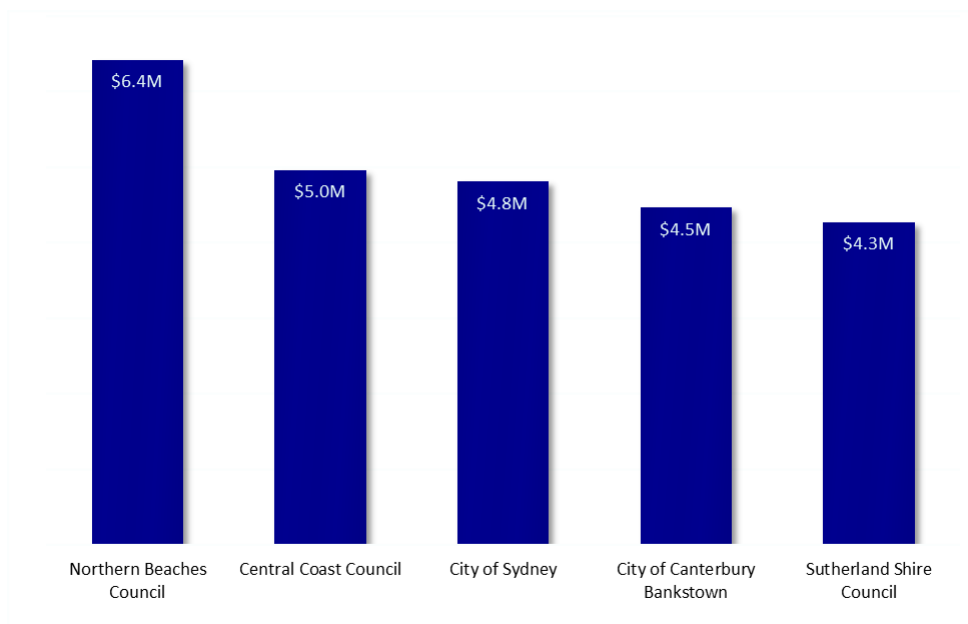
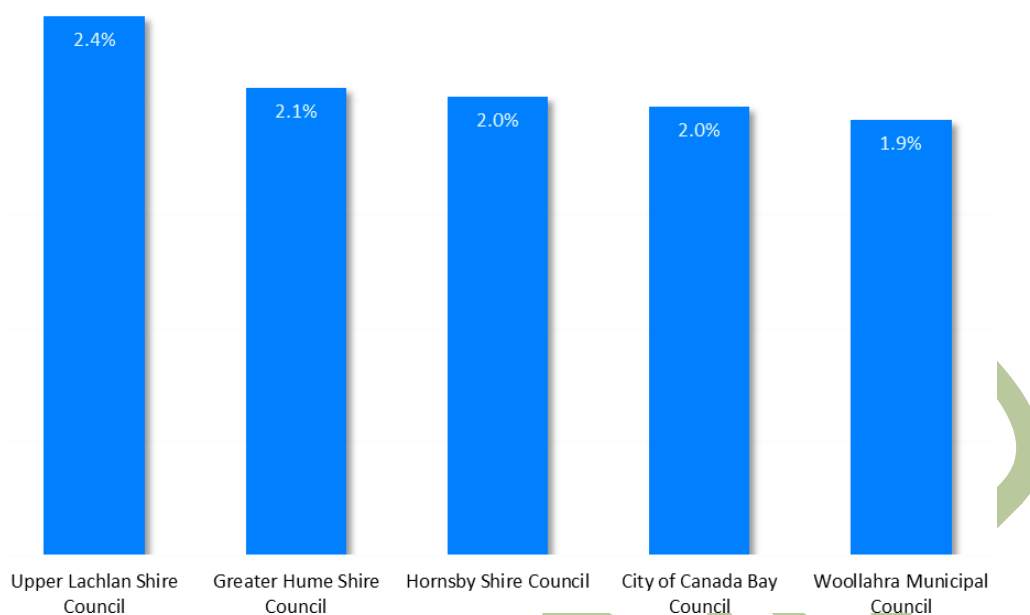


Figure 9 Respondent regional and rural councils with the largest ESL bill for 2021–22



Figure 10 Respondent councils with the largest ESL bill as a proportion of total operating expenditure



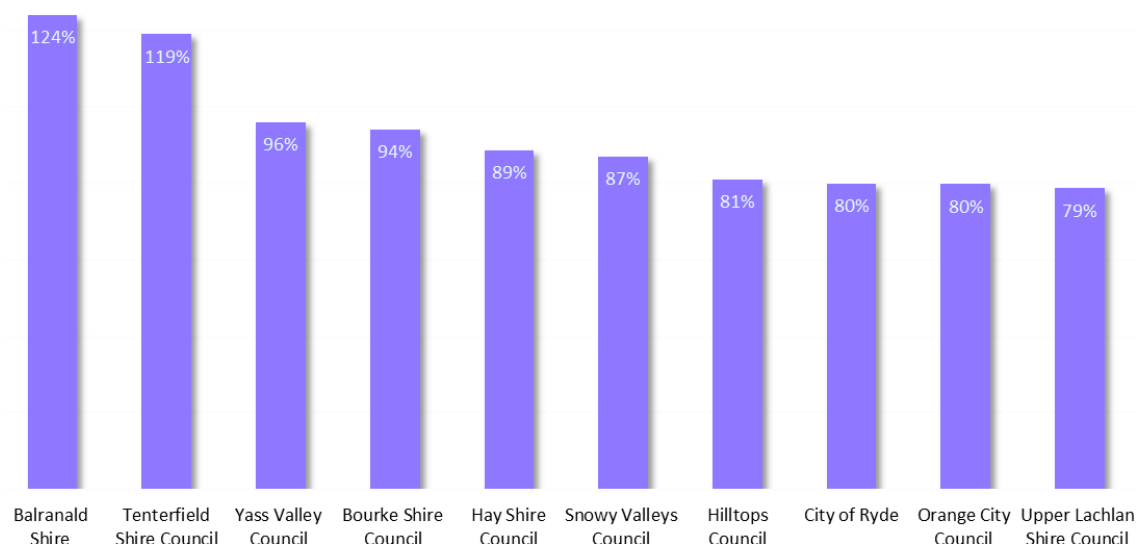
In 2019, the NSW Government subsidised councils for the increase in Emergency Service Contribution costs, because of a large increase in the ESL resulting from large increase in workers compensation costs followed by the Black Summer Bushfires and the unfolding COVID pandemic. From the 2023–24 financial year, the NSW Government increased the budgets and therefore costs for the three relevant agencies and removed the subsidy at the same time. Councils were not advised of this change until after they had developed and put their 2023–24 budget on public exhibition as they are required to do. The increase represented a \$41.2 million cost increase from the prior 2022–23 financial year.

With the rate peg set at 3.7 per cent for the 2023–24 rating year, the increase in emergency services contributions has put substantial pressure on the financial sustainability of local government.

Figure 11 Top 10 councils with the highest ESL bill in 2023–24



Figure 12 Top 10 councils with the highest 2023–24 ESL increase as a percentage of the rate revenue increase



The increases in emergency services contributions from councils have hit both the largest and smallest of councils.

“Two of the four biggest expense payments that Central Coast Council must make each year are for State government levies: the emergency services levy and the waste levy. They are in the millions each and are funded straight out of our rates and waste revenue.”

David Farmer, CEO, Central Coast Council

“Central Darling Shire is the largest shire in NSW covering an area of 53,000 square kilometres in Far Western NSW, but it has the smallest (and declining) population of less than 2000. CDS is not a typical shire as it consists of a series of isolated communities (Menindee, Ivanhoe, Wilcannia and White Cliffs) and large pastoral holdings. It borders the large unincorporated area of the Far West.

For Council, the Emergency Services Levy has increased by \$70,000 for 2023/24, bringing the total Council contribution to \$318,989. The increase is some \$70,000 which is more than double the increase in rates due to rate pegging.

For the 2023/2024 financial year the Council income from rates is budgeted to be \$913,000. This includes the rate peg increase of 3.7 per cent, which looks like being eaten up by the hike in the ESL.

For a Council like Central Darling this level of increase is simply unsustainable and will result in the further reduction of services to our residents.

