



**Australian Local Government
Association**

2009-2010 Budget Submission

***Securing Australia's
Economic and Social
Future***

January 2009

The Hon Wayne Swan MP
Treasurer
via Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

By email: prebudgetsubs@treasury.gov.au

16 January 2009

Dear Treasurer

ALGA 2009/10 Budget submission

The Australian Local Government Association (ALGA) is pleased to present this submission for consideration in the preparation of the 2009/2010 Federal Budget.

ALGA acknowledges the positive outcomes contained in the 2008/09 Budget for local government and local communities. These included:

- the commitment to extend the Roads to Recovery program to 2014 at an increased level of funding from 2009/2010;
- the announcement that a new Regional and Local Community Infrastructure Program will commence in 2009/2010;
- a new Better Regions Program; and
- funding support for electronic development assessment at the local government level, to support affordable housing policies.

The 2008/09 Budget and the reforms pursued through the Council of Australian Governments (COAG) have made a strong and important contribution to the reforms outlined by ALGA in our 2008/09 Budget submission.

ALGA welcomes the Australian Government's recognition of, and support for, the crucial role local government plays in delivering outcomes that enhance the wellbeing of Australians at the local level.

In preparing this submission, ALGA acknowledges the impact on Australia's economic outlook of the global financial crisis. Having regard to this, ALGA believes that it is critical that the 2009/2010 Budget establishes the foundations for a more secure economic and social future for Australia. ALGA strongly recommends that the budget strategy be based upon the following key principles:

- expanding investment in short-term fiscal stimulus programs where warranted to boost productivity growth in the domestic economy;
- pursuing reforms that transform the productive capacity of Australia, so as to underpin the long-term performance of the national economy; and
- ensuring greater social equity and inclusion through investment in social and community programs aimed at the disadvantaged.

As a highly dispersed level of government focused on the planning and delivery of local and regional services and infrastructure, local government is committed to, and is in a unique position to, play a key role in assisting the Australian Government to implement programs and initiatives across the nation. In particular, local government can play a key role in:

- implementing national initiatives to achieve short-term fiscal stimulus and stimulate productivity growth in the domestic economy;
- constructing and delivering local roads and transport infrastructure that will strengthen the long-term performance of the Australian economy;
- providing vital community infrastructure; and
- delivering national initiatives to promote social equity through investment in social and community programs for disadvantaged people.

ALGA welcomes the commitment of the Australian Government to strengthen its partnership with local government, most notably through the Australian Council of Local Government. We share the Government's view that action at the local level is an important component of any strategy to achieve wider macroeconomic objectives and to improve standards of living in Australia.

ALGA also commends the Australian Government on its preparedness to consider broader governance issues such as the reform of the fiscal structures of federalism, and constitutional reform to acknowledge the modern role of local government in the Australian system of government. ALGA looks forward to building an even stronger partnership with the Australian Government into the future.

Yours sincerely

A handwritten signature in black ink that reads "Geoff Lake". The signature is written in a cursive, slightly slanted style.

Cr Geoff Lake
President

INTRODUCTION

The Australian Local Government Association (ALGA) is the national voice of Australia's more than 560 local government bodies. It is a federation of state and territory local government associations, and includes the ACT Government (reflecting the latter's combination of state and municipal functions). ALGA is pleased to have the opportunity to put forward this submission to the Federal Budget 2009-2010.

Councils throughout the nation play a vital role in the lives of most Australians, through the delivery of an increasing range of services and infrastructure to Australia's vastly different and richly diverse communities. Nationally, local government employs around 168,000 Australians, owns and manages physical assets estimated at \$212 billion (2006-07) and expends around \$22 billion annually.

The Prime Minister, when announcing the inaugural meeting of the Australian Council of Local Government on 18 September 2008, stated that 'local government represents the third arm of the Australian federation.' By identifying and responding to the diverse and emerging needs of communities across Australia, local government recognises the important place it has in shaping the future of our nation. Local government welcomes the Australian Government's collaborative approach to federalism, and acknowledges its strong commitment to strengthen the partnership between the two levels of government.

Local government understands there will be implications for the Australian Government Budget arising from the changed economic outlook since the Budget 2008-09. Uncertainties for our economy have increased as a result of the global financial crisis. ALGA realises that managing the effects of the global financial crisis requires sound monetary policy, as well as finely balanced judgements about fiscal policy.

Despite the global financial crisis, the Australian economy is fundamentally sound. Whilst ALGA recognises the need for short-term fiscal stimulus to avert further downturn in the economy, Australia's capacity to recover from the crisis and deliver prosperity depends on measures that are carefully designed to achieve long-term outcomes that are capable of transforming the national economy. These include delivery of an internationally competitive tax system (the review of which is in progress); de-carbonising the economy (in part, through the Carbon Pollution Reduction Scheme that is being progressed); and reforms to intergovernmental relations, which commenced in 2008 with reform of fiscal relations between the Commonwealth and the States. ALGA commends all of these initiatives.

ALGA's Budget 2009-2010 submission proposes a range of initiatives for consideration as short-term fiscal stimulus measures, and as longer term reform programs, having regard to the constraints upon the Budget. As such, ALGA believes that the Budget 2009-2010 strategy should be based on three key principles in order to lay the foundations for a more secure economic and social future for all Australian communities. They are:

- Continuing reforms that transform the productive capacity of the nation and the long-term performance of the Australian economy;
- Continuing investment in short-term fiscal stimulus programs where necessary to avert further downturn in the domestic economy; and
- Ensuring greater social equity through investment in social and community programs that support the most disadvantaged in our communities and foster their social inclusion.

In this submission, ALGA has endeavoured to identify measures that it believes are consistent with these principles. The measures are intended to enhance the wellbeing of all Australians. As a matter of priority, ALGA stresses the importance of reform to meet the long-term needs of the economy, whilst recognising the need to stimulate economic activity in the short term. ALGA is confident that implementation of the initiatives identified in this submission will enable local government to support the Australian Government in meeting the challenges presented by the current economic outlook.

SUMMARY TABLE: ALGA SUBMISSION TO THE FEDERAL BUDGET 2009-2010

INITIATIVES	DESCRIPTION/PURPOSE	DEPARTMENT	MINISTER	COST	IMPACT ON FORWARD ESTIMATES
REVIEW AND REFORM INTERGOVERNMENTAL RELATIONS					
Reform general purpose funding (FAGs) to local government	The Australian Government to increase the base funding for FAGs and agree to review the escalation methodology, following the recently agreed reforms to SPPs with the States, which included increased base funding and more appropriate escalation methodologies. Base funding should be increased to reflect previous growth in the economy, the benefits of which have not been passed to local government.	Infrastructure, Transport, Regional Development and Local Government	Minister Albanese	Additional \$700 million in 2009-2010	Consequent increase in base funding plus growth through an agreed escalation methodology
ROADS TO RECOVERY					
Ongoing, permanent funding for Roads to Recovery after 2014, with an appropriate indexation factor reflecting road construction costs, and scope to apply funds more flexibly	The Australian Government to make Roads to Recovery permanent, indexed to reflect road construction costs, and allow for greater flexibility of application to support more strategic, integrated transport policy outcomes at the local level. If the Australian Government needs to provide for additional short-term economic stimulus in 2009-2010, Roads to Recovery would be a suitable mechanism.	Infrastructure, Transport, Regional Development and Local Government	Minister Albanese	\$350 million base funding per annum. After 2014, indexed in real terms.	Consequent increase in funding beyond 2014
ROAD SAFETY					
Promoting road safety	A study to identify the upgrading required at level crossings on local roads.	Infrastructure, Transport, Regional Development and Local Government	Minister Albanese	\$100,000 in 2009-2010	NIL

