



COPY

The Hon Warren Truss MP

Deputy Prime Minister
Minister for Infrastructure and Regional Development
Leader of The Nationals
Member for Wide Bay

30 JAN 2014

Reference: 04494-2013

Mayor Felicity-ann Lewis
President
Australian Local Government Association
8 Geils Court
DEAKIN ACT 2600

Dear Mayor *Felicity-ann*

Thank you for your letter dated 21 October 2013 about the resolutions from the Australian Local Government Association's (ALGA) 2013 National General Assembly (NGA) of Local Government. I apologise for the delay in replying.

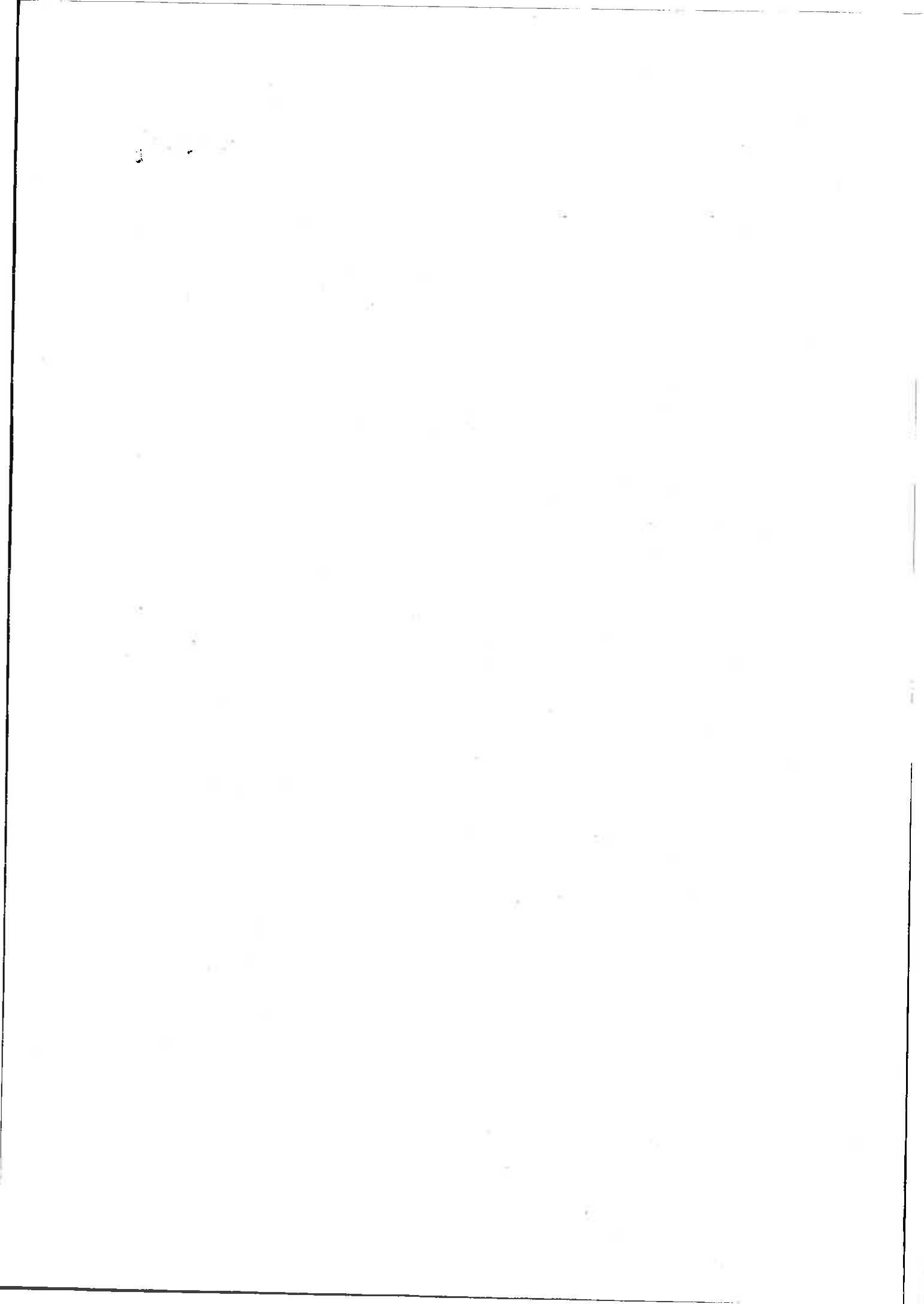
I extend my congratulations to ALGA for organising another successful and productive NGA. The NGA is always a well-attended and relevant meeting which encourages national discourse on the priorities, challenges and opportunities central to local government.

