



City of Greater Geraldton

Submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport

Inquiry into Local Government Funding and Fiscal Sustainability

1. Inquiry Context & Timing

On 4 November 2025, the Minister referred this matter of local government funding and fiscal sustainability to the Committee. The new inquiry builds on the previous 2024 effort that lapsed at the May 2025 election. Written submissions are due by 3 February 2026. The revised Terms of Reference sharpen focus on interactions between levels of governments, funding sources, and the impact/effectiveness of those sources.

The City of Greater Geraldton lodged a submission to the 2024 House of Representatives Standing Committee on Regional Development, Infrastructure and Transport's Inquiry into the financial sustainability of the local government sector (CEO118). City representatives also participated in the associated hearing session held in Perth.

This document updates the previous submission and incorporates the new specific items included in the 2025 Inquiry.

2. Executive Summary

Local governments are increasingly expected to deliver broader services and higher standard infrastructure amid escalating legislative compliance, rising input costs, and intensifying climate and disaster risks while their primary revenue instrument (property rates) remains constrained. Regional capitals like the City of Greater Geraldton (CGG) shoulder additional responsibilities typically delivered by State or Commonwealth entities in metropolitan areas, intensifying structural cost pressures.

The City of Greater Geraldton supports the position of the Australian Local Government Association (ALGA) to restore Financial Assistance Grants (FAGs) to at least 1% of Commonwealth taxation revenue, expand untied, non-competitive grants (FAGs, Roads to Recovery, Black Spot, LRCI), and implement reforms that stop unfunded cost shifting and ensure new and amended legislation is accompanied by funding.

In this submission, the City provides a summary of the issues and makes recommendations for the Federal Government's consideration.

3. Acknowledgement

The City of Greater Geraldton welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport's *Inquiry into Local Government Funding and Fiscal Sustainability*. We express our sincere gratitude to the Federal Government for treating this issue with priority and importance. Across Australia, local governments

are working hard to remain financially sustainable while continuing to deliver essential services and infrastructure. At the same time, the sector is finding it increasingly difficult to attract and retain capable community members willing to undertake elected member and officer roles amid an increasingly adversarial environment.

Our submission outlines areas where further support will be necessary to ensure the sector can meet community expectations now and into the future. In doing so, we also formally acknowledge the valuable support already provided by the Commonwealth through established programs, such as the Financial Assistance Grants, the Roads to Recovery Program, and the Black Spot Program, together with other targeted initiatives. These programs materially assist councils maintain core community assets, improve safety, and deliver services.

4. Background

The City of Greater Geraldton is the largest regional city north of Perth, located approximately 420 kilometres (4.5-hour drive) from the Western Australian capital. With a population of over 42,000, Geraldton serves as the administrative, commercial, and cultural hub for the Mid West region. The City's Gross Regional Product (GRP) is estimated at over \$2.5 billion, reflecting its diverse and robust economy.

Geraldton's economy is underpinned by mining, agriculture (notably grain and livestock), fishing, tourism, and renewable energy. The City is home to the Geraldton Port, a critical export gateway for the Mid West, handling millions of tonnes of grain, minerals, and general cargo annually. The port's strategic location supports the region's mining and agricultural sectors and is a key driver of local employment and investment.

The City's Strategic Community Plan (SCP) outlines a vision for sustainable growth, economic diversification, and enhanced liveability. Priorities include infrastructure upgrades, environmental stewardship, support for local business, and fostering a vibrant arts and events calendar. The plan emphasizes Geraldton's role as a regional leader and its commitment to community wellbeing. The SCP maintains the themes highlighted in the 2017 Growth Plan and the 2023 Growth Plan.

Geraldton Airport is a vital regional gateway, welcoming over 150,000 passengers per year, with regular flights connecting to Perth and other regional centres. Tourism is a significant contributor to the local economy, with visitors drawn to the City's pristine beaches, maritime history, and unique attractions such as the Houtman Abrolhos Islands.

The Geraldton University Centre and TAFE play a crucial role in supporting the Mid West community by providing accessible pathways to higher education and vocational training within the region. These institutions enable residents to upskill and pursue tertiary qualifications without the need to relocate to Perth or other metropolitan centres, which is essential for retaining talent and fostering a skilled workforce in the area. By offering a diverse range of programs tailored to local industry needs, they contribute to economic development, help address workforce shortages, and encourage young people and mature-aged students alike to remain in, or return to, the Mid West. This local access to education not only strengthens the community's social



fabric but also ensures that regional businesses and services have the skilled workers they need to thrive.