INITIATIVES	DESCRIPTION/PURPOSE	DEPARTMENT	MINISTER	COST	IMPACT ON FORWARD ESTIMATES
REGIONAL AND LOCAL COMMUNITY INFRASTRUCTURE					
Fund the Regional and Local Community Infrastructure Program to further provide for the renewal and maintenance of ageing local community infrastructure over the longer term	The Australian Government to allocate \$300 million per annum for 4 years to allow local councils across Australia to renew local community infrastructure, building on the \$300 million allocated in 2008-09.	Infrastructure, Transport, Regional Development and Local Government	Minister Albanese	\$1.2 billion over 4 years.	\$300 million per annum for 4 years.
Funding for public awareness and information campaigns, should a referendum be proposed on recognition of local government in the national Constitution	ALGA welcomes the support that the Australian Government has demonstrated in exploring the possibility of constitutional reform to formally recognise local government in our nation's foundation document. Local government has developed a model for advancing reforms, and notes that appropriate financial support to advance public awareness and information for the Australian public will be critical to the success of any proposed referendum.	Various	Prime Minister and Minister Albanese	As advised by the Australian Government	NIL

INITIATIVES	DESCRIPTION/PURPOSE	DEPARTMENT	MINISTER	COST	IMPACT ON FORWARD ESTIMATES
MEASURING IMPROVED LOCAL GOVERNMENT SERVICE DELIVERY					
<p>Improve quality of local government asset management and data</p>	<p>Quality data is critical to improved service delivery. Inconsistent and/or insufficient data impedes quality outcomes and affects the ability to plan for and respond to the needs of communities. Funding should be allocated so that ALGA can work with the ABS and Grants Commissions to develop an improved framework for national data collection (\$7 million).</p> <p>The Prime Minister has referred to the importance of local government improving the quality of its asset management (see his speech of 18 November 2008 to the Australian Council of Local Government). To improve the quality of management within councils, by upgrading asset management systems, \$13 million is sought.</p>	<p>Infrastructure, Transport, Regional Development and Local Government</p>	<p>Minister Albanese</p>	<p>\$20 million over four years</p>	<p>\$5 million per annum over 4 years</p>

INITIATIVES	DESCRIPTION/PURPOSE	DEPARTMENT	MINISTER	COST	IMPACT ON FORWARD ESTIMATES
CLIMATE CHANGE AND WATER					
Invest in measures to promote energy efficiency in housing, household appliances and transport, and ongoing consultation with local government on the financial impacts of the Carbon Pollution Reduction Scheme (CPRS)	ALGA welcomes the CPRS but notes that the additional operating cost per annum to local government is estimated to be \$344 million (assuming \$20 per tonne of carbon emissions). The cost burden is likely to fall unevenly across Australia's councils and regions, and will be greatest in rural and regional areas.	Climate Change and Water	Minister Wong	As advised by the Australian Government	As advised by the Australian Government
Invest in programs and initiatives to help communities adapt and respond to climate change	Local government is instrumental to the success of climate change adaptation and mitigation measures. ALGA seeks funding to support local government in Planning for the Future, rolling out Actions to Adapt Locally and building capacity through a Local Government Climate Change Facilitators network.	Climate Change and Water Environment, Heritage and the Arts	Minister Wong Minister Garrett	\$245 million over five years	\$49 million per annum for 5 years
Investment in water reform	Priority should be given to the establishment of a dedicated program for local government water sensitive urban design principles and water recycling initiatives.	Climate Change and Water	Minister Wong	\$400 million over 4 years	\$100 million per annum for 4 years
Investment in the community's capacity to manage emergencies	The frequency and intensity of natural disasters is increasing. A Natural Disaster Mitigation Program should be established to reflect the true costs of managing physical and social dislocation caused by these events, coupled with a more adequate matched funding formula. Funding should be allocated at \$45 million per annum over 5 years.	Emergency Management Australia	Attorney-General McClelland	\$225 million over 5 years	\$45 million per annum for 5 years

INITIATIVES	DESCRIPTION/PURPOSE	DEPARTMENT	MINISTER	COST	IMPACT ON FORWARD ESTIMATES
CLOSING THE GAP IN OUR INDIGENOUS COMMUNITIES					
Providing essential municipal services in Indigenous Communities	Essential infrastructure and municipal services are required in Indigenous communities, and should be considered a national project with national priority. Local government must be consulted in this area to ensure the most effective solutions are implemented.	Family, Housing, Community Services and Indigenous Affairs	Minister Macklin	As advised by the Australian Government	As advised by the Australian Government
Assisting Indigenous driver licensing	It is difficult for Learner drivers in Indigenous communities, especially those in remote Australia, to obtain a licence because of their limited access to supervised driver training required under State and Territory laws for all Learner drivers. ALGA proposes that funding be allocated to support three pilot studies.	Infrastructure, Transport, Regional Development and Local Government	Minister Albanese	\$450,000 over 2 years	\$225,000 per annum for 2 years
BROADBAND AND TELECOMMUNICATIONS					
Investment in affordable high-speed broadband must occur, together with funding to support adequate telecommunications for regional and rural Australia	Local government is keen to see the roll-out of the National Broadband Network, which will connect 98 per cent of Australians to high-speed broadband internet services, at a speed more than 40 times faster than most current speeds. ALGA applauds the Australian Government commitment to invest up to \$4.7 billion to this initiative. ALGA would also urge the Australian Government to respond quickly to recommendations put to it in September 2008 that aim to enhance the adequacy of telecommunications in regional and rural Australia.	Communications, Broadband and the Digital Economy	Minister Conroy	As advised by the Australian Government	As advised by the Australian Government

INITIATIVES	DESCRIPTION/PURPOSE	DEPARTMENT	MINISTER	COST	IMPACT ON FORWARD ESTIMATES
SOCIAL INCLUSION					
Review social policies to ensure they enhance social policy objectives nationally	Local government supports integration of government policies at all levels to promote social inclusion and social policy objectives. (See also, Regional and Local Community Infrastructure).	Social Inclusion	Minister Gillard	As advised by the Australian Government	As advised by the Australian Government
LOCAL GOVERNMENT CENTRE OF EXCELLENCE					
Local Government Centre of Excellence	ALGA supports the establishment of the Centre as announced by the Prime Minister on 18 November 2008. ALGA would welcome the opportunity to be involved in determining the precise scope of the training and education that would be delivered by the Centre, and to identify priority learning needs.	Infrastructure, Transport, Regional Development and Local Government	Minister Albanese	\$8 million (endowment fund)	NIL

1. INTERGOVERNMENTAL RELATIONS

Local government currently receives two primary types of funding from the Australian Government:

- Financial Assistance Grants (FAGs), or general purpose funding. This funding is technically provided as a Specific Purpose Payment (SPP) made under the *Local Government (Financial Assistance) Act 1995*; and
- Grants programs determined from time-to-time, such as the recently announced Regional and Local Community Infrastructure Program (RLCIP).