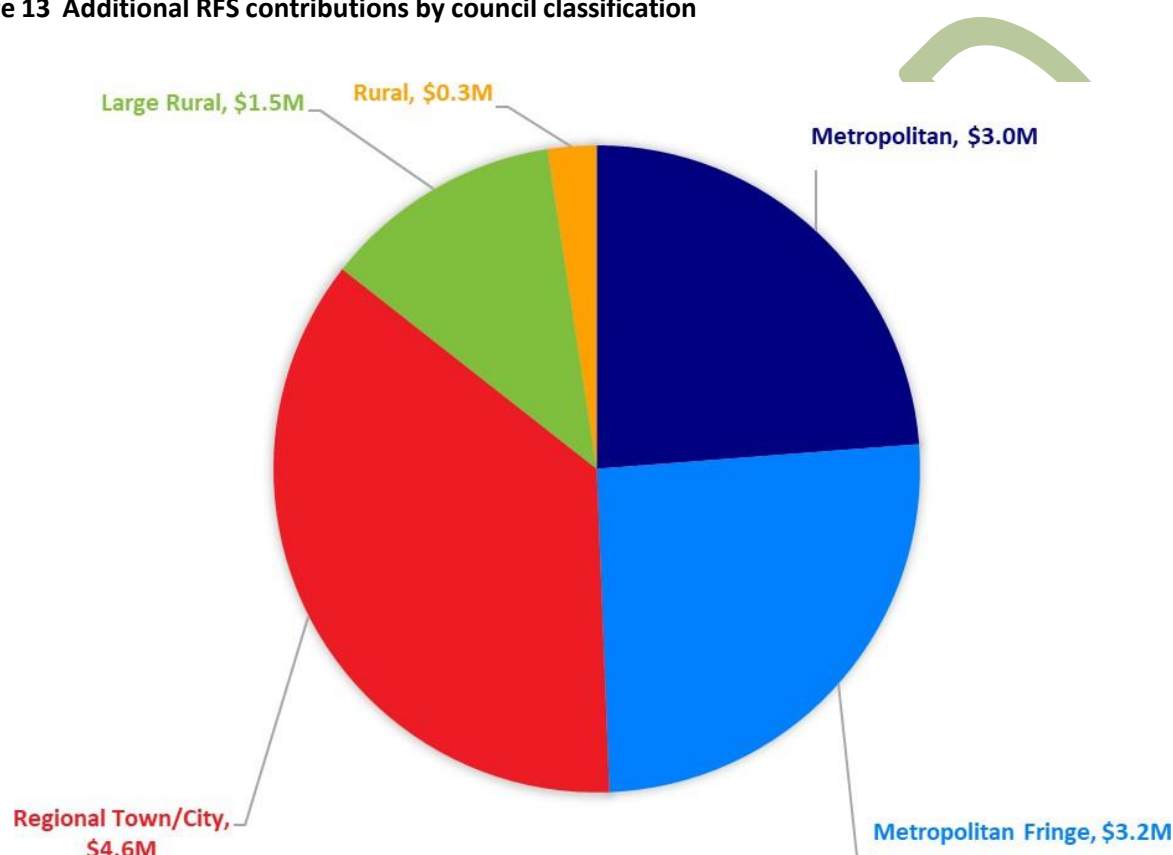
There is a clear case for the NSW Government to fully fund this increase as part of its community service obligation as small rural councils with a limited rate base cannot afford to continue to pay.”

Bob Stewart, Administrator, Central Darling Council¹

¹ Figure 11 does not include Central Darling’s actual result as it was not provided to LGNSW.

In addition to the emergency service levy, local councils are required to support the RFS and SES in other ways. This commitment seems to be different for different Councils. For example, for some councils, when the RFS annual budget is allocated back to the districts, some of these funds are vested in councils through the Rural Fire Fighting Fund (RFFF). These funds are then administered by councils to deliver repairs and maintenance of buildings and a small amount of plant and equipment. In some cases, Councils also fund other functions such as training and provision of office supplies. If the RFFF is insufficient to provide these in any one year, some councils will then provide further financial support directly to the districts to meet the difference. In 2021–22, the cost of this additional support has been estimated at \$12.7 million.

Figure 13 Additional RFS contributions by council classification

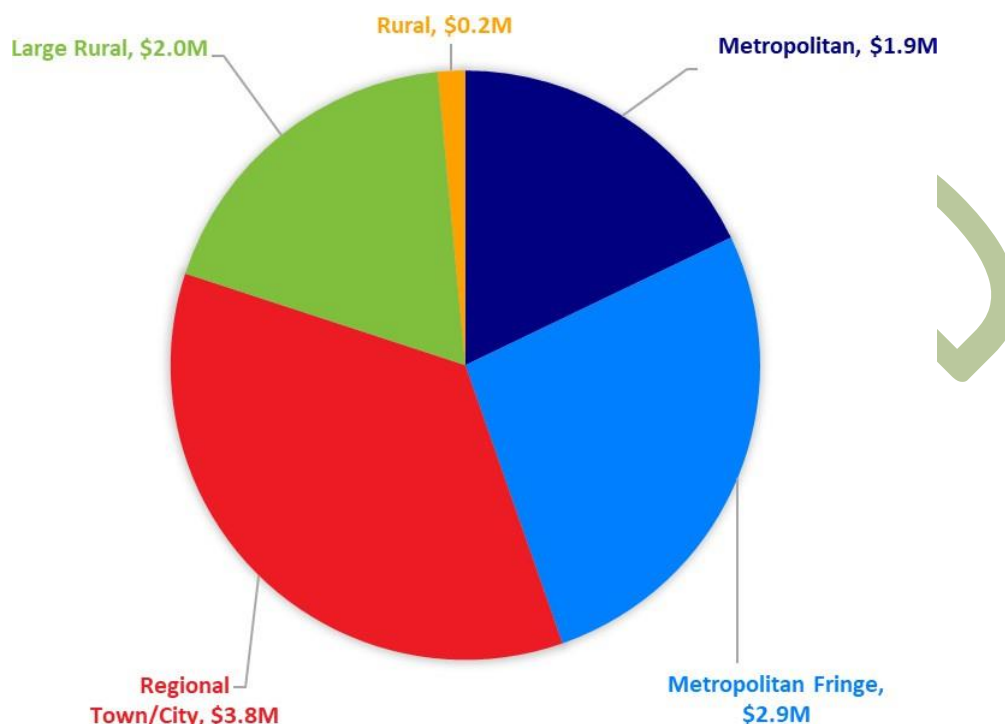


The RFS funding arrangements are the most complex of all the emergency services and creates challenges for both councils and the RFS. While councils are aware that their obligations to provide financial support to the RFS are generally over and above the RFFF, the costs at a district level are extremely volatile from one year to the next and dependent on whether there is a bushfire in the district (in which instance the district will fund some aspects of other districts' costs if they come to support the local bushfire response) or if the district comes to the aid of another district (in which instance they will receive additional funding which reduces the pressure on its own budget and therefore the financial support required from the local council).

What results is that councils have to bear the budget risk of the volatility of RFS costs and funding, while RFS districts don't have accountability for their own budgets and costs, and are not able to help to provide certainty because they don't know where the next emergency will be. Much of these volatility issues are resolved at a State level, when looking at the RFS services overall.

In addition to the direct repair and maintenance costs, councils are also required to recognise RFS red fleet assets and account for their depreciation expense in council financial reports. In 2021–22, this depreciation cost is estimated at \$10.7 million.

Figure 14 RFS Depreciation Expense by council classification



This has been a somewhat contentious issue in recent years and ultimately comes down to identifying where control of these assets lie. In summary, the NSW Government has concluded under the *Rural Fire Services Act 1997*, which states that these assets are vested to councils and therefore “on balance, councils control this equipment” under the Australian Accounting Standards². The NSW Audit Office has accepted this position in undertaking their audit function of local government.

Many councils, with the support of LGNSW, have refused to accept this position, which has resulted in 43 NSW councils receiving a qualified audit opinion of their 2021–22 financial reports. Their position is that control of these assets sits with the RFS, and therefore the NSW Government, based on the Australian Accounting Standards Board Conceptual Framework, which does not necessarily define control as a legal ownership right, but rather:

“... the present ability to direct the use of the economic resource and obtain the economic benefits that may flow from it. Control includes the present ability to prevent other parties from directing the use of the economic resource and from obtaining the economic benefits that may flow from it. It follows that, if one party controls an economic resource, no other party controls that resource.”³

² Audit Office of New South Wales (2023) *Regulation and monitoring of local government*, NSW Government, 23 May 2023.

³ Australian Accounting Standards Board (2022) *Conceptual Framework for Financial Reporting*, AASB, 7 April 2022.

This issue is ongoing, and while depreciation itself is not a cash expense, the accounting for depreciation in local government has two key financial implications. Firstly, the increase in depreciation expense will reduce a council's overall surplus or increase its deficit, which has implication for a council's measures of financial sustainability. Secondly, for most local government assets, depreciation is used as the estimate of required renewal expenditure for councils to maintain assets at their current condition. In other words, councils must fund depreciation with a similar level of capital cashflow to ensure assets are kept at required standards, this is not the case for firefighting equipment, which is funded through the State Government's budget allocation to the RFS. This remains an ongoing issue at the time of writing this report.

3.2 Waste levy

The waste levy is a tax on landfill facilities and only applies to 42 metropolitan and 19 regional levy areas shown in Figure 18. Although, not technically a "cost shift" – as the cost of the levy is recovered through waste charges – it represents a somewhat "invisible tax".