I have attached a response to the resolutions that relate specifically to my portfolio.

I look forward to working together on national local government policy in the future.

Yours sincerely


WARREN TRUSS



The Department of Infrastructure and Regional Australia's responses to the Australian Local Government Association's 2013 National General Assembly of Local Government Resolutions.

Resolution Number: 1

That the National General Assembly call for the Australian Government to undertake a comprehensive review of the Financial Assistance Grants and local government tax sharing arrangements, and then work with all levels of government to implement the recommendations of this review.

In the 2011-12 Budget, the Australian Government announced a review of the Financial Assistance Grants (FAGs) programme.

The FAGs Review is being undertaken by the Australian Government Grants Commission (the Commission) to examine the impact of FAGs on the effectiveness of local governments and their ability to provide services to their residents within the current funding envelope.

The Commission held public hearings in Canberra on 10 April 2013 and in Adelaide on 9 May 2013 and reported to the Treasurer by 31 December 2013. The Australian Government will carefully consider the review's findings and consider its response in the context of findings from the National Commission of Audit, the White Paper on Reform of the Australian Federation, and the White Paper on Taxation.

Resolution Number: 2

This National General Assembly calls on the Australian Government to reallocate Australian Government taxes to a percentage share basis with local government throughout Australia, either through fixed grants or general grants.

The FAGs programme provides approximately \$2 billion per annum to local government and is untied in the hands of local government, allowing councils to spend the grant according to local priorities.

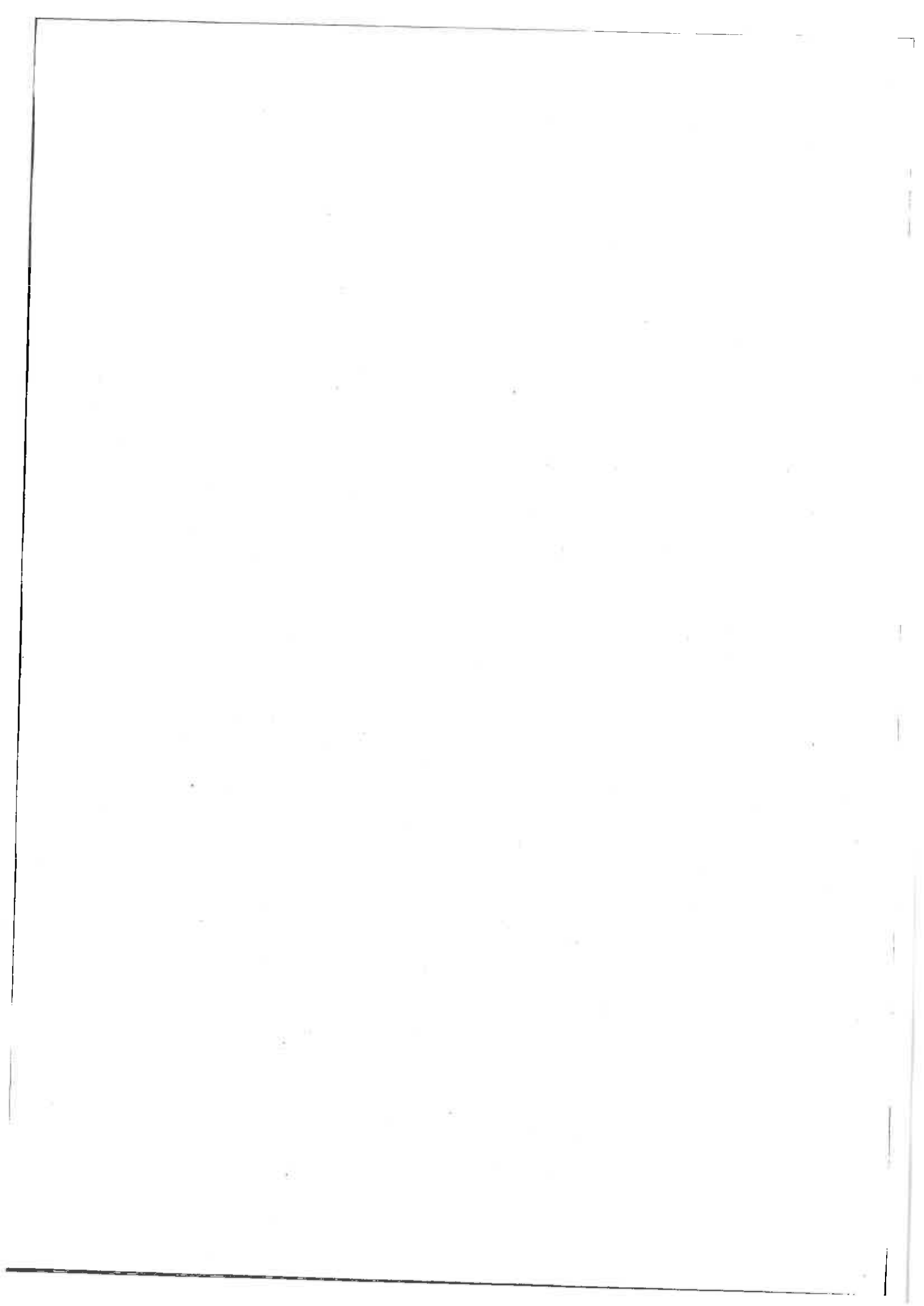
As the current constitutional framework requires, formal taxation sharing is between the Australian Government and the state governments. However, local government is party to these tax sharing arrangements through its state or Northern Territory government.

