



Submission to the Federal Government - House of Representatives Standing Committee on Regional Development, Infrastructure and Transport - Inquiry into Local Government Funding and Fiscal Sustainability - January 2026

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Introduction

Council is pleased to present an updated submission into the Inquiry into Local Government Financial Sustainability, after considering a report at the December 2025 Council meeting, where Council was formally advised that the Federal Government were re-opening this inquiry.

Executive Summary

Council's submission below is based on the following principles -

1. Financial assistance grants being urgently returned to 1% of taxation revenue. Council understands that like all levels of Government, the Federal Government has financial challenges of its own, and would support a staged increase to the 1%, eg over 4 years.
2. Further increases to Roads to Recovery Funding noting recent increases, however also noting the years of the grant being fixed, thus effectively being eroded in real value, by the ever escalating costs of road work components, diesel, aggregate, emulsion, gravel, new plant and plant hire costs, and labour costs to name the main areas.
3. Seeking more direct Federal to Local Government funding, bypassing the states where possible, such as Natural Disaster Funding, including preparedness, response, and recovery and a return of the Local Roads and Community Infrastructure Funding program, and more regular Growing Region grant programs, even if of lesser amounts.
4. Seeking more aligned Federal and State programs, such as for housing, and the enabling infrastructure, such as footpaths, bridges, roads, water and sewer treatment, flood mitigation, and health infrastructure. This is so that when state grants are open, there is a similar where possible, Federal grant, so that Councils can lessen their required contribution by utilising Federal funds. This used to be the case for some road safety funding and bridge funding but it has all lapsed.
5. Bringing back the Federal Medical Centre (infrastructure) grants.
6. Seeking the Federal Government to work with the states (in our case Victoria and New South Wales) far more effectively, in terms of Federal Government part funding, to address longer term State Government asset renewals/upgrades. Matter of most relevance for Council and the region, include new bridge urgently required over lake Mulwala, that is floundering in a position of non-planning, and the Albury Wodonga new single site Hospital project that is floundering in a state of under-funded proposed upgrades, that will likely not cater adequately for the current needs, let alone the future of a growing region with a catchment of 300,000 currently.



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Submission relevant to focus areas

- ***The financial sustainability and funding of Local Government***

As outlined in the introduction, one of the fairest, best and easiest ways for the Federal Government to address the financial sustainability of Councils is via increasing the Financial Assistance Grants back to 1% of the total tax take.

As an entirely separate matter, the NSW Government via the Grants Commission, also has to improve the transparency and methodology around the distribution to the Councils. There is also a valid argument for a redistribution away from the metropolitan Councils to the Regional and Rural Councils, who have far limited avenues for raising other revenues, than their metropolitan cousins and often far greater road lengths, required to serve major food producing areas.

Councils think it is only fair that the tax take be increased back to 1% considering the income that the Federal Government receives from the regions, for example grain production. Federation Council has one of the most productive grain growing areas in the state, refer to

<https://www.transport.nsw.gov.au/system/files/media/documents/2022/grain-harvest-management-scheme-report-2019-07-2020-06.pdf>

This 2019/20 harvest period shows this Council area as taking almost 16% (the most by a long way) of all NSW Councils in terms of delivery to participating grain receives, under the Grain Harvest Management Scheme. This of course is great for the economy, both locally, regionally and nationally, however it comes at a toll, when considering many of the roads were built in the 1960s to 1970s and were not designed for the product being transported now.

Councils now face huge challenges in managing the freight task with such a low-rate base, large area and assets, low Financial Assistance Grants, and the ad-hoc nature of Federal and State competitive road and bridge grants. Councils should not have to use their scarce internal resources to submit grants, competing against their neighbouring and other Councils. Instead, Federal and State Governments need to work together with National and State programs for bridges, heavy vehicle safety, blackspot and other funding, to ensure the projects can be delivered.

Councils such as Federation and the 10 other members, are part of one of the most successful joint organisations in the state, known as RAMJO. <https://www.ramjo.nsw.gov.au/>

The RAMJO footprint now extends from Albury to Wentworth (all along the Murray), and as far north as the Griffith, Leeton, and Narrandera Council areas, picking up the Murrumbidgee River areas also. RAMJO and its members have shown an ability and desire to work together to assist the State and Federal Government in this regard, so it's not a bun fight for funding. Yet too often the great strategic collaborative work goes unheralded and unfunded.

Refer to the Regional Freight Plan, for an example of how the Federal Government could work either with and through the states to the Councils, or direct to Councils and or RAMJO, to achieve strategic outcomes for industry for example.

<https://www.ramjo.nsw.gov.au/transport-connectivity/>



Submission to the Federal Government - House of Representatives Standing Committee on Regional Development, Infrastructure and Transport - Inquiry into Local Government Funding and Fiscal Sustainability - January 2026

Council is heartened by the recent increases to Roads to Recovery and also of the commitment to increase this over time to \$1 billion. Direct Federal to Local Government funding is the best way to ensure most of it hits the ground.

Council commissioned an Independent Review, see <https://www.federationcouncil.nsw.gov.au/Council/Our-Organisation/About-Federation-Council/Independent-Peer-Reviewed-Business-Case-Study-of-Federation-Council-University-of-Newcastle/Independent-Review-Report-Recommendations-Update>

This review conducted by a world leading professor who is an expert into Local Government financial matters, was also peer reviewed by two independent expert professors, provide empirically that Council (like all rural and regional Councils) face significant financial challenges.