In addition, some funding is derived from SPPs made to the States, either because local government is engaged as a service provider pursuant to broader arrangements under the SPP (for example, as a deliverer of Home and Community Care (HACC)) or is the exclusive service provider (such as Roads to Recovery). These aspects of intergovernmental funding are discussed further below.

Local government consistently raises more than 80 per cent of its total revenue from its own sources and the Productivity Commission (PC) recently concluded that local government is utilising almost 90 per cent of its total theoretical maximum own-source revenue capacity.¹ At the same time, the PC noted that a significant number of local councils, particularly in rural Australia and remote Australia, remain dependent on grants from other spheres of government to meet current expenditure, with some councils remaining highly dependent on grants notwithstanding that they might have fully utilised their own-source revenue raising capacity.

In April 2006, all levels of government in Australia signed the *Intergovernmental Agreement Establishing Principles Guiding Intergovernmental Relations of Local Government Matters* (the IGA). The IGA, which is due for review by 2010-11, outlines a set of principles designed to establish an ongoing framework to address future cost shifting. Local government believes that the IGA has contributed to the avoidance of cost shifting practices that characterised much of local government's intergovernmental relations in the past. ALGA considers that the IGA must continue to be applied by all levels of government when new or additional functions, or new or increased service standards affecting local government, are being considered. Similarly, funding must flow to local government to ensure that it can sufficiently discharge such functions.

Financial Assistance Grants and the imperative for reform

The existence of Commonwealth general purpose funding recognises that the Commonwealth needs to distribute a proportion of its taxation revenue to local government in order to support local councils in the delivery of their prime role - building and strengthening communities.

¹ PC report *Assessing Local Government Revenue Raising Capacity* (April 2008), Finding 5.4, p.xxxvii.

Intergovernmental funding is the main source of external revenue provided to local government. General purpose funding from the Commonwealth accounted for around 7 per cent of total local government revenue in 2006-07. Local government does not receive any substantial general purpose funding from State governments.

ALGA believes there is a strong case for the Commonwealth to review and reform general purpose funding to the local government sector if it is to play a core role in meeting the economic and social needs of local and regional communities. In its 2008-09 Budget Submission and its October 2008 submission to the review of Australia's Future Tax System, ALGA noted the following:

- FAGs are intended to supplement the ability of local government to support functions, yet they have continued to reduce over time as a proportion of overall Commonwealth taxation revenue.
 - Whilst it is correct to claim that a record dollar amount of general purpose funding was paid to the sector in 2008-09, as a percentage of the total taxation revenue, the grants amounted to only 0.62 per cent of Commonwealth taxation revenue (excluding GST) at the time of the Budget 2008-09. (MYEFO has subsequently changed the figure to 0.63). In contrast, these grants represented around 1 per cent of total Commonwealth taxation revenue in 1995-96 and 1996-97. Local government believes that years of falling general purpose funding as a proportion of total Commonwealth taxation revenue mean that the grants are now less than is required to maintain support for local government services. ALGA believes that the current base funding of \$1.9 billion should be increased to better reflect the true cost of local government services and delivery of infrastructure. The base funding should be restored to a level equal to at least 1 per cent of Commonwealth taxation revenue, excluding the GST. This would mean an increase in the first year of around \$700 million.
 - The escalation methodology for the calculation of general purpose funding also requires revision. The methodology is based on population growth and inflation, and despite significant changes in our economy (the introduction of GST, real wages growth), has remained relatively unchanged for decades. Over the last decade in particular, this has contributed to a growing gap in the funds required to meet growth in demand for infrastructure and services, and the increasing cost of providing them at the local level. The general purpose funding provided by the Commonwealth to the States, through the GST, more transparently reflects the state of the economy and the trends in costs.

- The PC has recently stated that ‘the current level of FAGs is insufficient to achieve horizontal fiscal equalisation’, despite horizontal fiscal equalisation being one of the seven legislated principles for the allocation of grants. Significantly, this led to the PC finding that ‘there is a case to review the provision of Australian Government general purpose grants to local government’ (Finding 5.6)².
- The effects of previous cost shifting to local government from other levels of government (mainly state governments), for which the sector remains uncompensated, have magnified over recent years as local government not only attempts to respond to the increased responsibilities placed on it by other governments, but also to the evolving needs of its communities, at a time when there is little room left for it to increase its own-source revenue raising efforts. On top of a long-term growth trend, growth in demand for local government services has increased more rapidly during the past decade, corresponding to the substantial growth in the national economy during that period. In addition, local government must also play its role in meeting new and unprecedented challenges affecting all Australians, such as the impact of population ageing, health and obesity levels, and climate change. To respond to these pressures, local government revenues, including intergovernmental transfers, must increase in a way that truly reflects the cost of local government services and delivery of infrastructure, having reference to relevant major economic cost drivers.
- In addition to increasing demands for services, local government must also devote a growing level of resources to capital formation and depreciation liabilities. The report of the House of Representatives Standing Committee on Economics, Finance and Public Administration, *Rates and Taxes: A Fair Share for Responsible Local Government*, October 2003, and subsequent reports into local government financial sustainability, have found that local government is struggling to meet community demand for more intensive ‘human services to the people’, as well as maintain its increasingly ageing physical asset base of roads and community infrastructure. The backlog is estimated to be \$14.5 billion. Consequently, local government faces the choice of reducing services, ignoring its deteriorating physical infrastructure and/or increasing its revenue base.

Given the demands upon local government and its limited capacity to raise further additional own-source revenue, adequate revenue growth for general purposes can only be achieved through increased intergovernmental financial transfers.

² PC report *Assessing Local Government Revenue Raising Capacity* (April 2008), p.23 and p.xxxviii respectively.

ALGA believes that a review of both the base funding for FAGs, and the methodology to increase the FAGs year-on-year is required. Reforms to the current system would ensure that councils have access to a revenue stream that can reasonably keep pace with demand for service delivery and infrastructure provision. Such reforms would enable them to continue to meet the economic and social needs of local and regional communities.

ALGA notes that federal financial relations between the Commonwealth and the States have recently been reviewed through COAG, and that this has led to increased base funding and more appropriate escalation methodologies for SPPs. ALGA believes it is now appropriate for the Australian Government to apply the same reform approach to its financial relations with local government.

Assisting with reforms to foster collaborative federalism is a high priority for local government. ALGA would welcome the opportunity to work with the Australian Government on the reform of its general purpose funding for local government, to address vertical fiscal imbalance, and more adequately meet community needs and the Commonwealth's objectives as set out in the *Local Government Financial Assistance Grants Act (1995)*:

- improving the delivery of services to local communities;
- maintaining and improving the quality of social and physical infrastructure across Australia;
- helping to counter growing regional inequality;
- assisting in the repair of environmental degradation across Australia; and
- improving community cohesion.