This issue has been considered by successive governments which have concluded that the Financial Assistance Grants programme continues to be the preferred approach to funding to local government. In order to maintain the grant in real per capita value, the quantum of the FAGs pool changes annually in line with population growth and the consumer price index.

Since 1974-75, the Australian Government has provided over \$41 billion to local government under the Financial Assistance Grants (FAGs) programme.

Furthermore, the Government has extended the Roads to Recovery Programme to at least 2019 with \$1.75 billion (\$350 million per annum) to be provided over five years from 1 July 2014.

The Australian Government will deliver a new National Stronger Regions Fund (the Fund) to support the construction of social and community infrastructure. From 2015, \$200 million in funding will be provided per year for five years.



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Resolution Number: 2.1

That this National General Assembly call for the Federal Government:

a) *to note:*

- *successive ALGA motions in previous years highlighting problems in funding urban and regional public transport infrastructure, social housing, education, and health services by the States and Local Government infrastructure and services to meet population growth; and*
- *fiscal imbalances between Australian Government, State and Local Governments in meeting their responsibilities for the above; and*
- *to raise through the Council of Australian Governments (COAG) Agenda, the need for re-alignment of federal funding arrangements so that levels of Government in Australia have a more efficient match between their responsibilities and their finances.*

The Australian Government notes the continued challenges facing the nation in funding important infrastructure, social housing, education and health services. These issues are being addressed through the current COAG reform agenda where Australian Government, state and local governments work together to improve economic and social participation, strengthen the national economy, create a more sustainable and liveable Australia, deliver better health services and close the gap in Indigenous disadvantage.

As with all federated nations around the world, Australia has a vertical fiscal imbalance which is corrected through intergovernmental transfers to achieve horizontal fiscal equalisation. Clarifying and re-aligning roles and responsibilities with the Australian federation is a key priority of the Coalition government.

To progress this agenda, the Australian Government announced the terms of reference for the National Commission of Audit on 22 October 2013. The National Commission of Audit will review and report on the performance, functions and roles of the Australian Government. It has a broad remit to examine the scope for efficiency and productivity across all areas of Australian Government expenditure, including identifying areas of unnecessary duplication between all levels of government and areas or programs where Australian Government involvement is inappropriate, no longer needed, or blurs lines of accountability. The National Commission of Audit is due to provide a final report to the Prime Minister, Treasurer and Minister for Finance by 31 March 2014.

The Australian Government has also announced its intention to develop a White Paper on Reform of the Australian Federation; and a White Paper on Taxation. These White Papers will be a key aspect of any reform of federal financial relations.

Resolution Number: 4

That the National General Assembly calls on the Australian Government to provide continuity of long term funding to Local Government for community infrastructure through programs such as the Regional and Local Community Infrastructure Program (RLCIP).

The Australian Government is committed to supporting regional Australia, including social, community and sporting infrastructure in local communities.

