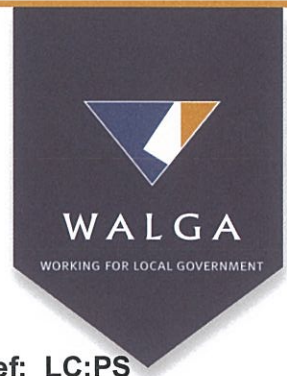


GOV. 32

1CR15734229
8 9 JUL 2015

COUNCILORS	
CTO	✓
FINANCE	✓
ENVIRONMENT	
INFRASTRUCTURE	
COMMUNITY	
...	



Our Ref: LC:PS

6 July 2015

Cr Ross Thornton
President
Shire of Denmark
PO Box 183
DENMARK WA 6333

Dear Ross

Re: Financial Assistance Grants to Local Government

The Australian Local Government Association (ALGA) is conducting a national campaign to highlight the importance of Financial Assistance Grants (FAGs) to Australian Local Governments. The campaign aims to reverse the damaging three year indexation freeze on FAGs payments that was implemented in the 2014-15 Federal Budget.

FAGs funding is not currently keeping pace with demand for services and infrastructure in local communities and the freeze 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. Whilst the Federal Government recently announced an additional \$1.105B funding addition to the Roads To Recovery (R2R) program, this funding is only allocated for two years and is not guaranteed to continue. Further, R2R is a tied grant program and unlike FAGs funds, cannot be used for general purposes. Any shift away from general purpose funding could seriously impact Local Government's financial sustainability.

In order to guard against this risk, ALGA has previously asked Councils to support the FAGs campaign by passing a resolution similar to the attached draft.

The success of the national campaign relies on more WA Councils passing resolutions to highlight the importance of FAGs. If your Council has not done so already, I ask that you pass such a resolution at the earliest opportunity.

It's also important that Councils acknowledge the receipt of FAGs from the Commonwealth in media releases and Council publications, including annual reports.

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

Yours sincerely

Cr Lynne Craigie
President

ONE70
LV1, 170 Railway Parade, West Leederville, WA 6007
PO Box 1544, West Perth, WA 6872

T: (08) 9213 2000 F: (08) 9213 2077 info@walga.asn.au

www.walga.asn.au

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 the receipt of \$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 your 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.