The purpose of the waste levy is to provide economic incentive to alternative waste management processes, such as recycling and resource recovery. The funds raised by the waste levy go directly to NSW Government general revenue. Some funds do come back to communities and councils through grants for a variety of projects, but this only represents 10 to 15 per cent of the funds raised through the tax.

The metropolitan levy at \$147.10 per tonne in 2021–22 is nearly twice the amount per tonne of the regional levy at \$84.70 per tonne in 2021–22. Some councils, such as Central Coast and Newcastle, operate their own landfill facilities and pay the levy directly to the NSW Government. Not all councils operate landfills directly, many councils have their waste managed through contracts with private providers. While these providers will incur the levy directly, councils in the levy areas will collect waste charges that include the waste levy as a component of the waste fees. Depending on how their waste management contracts are structured, some councils have been able to provide an estimate of this levy collected in the waste fees while others have not.

Of the 51 councils surveyed who are in the levy area, 36 provided an estimate of the amount paid, which totalled \$287.8 million in 2021–22. Based on this data, we have estimated the total amount of the waste levy paid through waste collection fees in 2021–22 at \$292.9 million.

Figure 15 Waste levy by council classification

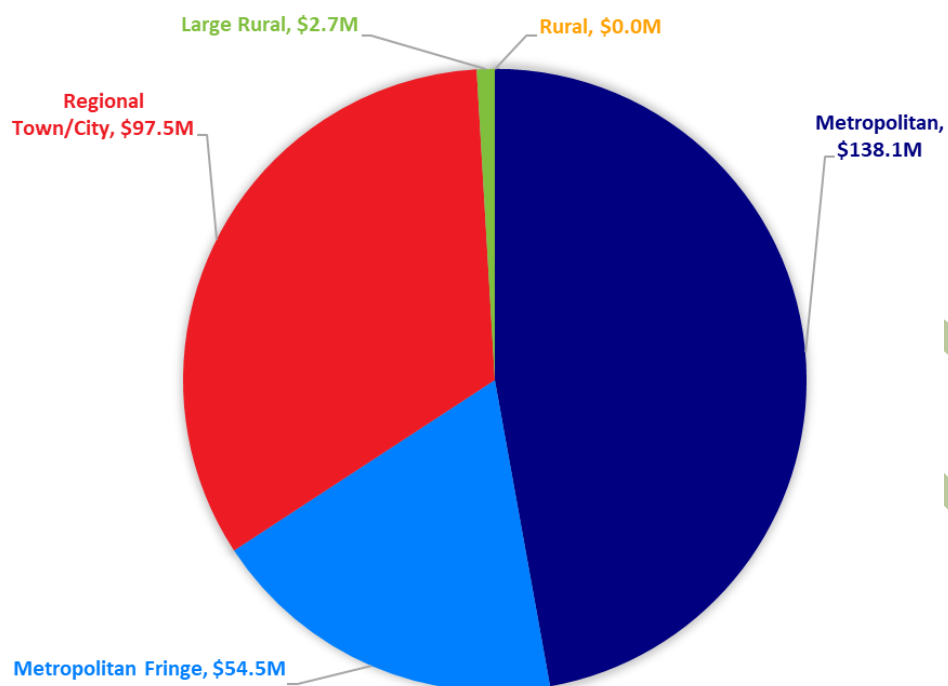
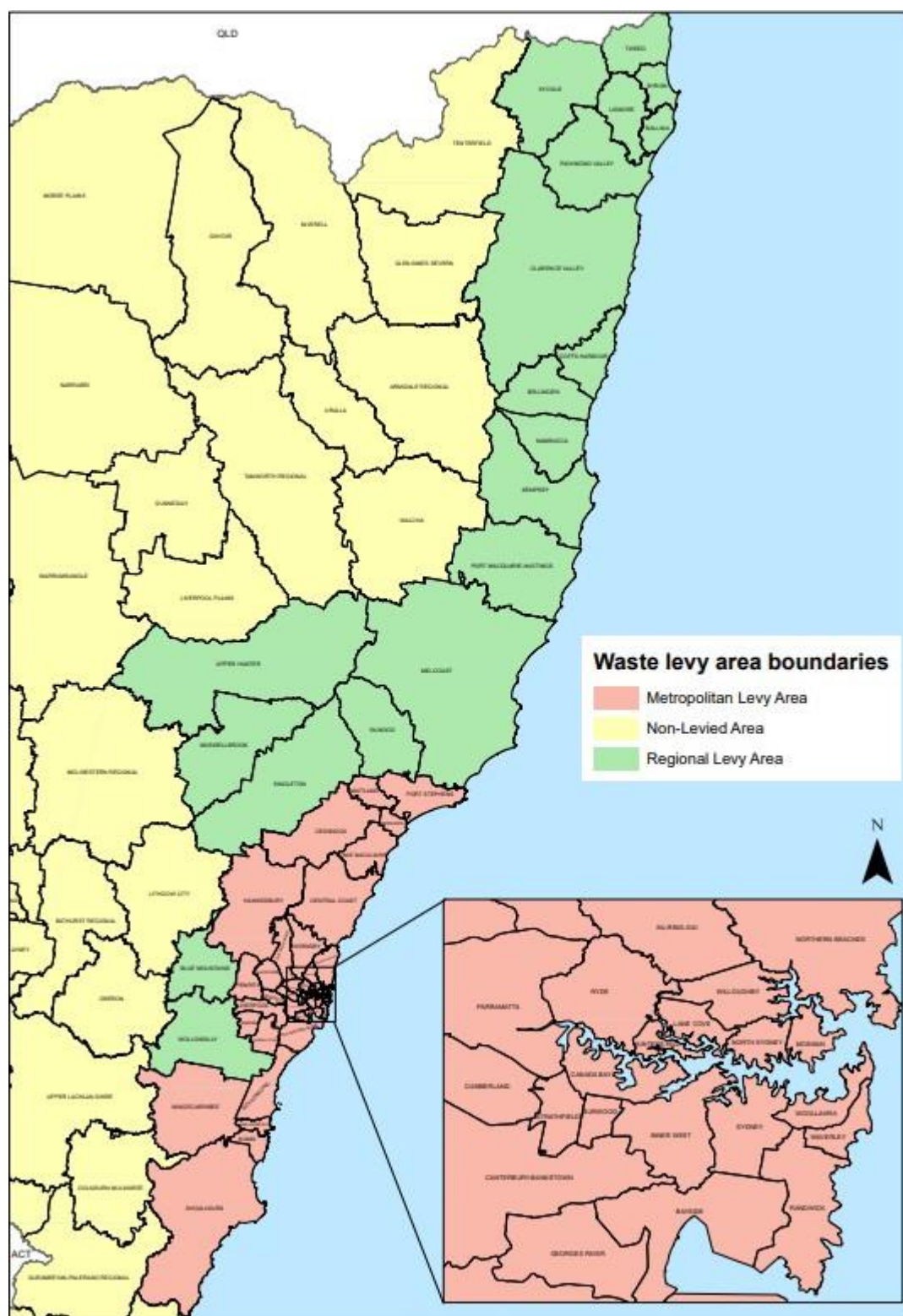


Figure 16 Respondent councils with the highest waste levy



Figure 17 Waste levy area map⁴



⁴ <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/wasteregulation/levy-area-map.pdf?la=en&hash=C00135E31055627BB8A41EAE222864C2655B186>.

3.3 Rate exemptions

Many government and private property owners in a local government area are exempt from paying rates to councils. Due to the way rates are calculated, this doesn't usually affect the total amount of revenue that councils are able to raise through rates. It does mean that the distribution of the rates burden falls more heavily on the existing ratepayer base.

For government-owned properties, rate exemptions are a part of a complex set of arrangements for exemptions of some taxes between the different tiers of government. State Owned Corporations (SOCs and GTEs) pay tax on lands owned and used for commercial purposes. This is provided for under competitive neutrality policy/National Competition Policy (a notable exception to this arrangement is the Forestry Corporation). Councils are exempt from most State and Federal taxes (for example land tax, payroll tax, stamp duty, and income tax). Councils are also involved in delivering a wide range of services or regulatory functions under various State and Commonwealth Acts and they receive a large number of different grants from State and Federal governments, including the untied Financial Assistance Grants that the States administer and distribute to councils.

Additionally, there are many non-government organisations that are also exempt from paying rates, including private schools, hospitals and retirement villages, as well as not-for-profit organisations such as religious organisations. While these organisations are exempt from paying rates; all expect and receive services and infrastructure from councils, the cost of which is funded by ratepayers.

Community housing was an area that we asked councils about specifically as the NSW government has been in the process of transitioning the ownership and management of public and social housing to non-government Community Housing Providers. Under past practice, social and public housing provided by State Government agencies paid rate equivalents on all their properties. CHPs are exempt from rates and more and more social and public housing is moving into this category. As a result, the rates exempt status seems to be moving with the community housing property.

The total amount of rate exemptions represented \$273.1 million, shifting approximately \$89.04 to each NSW ratepayer.