The City of Greater Geraldton encompasses approximately 10,000 square kilometres and includes the towns of Mullewa, Greenough, and Walkaway, each with their own distinct heritage and community spirit. Geraldton is bordered by the Shires of Chapman Valley, Northampton, Morawa, Mingenew, Irwin, Murchison and Yalgoo, fostering strong regional partnerships. The Abrolhos Islands, accessible from Geraldton, are famous for their coral reefs, fishing, birdlife, and the site of the Batavia shipwreck. Inland, Mullewa is celebrated for its wildflower displays and Indigenous heritage, while Walkaway is known for its wind farm and rural charm. Geraldton's strategic location, economic diversity, and high quality of life make it a key driver of growth and innovation in Western Australia's Mid West.

5. Federal and State Government Regional Services and Accessibility

Local government elected members and officers live in their local community. They take children to school; they go to work locally; they shop locally; and they participate in local community events. The removal of front facing regional Federal and State Government customer service operations is exacerbating regional community concerns and frustrations and resulting in the following:

- Elected members and officers undertaking roles and responsibilities that are the responsibility of Federal and State Governments.
- Elected members and officers facing increased community aggression during face-to-face interaction, through written correspondence and social media platforms.

The Australian Government and State Government regional delivery failures result in local governments being required by their local communities to resolve Federal and State issues. Recent examples include access to Services Australia, funding Rural GP's; Child Care, Aged Care, providing services through the COVID pandemic; provision of truck rest stop facilities, regional housing, and homelessness solutions. Community expectations regularly draw local governments to backfill these State/Commonwealth service gaps increasing pressure on municipal budgets.

An example is Services Australia (Centrelink). These critical services including emergency hardship financial payments require the customer to use online computer hardware and software. Often the recipient does not own a computer and does not have the skills to navigate software requirements. As a result, these highly emotive residents are directed to the City library for assistance which results in the City needing to engage security officers and install security barriers on library counters. The senior demographic also struggle with online requirements which the City addresses with classes held at its community senior's centre.

Regional and Remote local governments are forced into providing significant funds to rural General Practitioners to ensure these medical services are provided in regional communities which is just not right. The local governments are then criticised by the local community if the GP decides to move on. The provision of this service to regional



Australia has simply been neglected by the Australian Government. Items provided by the sector include fully funded medical centres, fully funded houses, cars, and cash.

Historically, the Federal Government was responsible for funding and administering regional airport screening requirements across Australia. This support included the provision of security infrastructure, regulatory compliance, and operational costs related to passenger and baggage screening at regional airports. However, in recent years, these responsibilities have increasingly shifted onto local governments, who now must deliver airport screening without dedicated federal funding.

This transition has placed considerable financial pressure on local governments as they are required to meet escalating airport security requirements mandated by federal authorities. These requirements often include upgrades to screening technology, staff training, and compliance with updated security protocols. Despite the increased expectations, there is typically no corresponding increase in federal funding, leaving local governments to absorb the additional costs. As a result, municipal budgets are stretched further, and resources that could be allocated to other essential local services are redirected to cover unfunded federal mandates. This ongoing cost shifting exacerbates the strain on local government finances and highlights the growing disconnect between federal regulatory requirements and local funding realities.

Addressing the lack of funding for federally mandated airport security requirements would help restore a more equitable partnership between levels of government and alleviate some of the financial burden currently shouldered by local communities.

A further example of cost shifting in the regions is associated with inadequate customer services systems offered by the National Telecommunications Carriers. For instance, a rural telecommunication tower will stop working. The local community attempt to gain information from the national carrier. When that is unsuccessful, the community approaches their local elected member who in turn contact the Chief Executive Officer who must then commit local government resources to try and obtain the required information to relay it back to the telecommunications customer. As there are regular and repeated outages in the regions, this requirement consumes a reasonable amount of local government resource.

6. Cost of living Pressures.

While local governments are under pressure to keep their rate increases below the consumer price index (CPI), the same cannot be said for State Government utility providers (Power, Water, Sewerage, Telecommunications). The charges being passed onto the local government sector by these agencies is scandalous. The City of Greater Geraldton has done its part by keeping annual rate increases below the consumer price index (CPI) with an average rate increase of 2.6 percent over the last ten years. This is despite the Australian Government, State Government and National Utility providers increasing their costs to the sector well over CPI.

An example is streetlight tariffs. This monopoly costs the City of Greater Geraldton over \$1.1 million per annum (2 percent of total rates collected) with the annual increases between 6 and 8 percent. These tariffs apply whether or not the light is

working and does not include initiative-taking inspections of the lights, which again falls back to the local governments to undertake at an additional cost to the local government.

