



AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

1 July 2015

Ballina Shire Council
PO Box 450
BALLINA NSW 2478



Dear Cr Susan Meehan

Financial Assistance Grants to Local Government

We are writing to thank you for attending the recent National General Assembly of Local Government in Canberra and to ask for your help in ensuring your council passes a resolution acknowledging the Commonwealth's Financial Assistance Grants (FAGs) for local government, as part of our campaign to restore the indexation of FAGs and to address their adequacy.

FAGs are an important untied payment to councils from the Australian Government which are invested in essential community infrastructure and services ranging from local roads and parks to swimming pools and libraries. Councils will receive \$2.3 billion from the Australian Government in 2014-15 under this important program.

FAGs funding is not currently keeping pace with demand for services and infrastructure in local communities, and the freeze of indexation will worsen this. Freezing FAGs at their current level until 2017-18 will result in a permanent reduction in the FAGs base by 13%.

ALGA is calling for FAGs indexation to be restored immediately and for the Federal Government to consider the adequacy of the quantum of FAGs and the indexation methodology in the future.

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. We are asking your council, and every other council in Australia, to pass a resolution acknowledging the importance of the Commonwealth's Financial Assistance Grants in assisting councils to provide important community infrastructure. We are also asking councils to acknowledge the receipt of Financial Assistance Grants from the Commonwealth in media releases and council publications, including your annual report.

The FAGs are paid quarterly and it would help to illustrate the importance and impact of the grants if councils identified an individual project of a similar size to their annual or quarterly FAGs payment and highlighted this to the media and your local Federal Member and Senator in a positive story on the grant funds.

13.3 Financial Assistance Grants - Restoration.DOC

Falling levels of FAGs threaten the provision of important services in all local communities. The financial sustainability of Local Government is of utmost importance for our communities, and we urge you to support the campaign to maintain FAGs and restore indexation of the grants by passing a resolution similar to the draft resolution attached. Once your council has passed this resolution, please advise ALGA by emailing alga@alga.asn.au. This will allow us to compile a national list. The proportion of councils which have passed the resolution continues to rise and has now reached about 25 per cent nationally, but surely all councils share our goal of better and more secure funding from the Commonwealth.

Full details on FAGs payments for the current financial year are available on the Department of Infrastructure and Regional Development website at www.regional.gov.au/local/assistance.

Thank you for your commitment to the local government sector and your assistance in our campaign to restore the indexation of Financial Assistance Grants.

Yours sincerely



Mayor Troy Pickard
President

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.