

Attachment B

**Cost Shifting Examples onto the City of
Sydney for the Financial Year 2021/2022**

LGNSW COST SHIFTING SURVEY FOR THE FINANCIAL YEAR 2021/22

Introduction and Rules

Thank you for taking part in LGNSW's cost shifting survey.

What are you asked to do?

Please provide cost estimates and/or data for the given cost shifting examples you might want to add for the financial year 2021/22 subject to the rules outlined below.

Accurate data is critical to producing quality analysis and strong advocacy on the issue of cost shifting to NSW councils

Please read and/or make sure that the relevant officer reads the entire survey question when calculating your estimate. Some questions require complex calculations. Many errors occur because questions are not fully understood. Please contact **Shaun McBride** for clarification on **02 9242 4072**, or at costshifting@lgnsw.org.au.

Estimate the net direct annual cost to council including depreciation, do not include overhead allocations or capital costs

Please estimate/calculate the annual ongoing net operational cost for your council of the cost shifting examples. Net ongoing cost generally refers to the total annual cost of providing the service/function (operational and administrative) less any annual revenue related to the provision of the service/function (e.g. grants or subsidies from state or commonwealth government, fees or contributions collected by councils).

Your estimate should include any depreciation expense on assets directly used in the provision of the service or function outline in the cost shifting example.

Do not apportion corporate overheads to any items when determining your estimate.

Unless otherwise stated, do not include any capital expenditure in your estimate.

Complete all the questions

Please ensure that all the survey questions are answered, either by placing an estimate (in dollars NOT thousands) in estimate cell or selecting a reason for not providing an estimate.

Please provide any comments in the comments section of the survey.

Attach Financial Data Return (FDR) file

Please ensure that when you submit the survey questionnaire you also provide the Financial Data Return file (as submitted to Office of Local Government NSW).

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Council and Completing Officer Information

Council	Please select: <u>City of Sydney</u>
Name of completing officer	<u>Bob Wallace</u>
Position	<u>Manager, Financial Planning and Reporting</u>
Direct telephone number	<u>+612 9246 7543</u>
Email address	<u>rwallace@cityofsydney.nsw.gov.au</u>

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Cost Shifting Examples

Question number	Estimate of Annual Net Ongoing Operational Cost (\$)	Select a reason when an estimate is not provided (Please select)	Comments (A comment is required when an estimate is not provided)
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Emergency Services Levy: Fire & Rescue NSW, Rural Fire Service NSW and State Emergency Service

In this section, it is expected to include the amount of the emergency services levy as invoiced from Revenue NSW.

Emergency services levy: as invoiced from Revenue NSW.

Q1	\$4,807,899		As per statement
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Pensioner Rebates

This section captures the costs to councils of the pensioner concession rebates, both through the net cost to council of the mandatory pensioner rate rebate and the other voluntary pensioner rate rebates that Council have voluntarily implemented.

Mandatory pensioner rate rebate: Net cost incurred by Council due to the mandatory pensioner rebates for rates and charges. That is the total amount of the mandatory concession minus the State reimbursement. Do not include any additional rebate that Council has resolved to apply to rates in addition to the mandatory amount.

Q2	\$301,689		
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Voluntary pensioner rate rebate: Net cost incurred by Council for voluntarily increasing the pensioner rate rebate above the mandatory amount. Council's Financial Data Return (FDR) provides the total amount of the total cost of the pension rate rebate to Council and the amount of the subsidy received.

Please provide only the amount of the rebate for pensioners on rate only that Council has determined to provide to pensioners in excess of the mandatory amount.

Q3	\$2,853,489		
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Funding Programs

This section captures the net additional cost to councils of programs that commenced with partial or full funding from State or Federal Government. Over time these funding commitment have reduced or ceased, but the expectation for councils to continue to deliver the associated service have remained.

Public library operations:

Total operational expenditure for libraries (include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure).

Q4	\$20,827,594		
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State Government subsidy received for library services.

Q5	\$715,362		
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Flood mitigation program: Cost representing the proportion of expenditure that was not funded by other levels of government but would have been funded had the original funding arrangement been applied (originally the Australian Government and State Government provided 80% of the required funds; whereas now the Australian Government provides one third and the State Government is required to provide another one third, and the rest has to be made up by council). Please estimate shortfall in actual funding from other levels of government in comparison with what council would have obtained under the original funding arrangement. Please only include activities that are eligible for or receive funding from other levels of government under the flood mitigation program. Please include in your calculation funding for infrastructure projects. Do not include the costs and funding associated with any flood recovery programs.

