

COUNCILS DISAPPOINTED WITH FEDERAL BUDGET

The local government sector has expressed disappointment in the 2024-25 Federal Budget, saying that the Federal

Government has broken its pre-election promise to provide 'fair increases' to Financial Assistance Grants for councils.

Australian Local Government Association President, Linda Scott, said that these untied federal grants are vital to supporting local government to deliver more affordable housing, and cost-of-living relief through access to free and low-cost services.

"Local governments welcome the Federal Parliamentary inquiry into our financial sustainability over the long term, however councils and our communities need the immediate support that we were promised," Cr Scott said.

"In the lead up to the 2022 election, the Federal Government committed to providing fair increases to Financial Assistance Grants to councils. This Budget was their last chance to deliver during their current term.

"Councils will welcome a \$155 million increase in Financial Assistance Grants this year. However, this increase is the result of the legislated indexation formula, and far below the fair increases promised by the government.

"This year's Budget will be incredibly disappointing to many councils and communities that have been waiting for the Government to deliver on its fair funding promise over the past two years.

"Restoring Financial Assistance Grants to at least one per cent of federal taxation revenue is the key to unlocking

the productivity of our cities, towns and regions, and building more liveable and vibrant communities."

Cr Scott also welcomed the intent of new housing and active transport funding programs, and the ongoing Disaster Ready Fund, but highlighted that poor program execution would limit their success.

"The \$1 billion to support new housing enabling infrastructure will be provided through State and Territory Governments, with no guarantee it will flow to councils dealing with housing pressures.

"Locking local governments out of federal funding to enable housing infrastructure will be a barrier to achieving the Government's ambitious national targets."

However, Cr Scott said, councils will be delighted to see the government follow through on its November 2023 commitment to significantly increase road funding to local government.

"Councils maintain 75 per cent of Australia's local roads, and independent research from the Grattan Institute last year highlighted a \$1 billion per year maintenance funding deficit.

"This year's Budget includes an extra \$150 million for the Roads to Recovery program, as well as a commitment to increase this funding to \$1 billion per year over the forward estimates.

"With increased federal road funding, we can significantly improve the safety and effectiveness of the roads Australians use every day, increasing our nation's productivity while addressing our unacceptable national road toll."

Local Government Association of Queensland (LGAQ) CEO, Alison Smith, echoed Cr Scott's sentiments.

"For councils, 'fair funding' would be restoring the Financial Assistance Grants once again to at least one per cent of Federal taxation revenue," Ms Smith said.

"While Financial Assistance Grants to Queensland councils will increase from \$653.1 million in 2024/25 to \$739.2 million in 2027/28, they remain flat at just over 0.5 per cent, or half of what they need to be to adequately support local communities.

"There is no more critical time to properly fund councils than during the current cost of living crisis.

"This is a disappointing Budget for the sector that so many communities rely on, and never more so than when times get tough for households."

Local Government NSW President, Darriea Turley, was also frustrated with the lack of commitment for fair increases to Financial Assistance Grants.

"NSW councils' share of Financial Assistance Grants will surpass \$1 billion for the first time in 2024-25, but this just reflects increases based on the legislated formula for indexation rather than meaningful increases in the quantum of the grants," Ms Turley said.

"Financial Assistance Grants are essential for the financial sustainability of our sector and allow councils to build and maintain the infrastructure and services our communities expect and deserve. LGNSW will continue to work with ALGA in calling for a fairer deal for councils." 