The Government will deliver a new National Stronger Regions Fund (the Fund) to support the construction of social and community infrastructure. Two hundred million (\$200 million) will be provided per year for five years from 2015.

The Government has also established the Community Development Grants Programme to deliver infrastructure projects across regional Australia. This programme will provide \$342 million to deliver the Government's election commitments and to fund uncontracted projects from Rounds Two, Three and Four of the former Regional Development Australia Fund and the majority of uncontracted projects from the former Community Infrastructure Grants programme. Guidelines for this programme are being finalised.

Resolution Number: 4.4

That the National General Assembly, on behalf of Councils across Australia, work with the Federal Government to identify sustainable funding sources to enable all Councils to provide, maintain and renew assets and services in their communities.

Improved financing arrangements and a growing economy will help to assist local government, in partnership with the private sector and other levels of government, secure the financial sustainability required to maintain and renew assets and services in their communities.

On 13 November 2013, the Australian Government announced that it will commission a thorough examination of infrastructure costs and financing in Australia with a new Productivity Commission inquiry.

The inquiry will analyse and report on how infrastructure is currently funded and financed in Australia, the role and objectives of alternative funding and financing mechanisms, examine the cost structures of major infrastructure projects in Australia and provide advice on ways to improve decision making, implementation processes and relevant policy measures which would help ensure effective delivery of infrastructure services in the short and long term. The Productivity Commission will hold public hearings and release a draft report for public comment in March 2014 before delivering the final report to Government by 13 May 2014.

Resolution Number: 5

Noting the increasing financial burden being placed on local governments through cost-shifting, this National General Assembly of Local Governments calls upon the Federal Government to urgently review the Intergovernmental Agreement Establishing Principle Guiding Intergovernmental Relations on Local Government Matters.

A review of the Inter-Governmental Agreement Establishing Principles Guiding Intergovernmental Relations on Local Government Matters (the Agreement) was conducted by all state and territory governments, the Australian Government and the Australian Local Government Association in the second half of 2011. This resulted in all signatories to the Agreement re-committing to it in November 2011.

The Australian Government is aware that there are similar agreements between state governments and the Northern Territory government with their local government

sector. These agreements provide an important platform for local government when negotiating roles, responsibilities and funding streams with their state or Northern Territory government. Given the responsibility that states and the Northern Territory have for local government, it is critical that these agreements remain contemporary.

At the national level the Agreement provides a framework within which each state and Northern Territory government agreement with local government sits. It also ensures that the Australian Government properly considers the impact its national policies, including regulations, may have on the local government sector.

Resolution Number: 6

That this National General Assembly call on the Australian Government to increase its investment in transport infrastructure.

The Australian Government is committed to investing in the right infrastructure at the right time to ensure Australia can prosper in an increasingly competitive global environment. In addition, the fiscal challenges facing all governments means that traditional ways of investing in infrastructure have to be redeveloped.

Significant investments already announced as part of the Australian Government's infrastructure investment programme include:

- \$5.64 billion to fund the duplication of the Pacific Highway;
- \$8.5 billion to the Bruce Highway;
- \$1.5 billion to the East-West Link;
- \$1.5 billion to the WestConnex project;
- \$1 billion to the Gateway Motorway in Brisbane;
- \$700 million to the Toowoomba Range Crossing;
- \$615 million to the Swan Valley Bypass;
- \$508 million to upgrade sections of the Warrego Highway between Toowoomba and Miles;
- \$400 million for Midland Highway in Tasmania; and
- \$300 million to the Inland Rail line, linking Melbourne and Brisbane.

This is in addition to significant investments in the Roads to Recovery (\$350 million per annum to 2018-19), Black Spot (\$60 million per annum to 2018-19) and Bridges Renewal Programme (\$60 million per annum to 2018-19)

The Australian Government will build on this investment by encouraging additional private sector investment in infrastructure. The Government is also working with the state and territory governments to free up capital to use for new productivity-enhancing infrastructure projects.

Resolution Number: 7

That, as part of its infrastructure renewal platform, the National General Assembly call on the Australian Government to have additional funding made available for the replacement of timber bridges on local roads.

The Australian Government has committed to providing \$300 million, to be matched by state or local governments, to restore and rebuild local road bridges with an emphasis on freight routes.

