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12 February 2026

The Hon. Fiona Phillips MP
Chair House of Representatives Standing Committee on Regional
Development, Infrastructure and Transport

**Subject: Submission to the Inquiry into Local Government
Funding and Fiscal Sustainability**

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Dear Mrs Phillips

Forbes Shire Council welcomes the opportunity to make a submission to the Standing Committee's inquiry into Local Government Funding and Fiscal Sustainability.

Please see Forbes Shire Council's responses to the Terms of Reference of the inquiry below:

1. Interactions between Governments

- i. **Assess the nature and scale of Australian, state and territory government funding provided to local government, both directly and through Commonwealth-state agreements.**
- ii. **Examine the legislative and policy frameworks underpinning Commonwealth financial support to local government.**

Forbes Shire Council, as with other rural councils, maintains an extensive land area of 4,720m km², with 1,850km of roads and a population of approximately 10,000. Council is the most visible level of government for the residents of the shire and is responsible for both a considerable infrastructure network and also for plugging the gaps in services for our community resulting from the centralisation of services/population around the Sydney basin.

In the 2024/25 financial year Forbes Shire Council received a notional allocation of \$7.79m of Finance Assistance Grants (FAGs), spread over two years, due to prepayments and rates revenue totalling \$8.89m. These are Council's main two sources of unrestricted funds, with the majority of other revenue sources tied to particular services/outputs, including block grants for the Regional Road Network (approx. \$1.1m per annum) and R2R funding for local roads (\$2.1m per annum) just to name two other major revenue line items.

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Although the scale of current state and territory funding maybe adequate for city councils who have a significant rate base and adequate own source revenue, this is not the case for rural councils.

Rural NSW is not Sydney, and Rural Victoria is not Melbourne. We do not have the population density to fund the level of service that would be expected in a state capital, nor do we have the population density to ensure that our services can all be delivered on a cost recovery basis.

Rural councils also lack other income streams that are available in the metro areas such as car parking or the leasing out of Council owned property. The reverse of this is true. Forbes Shire Council loses roughly \$500k per annum just to subsidise the running of its swimming pool and also subsidises medical accommodation and medical services which are not the core responsibility of Council. These are just two examples of service gaps Forbes Shire Council is trying to fill. In addition, Council faces cost shifting of in excess of \$1m per annum, with the library and Rural Fire Service contributions alone costing \$300k and \$525k respectively per annum.

Forbes, as with a majority of rural councils, has reported net operating losses before capital grants in nearly all of the last 9 years with only the two years post the 2016 floods and the 2022/23 financial year, where Council earned over \$6.5m in property sales, being an exception. This is the norm, not the exception, in rural councils and is unsustainable.

It is painfully obvious that the Federal Government recognises there is a problem with fiscal sustainability in the local government sector, as evidenced by the advanced payment of the FAGs to councils in recent years.

Multiple submissions to the NSW Parliament's Inquiry into the Ability of Local Governments to Fund Infrastructure and Services (2024 - 2025) have identified solutions to the problems of local government financial sustainability, including: raising the FAGs to 1% of commonwealth taxation revenue; critically reviewing rate pegging and cost shifting; making changes to the payment structure of grant funding and addressing the excessive administrative burden faced by local government within all dealings with other levels of government. Many of these suggestions also form the basis of Council's submission as detailed below.

2. Identification of All Funding Sources

i. Identify and map all sources of funding received by local government from the Australian Government and state/territory governments, including:

a) Untied grants (e.g., Financial Assistance Grants).

Grants play a pivotal role in bridging the funding gap for local government, offering essential financial support to sustain operations and deliver crucial services to residents. With the existing financial constraints, councils find themselves increasingly reliant on external funding sources to sustain essential services and infrastructure projects.

When discussing untied grants within a local government context, the overwhelming majority of Council's untied grants comprise the FAGs which are crucial to the financial viability of the local government sector.

Rural councils such as Forbes Shire Council are heavily reliant on the Financial Assistance Grants with FAGs revenue generally forming 16% of Council's General Fund revenue (excluding capital grants and disposal of assets).