Figure 18 Rate exemptions by category

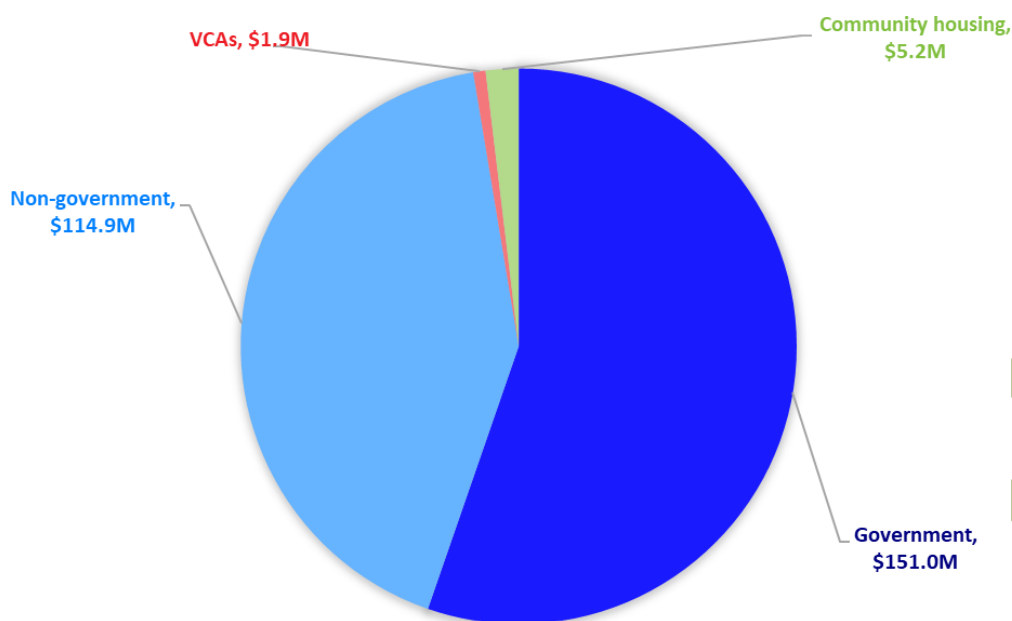


Figure 19 Rate exemptions by council classification

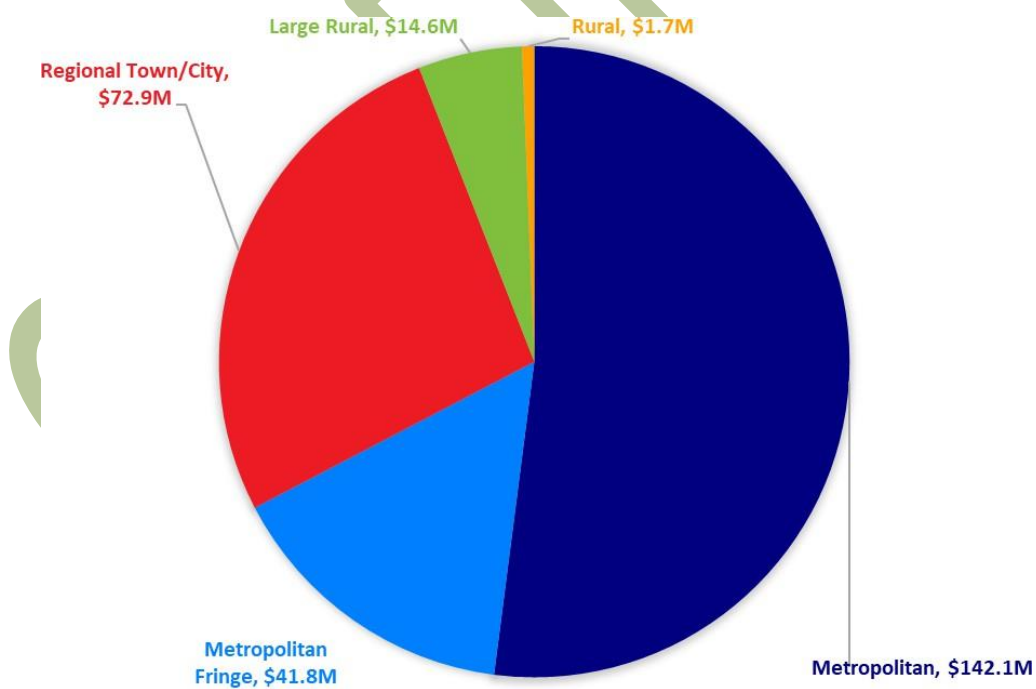


Figure 20 Average rate exemption for respondent councils as a proportion of rates revenue by council classification

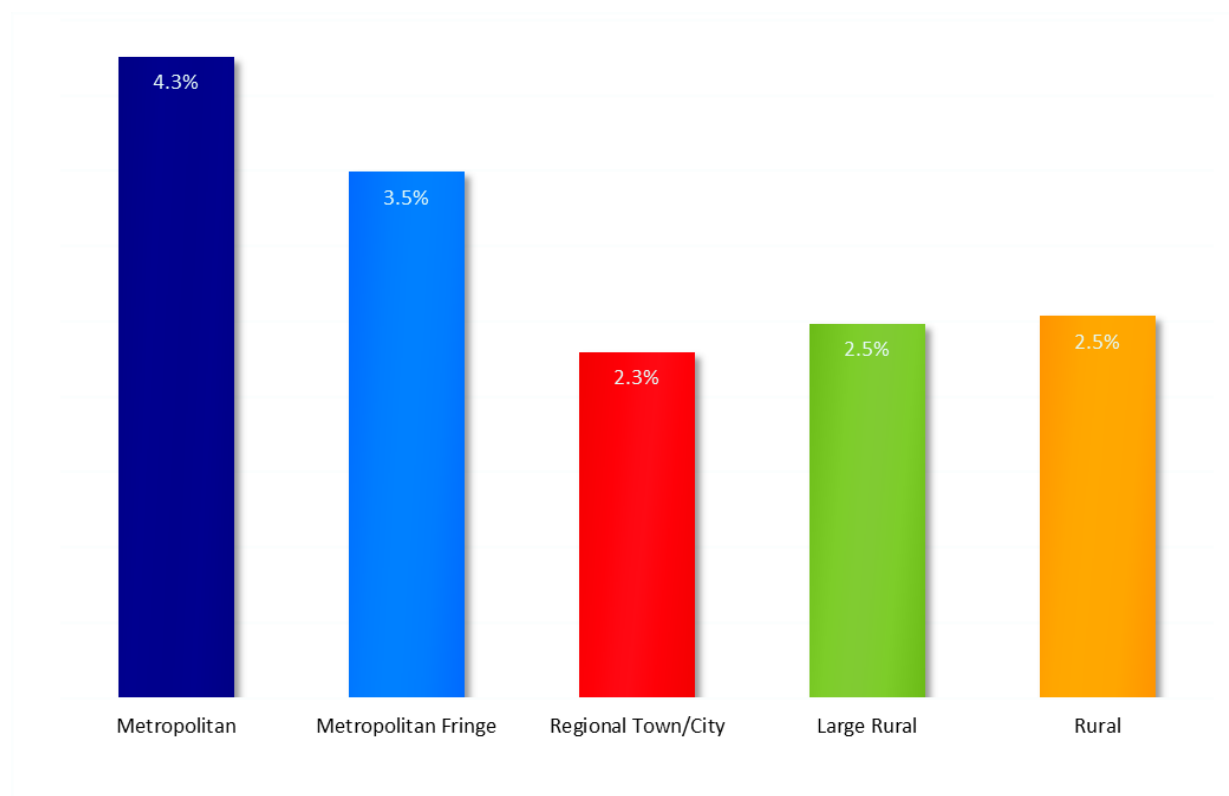


Figure 21 Respondent councils with the highest rate exemptions as a proportion of rates revenue