Local government therefore requests that the Budget 2009-2010 should:

- **increase the base funding in general purpose grants by \$700 million; and**
- **commit to working with ALGA on a review of the escalation methodology for FAGs funding for future years.**

Specific Purpose Payments and local government

ALGA is encouraged by the recent reforms to SPP arrangements that have been agreed between the Commonwealth and the States, through the Council of Australian Governments (COAG). These reforms recognise the need for service deliverers under SPPs to be sufficiently resourced if sustainable and beneficial results are to flow from SPP funding and, through reward/incentive facilities, they also allow for improved service delivery and performance outcomes.

Local government plays an important role in the delivery of services funded under SPPs, and where local government is a service deliverer, SPP funding should flow directly to local government. In addition, programs that are supported by SPPs usually require long-term commitment and appropriate indexation to avoid the risk of cost shifting to local government. Greater certainty on this issue would ensure that local government can deliver services in the most timely and efficient manner, whilst supporting the overarching outcomes and objectives to be achieved pursuant to the SPP.

One particular SPP that involves local government is the HACC SPP. The Australian Government has committed to reviewing funding arrangements for HACC in the first half of 2009. ALGA notes the important role that councils play in the delivery of HACC, especially in Victoria, and would urge that:

- the effects of any redistribution of the funding responsibilities for ageing and disability programs be carefully considered in conjunction with major service providers including local government;
- any changes result in improvements to the provision of services and support for older people, people with disabilities, and carers;
- any new funding conditions for ageing programs maintain strong in-home and in-community outcomes, alongside residential and institutional outcomes;
- any redistribution of the funding and program responsibilities for the delivery of ageing and disability programs and services does not result in any reduction in per capita expenditure; and
- funding distribution and escalation methods take into account regional and local needs and cost factors.

2. ROADS TO RECOVERY

As a provider and maintainer of local roads, local government supports initiatives that ensure safer roads for the travelling public and road users more generally. Local government also supports investment that promotes better transport policies across Australia.

Specifically, local government is the owner and manager of more than 80 per cent of the nation's road network, on which more than 25 per cent of vehicle kilometres per annum are travelled. One of the main expenditures for local government is the maintenance of these roads. For some councils, especially in remote and rural Australia, expenditure on the road maintenance task is the predominant expenditure.

Roads to Recovery is highly valued by local communities who benefit from increased access, and improved road safety and efficiency under the program. Further, the program plays a vital role in assisting local government to address the significant backlog in the maintenance and renewal of our nation's local roads.

Roads to Recovery has proven to be extremely successful in addressing the backlog of maintenance and investment in local roads. Accordingly, the Australian Government's announcement in the 2008-09 Budget to extend Roads to Recovery funding to 2014, and to increase the level of funding to \$350 million per year from 2009-2010, was very well received by local government. Local government also welcomed the recent decision of the Australian Government to allow the attribution of depreciation costs on council equipment used on Roads to Recovery projects to the Program.

Roads to Recovery is currently delivered as a SPP and is not indexed in line with the cost of road construction. ALGA believes that a permanent funding program with an appropriate indexation factor reflecting road construction costs, would enable better longer term planning for roads management, and boost productive capacity at the local level.

In addition, local government believes that consideration needs to be given to increasing the flexibility of the Roads to Recovery program. Greater flexibility to apply funding received under the Roads to Recovery program to other transport infrastructure would enable councils to allocate their Roads to Recovery funding in a way that best supports integrated transport infrastructure planning in their local communities.

It is noted that notwithstanding the contribution of Roads to Recovery, a significant backlog of work remains on the local road system because of the limited capacity of local councils to raise revenue as discussed earlier. Councils have shown that they are in a position to quickly develop and undertake further road works should new funds be made available as part of any further Australian Government economic stimulus package.

3. ROAD SAFETY

Local Government welcomes the adoption of the National Road Safety Plan (the Plan) by jurisdictions and the focus that puts on improving road safety to meet the national safety goal of 6.2 deaths per 100,000 people. The Plan recognises that improving road safety is complex and involves a wide range of factors including infrastructure, vehicle design and driver behaviour.

In relation to infrastructure the Black Spot Program has proven to be a highly efficient Program that directly and significantly improves road safety by targeting identified locations with a history of crashes or potential for crashes. Local government welcomes the additional funding of \$60 million announced by the Australian Government for the Black Spot Program. The increased funding will save lives and reduce road trauma.

Any additional funding that the Australian Government can provide either through the Black Spot Program or other road initiatives to improve road infrastructure will result in even greater improvements in road safety.

Upgrading of Level Crossings on Local Roads

Local government welcomes the Australian Government's strong focus on and its recent announcement of, an additional investment of \$1.2 billion to improve Australia's rail system.

There are major benefits to the economy and the environment of increasing the freight task carried by rail to reduce the numbers of heavy vehicles on our roads.

The increase in rail traffic has implications for rail safety and of particular interest to local government is the road rail interface at level crossings on local roads. Local government welcomes the Australian Government's increased emphasis on improving rail safety, including at the road rail interface where there is potential for horrific accidents to occur, as we have seen in recent years. With about 100 crashes per year between trains and road vehicles, level crossing safety remains a major public safety issue.

Local government supports the initiative of requiring joint safety audits of level crossings by road and rail infrastructure managers to identify and address deficiencies including the more than 6800 uncontrolled level crossings. Most of these are on local roads.

Local government is undertaking these audits from its own resources and is seeking to manage any identified risks which can impose significant cost burdens on some councils, in recognition of its role in making local roads as safe as possible within the budgets available to the councils. This is consistent with the ALGA Roads and Transport Strategy of improving level crossing safety.

While it is unrealistic and unnecessary for all level crossings to be upgraded to a controlled standard there is a subset of level crossings with higher road and rail traffic where the community could reasonably expect controlled crossings. ALGA has no specific knowledge of threshold volumes or other factors that could be considered when deciding when to upgrade a level crossing to a control standard.

Local government seeks a small program in conjunction with the Audits for Road/Rail Interface Agreements to identify and estimate the cost of upgrading to a control standard those level crossings considered to pose a safety risk.

ALGA requests the allocation of:

- *\$100,000 in the Budget 2009-10, to identify and estimate the cost of upgrading to a control standard, those level crossings considered to pose a safety risk.*

4. REGIONAL AND LOCAL COMMUNITY INFRASTRUCTURE

Local government is responsible for more than \$12 billion of community infrastructure, which provides the social backbone for many communities throughout Australia, particularly those in rural and regional Australia, which are continuing to experience economic hardship exacerbated by drought and climate change.

Well-located, well-designed and properly maintained community infrastructure helps foster social inclusion in local and regional communities. It also helps achieve other important social and regional policy outcomes, including attraction and retention of skilled workers, preventative health (through the presence of walking tracks, cycle paths, swimming pools, parks and other recreational facilities), social cohesiveness and tolerance (for example, positive ageing) and educational benefits (through the provision of galleries, libraries and museums). Communities that have well-maintained community infrastructure are also more likely to ensure the economic vibrancy of rural and urban Australia.