The Bridges Renewal Programme will provide up to 50 per cent of the cost of bridge projects to state, territory and local governments. Projects will be selected as a result of a competitive process to improve freight productivity and community access. Funding will be available from the 2014-15 financial year and the Government is currently working to determine the programme parameters and the process for allocating funding. Projects that replace timber bridges would be eligible to apply for funding.

Resolution Number: 9

That the National General Assembly support the continuation of Infrastructure Australia as a national expert body at arms-length from government, with a brief to financially support nation building infrastructure development across a broad range of infrastructure classes, including public transport based on sound business cases with transparent business case assumptions.

Reforming Infrastructure Australia (IA) was a 2013 Election Commitment, detailed in *The Coalition's Policy to Deliver the Infrastructure for the 21st Century* publication. The Australian Government is committed to strengthening IA by restructuring its governance, clarifying the scope of its responsibilities and entrenching its role as a key advisor to the Government.

The Government introduced the Infrastructure Australia Amendment Bill 2013 in the Australian Parliament on 20 November 2013. The Bill seeks to re-establish IA as a separate entity under the *Australian Government Authorities and Companies Act 1997*, which will provide for an independent governing entity that is both legally and financially separate from the Australian Government. The Bill will strengthen the role of IA, as an independent, transparent and expert advisory body, through a change in its governance structure and through better clarification of its functions. Better defining IA's functions and deliverables will improve infrastructure planning and prioritisation on a national basis, thereby providing a more transparent, robust, evidence-based approach to the Government's deliberations in the allocation of public funds to projects with the highest yielding productivity returns.

Resolution Number: 10

That this National General Assembly call on the Federal Government to work with State and Territory Governments to fund the development and maintenance of sewerage, water and natural gas infrastructure works, particularly for small and regional communities.

Funding of sewerage, water and natural gas infrastructure works varies across jurisdictions. In some jurisdictions it is the responsibility of the state or territory government and in others it is the responsibility of local government. However, as this infrastructure is so essential to Australia's economic productivity and security, the Australian Government continues to play a key role in creating an enabling and supporting economic, legislative and regulatory environment. By doing so, the Australian Government seeks to ensure the ongoing development of market arrangements that encourage investment and flexibility in Australia's energy infrastructure.

Resolution Number: 10.1

That the National General Assembly calls upon the Australian Government Government to provide funding to Local Government to assist in delivering essential

infrastructure such as Roads, Water, Sewer and Drainage in new residential subdivisions as a mechanism to make housing more affordable.

The Australian Government is aware of a number of reforms occurring at the state government level aimed at improving residential planning and development in the area of affordable housing. The local government sector has been an active participant in the reform agenda. In 2011 the New South Wales Government established the Affordable Housing Taskforce to help drive new planning policies to deliver affordable housing, which meets community needs and respects local character. Local government is represented on the task force by the Local Government NSW. In 2012, the Victorian Government began an extensive consultation process on the future of social housing in Victoria, including options to improve the supply of quality housing. Similarly, in 2013, Queensland introduced the State Planning Policy (SPP) consolidating land use planning and development into one document. The SPP is intended to provide greater clarity for local government of state interests when implementing local planning schemes.

The Australian Government is confident that the local government sector will negotiate the best outcome for their communities in these reform processes.

Resolution Number: 11

That the National General Assembly call on the Australian Government to contribute to essential local development infrastructure and the mechanisms available to generate revenue and infrastructure development.

Local planning and development is rightly the responsibility of state and territory governments. This level of government can, and usually does, devolve this responsibility to local government on the basis that local government is best placed to determine community priorities and requirements.

The Australian Government delivers assistance through the Financial Assistance Grants programme which has been untied since its inception in order to allow local government the flexibility to determine their expenditure priorities. The Australian Government also provides assistance through the Roads to Recovery Programme and the pending Bridges to Recovery Programme. The Australian Government has further assisted local government in its planning and development and asset management frameworks through the Local Government Reform Fund and the Australian Centre of Excellence in Local Government.

Resolution Number: 12

That the National General Assembly call on the Australian Government to ensure the Roads to Recovery funding program be expanded and made permanent to assist local Councils in long-term strategic planning and budgetary considerations.

The Roads to Recovery programme aims to improve local roads by funding construction and maintenance projects identified at the local level. The programme operates uniformly across Australia. Under current arrangements, each council is guaranteed a share of the total available funding.

Money provided under the programme is not intended to replace council spending on roads or state and territory government assistance to councils for local road construction or maintenance.