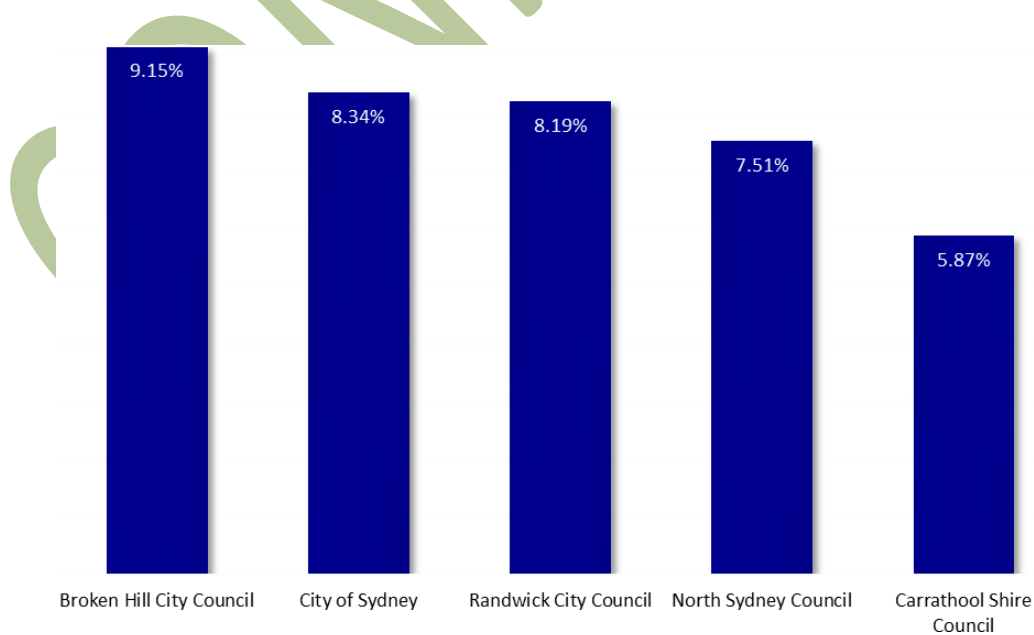


Table 1 Cost for rate exemptions

Rate exemption	Number of councils who responded to this question in the survey with a figure	Total amount of cost shift provided	Estimated total cost shift for all NSW Councils (based on population)
Government-owned property	62 (from which two councils put a figure of 0)	\$95.5M	\$151M
Non-government-owned property	61 (from which one council put a figure of 0)	\$72M	\$115M
Voluntary conservation agreements	47 (from which ten councils put a figure of 0)	\$1.2M	\$1.9M
Community housing	53 (from which 11 councils put a figure of 0)	\$3.3M	\$5.2M

3.4 Regulatory functions

In addition to the obligations under the *Rural Fire Services Act 1997*, *Fire and Rescue NSW Act 1989* and the *State Emergency Service Act 1989*, councils incur additional costs of increased regulatory responsibilities. These are additional functions or requirements that are not fully funded by increases in fees and charges.

In 2021–22, the unfunded costs for regulatory functions represented \$208.0 million.

Figure 22 Unfunded regulatory costs by category

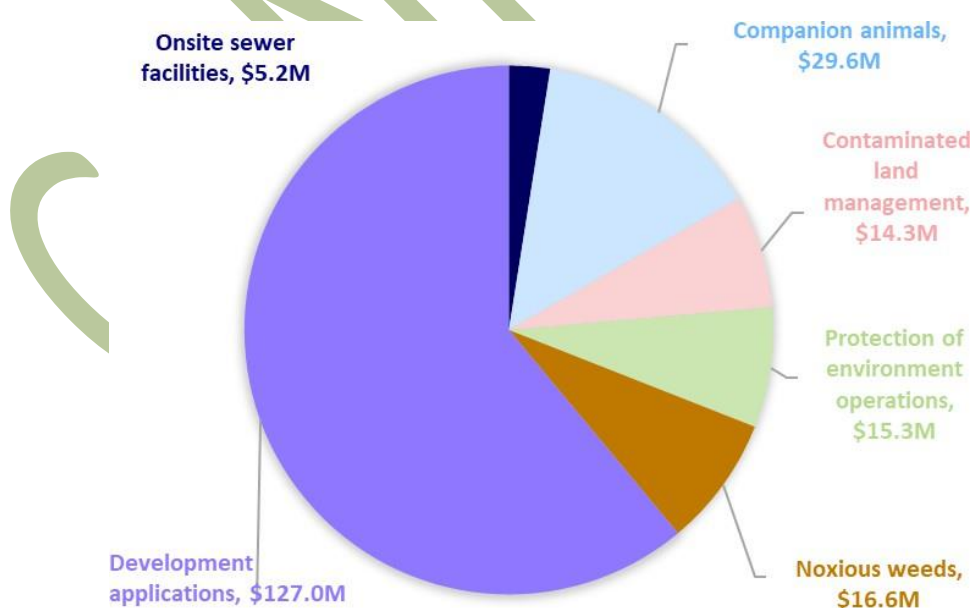


Figure 23 Unfunded regulatory costs by council classification

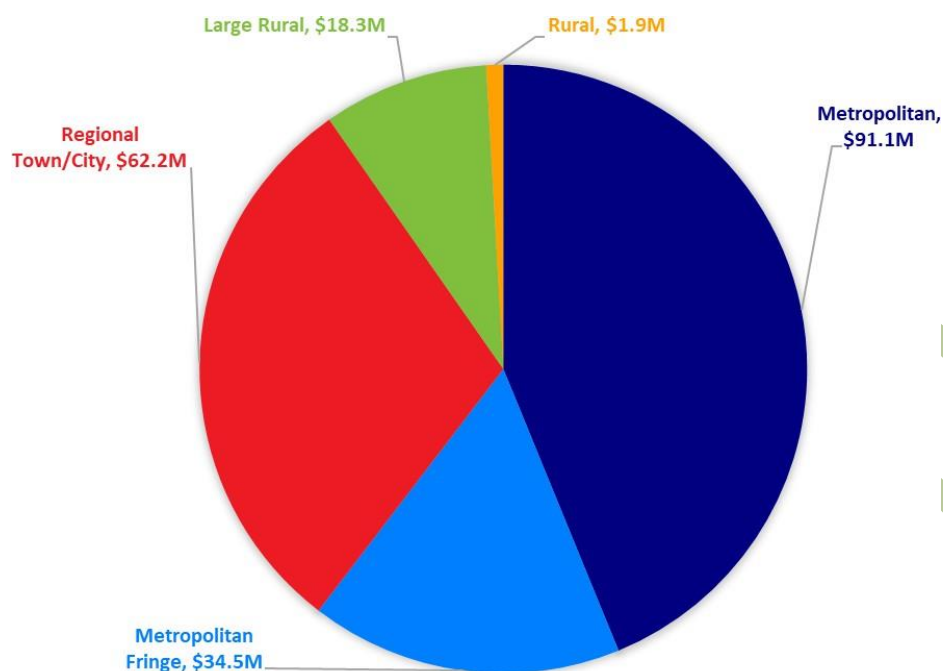
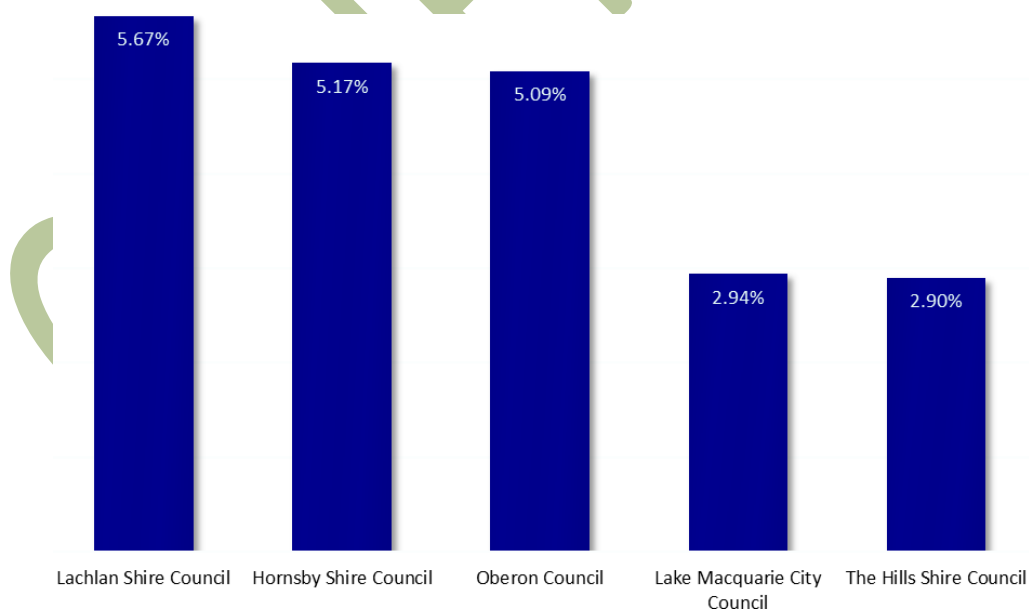


Figure 24 Respondent councils with the largest regulatory cost as a proportion of total operating expenditure



The function and total estimated costs from councils are outlined in the table below.