In a study commissioned by ALGA and produced by PriceWaterhouseCoopers (PwC)³ in 2006, the infrastructure renewals backlog for local government revealed there was a considerable gap and annual under spend on local infrastructure. Much of local government's existing community infrastructure is aged. Financial sustainability pressures mean that many councils, particularly those in rural and regional areas, have deferred their investment in infrastructure renewals in order to meet recurrent costs in response to increased demands for services (both type and standard).

Since the release of the PwC report, ALGA has sought additional funding from the Commonwealth to help redress this situation. ALGA has been conscious that any additional funding should, in the first instance, be directed to replenishing the current stock of infrastructure before constructing new infrastructure. ALGA believes that such additional funding will, over the longer term, increase productivity and economic wellbeing at the local level, as well as increase social equity, resilience and liveability, by improving the accessibility, range and type of facilities for all groups in the community. For some groups in the community, local community facilities are the only means of access to ongoing learning (libraries and internet facilities), social interaction and preventative health.

³ PwC, *National Financial Sustainability Study of Local Government (2006)*.

The Australian Government has indicated that it understands the significance of a properly funded ongoing program that can rejuvenate and strengthen communities by restoring their aged local community infrastructure. Local government welcomed the announcement in November 2008 that the Australian Government would allocate \$300 million to help achieve this aim. Local government also notes that the funding is to be allocated under the RLCIP, effectively making it a 'bring forward', as the RLCIP was originally intended to commence from 2009-2010. The \$300 million (of which \$50 million is made available on a competitive grants basis for new infrastructure), forms an important part of the broader Economic Security Stimulus package, and will expire on 30 June 2009.

Local government understands that the Australian Government's key objective in providing this short-term funding against the RLCIP is to boost local economies and stimulate growth, whilst also responding to the need to address the deterioration of much of Australia's local community infrastructure. The \$300 million is welcome recognition at the Commonwealth level of the importance to local communities of community infrastructure and that the asset renewal task is beyond local government alone. Local government welcomes the flexibility provided in the RCLIP, and all local councils recognise their responsibility to make immediate investments to help avert further economic downturn in the economy.

ALGA is confident in the sector's ability to undertake this expenditure by the required date of 30 September 2009.

ALGA urges the Australian Government to commit ongoing funding to the RLCIP in the Budget 2009-10, to help support the renewal of ageing local community infrastructure, at the level of \$300 million per annum over the next 4 years.

ALGA urges the Australian Government to:

- *commit ongoing funding to the RLCIP in the Budget 2009-10, to support renewal of ageing local community infrastructure, at a cost of \$300 million per annum each year for the next 4 years (\$1.2 billion).*

Constitutional recognition

ALGA welcomes the willingness of the Australian Government to engage with local government across a range of areas, and its recognition that uncertainties about local government's place in our federation impede the ability to plan and deliver better outcomes for Australian communities.

Currently, local government is not included in our nation's Constitution. A long-term goal of local government is that it be formally recognised in the Constitution so that its role in delivering on community expectations is clearer and more secure.

ALGA's special general assembly in December 2008 focused on the issue of constitutional recognition to help further discussions with the Australian Government about the form of a possible referendum on this issue. At the meeting, local councils reached an historic agreement about how local government should be included in the Constitution.

Local government's model for constitutional reform provides that the existence of local government should be reflected in the Constitution, together with the right of Australians to democratically elect their local representatives, and that the Australian Government's power to fund local government directly should be beyond doubt. The model is targeted at enhancing the accountability of local councils to their communities, and entrenching the principles of democratic decision-making and control at the local level, so as to strengthen the ability of local councils to deliver infrastructure and services that best meet the needs of local communities.

ALGA will formally present the outcomes of its special general assembly meeting to the Australian Government for its consideration. ALGA believes that constitutional reform that appropriately recognises the role of local government, and its relationship with the Commonwealth, is critical to securing Australia's long-term future wellbeing.

At the same time, local government also appreciates the significant difficulties that have been experienced in achieving constitutional reform. The success of a referendum depends not only on the value of the proposition being put forward but also on public information and awareness campaigns. Without these, there is significant risk that any referendum would fail. The commitment of the Australian Government to this process, as stated in its election promises, will need to be reflected at the appropriate time in the allocation of public funding to support public information and awareness campaigns.

5. MEASURING IMPROVED LOCAL GOVERNMENT SERVICE DELIVERY

Local government spends around \$23 billion annually and manages around \$212 billion worth of physical assets.

Local government is accountable for the management of its assets, recognising that there are various legal and other requirements placed upon it to ensure this result. Local government acknowledges the need to improve asset management. The Prime Minister, in his address to the Australian Council of Local Government, has also emphasised the need for local government to improve the quality of its asset management.

Quality and consistent data is essential if improved efficiency and effectiveness in the way local government delivers services to local communities is to be measured. ALGA is concerned that a recent inquiry by the Commonwealth Grants Commission⁴ into the interstate distribution of the identified local roads component of the FAGs highlighted the lack of information and data about the road assets owned and managed by local government. Of course, the absence of quality data is not unique to local government, and COAG has placed high priority on resolving issues about inconsistent data across the Commonwealth and State general government sectors by establishing a Working Group through the Heads of Treasuries to investigate and review options for reform. Local government data collection is currently not within the terms of reference of the Working Group.

However, the need to resolve data issues for local government remains important from a national perspective. The PC in its April 2008 report⁵ found “there are numerous inconsistencies and inaccuracies in the government finance statistics and other statistical series relating to local governments. There is a need for the ABS and various grants commissions to improve the consistency and accuracy of the local government data collections” (Finding 3.1).

Local government understands that Australians expect government services at all levels to be delivered in a way that is responsive to their needs, fosters long-term wellbeing, and helps to overcome disadvantage. The measurement of government service delivery, at all levels of government, through quality asset management and data analysis is an important accountability tool in our democracy.

Improvements undertaken by local government to further the quality of its asset management will help local government to ascertain and budget for the total lifecycle cost of its infrastructure. This will allow local government to deliver the services and perform the functions needed by the community, to ensure outcomes that are more efficient for local communities, and to increase public confidence in the safety of our nation’s local road network.

ALGA believes that funding of \$20 million over four years should be allocated in the Budget 2009-10 to assist in the measurement of improved local government service delivery as follows:

- *\$7 million to enable ALGA to work with the ABS, the Commonwealth Grants Commission and State Local Government Grants Commissions, to develop an improved framework for national data collection; and*
- *\$13 million to support the establishment and/or upgrade of local asset management across Australia.*

⁴ A report on the review of the interstate distribution of local roads grants (2006).

⁵ Op cit (footnote 1).

ALGA considers these reforms require three interrelated initiatives:

- the provision of financial resources from the Australian Government to support the establishment and roll-out across the sector of asset management systems;
- clarification of data types and standards, consistent with the national framework developed by ALGA with the ABS, the Commonwealth Grants Commission, and Local Government Grants Commissions; and
- training to increase the capacity and administrative efficiencies of local government.