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The federal budget allocation for FAGs is currently sitting at around 0.55% of commonwealth tax revenue, which is a significant decrease from the 1% of commonwealth tax revenue recorded in 1996. This relative and significant reduction in Financial Assistance Grants over time seriously impacts the financial viability of smaller rural councils who are highly reliant on grant funding for their financial survival. With rates capped by rate pegging, ongoing cost shifting, higher than inflation cost increases and increased administrative burden, all rural councils are going backwards.

The inadequacy of the current FAGs allocations to councils is clearly evident from the fact that these grants have been brought forward on multiple occasions to cover the financial reality of a local government sector where a large portion of councils face significant financial difficulties leading to service reduction and declining community confidence in councils. The prepayment of the FAGs is therefore a clear admission of the failure of the current funding system by both the Federal and State Government.

Recommendation:

The increase in Roads to Recovery funding was essential to ensure that communities have access to safer, well-maintained roads. Similar treatment should be made to the Financial Assistance Grants provided under the Local Government (Financial Assistance) Act 1995. It is therefore recommended that the FAGs be increased to 1% of Commonwealth Tax revenue.

b) Tied/specific-purpose grants and project-based programs, co-contribution requirements and competitive grant processes.

With the straitjacket of rate pegging and reduced FAGs, all rural councils are highly reliant on tied/specific purpose grant funding to ensure their financial survival. Tied grant programs although essential for the survival of the sector come with a multitude of challenges which are addressed below.

- **Administrative burden of competitive grants:**

Competitive grant programs increasingly require detailed project plans, detailed cost benefit analysis work, and multiple supporting documents that take weeks to prepare. All of this work must be done for every application, nearly all of which have different reporting/application requirements. Rural councils are often unsuccessful in their applications due to success often hinging on the ability to produce highly sophisticated applications, meaning smaller rural councils who lack staff expend significant resources competing for a limited pool of grants and are often unable to compete with their well-resourced city counterparts.

- **Program categories often define funding decisions as opposed to local needs**

Tied grants generally have narrow program categories, and councils are often left looking for specific projects that meet the needs of the funding bodies, as opposed to the needs of the local community.

Forbes Shire Council has recently been through a particular grant program, where the community's number one priority was declined due to a technicality in the funding requirements and Council was forced to pivot to a much lower priority project in order to be eligible for funding.

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This is a poor allocation of funding which leaves both the funding party and the applying council (and their community) worse off.

- **Co-contributions:**

Council understands that the Federal and State governments are also facing financial pressures and co-contributions from local government assists in subsidising grant programs that would otherwise not have sufficient funding to operate. However, allowances do need to be made for projects from smaller rural councils that have a small rate base and are therefore unable to compete with city councils due to the co-contribution requirements, despite having a higher need for grant funding.

- **Local Democracy and devolving decision making to the level closest to the people:**

Local Government is the level of government closest to the people and increasing funding, particularly through untied grants, is vital for empowering local government to effectively address their community's diverse needs. Untied grants offer flexibility and enable councils to allocate resources based on local priorities rather than specific project requirements. This agility allows prompt responses to emerging challenges, fostering innovation and tailored solutions benefiting the community. In contrast, competitive grant processes are generally decided by bureaucrats far away from the coal face who do not have an understanding of the local conditions and needs of the community.

- **Population served requirements of certain grant programs disadvantage rural councils:**

Many grant programs prioritise the number of people supported (such as those focused on housing or sporting infrastructure) tend to disadvantage small communities. Due to their lower population base, smaller towns cannot compete with larger regional centres on volume-based assessment criteria.

- **Preliminary planning works:**

Council is required to undertake significant preliminary work, including detailed designs, technical assessments, regulatory approvals and community consultation prior to lodging a grant application. These activities must be fully funded upfront by Council, drawing on limited operational budgets and staff resources. While essential for ensuring project readiness, this pre-investment represents a substantial financial commitment for a rural council and underscores the importance of external funding to enable project delivery.

- **Milestone payments:**

As mentioned in other responses in this submission, milestone payments are typically released only after Council has demonstrated that expenditure has already been incurred.

