



6 February 2026

Committee Secretary

House of Representatives Standing Committee on Regional Development, Infrastructure and Transport

PO Box 6021, Parliament House

Canberra ACT 2600

Via email: rdit.reps@aph.gov.au

Dear Committee Chair,

Strathbogie Shire Council – Submission to the Inquiry into Local Government Funding and Fiscal Sustainability

I am writing to you with our submission; we submit the attached document to support the Inquiry into Local Government Funding and Fiscal Sustainability. We note the submission is slightly delayed due to the significant impact of the Longwood Berry's Lane Fire, which began on 7 January 2026 and is now transitioning from response to recovery.

Strathbogie Shire Council is a small rural municipality in Victoria with a limited rate base and modest administrative capacity. Located approximately two hours north of Melbourne and bordering seven Victorian councils, Strathbogie covers 3,303 sq km, has a population of just over 11,500 (2021 census), and maintains more than 2,200 km of road network.

The Shire has a high proportion of primary production properties and is recognised for its equine and wine industries, natural landscapes, local produce, and heritage. It is also a popular visitor destination, particularly the towns of Nagambie and Euroa, along with numerous events, markets, and venues. Tourism accounts for 4.3% of local economic activity around 50% higher than the national share of 2.9%.

One of the most significant challenges is the mismatch between the substantial value of community and infrastructure assets that councils manage and maintain, and the comparatively limited revenue they generate or receive to support these responsibilities.

A major issue that Council can see with Local Government Funding and Fiscal Sustainability, is that there is a low level of untied funding provided to local government by either the Federal or State Governments (with the Financial Assistance Grants being the only example), despite the large range of services, community facilities, recreation facilities and transport assets that are provided for the direct community of Council, as well as the broader Australian and Victorian community who also assess and use Council's assets and facilities – but without there being a direct financial contribution by non-property owners or residents to these services and assets. Increasing untied grants would assist with this, as many services and facilities used by visitors and tourists are traditionally free, or are difficult to transition to a user pays model.

An alternative and potentially more relevant way to consider fiscal sustainability is through the lens of service sustainability that is, whether a Council can continue to deliver the services and maintain the assets that its community relies upon both now and into the future. While a Council



may remain financially viable by reducing maintenance and allowing asset conditions to deteriorate, this approach inevitably means scaling back the range, scope, and quality of services. Such reductions create inequities benefiting some while disadvantaging others and risk removing essential services from those who depend on them most. This challenge is particularly acute in rural areas, where Councils often act as the provider of last resort for their communities.

Council requests that the Commonwealth Government progressively increase the Financial Assistance Grants funding pool at a rate above population growth and indexation, allowing it to return to its original level of around 1% of Commonwealth tax revenue. This compares with the reduced 0.51% share reflected in the 2024/25 and 2025/26 Budgets, which was further impacted by the three-year indexation pause from 2014 -15.

One of the issues that is very stark, is the financial value of community and infrastructure assets controlled and maintained by Councils to deliver services, value and benefits to its direct community and other visitors and users, compared to the level of revenue that Council generates or receives.

As can be seen in the table below, from published information as at 30 June 2024, Victorian Councils have an Fixed / Non-Financial Asset to Revenue ratio of 10.3:1 (which is similar to Strathbogie Council's at 11:1), the Victorian Government has a Fixed / Non-Financial Asset to Revenue ratio of 2.97:1, and the Commonwealth Government is showing a Fixed / Non-Financial Asset to Revenue ratio of 0.41:1.

Table 1: Comparison of Fixed/Non-Financial Assets to Revenue

Entity	Victorian Councils	State of Victoria	Commonwealth of Australia
Revenue (\$B)	\$13.5	\$93.06	\$727.6
Fixed / Non-Financial Assets (\$B)	\$139.8	\$276.5	\$300.5
Ratio	10.3	2.97	0.41
Total Assets (\$B)	\$150.2	\$421.6	\$989.0
% of Fixed / Non-Financial Assets	93%	65.6%	30.4%
Source	<i>VAGO report – Results of 2023-24 Audits – Local Government - 5 April 2025</i>	<i>State Government Finance Report 2023-24 – 22 October 2024</i>	<i>Commonwealth Government consolidated financial statements for the year ended 30 June 2024 – December 2024</i>

Without more untied funding, Councils will struggle to fully maintain or renew or replace all of its existing Asset Base, especially when considering changing design and service standards for replacement assets, the cost of renewing and replacing existing assets is more expenditure than the initial build cost.

All Councils will also be part of the solution to the growing population planned in Australia, which is the outcome and result of policy settings and plans of the Commonwealth and State Governments. For Strathbogie, there is estimated population growth of close to 2% per year, for a forecast population of 15,000 by 2036. Increasing the size of the Financial Assistance Grant pool is a sensible way to be able to contribute to the additional needs and services required



within each municipal area for this growing community, that flows from decisions of other layers of Government.

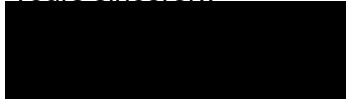
All Councils will also play a critical role in supporting Australia's planned population growth, which is driven by Commonwealth and State policy settings. Strathbogie Shire, for example, is forecast to grow by nearly 2% per year, reaching approximately 15,000 residents by 2036.

Expanding the Financial Assistance Grant pool is a practical and equitable way to help Councils meet the increased service and infrastructure demands that arise from decisions made by other tiers of government.

Without increased untied funding, Councils will continue to face significant challenges in fully maintaining, renewing, or replacing their existing asset base. The cost of renewing or replacing assets now also exceeds the original construction cost, further widening the funding gap.

Thank you to the Committee for Regional Development, Infrastructure and Transport for seeking direct input from Australian local government sector, and for recognising the essential role Councils play in supporting their community and continued service provision.

Yours sincerely,



Rachelle Quattrocchi
Chief Executive Officer
Strathbogie Shire Council