

ALGA Guidance – Submissions for Inquiry into Local Government Sustainability

April 2024

The Standing Committee on Regional Development, Infrastructure and Transport has begun an inquiry into [local government sustainability](#). Written submissions close on 31 May 2024.

This inquiry is an opportunity to examine the policy issues that influence local government in Australia. Through the inquiry the committee will research policy issues, prepare a report, and make recommendations to the Federal Government.

Your voice in this inquiry is essential to ensure the committee hears directly about the positive work of councils in the community. Council submissions will provide the direct link between financial sustainability and community outcomes.

Committee inquiries are best informed when they hear direct insights from individuals and communities across Australia. As such, your submission will have the greatest impact if you can provide direct examples of how financial sustainability affects community outcomes.

ALGA will provide a substantial submission, informed by research commissioned for the inquiry. This will focus on national trends and the overall decrease in financial assistance over the decades. We will represent the needs for increased financial assistance and how this strengthens the work of councils. Your state association will also provide a submission to bring a state-by-state perspective.

ALGA encourages every council to provide a submission. Every example, even as short as a two-page submission, provides valuable evidence of the need for increased financial assistance to councils.

Submissions can take many forms and differ to suit your specific needs. Your submission should be tailored to include information relevant to your community and circumstances. Information about local governments across Australia can be found here: [Regional Data Hub Catalogue Explorer \(infrastructure.gov.au\)](#)

You may wish to refer to relevant previous research, including:

- [ALGA commissioned research for the local government productivity inquiry](#)
- [ALGA research on importance of Financial Assistance Grants](#)
- [Grattan Institute - Potholes and pitfalls: How to fix local roads](#)

Suggested submission structure

1. Introduction and overview of your local communities

Key messages:

- *We welcome this House of Representatives Standing Committee inquiry into local government sustainability.*
- *Our council works hard to deliver the core services our community expects from ratepayers' money.*
- *However, we are often required to deliver many of the federal and state government priorities with little or no funding to do so.*

- *Community trust relies on governments working together. We need a mature discussion between all levels of government so that critical infrastructure and service provision is in place where it's most needed.*
- *Effective, sustainable funding for local government will require the Australian Government to increase Financial Assistance Grants to at least one per cent or more of Commonwealth Tax Revenue.*

Examples to support key messages:

- Community size and expectations on local governments have significantly changed in the last 20 years. Evidenced in our council by:
 - Population size
 - Economic base
 - Significant changes in demographics or community make up over the last 10 to 20 years

2. Your council's experience with financial sustainability

Key messages:

- *Financial sustainability is the number one issue for our council.*
- *The federal government made an election commitment to provide 'fair increases' to Financial Assistance Grants. That has not eventuated yet, so we want this inquiry to look for ways that promise will be supported (including retrospectively).*
- *We are essential to ensure that our community is productive, resilient and liveable but have a small revenue base with a large number of assets to maintain.*
- *Unlike other spheres of government, our council does not have access to a growth tax that would allow us to share in the prosperity of the economy and provide services and infrastructure to meet growing community needs.*
- *Because of that, we rely on support from the Australian Government through Financial Assistance Grants. To ensure our long-term sustainability, it is essential that FA Grants are increased to at least one per cent or more of Commonwealth Tax Revenue.*

Examples to support key messages:

- Make up of financial income between your council's rates base, Financial Assistance Grants, government grant programs, other means
- Ability of your council to make long-term financial investment decisions
- How the existing arrangements impact on your council's ability to deliver programs in line with community needs and expectations
- Provide examples of when Financial Assistance grants have been critical for your council to provide basic community services.
- How financial sustainability impacts your workforce management decisions.
- Outline what your council would do with the extra funding received through an increased FA Grant.

3. How financial sustainability impacts your ability to meet changing community needs

Key messages:

- *It will be important for the inquiry to consider the key role federal Financial Assistance Grants play in supporting a sustainable local government sector.*
- *Over the past 30 years Financial Assistance Grants have slipped from 1 percent of Commonwealth taxation revenue, to just half a percent. This is compounded by some state governments through rate capping, further weakening councils' financial position.*
- *This decline has been strongly felt in regional, rural and remote councils, where Financial Assistance Grants often make up 20 percent or more of their annual operating revenue.*
- *Councils have repeatedly called for these untied and non-competitive funding grants to be restored to at least one percent of Commonwealth taxation revenue. This reform would provide the long-term certainty councils need to plan for their community's future and the flexibility to prioritise their spend on more resilient, productive and liveable communities.*

Examples to support key messages:

- Outline how your council has responded to changing community needs through both programs but also responses to natural disasters
- Provide examples of how a lack of financial sustainability has withheld your ability to support your community manage changing needs.

4. Programs your council runs and the impact these have on your community

Key messages:

- *As the level of government closest to the people, our council is responsible for delivering a large number of services that directly benefit the liveability and productivity of local communities.*
- *These programs cover a broad range of areas, such as economic, social, environmental and liveability.*
- *Each of these programs deliver important benefits for the community and have been developed to meet community expectations.*

Examples to support key messages:

- Provide examples of programs that your council runs to deliver benefit to the community, including economic development, tourism, social programs, childcare, aged care.

5. Barriers to expanding services to local communities

Key messages:

- *We welcome the inquiry looking at the changing infrastructure and service delivery obligations of local government.*
- *Research commissioned by ALGA shows that over the past decade local government expenditure per capita has flatlined, while spending by other governments has continued to rise.*
- *This is despite additional responsibilities increasingly being forced onto Australian councils by other spheres of government.*
- *Cost-shifting to local government means that already limited funds and resources are being diverted to new services while existing community services and local facilities go unfunded.*

- *By international standards, investment in Australian councils is low, and this is constraining our capacity to deliver core services, such as maintaining local roads and community infrastructure.*
- *In 2023 the Grattan Institute identified local governments needed an additional \$1 billion per year to effectively maintain their roads.*
- *ALGA's 2021 National State of the Assets Report highlights that 10% of local government infrastructure assets are in poor condition and need attention.*

Examples to support key messages:

- Outline the needs your communities have and how your council is best placed to deliver and respond
- Explain the barriers to you providing for these needs
- Provide examples of new programs your council can deliver if provided with increased financial sustainability