Transparency is also a key requirement. Local government believes that there must be more transparency in the way that State governments account to the public for Commonwealth funding paid to them for local government. In April 2008, ALGA provided a submission to the Senate Select Committee on State Government Financial Management in which this point was strongly emphasised. It is noted that only two States – South Australia and Queensland – have a mechanism that ensures such transparency.

6. CLIMATE CHANGE AND WATER

Addressing climate change is arguably the greatest reform that Australia confronts. Mitigation of greenhouse gas emissions and adaptation to the impacts of climate change will have transformational effects on the Australian economy, environment and society as a whole.

ALGA has welcomed the Australian Government's commitment to develop a Carbon Pollution Reduction Scheme (CPRS) and its recognition of the need to "...[I]ntroduce practical measures to improve household energy efficiency, including generous rebates for solar power systems and solar hot water and low interest loans for Australian families to undertake water and energy efficiency improvements in their homes" (Australian Labor Party election 2007 commitments).

Financial Impacts of the Carbon Pollution Reduction Scheme (CPRS)

The Australia Institute Ltd has estimated that the CPRS at \$20 per tonne could add an additional \$344 million annually to the operating cost of local government⁶. It is important to note that these costs do not account for the additional costs of future adaptation or disaster mitigation measures that will be required to assist communities to cope with climate change we cannot avoid.

⁶ Australia Institute Ltd media release "Emissions trading to cost local councils \$344 million," 1 September 2008.

The additional costs estimated by the Australia Institute are significant, particularly given the financial sustainability challenges faced by local government. As referred to earlier⁷, PwC found that up to 30 per cent of Australian councils are already facing severe financial challenges, including a significant underspend and renewals backlog on infrastructure.

Given the financial sustainability challenges faced by local government, it is likely that councils will have little choice but to pass on the full cost of the CRPS to local residents, through rates and/or increased fees and charges. It can be expected that councils will continue to implement strategies to reduce their emissions and, in turn, costs arising through the CPRS. This can be achieved through the introduction of improved technologies and more efficient practices.

While local government is very concerned about the impacts on communities resulting from these considerable additional costs, ALGA is particularly concerned about the differential cost burden that will fall unevenly across Australia's councils and regions. Modelling undertaken by National Economics for the 2007-08 and 2008-09 *State of the Regions Reports*, commissioned by ALGA, indicates that the financial burden on households and communities resulting from climate change including the CPRS, will be greatest in rural and regional areas.

The Australian Government must work with ALGA to ensure that the costs of climate change and the CPRS in the short to medium term do not fall disproportionately upon councils or those communities most vulnerable to structural change. To assist in early adjustment of low-income households and other sections of those communities disproportionately affected, investments in energy efficiency in housing, household appliance and transport should be introduced. Additionally, pre-emptive structural adjustment assistance will be critical to avoid loss of employment and promote economic growth. Where appropriate, such assistance may be facilitated by local government.

Beyond the changes brought about by the introduction of the CPRS, communities will be required to plan for the anticipated impacts of change in the climate system and flow-through consequences on infrastructure, agriculture, health and wellbeing. Local government has a major responsibility to plan for the long-term sustainability of local communities. However, plans are not useful unless they are current, well-informed and able to be implemented. ALGA proposes three initiatives to ensure local government services and infrastructure meet community needs, having regard to the impact of climate change.

⁷ Op cit, footnote 3.

Planning for the Future Program

All councils have a range of corporate management and community corporate plans in place. Many councils require assistance to enable the review and update of these plans to incorporate more comprehensive climate change and adaptation considerations in their areas. Local government seeks \$40 million over 5 years to assist councils to systematically update plans, especially disaster mitigation and infrastructure, to take account of the risks presented by climate change. This program would comprise two components: 1) support for conducting climate change risk assessments; and 2) funding to develop an adaptation and implementation plan to address these risks.

Actions to Adapt Locally Program

Implementation of climate change and adaptation plans will require resources. Some plans will identify a range of initiatives and changes to existing practices, and the cost of implementation might be expected to be met, over time, within councils' normal operating budgets. However, it is expected that there will be a number of urgent and capital intensive adaptations that will be required. For example, recent coastal storm activity has demonstrated the vulnerability of areas of high population along the coastline. Improving the resilience of infrastructure, and introducing long-term strategies such as the re-location of assets at risk, will be required.

ALGA acknowledges and supports the Australian Government's election commitment to allocate \$100 million for a five-year Community CoastCare Program to help coastal communities protect the Australian coastline and prepare for the impacts of climate change. However, it is noted that the Community CoastCare Program is not focused on built assets, which means that it is also not linked to the planning responsibilities of local government. A new program to cover this gap is required. Such a program should link to and inform land use planning and development, and tie in with the work being progressed on the national Digital Elevation model.

ALGA considers funding in the order of \$200 million over 5 years, direct to local government, will be required to strengthen built assets needed to adapt to climate change.

Capacity Building Program

As further information on climate change is provided by authorities such as the Commonwealth Scientific and Industrial and Research Organisation (CSIRO) and the Bureau of Meteorology (BOM), there is a need for all councils to review and update many of their existing plans. Such reviews should be informed by a robust assessment of risks based on best available scientific data on region-specific impacts of climate change. Local government fully supports investment in the Australian Government's foreshadowed expert panel to provide region specific information to local government.

To enhance information exchange and shared learning between the scientific community, the Commonwealth, State and Territory governments, and local councils, ALGA seeks \$5 million over 5 years to establish a local government Climate Change Facilitators Network. It is proposed that this will provide a suitably qualified facilitator located in each State and Territory Local Government Association and the Australian Local Government Association. The Climate Change Facilitators Network would also support councils undertaking reviews and updating their plans as outlined above.

COAG Adaptation National Partnership

ALGA is a member of the COAG Climate Change and Water Working Group and fully supports its work. In particular, local government supports the need for the provision of funds for adaptation. ALGA requests that favourable consideration be given to the funding proposals developed by the Working Group. In particular, support should be given to the proposals to support further work on National Digital Elevation models (including any new programs linked to land use planning) and work to underpin legislative certainty of council decision-making in relation to sea level changes.

Local government requests the provision of:

- *\$40 million over 5 years for a **Planning for the Future Program** to assist councils systematically review plans, in particular disaster mitigation plans and infrastructure plans, to take account of the risks of climate change.*
- *\$200 million over 5 years for an **Actions to Adapt Locally Program** to implement urgent and strategic infrastructure projects in high risk areas that are identified within local government climate change and adaptation plans or their equivalent plans.*
- *\$5 million over 5 years for a **Capacity Building Program** to establish a Local Government Climate Change Facilitators Network.*

Water Reform

Local government believes that high priority should be given to water saving and recycling initiatives particularly in urban and regional centres. While some councils have accessed funding under the existing Australian Water Fund, the opportunities are extremely limited as large state proposals have been given preference.

Given the effects of climate change, drought and heightened awareness of the need for water conservation at the community level, improved security of supply, and associated water infrastructure, ALGA believes that it is timely to establish a discrete local government water recycling and water sensitive urban design initiative with funding of \$400 million over 4 years. This initiative would enable councils to promote water saving and community-scale recycling technologies and implement practical projects that will ensure that scarce water resources are optimised. Projects eligible for such funding would include: implementation of third pipe initiatives in new developments; stormwater harvesting; sewer mining; and water conservation projects at council-owned and operated premises. Further, the initiative could be linked to the *National Water Initiative – Water Sensitive Cities* and the work being conducted at Monash University by Dr Rebekah Brown. The National Water Initiative is highly valued for its ability to build capacity in the field of water sensitive urban design.

