

Our ref: R90/0835-11 Out - 23899

13 August 2015

Cr Bernard Curtin OAM
Mayor
Berrigan Shire Council
PO Box 137
BERRIGAN NSW 2712

Dear Cr Curtin

BERRIGAN SHIRE COUNCIL	
18 AUG 2015	
FILE	
REFER TO	GM/MAYOR
COPY TO	FM
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ACKNOWLEDGE Y / N	

Financial Assistance Grants to Local Government

As you would be aware, Local Government NSW is a member of the Australian Local Government Association (ALGA) and continues to work closely with the national body on the campaign to restore indexation to Financial Assistance Grants (FAGs). The campaign is now beginning to gain momentum on a few fronts – welcome news which aligns well with LGNSW's push to ensure Local Government reform includes solutions to systemic funding problems such as cost-shifting and flaws in the rating system.

Councils across Australia continue to pass resolutions acknowledging the importance of the FAGs in facilitating the delivery of essential services for their communities, with around 200 (35%) reporting that such a resolution has been passed. This is a good start, and LGNSW commends those NSW Councils who have passed the FAGs resolution – particularly in the intense period during which Council resources have been focused on preparing and lodging Fit for the Future submissions. With submissions now lodged and under review by IPART, LGNSW is urging Member Councils who have yet to pass a FAGs resolution to consider doing so.

A draft resolution is attached for this purpose, and your support would be welcomed by your fellow Councils. Once passed, it would be greatly appreciated if Councils could advise LGNSW, thereby allowing us to help ensure a strong combined NSW voice is included in this national campaign.

On the political front, the FAGs campaign saw the Federal Opposition in June draw a direct link between the freeze to FAGs indexation and its agreement with the Government to support the provision of a \$1.105 billion boost to Roads to Recovery funding. The increased funding will apply over the next two years, using revenue from the reintroduced fuel excise indexation.

In NSW, LGNSW's submission to the NSW Parliamentary Inquiry into Local Government included evidence of the impact the FAGs indexation freeze has had on our Councils, sparking significant interest from the Committee in the need to "fix the funding first".

These are major achievements showing the effective cut-through and influence of our actions and messages - but we can't stop there.

It is important that each council acknowledges the receipt of FAGs from the Commonwealth in their council documentation. The end of the 2014-15 financial year creates an excellent opportunity for your council to acknowledge FAGs in your annual report, demonstrating to both government and your community the significant role of FAGs in the long-term financial sustainability of your council and local government.

We're also seeking to continue the campaign's political momentum through advocacy at the highest levels of government. To this end we are asking you to write to the Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Hon Warren Truss MP, raising the issue of financial sustainability of Local Government, the importance of FAGs to your own council's budget and sustainability, and urging Minister Truss to support the restoration of the indexation of FAGs as soon as possible.

It would be hugely appreciated if you could copy in or otherwise advise LGNSW on any activities you undertake in support of the campaign, including writing to the Deputy Prime Minister, passing a resolution that acknowledges the importance of FAGs to crucial service delivery, and including an acknowledgment in your annual report. This allows the Association to report campaign activity by NSW councils to ALGA, enabling them to present a stronger and more cohesive case to the Federal Government.

Thank you for your commitment to the local government sector and your assistance in our campaign to restore the indexation of FAGs as soon as possible.

Yours sincerely



Cr Keith Rhoades

President
Local Government NSW



Mayor Troy Rickard

President
Australian Local Government Association

Attachment

Council Resolution

That the Council:

1. Acknowledges the importance of federal funding through the Financial Assistance Grants program for the continued delivery of councils services and infrastructure;
2. Acknowledges that the council will receive \$X.Y million in 2014 - 15; and
3. Will ensure that this federal funding, and other funding provided by the Federal Government under relevant grant programs, is appropriately identified as Commonwealth grant funding in council publications, including annual reports.

Rationale

FAGs are a vital part of the revenue base of all councils, and this year councils will receive \$2.3 billion from the Australian Government under this important program.

The Government's decision in the 2014 Federal Budget to freeze the indexation of FAGs for three years beginning in 2014-15 will unfortunately cost councils across Australia an estimated \$925 million by 2017-18.

ALGA and the state local government associations are seeking the support of Council for advocacy to have the Federal Government reverse the decision to freeze the indexation of FAGs.

While the FAGs are paid through each state's Local Government Grants Commission, the funding originates with the Commonwealth and it is important it is recognised as such. Council, and every other council in Australia, have been asked to pass a resolution acknowledging the importance of the Commonwealth's Financial Assistance Grants in assisting Council to provide important community infrastructure.

Council is also being asked to acknowledge the receipt of Financial Assistance Grants from the Commonwealth in media releases and council publications, including our annual report and to highlight to the media a council project costing a similar size to the FAGs received by Council so that the importance and impact of the grants can be more broadly appreciated.