

31 October 2019

Infrastructure Australia
Level 21, 126 Phillip Street
Sydney, 2000

Dear Sir/Madam,

Subject: Response to Infrastructure Australia's *Infrastructure Audit 2019*

Thank you for the opportunity to respond to Infrastructure Australia's *Infrastructure Audit 2019*. In general, the Australian Local Government Association (ALGA) is supportive of the findings of the Audit which highlight the need for planned and increased investment in transport infrastructure to support growing cities and regional centres. ALGA is also supportive of the inclusion of social infrastructure in the Audit and which local governments understand is critical to community well-being.

ALGA is the national voice of local government in Australia, representing 537 councils across the country. In structure, ALGA is a federation of state and territory local government associations. ALGA was established in 1947 and throughout its history has been closely involved in issues of national significance affecting the local government sector as a whole.

This submission should be considered in conjunction with any submission made by State/Territory Local Government Associations or individual or regional grouping of Councils.

Local governments provide a range of essential services and infrastructure that serve as the foundation for local, regional and metropolitan communities, and are critical in fostering economic activity and community wellbeing. Furthermore, local councils are responsible for 33% of public infrastructure, including 75% of roads by length, but only raise 3.6% of Australia's taxes.

ALGA has been advocating to the Federal Government for additional funding to give local governments greater capacity to meet communities' needs in terms of services and infrastructure (refer to [2019-20 Pre-Budget submission](#)). In particular our funding proposals outlined below are aimed at supporting services and infrastructure for metropolitan, regional and rural Australia:

- Restoring the Financial Assistance Grants to 1% to help ensure equivalent levels of services are provided across rural, regional and remote areas;
- Investing \$200 million per annum in a Local Government Higher Productivity Investment Plan to realise the potential of Australia's freight routes and improve heavy vehicle access on local roads;
- Increasing the Roads to Recovery Program funding to \$800 million to sustainably manage the Local Government component of the national road network;

- Making the Bridges Renewal Program permanent to more sustainably manage council bridges;
- Establishing a Digital Local Government and Rural/Regional Telecommunications Program of \$100 million per annum to increase the benefits to rural and regional communities of improved technology, connectedness and innovation; and
- Investing in a Local Government Community Infrastructure Program of \$300 million per annum over four years to restore and rejuvenate ageing community infrastructure and improve the liveability of communities.

Please find attached a more detailed response to the *Infrastructure Audit*. We would be happy to elaborate further on this submission and please contact Liz de Chastel, Senior Policy Adviser on telephone 6122 9443 if you would like to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Beresford-Wylie', written in a cursive style.

Adrian Beresford-Wylie
Chief Executive

ALGA's detailed response to the *Infrastructure Audit 2019*

1. Continued investment in critical transport infrastructure

ALGA supports the notion of a more robust infrastructure pipeline being developed as part of the Australian Infrastructure Plan, including to address freight and supply chain priorities. The delivery of individual infrastructure projects should be dealt with as part of a comprehensive infrastructure plan and asset management framework. This infrastructure plan should be integrated and developed in consultation with all three levels of government.

As an asset manager, Local Government believes that project prioritisation and selection, particularly of new road projects, needs to be appropriately balanced against the maintenance and renewal requirements of existing essential assets. In other words, asset formation should only occur in the context of detailed asset management plans, ideally integrated asset management plans across the three levels of government.

Local roads constitute around 75 per cent of the nation's roads by length. Most road freight journeys start or finish on a local road and the freight industry has consistently nominated first and last mile issues on local roads as a major impediment to a more efficient national freight system. For Local Government, efficient infrastructure – particularly roads, rail (for bulk products such as grain) and airports, is vital to ensure the sustainability of our cities and regional and rural councils, which enables them to maintain their significant contribution to the Australian economy.

The management of infrastructure remains a fundamental challenge for Local Government. Of the three levels of government, Local Government has the largest relative task in terms of asset management and the smallest relative revenue base:

- Local roads account for around 75% of the total road length in Australia, or 662,000 kms.
- Local Government raises only 3.6% of Australia's total taxation revenues, whilst being responsible for managing 33% of public non-financial assets.
- Unlike other levels of government, Local Government has no direct mechanisms to raise funds for road construction and maintenance such as road user charges, registration charges, or any road- or transport-related fees or charges. It does not receive any of the access permit fee operators pay to the NHVR for access permits.
- Local Government manages physical assets worth \$445 billion and each year has an operational expenditure of around \$37 billion. The infrastructure services provided by local governments, such as roads and bridges, libraries, sport, recreation and tourism facilities, amongst other services, facilitate economic activity and strengthen the Australian economy in the short and long term.

- Local Government is not only required to maintain its road networks, but must upgrade them to modern lane widths and safety standards and increase load bearing capacities for higher productivity freight vehicles, higher traffic volumes, and to reduce congestion. This is exacerbated by a \$30 billion shortfall in funding required to renew/replace ageing infrastructure needed now.
- Local Government owners of transport infrastructure face multiple, competing demands on their limited financial resources. Ratepayers are often left to fund transport networks for non-ratepayers, particularly where local roads provide for major arterial and through traffic or have economic freight significance beyond the direct access interests and responsibilities of Councils.

2. Recognition of social infrastructure as essential for community well being and quality of life

ALGA agrees with the inclusion for the first time of social infrastructure such as schools, health facilities, green infrastructure, social housing and art and culture. Whilst some of these services are provided by State/Territory or Federal Governments or the business and community sector, local governments' plan, advocate for, fund and/or deliver much of the local and regional social infrastructure. Local governments also step in to service areas where there are "thin markets" such as child care or lack of presence of other levels of governments. Local governments also increasingly are assisting with innovation to deliver more affordable housing and councils also currently fund about a third of total government investment (\$1.5B) in arts and culture (ABS 2017).