From 2009-10 to 2013-14 the Government will provide \$1.75 billion (\$373.5 million in 2013-14) under the Roads to Recovery program, to be distributed to Australia's local councils, state and territory Governments responsible for local roads in the unincorporated areas (where there are no councils) and the Indian Ocean Territories.

The Australian Government has extended the Roads to Recovery Programme to at least 2019 with \$1.75 billion (\$350 million per annum) to be provided over five years from 1 July 2014.

Individual council allocations are expected to continue to be determined by a formula, based on population and road length, set by the Local Government Grants Commission in each state and the Northern Territory.

The administrative arrangements for the Roads to Recovery Programme will remain simple with each council free to choose the projects to be funded.

Resolution Number: 18

That the National General Assembly call on the Federal Government, as part of the Nation Building Program network, to commence planning to upgrade the National Highway system to dual carriageway.

The Australian Government is committed to revitalising the national highway and road system. The Government is working closely with the state and territory governments to deliver critical infrastructure projects on the National Network, which include a \$6.7 billion commitment to upgrade the Bruce Highway in Queensland and \$5.6 billion to complete the duplication of the Pacific Highway. These commitments build on other National Network improvements including the recent completion of the duplication of the Hume Highway between Melbourne and Sydney.

The Australian Government will continue to work with the states and territory governments to build the road infrastructure projects that will best contribute to Australia's productivity growth over the coming years.

Resolution Number: 19

For the betterment of the Nation, that the National General Assembly call on the current and future Australian Government Governments of Australia and the Queensland, Victorian and New South Wales governments and local authorities along the route to set common timelines and budgets and commit to build the Melbourne to Brisbane Inland Rail, to future-standards, during the current decade.

The Australian Government is committed to building the Melbourne-Brisbane Inland Railway within ten years. To support this, the Australian Government has allocated \$300 million to finalise the planning, engineering design and environmental assessments to get the Inland Rail project started.

To deliver the Australian Government's commitment, a high-level Implementation Group to be chaired by the former Deputy Prime Minister, the Hon John Anderson AO, is being formed. The Implementation Group will drive the Inland Rail project, determine construction priorities and ensure appropriate engagement with the community and stakeholders, including local government.

Resolution Number: 20

That the National General Assembly call on to the Australian Government and all major political parties to introduce a national program of action to provide

accelerated funding for the removal of rail level crossings across Australia to improve the Australian transport network and to improve safety and reduce congestion.

The national Infrastructure Investment Programme will invest in a safe, sustainable national transport system to enhance the interconnectivity of corridors (networks) of significant economic opportunity across Australia. This will, in turn, promote sustainable economic growth through increased productivity and safety across Australia by improving connectivity for communities, regions and industry.

The Australian Government will continue to invest in projects that remove level crossings where this will meet the objectives of its Infrastructure Investment Programme.

Resolution Number: 21

That the National General Assembly call on the Australian Government to refocus the Major Cities Unit, within the Australian Government Department of Infrastructure and Transport, to partner with Australia's 18 major cities to undertake a policy program and shared learning approach to focus on natural disaster resilience, innovative design and sustainability, process efficiency and policy strength.

The work of the Major Cities Unit has been integrated into the Department of Infrastructure and Regional Development's Planning Analysis Branch in order to strengthen the link between urban policy and research and infrastructure delivery. The Planning Analysis Branch also includes regional planning undertaken by the former Department of Regional Australia, Local Government, Arts and Sport. The new structure is further developing the integration of the Government's approach on regions and larger cities to give a much broader understanding than was possible when these functions were located in separate Departments.

At this stage, the Department is aiming to continue to publish the State of Australian Cities report which will continue to inform Australians of the productivity, liveability and sustainability of their 18 largest cities.

Resolution Number: 24

That the National General Assembly of Local Government calls on the Australian Government to establish a Standing Council on Local Government within the COAG to support ongoing reforms between all levels of government.

The Australian Government is committed to working with all levels of government to support and achieve the COAG agenda. Local government is a full member of COAG and is a member of a number of Standing Councils including the select Council on Housing and Homelessness, the Standing Council on Environment and Water, and the Standing Council on Transport and Infrastructure.

Local government reform is the responsibility of the state governments and the Northern Territory government. The Australian Government will from time to time support these endeavours through targeted, time limited programmes such as the Local Government Reform Fund. When a reform issue warrants consideration beyond a jurisdictional boundary then it may be considered by one of the existing COAG mechanisms should members so decide.