The recommendations adopted by Council and that have commenced action via letters, that are considered most relevant to this area of the Government review are -

16. Council should consider writing to the Minister for Local Government requesting his assistance in investigating whether the post-amalgamation protections to general component grants were indeed respected. Indeed, it might also be reasonable to write to the Treasurer of the Commonwealth Government, who is ultimately responsible under the Act (1995, CTH).
17. In separate correspondence, Council should consider writing to the Minister for Local Government to ask him for an extension of protections on general component Financial Assistance Grants (FAGs) into perpetuity. Reference should be made to the clearly skewed data and its effect on the FAG allocations.
18. In further correspondence, Council might ask the Minister for Local Government to investigate how current road grant allocations accord with the horizontal fiscal equalisation (HFE) principles in the Act (1995, CTH). Attention should be drawn to the fact that heavy grain trucks and farm equipment do far more damage to roads than light vehicles and motorcycles. Specific inquiries should be made to clarify whether this fact is indeed being sufficiently taken into account by the NSW Local Government Grants Commission.

Council has also made a submission to the State Government regarding financial sustainability, as part of their review into this issue. See below.

<https://www.parliament.nsw.gov.au/lcdocs/submissions/85501/0069%20Federation%20Council.pdf>

See further issues impacting on the Financial Sustainability of Local Government in the next area, regarding cost shifting.

- ***The changing infrastructure and service delivery obligations of Local Government***

The most recent cost shifting report on cost shifting by the NSW State Government onto Local Government, either directly or indirectly via new legislation (such as creating the NSW Planning Portal), highlights some of the significant issues with the changing nature of Local Government.

https://lgnsw.org.au/common/Uploaded%20files/Cost_Shifting/Cost_Shifting_Report_2025.pdf

This report released in July 2025, showed in 2023-24, a total cost shift to Councils of \$1.5 billion, being the equivalent of more than \$490 per ratepayer annually.



Submission to the Federal Government - House of Representatives Standing Committee on Regional Development, Infrastructure and Transport - Inquiry into Local Government Funding and Fiscal Sustainability - January 2026

In addition to cost shifting, Councils in regional and particularly rural and remote areas, have had to pick up the slack of withdrawal of State and Federal services, in the areas for example of health. Councils including Federation subsidise General Practices and dwellings, to ensure their communities can continue to be places where people want to live and to ensure people working in these areas, eg for food production for the nation, can have access to basic essential services like health.

- **Other relevant issues**

The Federal Government can greatly assist Councils, and by direct impact, therefore their many communities and the Federal Government constituents by being far more aligned and strategic, and properly funding other organisations such as the Primary Health Networks, the National Emergency Agency, and the Regional Development Australia agencies as examples.

Time and time again Councils hear of the bickering that occurs between staff from Federal and State agencies, including in relation to delivery of Murray Darling Basin offset projects, that therefore hinders the success of any.

It's time the Federal Government genuinely partnered with (not just engaged/consulted), Local Government to ensure any in-efficiencies caused by the involvement of State Governments, can be eliminated where legally possible.

A more adequately funded Primary Health Network, linked to those Councils who are already in the business of General Practitioner support, would realise great outcomes. At the moment there is no real connect between the Councils and the PHNs other than their great staff, but not in terms of meaningful funded programs. This in turn leads to the question of why the Federal Government Health Infrastructure funding for projects, stopped. There were some great examples of capital projects funded under this. I was at Lachlan Shire in around 2012 when we received a \$500,000 grant to assist in constructing a new much needed Medical Centre.

Similarly former Corowa and then the current Federation Council have benefited under previous rounds of Regional Development (not the actual name) funding, that allowed a 16-lot subdivision to occur at Howlong NSW, and prior to that, a 32-lot subdivision at Mulwala, to create business land for jobs and growth.

Council was recently unsuccessful under the rebadged Federal regional precincts grant program for a significant (\$12 million) water and sewer expansion project at Mulwala. Mulwala is home to a major munitions production plant owned by the Federal Government Defence Department. Council encourages the Federal Government to fund actual core infra-structure like this project, with assistance to replace major water and sewer treatment plants, and the enabling trunk infrastructure to continue to ensure these regions can pay their part in the housing shortage crisis.

Whilst not directly related, it would be considered negligent not to mention the declining disastrous situation with digital connectivity in the regional and rural areas. Phone coverage for example has deteriorated and not improved, and for a country like Australia that has mostly flat land, surely the Federal Government should develop a strategic whole of nation approach to mobile phone coverage for example, separate to the issue of broader digital connectivity. The current situation of letting Councils, the States, the telco providers all scramble for towers and projects, that often when erected, do not often have the telco provider that people are using the most, has to stop.



Submission to the Federal Government - House of Representatives Standing Committee on Regional Development, Infrastructure and Transport - Inquiry into Local Government Funding and Fiscal Sustainability - January 2026

In summary a continued increase to the Financial Assistance grants, as well as re-starting or strengthening existing grant programs, to strategically aligned projects, and on a non-competitive (say per Council per capita) basis. This should be for core projects such as roads, bridges, water and sewer, and flood mitigation, before any nice to have community type projects.

Council thanks the Committee for taking into account this submission and welcome the opportunity to have any further participation if invited.

Considering this original inquiry was commenced some years ago, and note it has re-opened, Council urges the inquiry to make a timely finalisation of the report, to ensure Councils can then focus on lobbying the Federal Government for implementation of agreed recommendations.