Local government notes the importance of the \$2 million funding support announced by the Australian Government in June 2008 to assist with updating the main reference manual for engineering works in Australia, the *Australian Rainfall and Runoff Handbook* over the next 4 years. ALGA believes that a natural follow-up to this work will be to ensure that changes can be implemented. This may include funding support to promote necessary upskilling of industry professionals, and local government.

Local government requests the provision of \$400 million over 4 years to assist councils develop projects for water sensitive urban design and community-scale recycling initiatives.

Managing Emergencies

On average each year, 50 people lose their lives as a direct result of natural disasters, 1,500 are injured, 250,000 are affected in some way, and the economic cost to communities is around \$3 billion⁸. The Report to COAG on Natural Disasters in Australia (August 2002) states that climate change was likely to result in an increase in the number and intensity of severe weather events. More recent reports such as the CSIRO/BOM Technical Report 2007 reinforce this finding. Local government believes that all levels of government including in particular, the Australian Government, will need to increase provisions for natural disaster mitigation.

Natural Disaster Mitigation Program (NDMP)

Local government supports the need to renew and enhance the NDMP.

⁸ Attorney-General's Department report, *Working Together to Manage Emergencies: Strategic Plan to Nationally Enhance Emergency Management in the Community*.

The existing program provides approximately \$20m per annum. This funding is currently required to be matched by local government and State governments on a matching formula of 1:1:1. In addition, a further \$5 million per annum is provided by the Commonwealth for bushfire mitigation.

Local government believes that in recognition of the projections for more wide spread and severe impacts of natural disasters exacerbated by climate change (e.g. storm surge, increased inundation of land previously not considered at risk, and more severe bushfires) Australian Government funding for a disaster mitigation program should be consolidated and increased to \$45m per annum for a period of 5 years. In addition, the increased exposure and requirement for higher investment in this area are beyond the capacity of local government, and ALGA seeks a return to a matched expenditure formula of 2:2:1, with \$2 of investment provided by both the Commonwealth and State governments for every \$1 provided by local government.

*Local government supports the provision of \$45m per annum for 5 years for **Natural Disaster Mitigation**.*

Further considerations

ALGA requests that this year, immediately prior to the introduction of the CPRS, the Australian Government give priority to infrastructure initiatives that increase the efficiency and effectiveness of urban transport networks and reduce greenhouse gas emissions from transport, particularly in urban areas. The Australian Government is urged to positively review all transport infrastructure projects, particularly those submitted by Infrastructure Australia that can achieve such ends.

7. CONTINUING TO CLOSE THE GAP IN OUR INDIGENOUS COMMUNITIES

ALGA applauds the Australian Government for its commitment to initiatives that aim to close the gap between Indigenous and non-Indigenous Australians in the areas of housing, health, early childhood development, economic participation and remote service delivery. Initiatives like this are vital if our nation is to overcome the economic and social costs of disadvantage being experienced disproportionately in our Indigenous communities.

ALGA notes the establishment of the new Remote Indigenous Housing National Partnership Agreement and the agreement to undertake further work on reforms to the provision and management of essential and municipal services⁹. ALGA strongly urges the Australian and State governments to include relevant peak local government associations in these negotiations. A recent audit by the Western Australian government provided a public estimate of \$540 million to address the backlog in housing maintenance in remote Indigenous communities. This estimate did not consider the impact of factors like overcrowding, total supply of housing, or the cost of municipal and essential services like roads, electricity, water, drainage and sewerage. ALGA submits that the estimate would be significantly higher if these factors were to be taken into account. At a national level, prima facie, ALGA believes that such reforms may require an initial financial investment by the Commonwealth of at least \$2 billion, to address the backlog in Indigenous communities.

ALGA understands that the types of capital works that are required to produce meaningful infrastructure reform in individual Indigenous communities will primarily be local in scale and, as such, do not fit strictly within the remit of Infrastructure Australia. However, when considered in aggregate, such capital works require significant national investment and cannot be funded by these communities. Accordingly, ALGA believes that the provision of essential infrastructure in Indigenous communities across Australia should be considered a national project with national priority, consistent with the Closing the Gap initiative, and notes the importance of co-ordination between all levels of government to ensure the provision of services and infrastructure is timely, appropriate and effective.

Local government requests

- *the provision of a **minimum \$2 billion** to commence the roll-out of essential and municipal services throughout Australia's Indigenous communities.*

Addressing the Disadvantage in Driver Licensing

States and Territories have in recent years changed the conditions for obtaining a driver's licence, to require Learner drivers to spend a significant number of hours driving with a competent licensed driver (up to 120 hours). ALGA generally applauds these changes as they recognise that the best way to improve the skills of young drivers on Australian roads is to provide them with a variety of driving experiences under supervision.

⁹ In its Budget submission for 2008-09, ALGA noted the acute need for services and infrastructure to support new housing in Indigenous communities, noting such infrastructure includes roads, sewerage and stormwater drains, waste management and other property-related services.

However, an inadvertent result of the changes has been to exclude opportunities for disadvantaged youth, especially those in Indigenous communities. This is evidenced in the number of licences being issued to young Indigenous people declining dramatically since the changes took effect.

There is already a long history of unlicensed driving in Indigenous communities, related to the myriad difficulties Indigenous people experience in obtaining a licence, such as language difficulties (which affect the ability to pass the learner driver's test) and a lack of coaching.

State driver licensing agencies that interact with remote Indigenous communities have recognised the special needs of Indigenous people, and have established mobile units for issuing Learners' permits and testing drivers wishing to obtain a driver's licence. However, it is not the role of these units to provide driver training.

The lack of a driver's licence results not only in increased driving by unlicensed drivers, but also precludes young Indigenous people from obtaining jobs that require a licence. Data show that unlicensed drivers generally have poorer accident records, and unlicensed driving has been a contributing factor to Indigenous people being disproportionately represented in motor vehicle death and accidents statistics compared to the rest of the community.

ALGA suggests that this is a problem that needs to be addressed, and proposes that local government be engaged in remote areas to be the mentor of young Indigenous people applying for a driver's licence, by providing a suitable vehicle and qualified driver through which learners can attain the necessary driving hours to obtain a driver's licence.

This would be a model based on one developed in Victoria to assist underprivileged young people. It could also be informed by Indigenous driver training projects that have been implemented in Western Australia. ALGA considers that three pilot schemes should be conducted to build on those experiences. Such pilots could usefully be developed in conjunction with the Australian Employment Covenant announced by the Prime Minister in October 2008 to close the gap between Indigenous and non-Indigenous Australians.

ALGA understands that there are a number of legal and administrative issues that would need to be resolved in responding to this issue, and therefore proposes that pilot studies be conducted in each of the three relevant jurisdictions (Western Australia, the Northern Territory and Queensland) to ascertain the viability of such a mentoring program. An allocation of seed funding in the order of \$450,000 over two years to enable three pilot studies to be undertaken should be provided in the Budget

2009-2010.