Q6	\$30,000		
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Road safety: Net cost of road safety officer/road safety program incurred due to the NSW Government's (TfNSW) withdrawal of funding or cost of net contribution to other authorities that provide such officer/program.

Q7	\$130,224		
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Regulatory Functions

This section captures the costs to councils of being restricted in seeking full cost recovery on regulatory functions imposed by State legislation, either through the absence of a fee, inability to increase ordinary rates (except through a Special Rate Variation

Rural fire service obligations: Operating cost of services/functions under the Rural Fires Act (NSW) 1997 less any revenue related to them (fees, state government payments/subsidies). Only includes necessary costs that cannot be recovered as a result of regulatory constraints. Includes net cost of assistance provided to the Rural Fire Service to fight bushfires declared under s44 of the Rural Fires Act (NSW) 1997 on any land within the council area. Do not include Emergency Services Levy (already covered in question above). Do not include depreciation expense on red fleet assets (the question will be covered below). Note: Councils are required to administer and remedy complaints about fire hazards on council property, and to map and administer bushfire prone land (e.g. asset protection work, fire trails).

Q8		Not applicable	NA
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Rural fire service depreciation: Please include depreciation expenses on red fleet assets.

Q9		Not applicable	NA
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Onsite sewer facilities: Operating cost of services/functions less any revenue related to them (fees, state government payments/subsidies). Only includes necessary costs that cannot be recovered as a result of regulatory constraints. Note: Councils are required to regulate the installation, approve and monitor the operation and keep a register of all on-site sewage management systems (section 68 of the Local Government Act (NSW) 1993).

Q10		Not applicable	NA
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Companion animals: Operating cost of services/functions under the Companion Animals Act (NSW) 1998 less any revenue related to them (fees, state government payments/subsidies). Only includes necessary costs that cannot be recovered as a result of regulatory constraints. Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure. Note: Councils' role was expanded from a pure enforcement role to a regulatory body with functions including preparation of companion animal management plan, operation of lifetime registration system, separation of cats and dogs, maintaining facilities, enforcement, and the collection of fees for the Office of Local Government which returns only a small proportion of those fees to Local Government.

Q11	\$146,195		
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Contaminated land management: Operating cost of services/functions under the Contaminated Land Management Act (NSW) 1997 less any revenue related to them (fees, state government payments/subsidies). Only includes necessary costs that cannot be recovered as a result of regulatory constraints. Note: Councils are required to respond to contaminated land issues, undertake the administration, registration and mapping of contaminated sites not regulated by the NSW Environment Protection Authority, develop policies, and consider contamination in land-use planning processes.

Q12	\$200,000		Estimate
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Protection of environment operations: Cost of services/functions under the Protection of the Environment Operations Act (NSW) 1997 less any revenue related to them (fees, state government payments/subsidies). Only includes necessary costs that cannot be recovered as a result of regulatory constraints. Note: Councils are required to administer the licensing system and enforce protective regulation (issuing of environmental notices, prosecution of environmental offences, undertaking of environmental audits) in relation to all non-scheduled activities not regulated by the NSW Environment Protection Authority.

Q13		Not applicable	NA
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Noxious weeds: Operating cost of services/functions as the control authority for noxious weeds less any revenue related to them (fees, state government payments/subsidies) or cost of net contributions to other authorities for reasonably necessary regulation

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of noxious weeds on land other than council land and council managed Crown land. Only includes necessary costs that cannot be recovered as a result of regulatory constraints. For Councils who are a member of a County Council please include contribution cost amounts.

Does not include cost of other environmental weeds control or general bushland care.

Note: Councils are required to regulate and control noxious weeds pursuant to the Noxious Weeds Act (NSW) 1993 and s183 of the Local Government Act (NSW) 1993.

Development applications: Cost of processing development applications under the Environmental Planning and Assessment Act (NSW) 1979 and associated regulations less any revenue related to this function (e.g. development application fees, state government payments/subsidies). Please estimate the amount of costs of processing development applications that cannot be recovered through development application fees or any other related income. Please include costs associated with services by other agencies (e.g. initial fire safety reports from the NSW Fire Brigades, s144 of the Environmental Planning and Assessment Regulation (NSW) 2000).