In addition to pushing more and more of its responsibilities onto local governments, in some situations the State Government uses the local government sector as its personal tax collector, while not allowing local governments to fully recover the associated administrative costs. In Western Australia, the best example of this is the requirement for local governments to collect the State Government's Emergency Services Levee (ESL). The ESL costs the City of Greater Geraldton approximately \$76,000 per annum to collect while only being able to recover \$35,000 per annum. All ESL funds collected must be given to the State Government. In 2024/25 approximately \$450M in ESL taxes were collected through local government, all of which goes to the State and cannot be used to fund local government emergency workers. These funds cannot be used to fund the local government's emergency services team or for training its bushfire volunteers, or to undertake vegetation reduction programs to keep the community safe. The local government must either obtain funds for these activities through rates or via grant requests to the State, leading to unnecessary bureaucratic costs in collecting and administering the revenue.

Associated with the ESL issues are the fact that the volunteer bush fire brigades spend time and resources fighting fires that have started from Western Power 'Pole Top events' often the result of inadequate maintenance of state-owned infrastructure. Fires are also created by the State-owned trains / railways usually as a result of inadequate rail corridor maintenance. This is a subtle form of 'Cost Shifting' which is all too common.

The view of the local government sector is that these increases are disappointing and unfair and are making it increasingly difficult to achieve a balance operating position. This way of operating damages the relationship between the three levels of government. Addressing this matter would significantly improve the relationship between governments. Specific examples include the percentage increased applied to the Emergency Services Levee and the increases imposed on streetlighting charges (over 5.5 percent in the 2025/26 FY) which are well above those imposed on residential customers (the author appreciates that these are State Government charges). These charges are absorbed by the local government by reducing existing services, not undertaking new initiatives or running deficit budgets.

7. Ever Increasing legislative increases and burden

There are numerous examples of increasing legislative burden being placed on the local government sector (Workplace Health and Safety, Environmental, Cultural Heritage, Child Safety, Multicultural, Accounting Standard changes, Local government Act Reforms, Animal Welfare legislation reform, Airport Regulations, Planning reforms, Building reforms, Taxation Changes, Cyber Security Requirements to name a few). All of these changes place a growing compliance cost on the local government sector without a corresponding revenue stream to offset the new requirements. As a result, local governments either fail to comply, increase rates or reduce a core service provision. The fact that the Federal and State governments do not recognise this issue and repeatedly add to the burden damages the relationships between the levels of

government. This is particularly exacerbated when Federal and State Compliance Officers appear to see the local government sector as an easier group to prosecute than other sectors of the community.

The ever-increasing legislative burden also increases the number of services the local government sector is forced to undertake, again without a corresponding revenue stream. The only legislative amendment that is not changing is the local government sector's ability to raise revenue. The majority of the recent legislative reforms require local governments to undertake more activities and provide more reports whilst not providing a mechanism to generate the required revenue. Examples are numerous and have been summarised in Attachment No. CEO???C which indicates an increase in operational costs of approximately \$1 million annually as a result of legislative changes. This represents a two percent increase in rates which cannot be passed on without exceeding CPI.

8. Limited Revenue Capacity

The only source of taxation revenue available for local governments is rates which are a tax on property ownership. Rates equate to approximately 3% of the total Australian tax take per annum. Considering the growing variety of services the sector is forced to deliver this is the primary issue for the sector that needs consideration. By way of comparison, the Australian Government and State Governments impose approximately 125 different taxes on the community.

Nationally, local government's core tax base (property rates) represents an exceedingly small share of total taxation. Australian Bureau of Statistics and Australian Local government Association data indicate that local government sourced taxation is 3% of the total national tax take compared to the Federal Government's 82%. This has occurred while the Financial Assistance Grants (FAGs) have declined from 1% of Commonwealth taxation revenue in the late 1990s to 0.51% in 2025–26 further constraining councils' fiscal capacity.

When you consider the broad range of essential services effectively delivered, the strangling of the local government sector's financial position is not in the national interest. It is these products and service that the local community interact with on a daily basis and are core to Australian's wellbeing and government satisfaction. Various surveys consistently show that local government is the most trusted level of government among Australian communities. Residents tend to place greater confidence in their local councils due to their direct involvement in community services and responsiveness to local needs. The local government sector works hard to achieve these results which the State and Federal sectors could embrace.

