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INITIATIVE

REPAIR FEDERAL FUNDING TO LOCAL GOVERNMENT

WHAT IS THE ISSUE?

The current funding arrangements for local government are no longer fit for purpose.

WHY IS THIS IMPORTANT FOR COMMUNITIES?

The relative decline in core federal funding to local government has reduced the capacity of councils to develop and maintain services and infrastructure in their communities, which fuels the risk of reducing standards of living in those communities and across the nation.

WHAT DO WE KNOW?

- The Commonwealth collects around 80 per cent of taxation; however, responsibility for service and infrastructure delivery falls to states/territories and local governments.
- Nationally, local government spent \$34 billion in 2016. The Commonwealth provides around \$2.3 billion in Financial Assistance Grants (FAGs) to local government, or just under 7 per cent of annual expenditure.
- The Commonwealth Government's funding to local government through FAGs is critically important. Untied in the hands of councils, the FAGs enable councils to provide a mix of services and infrastructure appropriate to their local circumstances and maintain the well-being of their communities. They help equalise the level of services across local governments nationally – particularly in rural, regional and remote areas – and they help fund the growth in demand for local government services in line with population growth.
- FAGs were equal to around 1 per cent of Commonwealth taxation revenue in 1996. However, despite an annual growth rate in Australia's Gross Domestic Product of an average 3.47% from 1960 until 2017, FAGs have declined by around 43% in relative terms over the past 20 years, and now amount to approximately 0.55% (2018) of Commonwealth tax revenue.
- Additional investment through local government is essential to help maintain the living standards of all Australians by fostering the equitable provision of local government services and infrastructure and maintaining local economic growth.

LOCAL GOVERNMENT PROPOSES

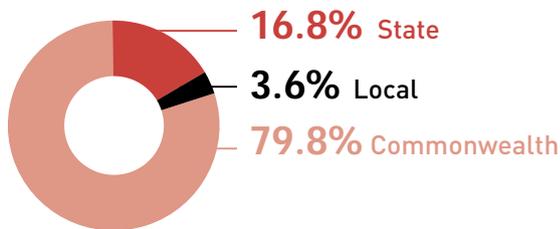
Repair funding assistance to local government by restoring the quantum of Financial Assistance Grants to at least 1 per cent of Commonwealth taxation revenue.



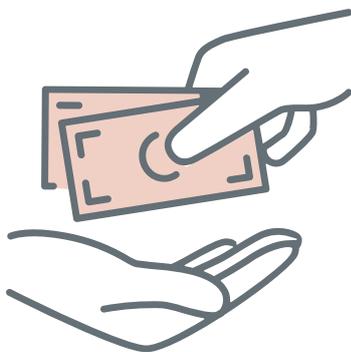
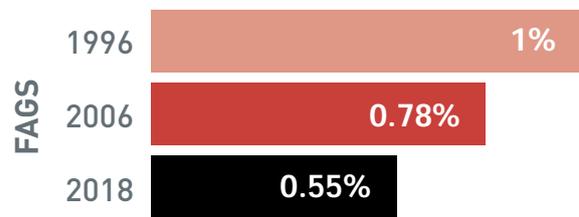
ECONOMIC BENEFIT

\$1.42 billion cumulative Gross Domestic Product benefit by year 3 and 4,000 new jobs.

LOCAL GOV COLLECTS THE LEAST TAX



LOCAL GOV GETS LESS FUNDS EACH YEAR



LOCAL GOV EXPENDITURE HAS BEEN INCREASING



$\geq 1\%$



PARTNERSHIP PROGRAMS



WILL RESTORE FAIRNESS TO LOCAL GOVERNMENT FUNDING