

# 1% + Partnership Programs

**MAYOR'S BRIEF FOR MEETING WITH LOCAL FEDERAL REP OR ELECTION CANDIDATE**

# Background information

Local government currently receives general purpose funding from the Australian Government in the form of Financial Assistance Grants. These grants, established in the 1970s, are made up of a general purpose payment and an identified local road grant.

While the current indexation process was put in place in 1994 and some changes were brought about under the *Local Government (Financial Assistance) Act 1995* (Cth), the system for local government Commonwealth funding has remained relatively unchanged for more than twenty years.

Up until 2000, both states and local government each received a Financial Assistance Grant and were indexed on the same basis, but the introduction of the GST in that year saw the states receiving a GST grant, linked to the GST tax revenue. Local government's arrangements remained unchanged.

While GST revenue continues to increase at a higher rate than Financial Assistance Grants, the grants as a proportion of Commonwealth tax revenue (CTR) have been declining to its lowest rates.

In 1996, Financial Assistance Grants were equal to around 1 per cent of Commonwealth taxation revenue. This has declined by around 43% in relative terms over the past 20 years, and now they amount to approximately 0.55% (2018) of Commonwealth tax revenue.

The relative decline in Financial Assistance Grants funding to local government has made it harder for 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.

Nationally, local government spent \$34 billion in 2016. The Commonwealth provides around \$2.3 billion in Financial Assistance Grants to local government, which is just under 7 per cent of local government's annual expenditure.

In the upcoming federal election, ALGA will be calling for '1% plus partnership programs' – this calls for the next federal government to restore core local government funding of Financial Assistance Grants to at least 1% of Commonwealth taxation revenue and add funding for partnership programs where agreed.

# Talking points and key messages

## CONTEXT

- The current funding arrangements for local government are no longer fit for purpose.
- In 1996, Financial Assistance Grants funding was equal to around 1 per cent of Commonwealth taxation revenue.
- Today, the figure has fallen to just 0.55 per cent.

## OUTCOMES TO SECTOR ON A NATIONAL SCALE

- This has left local councils worse off as Financial Assistance Grants funding has not kept pace with the growth seen in Commonwealth taxation revenue.
- The current level of Financial Assistance Grants funding is also too low for the increasing responsibilities of local government; it is not keeping up with the increased demand for services and infrastructure in local communities.
- The result is increased pressure on rates and council budgets, making it harder to maintain community services and infrastructure.
- If your party supported and implemented this policy initiative, it would result in \$1.42 billion cumulative Gross Domestic Product benefit by the third year and 4,000 new jobs nationally.

## SUPPORTING POINTS

- [share specific details of at least one thing your council could do if you received up to double of your Financial Assistance Grants funding].
- 81% of Australians agreed in a poll\* that politicians should focus on local issues and local communities at the next election
- This initiative will give your party a platform for delivery in our community at the local level.
- This initiative will create jobs in our community and improve our local economy.
- Show your value for election/re-election to your constituents by supporting this initiative which will boost our community.
- All politics eventually boils down to the needs of our constituencies. As the Mayor of [insert the name of your council], and representative of this community, I stand behind this initiative and join local government's call for your party to support it as well.

## CALL TO ACTION

- We're calling for your party to adopt the policy initiative to restore Financial Assistance Grants to at least 1% of total Commonwealth revenue as part of your party's election campaign platform.

# Key question to federal rep/election candidate

- How will your party partner with local government to deliver for the communities in our electorate?

# Additional information

- Further details about this and other local government election initiatives are available in ALGA's federal election document: [www.allpoliticsislocal.com.au](http://www.allpoliticsislocal.com.au)
- \* The poll was run in an omnibus survey by YouGov Galaxy, which does the monthly Newspann, in June 2018.