Local government requests

- *the provision of \$450,000 over two years to conduct three pilot studies in each of Western Australia, the Northern Territory and Queensland, to help disadvantaged Indigenous youth obtain driver licences.*

8. BROADBAND AND TELECOMMUNICATIONS

Local government supports initiatives aimed at advancing Australia's domestic and international competitiveness and fostering social cohesion. ALGA believes that telecommunications policy is fundamentally important to improving the lives of all Australians in local and regional communities.

Broadband access is a vital component of telecommunications services for all Australians, irrespective of where they live. As a key enabling technology, its use and development can drive better outcomes for all Australians, including more efficient delivery of essential health and education services, encouraging and stimulating economic development and improving the process of government. From a regional policy perspective, broadband is one means by which Australia can further facilitate much needed regional development.

ALGA has welcomed the Australian Government's commitment to invest up to \$4.7 billion in a National Broadband Network (NBN) to enable 98 per cent of Australians to access broadband speeds that are up to 40 times faster than those they have currently. ALGA notes that the Building Australia Fund announced in the Budget 2008-09 includes provisions for the NBN, and whilst acknowledging that the process to consider tenders is still on foot, ALGA also notes the urgent need to roll-out broadband to as many Australians as possible, before the projected completion year of 2014.

ALGA similarly acknowledges complementary Australian Government initiatives, such as the Australian Broadband Guarantee, which is designed to assist the remaining two per cent of Australians to access better telecommunications services and bridge the digital divide.

One of the key challenges facing Australia is to ensure that telecommunications services are equitably delivered and affordably priced for all Australians, including those in regional, rural and remote areas. It is essential that Australians living and working in these parts of our nation are not left behind as technologies become more advanced. There are real and serious issues in terms of the adequacy of telecommunications currently available in these areas. Some of these were referred to in ALGA's submission to the Regional Telecommunications Independent Review Committee (the Committee) in June 2008 and were the subject of recommendations made to the Australian Government in the Committee's report (September 2008).

ALGA would urge the Australian Government to move as quickly as it can to commence the roll-out of the NBN, and at the same time, respond to the recommendations contained in the Committee's report to ensure greater adequacy of telecommunications in rural and regional Australia.

9. FOSTERING SOCIAL INCLUSION AND COHESIVENESS

ALGA notes the importance of providing funding to many diverse sectors across the economy, to ensure the success of programs that help foster social inclusion and deliver social equity. Some key areas include the promotion of positive ageing, life-long learning programs, engagement of disaffected youth, and the prevention of heart disease and obesity.

Local government is well-placed to undertake delivery of programs that promote inclusiveness and tolerance in society, ongoing learning, and better health outcomes for all Australians. For example, local government continues to promote positive ageing initiatives, anti-smoking objectives and is assisting other levels of government in implementing strategies to combat drug and alcohol over-use/abuse.

Because local government can maximise reach in local and regional communities, and is uniquely placed to share information and liaise with other community-based organisations, local government should continue to be engaged to assist in the promotion of programs that bind people in local communities closer together.

In addition, local government is keen to further assist in the implementation of initiatives that increase preventative health goals through the promotion of healthy built environments. Local government is already actively and extensively involved in these areas. For example, through the Healthy Spaces and Places initiative (a joint project between ALGA, the National Heart Foundation and the Planning Institute of Australia, with funding support from the Department of Health and Ageing), local government is playing an important and visionary role in helping to encourage greater physical activity levels across our communities, by designing a national Healthy Spaces and Places planning guide for use across many different professional sectors.

ALGA notes that current Commonwealth funding support for the initiative is due to expire on 30 June 2009, which will see the completion of the guide's launch. The unfunded next stages of the Healthy Spaces and Places project are for implementation, promotion and training, and evaluation.

To ensure that local government can continue to promote preventative healthy and liveable communities, it must be adequately resourced to deliver the level of services and maintain the infrastructure that is central to achieving these national objectives. In addition, policies across government that relate to preventative health and social policy objectives need to be complementary. ALGA believes that one of the most significant barriers to social inclusion is the existence of inconsistent policy approaches across and between levels of government. For example, a national planning guide on healthy spaces to promote engagement in active living by the community intrinsically depends on the community having access to well-maintained local community infrastructure. This in turn requires funding support. ALGA has outlined the reasons why local government continues to call upon the Australian Government to assist it in its significant renewal task.

Local government welcomes the recognition by the Australian Government that it has increasingly taken on responsibility for, and designed programs to, promote social inclusion, and that its ongoing role in understanding the needs of identified groups is vital for the delivery of the national social inclusion agenda. The Australian Social Inclusion Board (the Board) could play a critical role in reviewing government policies at all levels across Australia to ensure they complement, rather than impede, social inclusion objectives. ALGA requests that local government be closely consulted by the Board, to help play a strategic role in progressing the social inclusion agenda and to ensure that initiatives carry appropriate funding support.

10. LOCAL GOVERNMENT CENTRE OF EXCELLENCE

In recent years, it has become evident that local communities look to their locally elected representatives to take the lead in helping communities respond to emerging challenges and changing needs. The IGA places the onus on local government to prudently manage assets and liabilities, ensure that decisions on service delivery and provision and maintenance of infrastructure are made with due regard to existing and anticipated future financial resources and competing priorities, and improve its practices at local and regional levels. This is consistent with the focus on internal reform adopted by local government following the release of the PwC report on financial sustainability.

ALGA believes that sector-led efforts to date have improved the performance of local government and have helped reduce the likelihood of cost shifts. This has been an important milestone in ensuring that the financial sustainability issues faced by the local government, caused mainly by past cost shifting, are not further exacerbated. These efforts are ensuring that changes made to local government practices today help produce long-term sustainable outcomes for local communities into the future.

ALGA welcomes the Australian Government's announcement (at the inaugural Australian Council of Local Government meeting in November 2008) of an endowment fund of up to \$8 million to establish a Local Government Centre of Excellence. The Australian Government has stated that the Centre will showcase innovation and best practice across local government and encourage the wider adoption of innovative practices and solutions.

ALGA considers that the opportunity presented by the Centre to facilitate such exchange and promote good practice across the sector at the national level is both timely and appropriate. The new Centre should aim to equip local government with the increasingly sophisticated skills sets required across a diverse and dynamic range of functions, and produce further capacity so that it can meet financial and asset management obligations more efficiently and effectively. ALGA notes that there is currently little or no provision for senior management training for both elected councillors and officers, designed specifically for local government at the postgraduate university standard. It may be that the Centre could be designed to respond to this gap.

The Centre of Excellence should, however, avoid duplication of existing tailored courses provided by or through State Local Government Associations. The latter generally focus on council operations as well as other specific technical courses and are well-established and often formally accredited. ALGA understands that the Australian Government intends to run a competitive process to identify the best candidate university or other provider for the Centre. ALGA would welcome an opportunity to be involved in discussions aimed at determining the precise scope of the training and education that would be delivered to local government by the Centre of Excellence.

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