Rates remain councils' sole taxation mechanism despite growing service obligations. This is despite the local government sector managing one-third of Australia's public infrastructure assets (\$643 b). Specific asset-based taxes such as vehicle registration do not flow to the sector that maintains the majority of the road network. The City of Greater Geraldton alone maintains 2,000 Kilometres of roads that are essential to the economic functioning and liveability of the region. Local governments manage extensive, aging community assets (roads, buildings, drainage, airports, civic centres,

aged care facilities, day care facilities, libraries, galleries, halls, theatres), with numerous reports detailing renewal backlogs outpacing available funding.

In addition, there is the issue of rates exemptions and 'charitable purposes' as defined in the Western Australian Local Government Act 1995. These requirements greatly reduce a local government's ability to raise revenue and push the cost burden onto others. State entities are also exempt from paying local government rates, even though they are a significant user of local government infrastructure and contribute greatly to the depreciation of these assets.

The impact of these increasingly arduous legislative changes on the mental health of CEO's and senior executives should not be underestimated. The range and scope of these personal liabilities is resulting in excellent CEO's deciding not to apply for these roles. The local government CEO vacancy rate in Western Australia runs at over ten percent and is getting worse. A specific example relates to the new state safety legislation that threatens CEOs with Industrial Manslaughter charges if say a spontaneous Bushfire volunteer dies fighting a fire, with the legislation specifically banning the opportunity for insurance of a local government funded defence. Further examples include the Child Protection legislation, Cultural Heritage legislation, and environmental protection legislation.

9. Productivity

As previously mentioned in this report, core reasons for reducing local government productivity are increasing regulatory burden, cost shifting practices, and the withdrawal of Federal and State services from the regions. Additional causes include the current Industrial Awards and Industrial Agreement processes, workforce skills shortages in the regions and resourcing the digital transformation.

The current Enterprise Bargaining process has run its course and needs to be reviewed. This adversarial / confrontational process creates a rift in the workforce and results in minimal benefit for either side. Evidence for this is reflected in the Nation's falling productivity figures. This process, combined with the current skills shortage and the requirement in Western Australia to migrate to the State Award has resulted in high wages growth which is then passed on to local communities.

Rural and Remote local governments must compete with the private sector, including the mining industry for skilled workers. Traditionally local governments competed based on worker conditions as the sector cannot compete on wage level. However, with the severity of the worker shortage, the private sector is now offering both high wages and great working conditions increasing the local government sector's recruitment efforts. This situation is further exacerbated by the regional housing crisis, the aging workforce crisis and the limited childcare options for families, including limited regional health, community, and education services.

In Western Australia, recruiting professional officers such as Environmental Health Officers, Building Surveyors and experienced Engineers and Project Managers is incredibly challenging. An effortless way to address some of these issues would be for the Federal Government to resource universities to develop online courses for



Environmental Officers and Building Surveyors. Currently in Western Australia, these opportunities are not present.

Digital transformation also poses challenges, as many councils face difficulties in accessing funding and expertise to modernise systems, leading to inefficiencies and duplicated manual processes. Furthermore, persistent workforce skills gaps in regional and remote areas limit councils' ability to adopt modern technologies and practices. Funding uncertainty, including reliance on short-term grants, undermines long-term planning and investment in productivity-enhancing initiatives.

In addition to all of the above, being a regional capital, the hub for the surrounding areas of the Midwest, the City of Greater Geraldton must fund and operate services that are provided by the Australian Government and State Governments in capital cities. Examples include airports (Geraldton and Mullewa), Performing Art Centres, Museums, Regional Libraries, Aquatic Centres, Class A Visual Art Galleries, regional waste facilities and a wide variety of sporting venues and associated infrastructure.

The provision of these services come with large additional costs. Operating Class A Galleries, Performing Art Centres, Senior Centres incur significant operational and capital expenses that are supplemented to a small extent by short term Federal and State grants that cannot be relied upon because of their short term and inconsistent nature. The suggestion would be to increase the FAG allocation and review the formula upon which these resources are allocated to allow for these additional services provided by regional capitals.

10. Natural Disasters and Climate Pressures

The increasing frequency of natural disasters and their increasing severity is also impacting the local government sector. As local governments are on the front lines, the community turns to them in times of need who in turn look for support from the Australian Government and State Governments. Unfortunately, the bureaucracy involved in obtaining this support prevents the timely delivery of essential services. The inability to easily and consistently 'Build Back Better' should also be considered as the same infrastructure is repeatedly replaced as the funding to improve is not available. This issue is exacerbated in the regions where services such as energy are regularly knocked out for various reasons. The result is pressure on Councils to supply and install large generators to enable the provision of services. The cost to install a permanent generator at the City's evacuation centre is approximately \$500,000 with the cost to install a generator at its civic centre estimated at \$1.5M. The City simply does not have this financial capacity.