Table 2 Cost for increased regulatory functions that cannot be recovered through fees and charges

Regulatory function	Number of councils who responded to this question in the survey with a figure	Total amount of cost shift provided	Estimated total cost shift for all NSW Councils (based on population)
Onsite sewer facilities	35 (from which 15 councils put a figure of 0)	\$3.4M	\$5.2M
Companion animals	69 (from which four councils put a figure of 0)	\$19.6M	\$29.6M
Contaminated land management	45 (from which nine councils put a figure of 0)	\$7.2M	\$14.3M
Protection of environment operations	48 (from which four councils put a figure of 0 and one a negative amount)	\$9.9M	\$15.3M
Noxious weeds	64 (from which eight councils put a figure of 0)	\$11.1M	\$16.6M
Development applications	64 (from which five councils put a figure of 0 and one a negative amount)	\$86.7M	\$127.0M

3.5 Funding programs

Councils are occasionally required to fund the continuation of several funding programs that were instigated by the NSW Government, but for which funding commitments have, over time, either been reduced or removed entirely. The three main funding programs councils currently continue to fund are:

- **Library subsidies:** the original library funding subsidy was 50 per cent of the library services costs, however this has reduced over time. In 2021–22, councils paid an estimated \$156.7 million on library services that would have been covered by the originally committed 50 per cent State government subsidy.
- **Flood mitigation:** the program was originally established with the State and Federal governments providing 80 per cent of the costs and councils funding 20 per cent, the shortfall of this funding is estimated to be costing councils \$18.2 million in 2021–22.
- **Road safety program:** funding for programs and ongoing staff for education, however councils were not able to reduce the costs with the removal of the funding program. In 2021–22, councils have an estimated cost burden of \$6.4 million as result.

The total cost to council to continue to meet the funding shortfall of these programs was \$181.3 million, the vast majority which was the shortfall in the library subsidy of \$156.7 million.

Figure 25 Funding program costs shifted by category

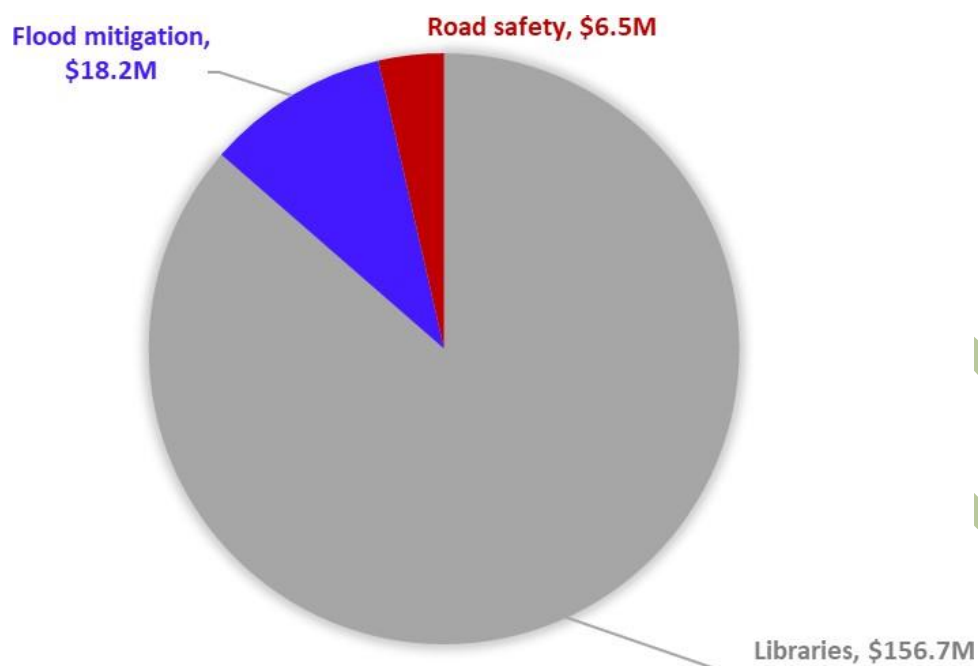


Figure 26 Funding program costs shifted by council classification

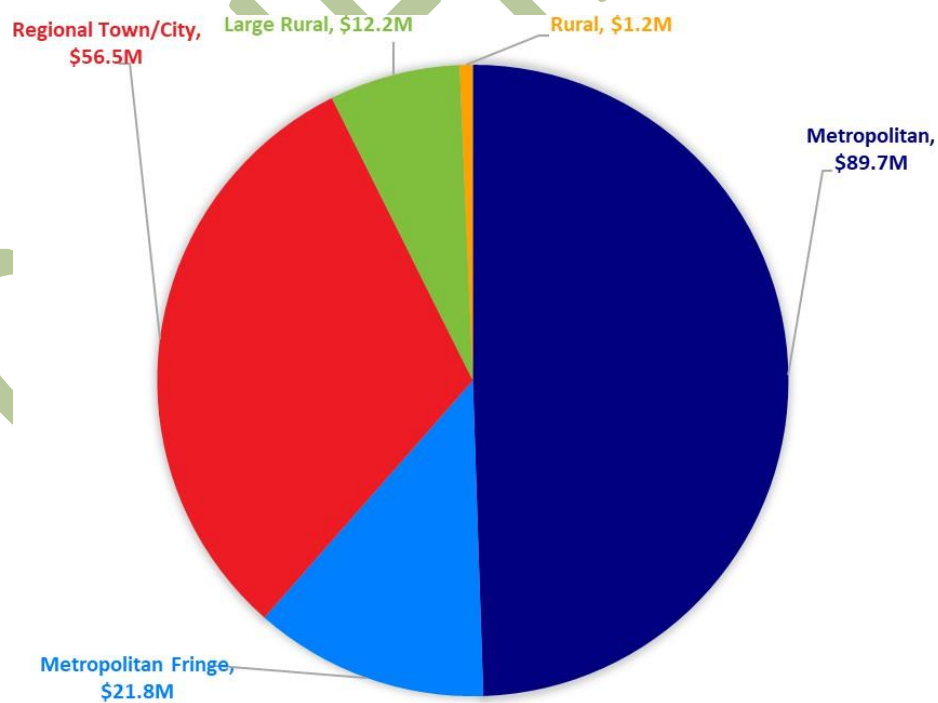
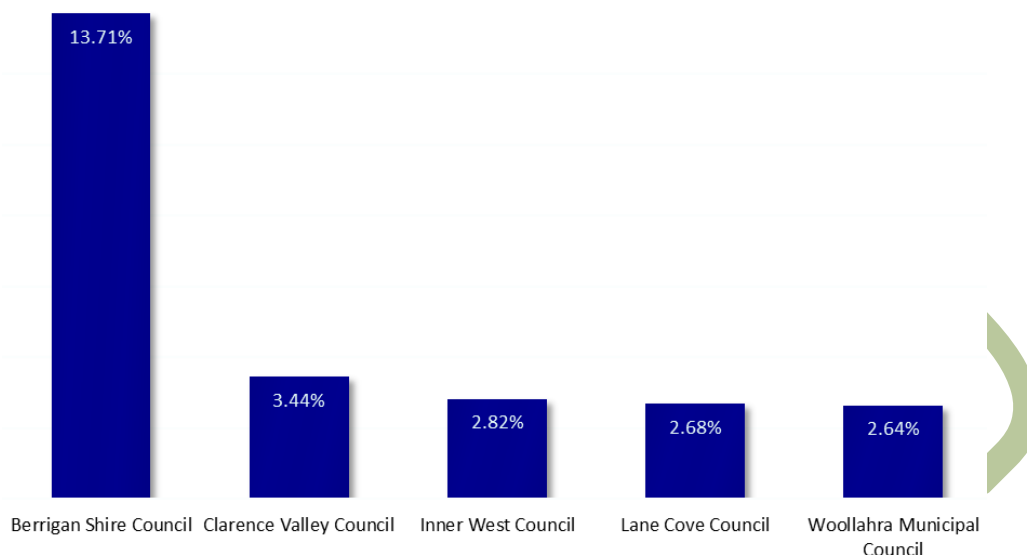


Figure 27 Respondent councils with the largest funding program costs shifted as a proportion of total operating expenditure

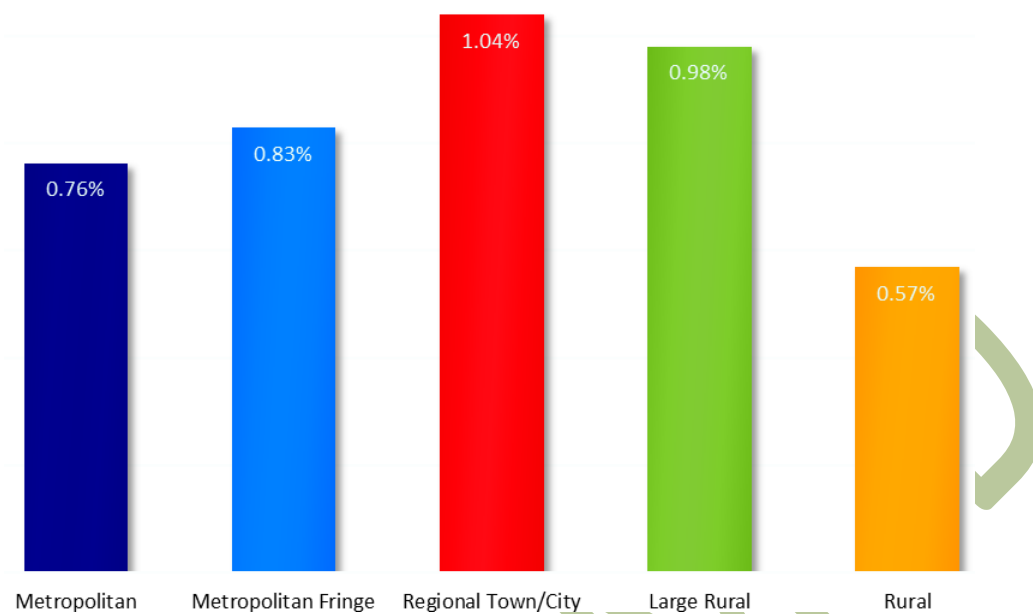


3.6 Pensioner rebates

Councils are required to provide rates rebates to pensioners, which are partially subsidised by the NSW Government. This mandatory pensioner rebate is an estimated net cost to councils of \$55.2 million. This does not include the cost of administering the mandatory pensioner rebates, as each pensioner claim needs to be registered and their details checked by the council.