Resolution Number: 25

That this National General Assembly calls on the Australian Government to develop and maintain a central database and register to bring together information and application material relating to local government grants programs in a single location.

The Department of Infrastructure and Regional Development administers the MyRegion website. The purpose of the site is to make information on government grants and funding opportunities available to the public. Grants seekers can also get contact details from the site to get more specific information on the grant programme.

MyRegion helps individuals, businesses and communities find government funding that might be available for their program or initiative. Over 300 grants and funding programmes are listed on the site, in categories such as:

- Agriculture;
- Health and safety;
- Education and training;
- Employment; and
- Business and industry.

Resolution Number: 38

That this National General Assembly calls on the Australian Government to undertake research and report findings on best practice models in regional collaboration by local government in Australia.

The Australian Government has provided \$16 million in seed funding to two key research institutes – the Australian Centre of Excellence for Local Government (ACELG) and the Regional Australia Institute – to undertake research that supports local government and regional Australia.

In 2012, ACELG conducted an important research project comparing regional organisations of councils in New South Wales and Western Australia (*Comparative Analysis of Regional Organisations of Councils in New South Wales and Western Australia, 2012*). ACELG has also produced a report looking at different approaches available to local government to find efficiencies in how they do business such as shared services agreements (*Consolidation in Local Government: A Fresh Look, 2011*). The local government sector may wish to consider how they could partner with these research institutions to achieve this resolution.

Resolution Number: 48

That this National General Assembly call for more active consultation between the State Government and Local Government to reflect community aspirations.

All state governments as well as the Northern Territory government have agreements that guide their relations with the local government sector. These agreements provide a platform from which local government can confidently communicate and interact with state and Northern Territory governments. In addition, local governments in all jurisdictions have local government associations which play an important role in advocating for the sector on key issues.

Local government, as the level of government closest to the people, is an important conduit for community aspirations and needs. Ensuring that communities are regularly consulted on key issues and transmitting those views to higher levels of government is an essential role that local government plays in Australia's governance and democratic system.

Resolution Number: 49

That the National General Assembly call for support for 1-21 of the Federal Fly in Fly Out/Drive in Drive Out (FIFO/DIDO) Report (*) regarding workforce practices in Regional Australia and for the Australian Government to adopt the recommendations, as well as recognising and including local governments across the nation as key stakeholders through the policy review and policy development process to address social, economic and infrastructure policy, along with funding challenges identified in the report.

FIFO/DIDO workforce practices are increasing as a form of employment in regional Australia to provide skilled workers for industries in need. The use of FIFO/DIDO workforce practices provides a number of benefits and challenges for regional Australia.

The report of the Standing Committee on Regional Australia titled *Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia* (the Report) was tabled in Parliament in February 2013, after 18 months of research, public hearings and submissions.

The report recognises that there are some circumstances where FIFO/DIDO is warranted but that every effort should be made to make FIFO/DIDO the exception rather than the rule. The report has 21 recommendations for the Australian Government and 12 areas of action for corporate and state and territory governments.

The recommendations broadly focus on a greater collection of data and research into the extent and impact into FIFO/DIDO; reviewing the Fringe Benefits Tax and Zoning Tax Allowance; enhancing small business and the skill sets of local government; addressing the supply of housing; provision of health services; and encouraging the provision of tertiary education.

An Australian Government working group has been considering the recommendations of the Report. Given the recommendations cover a wide range of issues, the Australian Government is ensuring that each recommendation is carefully considered, with a response provided in due course.

In 2011-12, the Australian Government also engaged Curtin University to undertake a study exploring the impact of long distance commuting on source communities through its Regional and Rural Research and Development program. This report has recently been released.

Resolution Number: 57

That the Australian Local Government Association calls on the Federal Government to reform how Regional Development funding is allocated to rural and semi-rural regions through the re-establishment of Area Consultative Committees.

The Australian Government is committed to supporting regional Australia pursue and seize economic development opportunities with a vision that is based on driving real

competitive advantages and productivity improvements through public and private investment. In addition, the Government recognises that local councils, businesses and community groups are the backbone of regional areas and it intends to work closely with these sectors to build stronger regional economies and cohesive communities.

One of the mechanisms for achieving this is a committee-based network of community leaders and as such, the Government is considering the current arrangements and how the current structure aligns with its vision for regional Australia.