Local Governments ensure that local communities function effectively on a daily basis and are provided with the basic services and facilities that Australian communities expect to find in suburbs, towns and rural areas. Councils play a critical role in building local identity, community wellbeing and social cohesion and contributing to national productivity and do this through working closely with the community to deliver targeted services. Local governments are fundamental to achieving liveability in our metropolitan, regional and rural communities.

3. Workforce capability issues

ALGA supports the Audit's finding that workforce capability is a concern if Australia is to plan and deliver the infrastructure needed for population growth into the future. This is particularly the case for the local government workforce.

The skills and knowledge of a workforce are critical to ongoing and future production and service delivery, and to meeting the challenges which arise including from technological change, population growth and an ageing population. Australia's regions also have differing workforce capabilities and it is important that regions have access to specific, locally relevant skills.

Local governments are a major employer and account for almost 10 per cent of the total public-sector workforce, at 189,000 employees. The 537 local governments range in size from the smallest employing 11 staff to the largest with over 8,500 employees. About two thirds of councils are in regional areas.

Local governments have a workforce that:

- Is considerably older than the Australian All-industry workforce;
- Has a declining participation level of workers under 30 years of age;
- Does not have enough apprentices to meet future needs;
- Is facing major skills shortages in key professional and technical occupations; and
- Is not well positioned in regard to new and emerging soft skills¹.

Over 69% of local governments across Australia surveyed in 2017 for a report commissioned by ALGA² said they were experiencing a skill shortage and skill gaps with Engineers, Urban and Town Planners, Building Surveyors, Environmental Health Officers, and Project Managers topping the list of occupations in demand. The key reasons behind the skills shortage are the inability of councils to compete with the private sector on remuneration; lack of suitably qualified/experienced candidates available locally; high demand across the labour market for certain occupations; and remoteness/location making it difficult for councils to attract and retain workers. Many of these occupations in demand in local government are the ones essential for planning and delivery of essential infrastructure.

4. Focus on regional centres

ALGA supports the need to shift the national focus beyond the planning and delivery of infrastructure to just the major metropolitan cities. Around two thirds of the 537 local governments are located in rural, remote or regional areas of Australia and many of these areas have increasing populations or have a desire to increase population. ALGA does acknowledge however, that population decline in some locations is inevitable.

With the desirability of a capital city lifestyle being challenged by pressures on infrastructure and high housing costs, improvements in regional infrastructure that further enhance liveability will support the flow of people out of congested cities and reduce the need for individual relocation incentives.

While population growth in major metropolitan local government areas (10.5% for 2012-2016) was higher than regional areas, population growth in regional cities was not far behind. Regional places in close proximity to the major metropolises (connected lifestyle regions) grew by 9.3% across the same period and other regional cities grew at a rate of 7.8%. Mid-sized towns that act as industry and service hubs grew by 3.3%, and even across the more isolated heartland regions populations did not decline but in fact grew by 1.6%.

To ensure that regions can continue to grow and attract new residents, there needs to be a more equitable investment in their infrastructure and services to further build appealing, adaptable and viable communities that people want to live in and contribute to in the long term. Infrastructure spending is strongly weighted to solving problems in capital cities (particularly the CBDs) rather than enhancing liveability of regional towns.

¹ ALGA 2018 *Local Government Workforce and Future Skills Report Australia*

² *ibid*

To achieve this, regardless of location, there is a suite of essential elements which foster liveability (including but not limited to):

- access to a range of community services and infrastructure that support health, education, water, recreation and social interaction and well-being;
- a range of housing options, which are affordable and in adequate supply;
- transport accessibility, both within the community (including effective and adequate public transport options), and connected to other centres via strategically linked freight routes;
- pleasant environments, including parks, gardens, footpaths and bikeways as well as built infrastructure that is appropriate for the climatic conditions; and
- a range of education and employment pathways to cater to different age groups and skill groups, that considers also culturally-diverse and non-English speaking populations.

5. Acknowledgement of waste management as an important element of urban infrastructure

ALGA supports the inclusion of waste management in the Infrastructure Audit. This is an essential component of urban infrastructure but one that requires leadership to deliver efficient and effective waste recycling and management.

Most Australians have access to municipal waste management and recycling, but kerbside municipal waste collection and recycling services are not available to many communities in remote and regional Australia. Australia's recycling infrastructure is generally capable of managing current volumes of waste but most collection and recycling services have limited capacity to process certain types of recyclable waste. Only 10 Local Government Areas have municipal kerbside collections that can accept all types of recyclable plastic and plastic bags and 58 per cent of Australian households have no access to kerbside collection of organic materials³.

ALGA has been calling for co-ordinated action from all levels of government and the industry sector to develop and implement the national waste policy action plan.

6. Conclusion

ALGA welcomes the opportunity to provide this Submission in response to Infrastructure Australia's Infrastructure Audit 2019. We recognise that the priorities of ALGA which relate to infrastructure are only part of the broad issues that Infrastructure Australia is considering. But Local Government needs efficient infrastructure, particularly for roads, rail (for bulk products) and airports. Adequate funding to maintain and improve this infrastructure for local councils is essential to ensuring safe and efficient transport options, which in turn enables local councils to maintain their significant contribution to the Australian economy.

³ Department of the Environment and Energy 2018 *Analysis of Australia's municipal recycling infrastructure capacity*