

LOCAL GOVERNMENT WORKING FOR OUR COMMUNITIES

FACT SHEET 5

STOP COST SHIFTING ONTO LOCAL GOVERNMENT

Nationally, local government seeks to be treated as an equal partner in the delivery of important, mutually agreed outcomes for the Australian people. This must include adequate consultation and funding for services that local government is required to provide on behalf of other spheres of government as outlined in the Intergovernmental Agreement (IGA) on cost-shifting.

Local government welcomes the Government's commitment to reform intergovernmental relations and to end the shifting of responsibility and the blame game. The need to improve the way our Federation works and the collaboration between the spheres of government must include local government which is increasingly called upon by communities to deliver a wide range of services and infrastructure often without adequate funding.

Local government has long maintained the position that specific services provided by local government on behalf of other spheres of government must be the subject of direct negotiation and be adequately funded.

This was supported by the *Fair Share* report on cost shifting and local government finances, tabled in Federal Parliament in November 2003 by the House of Representatives Standing Committee on Economics, Finances and Public Administration. This report found that cost shifting was placing significant pressure on councils – estimated to be between \$500 million and \$1.1 billion each year.

In April 2006, all governments signed an historic Intergovernmental Agreement to stop cost shifting. The *Intergovernmental Agreement Establishing Principles Guiding Intergovernmental Relations of Local Government Matters* provides an ongoing framework to address cost shifting.

The IGA, when honoured fully, can be an important tool in addressing the issue of cost shifting onto local government.

However, the cumulative effect of years of past cost shifting remains and is a continuing demand upon existing council finances.

Federal and state governments must provide funding when passing on responsibilities to local government. Similarly, local government needs to exercise fiscal discipline when responding to pressure to provide additional services.