When combined with frequent delays in the assessment and processing of milestone reports, Council is increasingly required to fund project costs upfront to keep works progressing.

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This practice places significant strain on Council's budget, as substantial funds must be advanced before the next instalment is received.

On a positive note, a great example of a successful Federal Government Grant program to be emulated (which addresses most of the concerns above) is the Roads to Recovery (R2R) program. Grant funding is allocated by a clearly measurable input (road length) while expenditure is decided by Council based on set rules and outcomes which allows local democracy, as well as funding allocation decisions to be made at the coal face by the people who understand their local area. This program operates without excessive red tape, while at the same time the reporting structure controls expenditure to its legislated purpose. R2R is the "half way house" model between tied and untied grants that ensures the Federal (or State) Government maintains overall direction of spending priorities while allowing local government to efficiently allocate funds to priority projects as they see fit.

Recommendations:

1. *That the Roads to Recovery model be adopted as the gold standard for all future federal tied grants – the federal government sets the funding direction, and local government has control on how the funding bucket for their council is allocated;*
2. *That the grant process be streamlined and standardised and that co-contribution and excessive administrative requirements be reduced for rural councils.*

c) Revenue sharing arrangements (e.g., stamp duty, rates capping subsidies, GST-related disbursements where applicable).

Forbes Shire Council has no comments in relation to this item.

d) Emergency, disaster recovery and resilience funding.

The current disaster recovery funding program DRFA is essential for the financial survival of disaster affected councils in rural areas and must continue. However, it should be noted that the impact of natural disasters on rural councils is far greater than that of metro councils and rural councils, who have fewer staffing resources, and smaller cash buffers, are often subject to payment delays and excessive administrative burden that could be avoided with changes to the system.

Payment delays:

Although the majority of the flood damage delays have now been rectified by the implementation of the Tripartite Agreement, flood affected councils in rural NSW have had to jump through multiple hoops to ensure that this is the case. Council is often subject to milestone reporting for grants and many smaller rural councils struggle to fund the timing delay between expenditure on flood damage and other grant projects and reimbursement post the long audit/reporting period and payment approval.

Forbes Shire Council, has at times, faced payment backlogs across multiple grant programs (mostly flood damage) well in excess of \$8m, which has pushed Council to the brink financially on many occasions.

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Recommendation:

A simple recommendation to address this issue would be to ensure that grant payments are front loaded in order to smooth over cashflow shortfalls faced by councils. We believe that the Tripartite Agreement has gone a long way to address this, and similar front loading of grant payments should be implemented for all federal grant programs.

Administrative Burden:

Council has also faced significant administrative hoops in multiple grant projects. In relation to flood damage, Council was forced to spend months disputing reconciliations of minor items which delayed payments. Other administrative burdens are dealt with in other parts of this submission.

Unlike other levels of government, Council as the lowest level of government is often unable to face its community and say “sorry we can’t fix your unpassable road” due to Council needing to complete excessive paperwork that takes forever to be reviewed, or due to cashflow concerns from not being paid on time. This puts councillors and council staff in the difficult position of having to react to the community’s needs with the chance of monies expended not being reimbursed. Trust needs to be built into the system and as mentioned in the recommendation above, all grants should ensure rural councils are not out of pocket at the start and that administrative hoops don’t delay payments for works already completed.

The concept of Betterment:

Historically flood repair has always been replacement of “like for like” which has resulted in the preposterous situation of Council being funded to repair a spot in the road network (at the cost of the State and Federal Government) only for the same spot to be washed out 3 years later and once again repaired “like for like”.

Post the 2022 floods the State Government introduced several betterment grant funding programs (Regional Emergency Road Repair Fund and the Regional Transport Resilience Fund) which has allowed Council to carry out betterment on sections of the road network that were unpassable for weeks post floods and cost hundreds and thousands of dollars to repair after every natural disaster (roughly every five years for Forbes).

With Australia facing an increasing number of climatic disasters, infrastructure resilience and betterment needs to be prioritised.

Recommendation:

That the Federal and State Governments implement permanent climate resilience grant programs as part of the DRFA agreements that allow disaster affected councils to direct funding to betterment thus reducing the long term cost of disaster funding.