The level of mandatory rebate has not risen substantially over many years, and therefore has not kept pace with inflation. As a result, many councils have elected to apply further voluntary rebates to ease the financial burden on pensioners. NSW councils incur an additional \$17.2 million in voluntary pensioner rebates. The total cost of pensioner rebates is estimated to be \$72.4 million.

Figure 28 Average total pensioner rebates as a proportion of total rates revenue by council classification



3.7 Service gaps

This section captures costs incurred by councils in providing services as a result of insufficient service provision by another level of government or a market failure of a subsidised or privatised public service. In 2021–22, it is estimated that councils spent \$66.6 million on filling these gaps.

Figure 29 Service gap costs by council classification

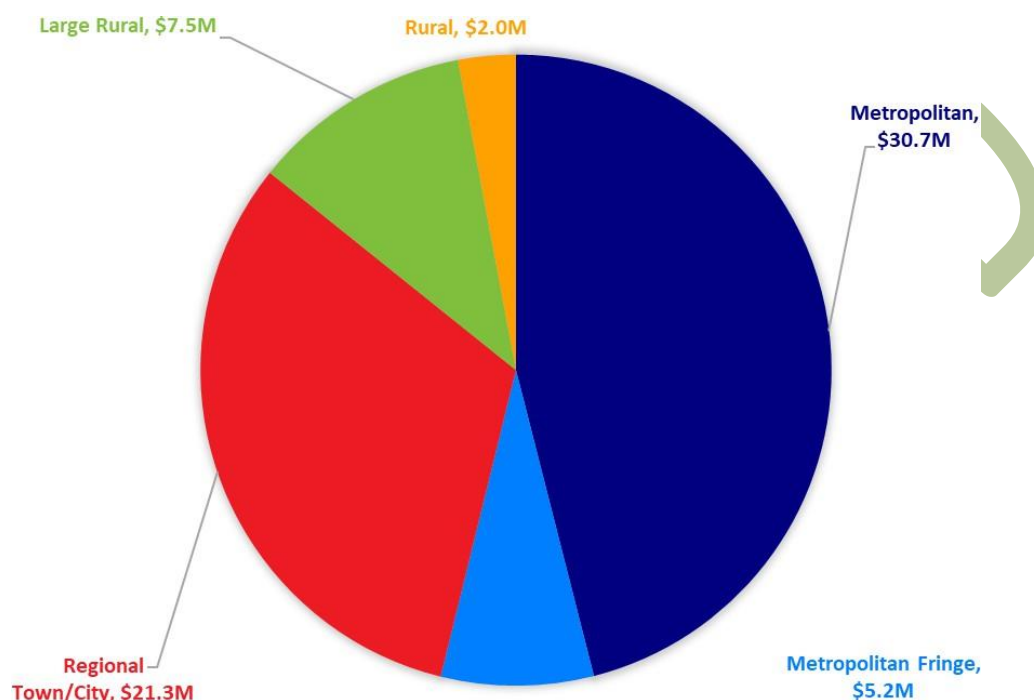
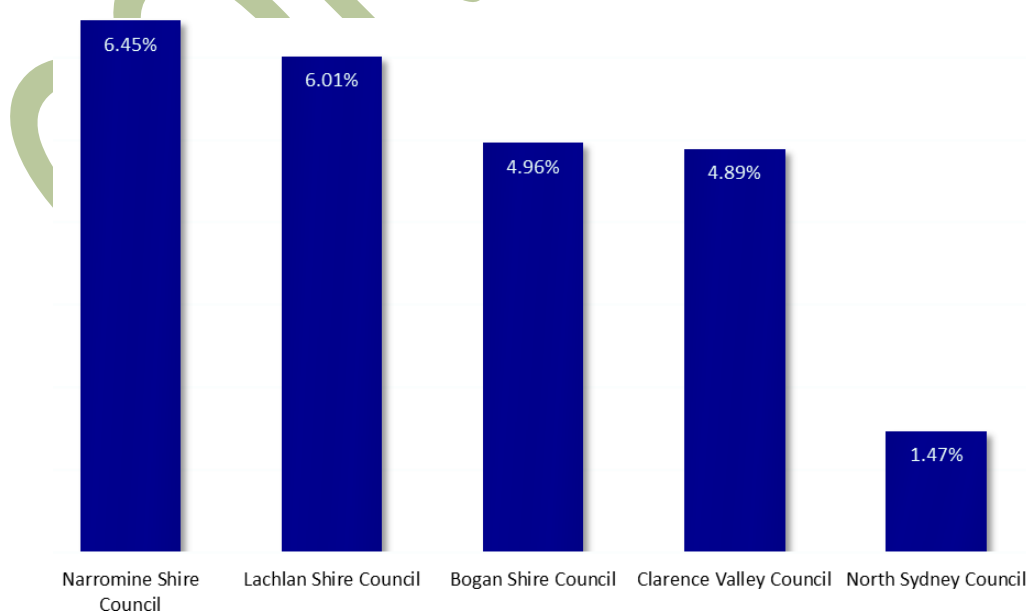


Figure 30 Respondent councils with the highest service gap cost as a proportion of total operating expenditure



The estimated costs are set out in Table 3, below.

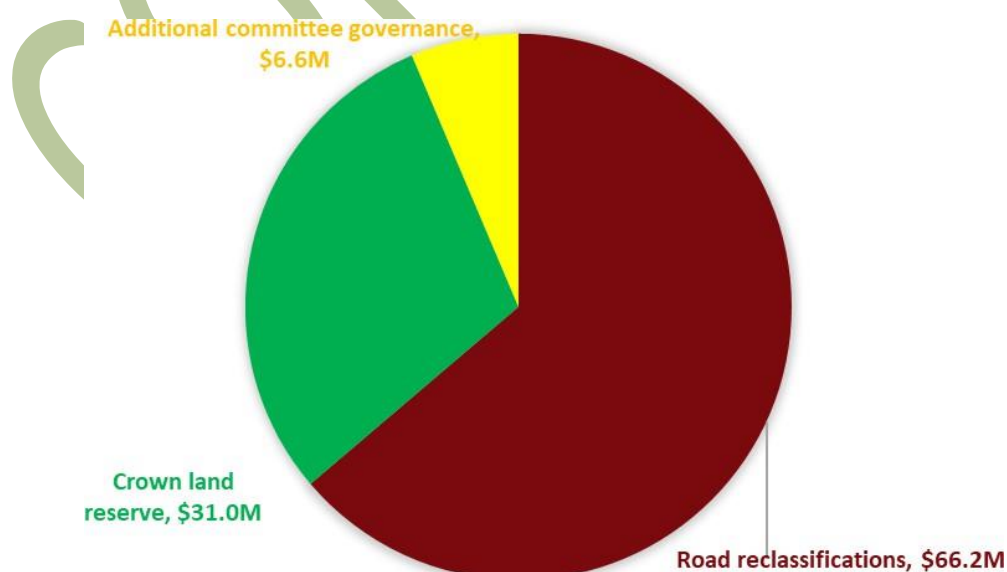
Table 3 Cost for services provided by Council as a result of a State or Federal service gap or market failure

Regulatory function	Number of councils who responded to this question in the survey with a figure	Total amount of cost shift provided	Estimated total cost shift for all NSW Councils (based on population)
Immigration and citizenship ceremonies	60 (from which ten councils put a figure of 0)	\$1.1M	\$1.6M
Crime prevention and policing	51 (from which 11 councils put a figure of 0)	\$10.2M	\$16.2M
Medical services	33 (from which 15 councils put a figure of 0)	\$2.2M	\$3.2M
Aged care services	36 (from which 19 councils put a figure of 0)	\$3.9M	\$5.6M
Disability care services	28 (from which 17 councils put a figure of 0)	\$1.4M	\$2.2M
Childcare services	49 (from which 19 councils put a figure of 0 and two councils a negative figure)	\$12.0M	\$17.8M
Transport services	37 (from which 20 councils put a figure of 0)	\$14.1M	\$20.5M

3.8 Other cost shifts

A number of other areas for cost shifting were identified and gathered in the survey and are outlined here.