Changing climate patterns are also resulting in extremely complex and costly coastal erosion issues. Coastal erosion presents significant financial and logistical challenges for local governments across Australia, particularly in regional and remote areas. The cost of addressing coastal erosion can vary widely depending on the severity of the problem, the length of coastline affected, and the chosen mitigation strategies. For example, constructing seawalls or revetments can cost upwards of \$5,000 to \$10,000 per linear metre, while beach nourishment projects require ongoing investment, totalling million dollars. In addition to the direct construction costs, local governments must also factor in expenses for environmental impact assessments, ongoing

maintenance, community consultation, and complex regulatory approvals, all of which add layers of complexity and delay to the process. The funding required often exceed local government budgets, leading to reliance on sporadic state and federal grants that are not sufficient or timely. Moreover, the technical complexity of coastal erosion mitigation, balancing engineering solutions with environmental sustainability and community expectations, requires expertise that is in short supply in regional areas. As climate change accelerates the rate of erosion and increases the frequency of severe weather events, the need for coordinated, well-funded, and adaptive approaches is urgent for local councils striving to protect their communities and assets.

Implementing carbon reduction assets presents both opportunities and significant challenges for local governments such as the City of Greater Geraldton. Transitioning to carbon-neutral infrastructure (solar panels, energy-efficient lighting, hybrid vehicle, methane gas flaring, microgrids) may assist councils reduce operational costs over time and contribute to national emissions targets. However, the upfront capital investment required is substantial, often stretching already limited budgets and competing with other essential community needs. In regional areas, the lack of local suppliers and skilled contractors can further increase costs and delay project delivery. In addition, local governments become responsible for ongoing maintenance, monitoring, and reporting requirements and costs to meet compliance standards and demonstrate progress to state and federal bodies. The complexity of integrating modern technologies with ageing infrastructure, as well as navigating grant processes for climate initiatives, adds administrative burden. Despite these hurdles, councils are increasingly expected by their communities and higher tiers of government to take the lead on climate action, highlighting the need for more sustained and flexible funding, technical support, and streamlined policy frameworks tailored to local circumstances. The successful implementation of carbon reduction assets will depend on robust collaboration between all levels of government, industry, and local communities, as well as clear recognition of the unique challenges faced by regional centres.

11. Federal and State Grant Processes and Costs

Local governments are responsible for approximately one third of Australia's non-financial assets worth more than \$350 billion (roads, parks, buildings, drainage systems, airports, art galleries, community halls, playgrounds, theatres). The Australian Government, with 82% of the tax revenue, has just one tenth of the assets. These local assets are aging and hence there is a significant short fall in funding available to renew critical community infrastructure.

In respect of competitive Australian Government and State Grants, the local government sector does not have mechanisms to raise its own revenue. Therefore, it is reliant on grants from the Australian Government and State Governments. If you think about this, the Australian Government and State Governments collect tax from the local community and then require the local government sector to go through tedious bureaucratic red tape to potentially be given small quantities of these community funds:

- Firstly, there is a large bureaucratic cost in collecting these taxes in the first instance from the community.

- Secondly, there is a round of large bureaucratic costs to then determine which local governments are worthy of receiving some of these funds.
- Thirdly, there is a round of bureaucratic costs when the successful councils must arrange opening events for the Australian Government and State members to attend, and have their photograph taken.
- Finally, there is a round of bureaucratic costs when the local government must provide audited accounts on how the funds were spent.

There must be a better way that results in a higher percentage of community funds flowing directly and efficiently back to the local community. As they are competitive, local governments cannot rely on these grants as a financial source. In fact, they often create a financial burden as the on-going running costs of the new infrastructure falls back to the local government.

12. Improving interactions between levels of governments

Effective collaboration between the Australian Federal Government, State Governments, and local governments is essential for delivering the best outcomes for communities. When these three tiers of government work in concert, resources can be allocated more efficiently, policies can be better tailored to local needs, and community trust in government can be strengthened. Conversely, fragmented or top-down approaches often result in duplication, inefficiency, and missed opportunities for innovation at the grassroots level. Possibly because of the tyranny of distance, and the constraints of our legislative system, communications between the Australian Government and the local government sector appears limited. However, strengthening the relationships between the Federal, State, and local governments through practical measures would support more efficient use of public funds, more relevant and effective policies, and more resilient and vibrant communities. By focusing on streamlined processes, meaningful consultation, timely communications, direct funding, collaborative design, and regional flexibility, Australia's three tiers of government can achieve shared goals and deliver lasting benefits for all Australians.

