XX May 2023

Ms Carmel Donnelly

Chair

Independent Pricing and Regulatory Tribunal (IPART)

By email: ipart@ipart.nsw.gov.au

Dear Ms Donnelly

**Damaging increase in Emergency Services Levy costs**

I write to you on behalf of <Council name> to alert you to the serious concerns of our Council, and the broader local government sector, regarding the unsustainable funding model for the Emergency Services Levy (ESL).

For the last four years, the NSW Government has acknowledged the unsustainable burden of ESL increases on local government by funding the annual increases in the levy for councils. Our Council is alarmed that the new NSW Government has suddenly ceased this important contribution.

For <Council name>, the NSW Government invoice we have received for the ESL in 2023/24 represents an increase of $XXX,XXX compared to 2022/23, bringing the total Council contribution to $XXX,XXX.

The 2023/24 ESL increase amounts to XX% of the expected increase in <Council name’s> rate income for the year. This increase makes the forced ESL contribution manifestly disproportionate to the 2023/24 rate cap.

IPART-approved rate rises are intended to compensate for the impacts of inflation and increases in council costs. Instead, the rate revenue will have to be largely diverted to the significantly higher ESL payments this year. NSW councils will have no option other than to make cuts to infrastructure and services expenditure.

Further, the timing of this development is particularly challenging for councils as it comes so late in the local government budgeting cycle, well after IPART’s rate determination for the coming financial year and at a time of soaring inflation and ongoing costs of disaster recovery.

I have written to the NSW Government seeking their urgent agreement to:

* restore the ESL subsidy in 2023/24,
* passes legislation to decouple the ESL from the rate peg to enable councils to recover the full cost
* develop a fairer, more transparent and financially sustainable method of funding critically important emergency services in consultation with local government.

Without NSW Government intervention, the financial sustainability of our Council will be placed in serious jeopardy, forcing cuts to our services and infrastructure delivery and harming our community’s quality of life.

IPART has a core role in setting key parameters impacting the financial sustainability of local government, and I write to you as it is important that IPART be fully apprised of the impact of this policy decision of the NSW Government.

For further information, please contact <contact name> at <email> or on <phone>.

Yours sincerely

Cr XXXXXX

Mayor