Figure 31 Other cost shifts by category



Under the Transport for NSW (formerly RMS) road reclassification program in the 1990s, many roads were reclassified as local or regional road for councils to own and maintain. Of the 68 councils that responded to the survey, 32 were able to estimate the cost of this reclassification, 12 were not able to reliably estimate, and 24 stated that it was not applicable. The total estimate of costs provided by councils was \$26.7 million in 2021–22.

Under the Crown Lands Act 1989, councils have full responsibility to maintain crown reserves under council management and are expected to subsidise shortfalls in maintenance cost from general revenue. This is considered appropriate as the benefits from crown reserves under council management generally accrue to the local community. However, as a result, councils should also be entitled to any current or potential revenue from crown reserves that is required to cover maintenance and improvement cost (e.g., revenue from refreshment facilities, telecommunication facilities). The NSW Government will on occasion take over allowable revenue raising activities on council managed crown reserve land (not including national parks) or will require councils to transfer revenue from council managed crown reserve land to the State Government.

Of the 68 councils surveyed, 22 estimated the lost revenue at \$14.8 million in 2021–22. A further 27 councils were not able to reliably estimate the costs and 19 councils advised that this item didn't apply to them. This estimate does not represent the total net cost of managing (maintaining) crown lands. Nor does it include in transfers associated with the caravan park levy. Only any action by the State Government to limit revenue raising capacity or require the transfer revenue to the State Government has been considered cost shifting.

3.9 Future survey considerations

We asked councils what other areas that should be considered for future surveys. The key areas that respondents identified as costs to be captured in future surveys included:

- Monopoly services costs:
 - NSW Audit Office being the monopoly on local government external audits.
 - NSW Electoral Commission holding a near monopoly on council election administration.
- Cost of Joint Regional Planning Panels (JRPPs) requirement to access councils DAs as per mandated policy.
- Costs of mandatory On-Line Planning Portal – Implementation and ongoing operational costs.
- The Sydney Regional Development Fund Levy.
- Costs associated with Forestry NSW and impact of logging on council owned infrastructure. Rates foregone on State Forest land.
- Capturing the additional cost of Emergency Services administration staff.
- Heritage advisor costs, whilst there is some grant funding towards this it still needs to be administered by council who hand out the grant funds and do general administration.
- Cost involved in Special Variations applications given that councils have to undertake this process to recover costs shifted. This is a lengthy and resource intensive process, which is particularly challenging for smaller councils.
- Net cost of Street Lighting (Less subsidy from Transport for NSW).

- Cost of ongoing maintenance associated with the Community Water Bore program from early 2000s (the program was in conjunction with NSW Office of Water).
- Cost of management of overabundant native species doing damage to infrastructure. This is a NSW government function which is not being undertaken by the State and therefore some councils are doing it.
- Crown Land right to native title compensation (falling to Councils instead of the State).
- Any costs imposed by Service NSW (e.g., disability parking).
- Costs of sharing of facilities especially with Department of Education (schools, parks, playgrounds etc).
- Costs of maintaining State facilities that are located on Crown land.
- Provision of stormwater trunk drainage.

These additional items will need to be validated in terms of the details of what is entailed and whether they are indeed cost shifts before inclusion in any future survey.

We also recommend that some items in the current survey be considered for exclusion in future survey on the basis that they are onerous for councils to quantify and do not materially contribute to the total estimated cost shift for councils, nor are they expected to increase over time. The following items should be reviewed for exclusion:

- Road safety program (Q7) – (0.5% of total cost shift estimate).
- Onsite sewer facilities (Q10) – (0.4% of total cost shift estimate).
- Immigration and citizenship services (Q16) – (0.1% of total cost shift estimate).
- Waste management license fee (Q29) – (0.03% of total cost shift estimate).

4 About the survey

This section outlines the methodology employed to develop and administer the 2021–22 cost shifting survey.

4.1 Development of the survey

The last cost shifting survey of NSW councils was undertaken with 2015–16 financial data. We have used this last survey as the starting point for the 2021–22 Cost Shifting Survey questions. We undertook a review of the previous questionnaire guided by the following guiding principles:

- Ensure that questions are still relevant.
- Where possible maintain questions so that there can be direct year on year comparisons if required.
- Ensure that interpretation of questions is understood and consistent across all councils.
- Identify new areas of cost shifting where required.

An initial review of questions was undertaken by the project team, consisting of Morrison Low and LG NSW staff. We also established a working group that included representatives of senior leaders and financial staff of a cross section of rural, regional, and metropolitan councils. The working group undertook a review of the questions and provided their feedback through a facilitated workshop and feedback gathering tool. We also asked two leading local government academics to provide their feedback through email and one on one meetings on the questionnaire and our approach to understanding cost shifting in local government.

4.2 Conducting the survey

The final survey was provided in a Microsoft Excel format to councils on 17 April 2023 along with a request of councils' 2021–22 Financial Data Return (FDR), which contained council's audited financial Statement information. The FDR was used to gather a small amount of cost shifting information, but predominantly for data validation purposes.

4.3 Responses to the survey

Councils were asked to return their survey responses and FDRs by 8 May 2023. Some councils requested extensions to this date, which were granted up to 19 May 2023. A total of 75 out of 128 councils provided completed surveys (a 58.6% response rate), although not all answers were completed by all responding councils. Only 72 councils provided their FDRs, as three councils were still finalising their 2021–22 financial Statements at the time of survey completion date.

4.4 Data validation and analysis

Data validation included review of outliers both in total terms as well as a proportion of the council's proportion of total operating expenditure. Where possible, we also compared survey responses with councils FDR data returns to understand if there may have been discrepancies or misinterpretations of questions. This

required us to seek further information and validation with some councils on their responses to some questions.

We also utilised State Government financial reports for the Emergency Services agencies to validate to estimate of the ESL against the contributions that these agencies reported in their financial Statements.

For most questions, we have used population as the basis for estimating the total cost shift to all NSW councils for the survey data received. For some we were able to directly estimate through published reports. For example, we used the State Library's 2021–22 report on local council libraries with included operating costs and subsidies received. For other questions, such as the waste levy, where it is not relevant to all councils and there are different levels of the levy between metropolitan and regional councils, we used populations within the relevant and group councils as a basis for estimating the total cost of the waste levy.

CONFIRMED

MEETING DATE	ITEM NO.	SUBJECT	MOTION	COMMENTS
Council 19/12/2023	14.5	Rationalisation of Waste Services Areas	<p>RESOLUTION 11.12/23</p> <p>Moved: Cr Leanne Doran Seconded: Cr Tara Toomey</p> <p>That Council:</p> <p>1) Endorses the proposed waste service areas for consultation with community effective from 1st July 2024 for Bundarra, Invergowrie, Uralla, and Kentucky as follows:</p> <ul style="list-style-type: none"> ☐ Bundarra – All existing routes (as per Attachment 1) plus an additional route comprising the Bundarra stretch of the Thunderbolts Way. ☐ Invergowrie – All existing routes (as per Attachment 2) plus the additional routes comprising the Bundarra Road (the USC section of Bundarra Road and Thunderbolts Way); the remaining part of Thunderbolts Way; the entire Hawthorn Drive; and the entire Rocky River Road. ☐ Uralla - All existing routes (as per Attachment 3) plus the additional routes comprising of Rifle Range Road; Flat Rock Road; Castle Drive; and the entirety of Kliendienst Road. ☐ Kentucky - All existing routes as per Attachment 4 with no further changes. <p>2) Undertakes a comprehensive community engagement program in early 2024 to ensure residents are fully informed prior to the implementation date.</p> <p>3) Supplies all future red lid waste bins to new customers directly to ensure and control the quality and uniformity of kerbside collection bins, and to existing customers as damaged or failed bins are identified by</p>	<p>27 Feb 2024</p> <p>1. All landholders/ratepayers in the new service areas have been identified.,</p> <p>2. Properties with residential facilities or structures to be identified from farm lands,</p> <p>3. Rate payers who are located in existing service areas but opted out of the service have been identified and will be contacted.,</p> <p>4. Yet to finalise the communication strategy to use to maximize gains., Letters to be sent to affected residents and 2 community meetings to be held (one in Uralla at the Council Chambers and the other at Bundarra in the Town Hall).</p>

			staff, with the cost to be incorporated into the waste service charge.
			4) Receives a further report on completion of community engagement.
Council 19/12/2023	14.6	Draft Policy for Liquid Trade Waste	<p>RESOLUTION 14.12/23</p> <p>Moved: Deputy Mayor Robert Crouch Seconded: Cr Tom O'Connor</p> <p>That the report on the Draft Liquid Trade Waste Policy be deferred to the February 2024 Ordinary meeting.</p> <p><u>For:</u> Crs Robert Bell, Robert Crouch, Tim Bower, Sarah Burrows, Leanne Doran, Bruce McMullen, Tom O'Connor, Lone Petrov and Tara Toomey</p> <p><u>Against:</u> Nil</p> <p>CARRIED 9/0</p>