It is understood that the ongoing shift of responsibilities to the local government sector, the historic cost shifting philosophies and the use of the sector as a tax collector needs to stop. These actions combined with the regular criticism of the sector by the State Government impact the relationship between the three levels of government. It would also be appreciated if Federal Ministers and Senior officers would arrange times to come to the regions and sit with local government representatives to hear firsthand the issues faced and hopefully gain an appreciation of the issues.

One of the clearest opportunities for improving intergovernmental interactions lies in the simplification of grant processes. Current arrangements often involve multiple rounds of complex applications, significant administrative overhead, and extensive post-award reporting. Streamlining these processes by adopting standardised forms, reducing duplication, and using digital platforms would free up local government resources to focus on service delivery rather than paperwork. Simpler processes can lead to faster project delivery and better accountability.

Another practical improvement would be to involve local governments earlier in the development of new policies and funding programs. Too often, local governments are

consulted only after decisions have been made, resulting in policies that may not suit regional or local circumstances. Establishing formal mechanisms for early and ongoing engagement would ensure that local perspectives are considered from the outset. Early consultation leads to policies that are more responsive and effective at the community level.

Current funding models often require local governments to compete for limited grants, with funds filtered through State agencies. A more direct funding approach, where a proportion of Federal or State revenue is allocated straight to local governments, could reduce bureaucratic costs and improve financial certainty. The direct allocation model used for GST distribution to State Governments provides a useful precedent. Applying a similar model to local government funding would enable councils to plan more strategically and deliver infrastructure projects more efficiently.

Joint policy design, where all three levels of government co-create initiatives, can result in more practical and widely supported outcomes. For instance, collaborative planning in areas such as housing, transport, and climate resilience can draw on the unique insights and capabilities of each tier. WALGA's experience in regional development projects demonstrates that when local governments are active partners in policy design, implementation is smoother and community needs are better met.

Australia's diverse regions require flexible policy frameworks that allow for local adaptation. Uniform, centralised programs often fail to address the specific challenges faced by rural, remote, or rapidly growing urban areas. By enabling local governments to tailor programs to their communities (within agreed national or state guidelines) governments can achieve better value for money and improved outcomes.

13. Funding sources, and the impact/effectiveness of those sources

To improve the effectiveness of Federal and State funding to local government, several practical measures could be considered:

- Adopt a direct funding model where a predetermined share of Federal and State revenues is allocated straight to local government to reduce administrative overheads and ensure funds reach communities faster. This approach, similar to the GST distribution model, allows councils to plan with greater certainty and reduces delays associated with competitive grant processes.
- Establishing formal mechanisms for early and ongoing engagement with local governments during the development of funding programs is essential. When local governments are involved from the outset, policies and funding models are more responsive to local needs and can be adapted to diverse regional circumstances. Early consultation ensures that programs are designed with better understanding which leads to more effective delivery and uptake.
- Simplifying grant application and reporting requirements through standardised forms and digital platforms. By minimising duplication and administrative complexity, councils can focus more on service delivery and infrastructure development.
- Introducing flexible frameworks for funding allocation will allow local governments to tailor programs to the unique challenges of their communities. Rigid models often fail to address specific local issues, particularly in rural,

remote, or rapidly growing urban areas. By providing greater autonomy within agreed guidelines, Federal and State Governments can support innovation and ensure investments deliver lasting benefits at the local level.

Recommendations:

The City of Greater Geraldton supports the position put forward by the Australian Local Government Association (ALGA) with respect to the sector's financial sustainability. Some specific recommendations the Australian Government could consider are as follows:

1. Broaden Revenue Sources (Taxes and Income)

Currently, the three primary income streams for local governments are rates, fees/charges and grants. For the City of Greater Geraldton, 50 percent of its revenue comes through rates. The community's tolerance for higher rates is diminishing, which puts pressure on Elected Members to keep rate increases lower than what is required to run the business. The sector requires a broader range of revenue streams to be implemented to address this challenge.

This broadening might include public / private partnerships, the channelling of existing Australian Government and State taxes directly to the local government sector in a comparable manner to the channelling of the GST directly to the State Governments.

"The capacity of local governments to raise revenue is important to their financial sustainability and their ability to promote the well-being of their local communities. Unfortunately, across Australia many local governments have insufficient revenue-raising capacity to maintain or upgrade their significant infrastructure holdings or provide the level of services that their communities desire.