Filling a service gap

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.

For each cost shifting example that is relevant to your council, please provide a brief description on the service shortfall that the council is providing.

Immigration and citizenship services: Net cost providing immigration and citizenship services necessary on behalf of other levels of government (e.g. citizenship ceremonies). Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Crime prevention / policing: Net cost providing crime and policing services necessary because of insufficient services by other levels of government (i.e. CCTV surveillance, security patrols, other crime prevention actions or strategies in place). Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure.

Note: only applies to crime prevention or policing activities that should have been undertaken by other spheres of government (e.g. police). It should not include council activities to protect community from other risks (e.g. surfer and swimmer injuries (beach patrols), safety at council events, or security of council facilities).

Medical services: Net cost providing medical services necessary because of insufficient services by other levels of government or private or non-profit organisations. Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure.

Aged care: Net cost providing aged care services necessary because of insufficient services by other levels of government or private or non-profit organisations. Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure.

Disability care: Net cost providing disability care services necessary because of insufficient services by other levels of government or private or non-profit organisations. Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure.

Childcare: Net cost providing childcare services necessary because of insufficient services by other levels of government or private or non-profit organisations. Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure.

Transport services: Net cost providing transport services necessary because of insufficient services by other levels of government. Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service).

Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure.

Note: only applies to transport activities that should have been undertaken by other spheres of government (e.g. Transport for NSW). It should not include council activities that are the functions of council (e.g. roads and transport infrastructure).

Other services description:

Safe City Program - City Life
Homelessness is a complex issue with no single solution. Our homelessness unit works 7 days a week to reduce homelessness and its impact in Sydney. Working in partnership with government, non-profit organisations and the corporate sector, we aim to: - facilitate rough sleepers out of homelessness - prevent people from becoming entrenched in homelessness - help reduce homelessness in other regions - make sure people are assisted out of homelessness quickly - enact a compassionate and proactive approach to the management of public space.
Resilient Sydney

Rate exemptions

This section captures the cost of provide rate exemptions on government and other properties.

Government-owned property exemptions: Estimation of the rates revenue that would be applied to government owned properties within the LGA. Do not include National Parks.

Non-government-owned property exemptions: Estimation of the rates revenue that would be applied to non-government owned properties within the LGA (churches/religious institutions, private schools, private hospitals, private retirement villages, etc).

Voluntary conservation agreements: Estimation of rates revenue that would apply to rate exempted properties as a result of voluntary conservation agreements. Note: Pursuant to section 555 of the Local Government Act (NSW) 1993, land (or the proportion of the landholding) that is subject to a voluntary conservation agreement between the landowner and the relevant NSW Minister (environment portfolio) under section 69 of the National Parks and Wildlife Act (NSW) 1974 is exempt from all council rates.

Question number	Estimate of Annual Net Ongoing Operational Cost (\$)	Select a reason when an estimate is not provided (Please select)	Comments (A comment is required when an estimate is not provided)
Q14	\$10,000	Estimate	
Q15	\$8,800,825	Estimate	
Q16	\$100,000	Estimate	
Q17	\$2,349,000	Estimate	
Q18	\$175,000	Estimate community sharps bins	
Q19	\$900,393	Estimate	
Q20		Not applicable	NA
Q21	\$2,027,400	Estimate	
Q22	\$50,000	Estimate	
Q32	\$1,105,951	Estimate	
Q33	\$2,300,000	Estimate	https://www.cityofsydney.nsw.gov.au/strategies-action-plans/homelessness-action-plan
Q34	\$300,000	Estimate	
Q35			
Q36			
Q23	\$21,392,238	Estimate	
Q24	\$9,719,391	Estimate	
Q25	\$0	Estimate	

