



AUSTRALIAN LOCAL
GOVERNMENT ASSOCIATION



Local Government Association Tasmania

10 April 2015

Mayor Bridget Archer
George Town Council
PO Box 161
GEORGE TOWN TAS 7253

File No:	
George Town Council	
15 APR 2015	
RECEIVED	
Action Officer	Doc No.
MAYOR, CR'S C.M.	
DCS, EO-GOV	

COPY

Dear Mayor Archer

Financial Assistance Grants to Local Government

Local councils across Australia have recently received the third quarterly payment of Commonwealth Financial Assistance Grants (FAGs) to local government for this financial year. 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.

ALGA welcomes the payment of FAGs to local government, and acknowledges the importance of this direct funding link between the Commonwealth and local government. However, it is also important that the level of funding provided to councils, the sphere of government closest to the community, is adequate to ensure infrastructure and services are provided at a reasonable level in all communities.

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, in its 2015 Federal Budget submission, has called 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.

Falling levels of Financial Assistance Grants 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 Financial Assistance Grants and restore indexation of the grants by passing a resolution similar to 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.

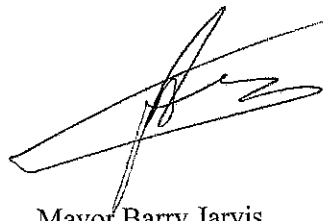
Full details on FAGs payments for the current financial year are available on the Department of Infrastructure and Regional Development website at www.regional.gov.au/local/assistance.

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
Australian Local Government Association



Mayor Barry Jarvis
President
Local Government Association Tasmania

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.