Consequently, they are experiencing difficulties maintaining their road networks to the original design standards, let alone upgrading them to modern lane widths, safety standards or load-bearing capacities that cater for higher-productivity freight vehicles, higher traffic volumes, and congestion etc. These impositions require wider and stronger roads and significantly larger intersections and filter lanes – requirements which were never envisaged in 1996.

Many rural areas need horizontal equity support because of declining populations, with those councils having limited capacity to raise more revenue from their communities.

In high-growth area councils, the provision or upgrading of community and recreation facilities is not keeping pace with population growth.

In other local government areas, community and recreation facilities have aged and not kept pace with demographic and population changes and rising community expectations. Replacements to modern standards and provision of additional or alternate facilities are unfunded, often relying on grant funding to be upgraded, replaced, or built. Councils are faced with the real prospect of having to retire community infrastructure that they cannot afford to renew –



infrastructure that in many cases is vital to community wellbeing and cohesion.”
(ALGA website: www.alga.com.au; 10 April 2024)

2. Increase Un-Tied, Non-Competitive Grants

The City of Greater Geraldton is very appreciative of the Australian Government's Financial Assistance Grants (FAGs), its Roads to Recovery Grants and the Local Road and Community Infrastructure Projects funds (LRCIP). These types of grants enable local governments to fund the meaningful day to day needs of their local communities. They do not create an asset that is expensive to run, and they assist the implementation of essential needs. As per the ALGA position, the City of Greater Geraldton would request that FAGs be increased to one percent of the annual tax take, for Roads to Recovery to be doubled and the LRCIP grant to reintroduced. The nation's backlog of assets requiring renewal would be far higher without the Roads to Recovery funds which are critical to keep our roads at a reasonable standard.

The City of Greater Geraldton asks that the Australian Government restores funding to the Financial Assistance Grants (FAGs) to at least 1 percent of Commonwealth taxation revenue. The value of FAGS provided to local government has declined over the past decades from around 1% to 0.55%. The result of such a percentage increase to the City based on current proportional allocation could add a further \$3million annually to our revenue base. The City also seeks a continuing commitment to increase the un-tied, non-competitive funding for Roads to Recovery, Black Spot Program, LRCIP. This would provide financial security to LG's in assisting to sustainably maintain their infrastructure to required service levels.

3. Include Regional Revenue Generation in Grant Criteria

The criteria upon which the Australian Government and State Government's distribute the nation's wealth does not take into account where that wealth is generated. It is the nation's regions that generate a sizeable portion of the nation's wealth which is then allocated to the nation's largest cities. The mining and farming sectors generate significant wealth for the nation. However, those that chose to live in the regions and generate this wealth are only given unsealed roads and substandard health care services and energy and telecommunications systems that frequently fail. This could easily be rectified and would encourage more Australians to live in the regions which is a goal of Federal and State Governments.

4. Unfunded Cost Shifting Must Stop

Examples of services that are currently being pushed onto the local sector for solutions include homelessness and the housing crisis. The local government sector can readily assist with these matters if a reliable long term funding stream is provided. Otherwise, the arguing and wrangling will continue and those citizens in need continue to suffer and decline in their capacity to change their situation. This compounds the issues faced by police, health, and community service officers.

“An ongoing issue of concern for local government is the transfer of responsibility for service provision – or being called upon to provide a service when the state or Australian government withdraws. This is more commonly referred to as cost-shifting.



The issue was considered serious enough in 2002 to lead to the House of Representatives Standing Committee on Economics, Finance and Public Administration undertaking work to discuss the financial position of local government, as well as the drivers affecting that position. The final report, Rates and Taxes: A Fair Share for Responsible Local Government, was tabled in October 2003.

In April 2006, the Inter-governmental Agreement Establishing Principles Guiding Inter-Governmental Relations on Local Government Matters (IGA) was signed by all levels of government (with ALGA signing on behalf of local government)." (ALGA website: www.alga.com.au; 10 April 2024)

5. Funding Provision for New and Amended Legislation

There has been a plethora of new and amended legislation being produced by the Western Australian State Government in recent years. A sizeable percentage of these changes have resulted in additional administrative costs and service delivery costs being placed on the local government sector.

Whilst the sector makes no comment on the benefit or otherwise of the new and amended legislation, what it does ask is that there be a requirement that the new and amended legislation comes with a corresponding long term revenue stream to enable the local government sector to deliver what it is being asked to deliver. Recent examples would include the Puppy Farming legislation, the 'PRIS' legislation and the new safety legislation that requires the sector to treat community volunteers in the same manner that a full-time officer is treated (the City of Greater Geraldton has approximately 600 community volunteers, many of whom are elderly with their volunteering efforts being their only weekly outing).