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Question number	Estimate of Annual Net Ongoing Operational Cost (\$)	Select a reason when an estimate is not provided (Please select)	Comments (A comment is required when an estimate is not provided)
Community housing: Estimation of rates revenue that would apply to rate-exempted properties managed by Community Housing Providers.	Q26 \$326,090		
Other cost-shifting examples			
This section captures the cost shifting examples that do not fit into any of the above categories.			
TfNSW road reclassifications: Net operational cost associated with all roads transferred to council under the Transport for NSW (formerly RMS) reclassification of regionally important roads as local roads or state-important roads as regional or even local roads (since the significant reclassifications in the early 1990s). This is supposed to measure the ongoing maintenance and depreciation cost (or annualised renewal cost) associated with all roads so transferred since the 1990s – not about the cost associated with transfers in any one year. Any compensation received in association with a reclassification need to be deducted for a net operational cost.	Q27	Unable to reliably estimate	Unknown
Waste levy: Cost of paying levy to the NSW Government dependent on the amount of waste produced by council less any amounts recovered through "Waste Less Recycle More" program grants. The waste levy applies to the Sydney metropolitan area; the Illawarra, Hunter and Central Coast area (extended regulated area); and the area including the Blue Mountains, Wollondilly and local government areas along the coast north of Port Stephens to the Queensland border (regional regulated area).	Q28 \$5,900,000		
Waste management site license fee: Cost of license fee (administrative fee, no load based fee) to be paid to State Government. Note: Councils are required to pay this fee council as polluter under the Protection of the Environment Operations Act (NSW) 1997.	Q29	Not applicable	NA
Crown land reserve management: Cost associated with the NSW Government taking over allowable revenue raising activities on council managed crown reserve land (does not include national parks) or with requirements to transfer revenue from council managed crown reserve land to the State Government. This does not represent the total net cost of managing (maintaining) crown lands. Does not include in transfers associated with the caravan park levy. Under the Crown Land Act (NSW) 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). Any action by the State Government to limit revenue raising capacity or require the transfer revenue to the State Government are considered cost shifting. Does not include any surplus revenue over and above the total amount of maintenance and improvement cost for all of your crown reserve land.	Q30	Not applicable	NA
Additional committee governance: Cost of increased governance and administration associated with the requirements of council to establish and run an Audit Risk & Improvement Committee (ARIC), a Local Planning Panel (LPP), or other required oversight committee.	Q31 \$183,395		Excludes any superannuation to claims for prior years
Other ideas for future consideration			
Crown Land right to title compensation (falling to Councils instead of the State)	Q37		
Anything imposed by Service NSW (e.g. disability parking)	Q38		
Sharing of facilities especially with Department of Education (schools, parks, playgrounds etc), maintaining State facilities that are located on Crown land. Provision of stormwater trunk drainage (e.g. Green Square - cost to City \$79M in capital expenditure), undergrounding or aerial bundling of cables, maintenance of traffic lights,			
Telecommunications Act. This is a Federal Act that empowers telecommunications carriers to undertake works. This in turn results in a lot of work for Councils – would be difficult to quantify. <ul style="list-style-type: none"> Reviewing Land Access Activity Notices Quality of Restorations for underground assets – reduced asset lives Legal challenges Complexity in maintaining and upgrade our assets with telecommunications equipment Some of these are the same for the legislation associated with other utilities that empower them to install equipment in our roads and undertake restorations like Gas Supply Act, Sydney Water act and Electricity supply act. These also have : <ul style="list-style-type: none"> Notices of their activities Quality of Restorations for underground assets – reduced asset lives Legal challenges Complexity in maintaining and upgrade our assets 	Q39		

Flagged items for future research/inclusion in future surveys

This section captures a number of items that are flagged for future research and/or inclusion in future surveys. Please provide your feedback on these items.

Description	Data collection (Please select)	Include (Yes/No)	Comments
Social and affordable housing: Net cost providing required social and affordable services necessary because of insufficient services by other levels of government. Does not include cost of increase in the baseline service level provided in the rest of the state (if NSW govt service) or nation (if federal govt service). Include annual depreciation on assets used directly in the provision of the service, do not include capital expenditure. Note: only applies to required social and affordable that should have been undertaken by other spheres of government (e.g. Housing NSW). It should not include council activities that are discretionary or functions of councils (e.g. land-use planning, development assessment).	Easy	Q40 Yes	
Other regulated/statutory fees and charges: excluding development assessment, capture the costs to councils of being restricted in seeking full cost recovery on other regulatory functions imposed by State legislation that include strategic planning, environmental health, compliance, animals, building, corporate governance, Filming and events, community services and other road related regulations, etc	Difficult	Q41 No	
Development and Planning Assessment: To capture the net cost of the ongoing use of the Planning Portal, imposed by state government	Easy	Q42 No	