6. Online Training and Placement Funding

- Ongoing funding for Regional University Centres/Study Hubs and utilisation in innovative local government workforce training solutions.
- Support for creation of on-line degree courses with block tuition where necessary (especially in states like WA and SA where they are not available) relevant to the sector: Environmental Health, Planning, Construction/Building Inspection, etc.
- Travel bursaries for regional students to attend metropolitan and/or interstate course requirements.
- Fully fund regional cadet models and apprenticeships in the sector.
- HECS HELP reimbursements to attract graduates to regions for local government jobs.
- Additionally, resource regional TAFEs to concentrate on the skills that are required in the local area.

7. Communications / Relationships

- Regularly take the time to visit the regions and listen to the local community and its needs and concerns.
- Create opportunities for Australian Government officers to be seconded to regional local governments for say 6 months to enable them to get an understanding of regional life and issues. This would also work in reverse.

- Cease using the local government sector as a tax collector.
- Cease cost shifting onto the sector.
- Extensively consult the local government sector prior to implementing new policies, funding programs and legislative changes where they will impact the sector.
- Simplify grant processes and increase un-tied, non competitive grants.
- Cease requiring the local government sector to deliver additional services historically delivered by the Federal and State Governments.

8. Adequately Fund Federal and State Services in Regional Australia

As highlighted in the issues section of this report, when Federal and State Governments do not adequately resource their regional services, there is a subtle cost shifting to the local government sector (disaster response, information gathering and communicating with the local community). We would request that these services (railways, telecommunication carriers, energy providers etc) are required to provide a minimum level of customer service into the regions.

9. Regional Housing Ideas

Suggestions to increase the delivery of regional housing would include:

- Removal of the GST provision on local governments that construct and provide all types of housing would provide an automatic 10% incentive to the sector.
- Establish a separate tranche/category in the existing Australia Housing Funding program providing direct grants to local government enabling them to develop and deliver regional housing stock as the State Governments do not have a local presence making the effective delivery of regional housing from the State difficult.
- Review the Fringe Benefits Tax definition of 'remote' to enable all regional and remote local government officers to access the allowances available in the remote zone. This change would make it financially more attractive for workers to move to the regions and encourage more workers to make the change.

10. The effectiveness of Federal Funding to the sector

- Adopt a direct funding model where a predetermined share of Federal and State revenues is allocated straight to local government to reduce administrative overheads and ensure funds reach communities faster. This approach, similar to the GST distribution model, allows councils to plan with greater certainty and reduces delays associated with competitive grant processes.
- Establishing formal mechanisms for early and ongoing engagement with local governments during the development of funding programs is essential. When local governments are involved from the outset, policies and funding models are more responsive to local needs and can be adapted to diverse regional circumstances. Early consultation ensures that programs are designed with better understanding which leads to more effective delivery and uptake.
- Simplifying grant application and reporting requirements through standardised forms and digital platforms. By minimising duplication and administrative complexity, councils can focus more on service delivery and infrastructure development.

- Introducing flexible frameworks for funding allocation will allow local governments to tailor programs to the unique challenges of their communities. Rigid models often fail to address specific local issues, particularly in rural, remote, or rapidly growing urban areas. By providing greater autonomy within agreed guidelines, Federal and State Governments can support innovation and ensure investments deliver lasting benefits at the local level.

10. Additional opportunities

- Five-year recurrent grants to fund rural GP's (non-competitive).
- A reduction in the Australian Government and State Government red tape imposed on the sector with respect to grant administration (application, reporting, acquittals).
- Cyber Security Assistance for the regions as the likelihood of being able to engage a suitably qualified officer is slim.
- Add a further category into the FAGs calculations that provides a real financial incentive to Councils who are investing in reducing their carbon footprint.
- Provide funding support to regional local governments to implement innovative waste management projects. In addition, continual investment into supporting an innovative and sustainable waste economy that focuses on waste reduction and reuse across various industries. For local governments to invest in waste reduction there needs to be supporting industries. When surveying the community on services, waste diversion and recycling initiatives it always sits high on their priority list, but due to regional limited economies of scales comes with both a huge expense and high tax to the community and currently, may not provide the waste reduction and reuse outputs expected. The form of support could enable regional local governments to partner with the private sector to establish recycling facilities on their waste sites.