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e) One-off or ad hoc funding streams.

Council's commentary on one-off or ad hoc funding streams is mostly addressed in the tied/specific grants section above.

Over the last 6 years both the federal and state government have allocated significant amounts of funding to local government through programs such as the Stronger Country Communities and the LRCI program. Although assisting in the beautification of many rural towns, these grants will impact on the future maintenance requirements of all rural councils, with each new facility built under these grants requiring increased maintenance and renewal spend by councils that are often not considered by the funding body at time of application. This would not be a problem if rate pegging did not restrict our finances.

Recommendation:

That the Federal and State Government Grant funding decisions should therefore prioritise future infrastructure renewals and/or betterment as opposed to grants that target new assets that will increase councils long term asset life cycle cost. A great example of this at the federal level is the near doubling in R2R funding allocations which will help to significantly address the slow decline in the condition of the local road network.

ii. Examine local government own-source revenue (such as rates, fees, charges and commercial activities).

In a rural context, any examination of local government own-source revenue will naturally revolve around the impact of rate pegging, a system that severely limits Council's ability to raise funds.

Rate pegging:

The increase in costs borne by local government is a product of both the increase in the underlying **cost of services** provided and the change in **service scope**. The cost of services provided by Council has increased significantly in recent years, with the rate peg and CPI numbers increasingly diverging (see table below). The use of CPI as a measure of cost increase is also not representative in a rural setting as the majority of expenditure for rural councils is on road construction and maintenance, with the Producer Price Index (PPI – 3101 Road and Bridges NSW) for roads and bridges tracking higher than CPI (and therefore significantly higher than the rate peg).

Table: rate peg vs CPI

Year	Rate Peg %	Rate peg base = 100	CPI	CPI base = 100	PPI base = 120.9 reset to 100
2021	2.60%	102.60	3.80%	103.80	102.89
2022	2.00%	104.65	6.10%	110.13	110.81
2023	0.70%	105.38	6.00%	116.74	117.36
2024	3.80%	109.39	3.80%	121.18	123.66
2025	4.50%	114.31	2.10%	123.72	126.89

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As can be seen from the table above, the cost of council services (assuming a constant level of service) has risen 24% over the last 5 years as opposed to 14% for the rate peg. This reduction in real income has been compounded by the 3 year pause in the FAGs grants which also cost Council a 13% permanent reduction in the real value of these grants. Cost increases incurred by rural councils are even higher than the above indices would indicate, as rural councils have in recent years faced additional costs to their metro counterparts due to the inability to source staff/contractors and increased transport costs for materials.

The social and economic impacts of the rate peg for councils in rural NSW is a slow worsening of the condition of council controlled infrastructure – more potholes, more road deaths, worsening facilities, a reduction in the levels of service, reduced liveability of rural communities and a reduction in available cash for councils to use as a buffer to meet future challenges such as climate change.

Due to the funding squeeze from rate pegging, cost shifting and other revenue risks also mentioned in this submission, roads and parks suffer and the only way forward for most rural councils is an SRV which only buys time before cost increases, increased red tape, cost shifting and the lack of economies of scale mean once again rural councils are back where they started. The number of SRVs (178 over ten years as at 2022) shows that the current system is broken.

Rural areas are not subject to the same economies of scale as the cities and SRVs have a significant impact on the affordability of rural areas, exacerbating the squeeze on our communities who are already suffering from centralisation of services and higher costs that rural residents are generally forced to pay for the same services.

Multiple solutions have already been suggested in the LGNSW Submission to the IPART Review of the Rate Peg Methodology, including but not limited to:

- Abolishing rate pegging;
- Using the rate peg as a non-binding reference peg;
- Allowing councils to exceed the peg by a determined margin without an SRV;
- The option for councils (particularly city councils with high density dwellings) to introduce ICV as the basis of their rating structure.

The adoption of any of these suggestions would go a long way to address the financial challenges faced by rural councils and Local Government is unable to comprehend why the State Government is unwilling to implement such simple (cost free to the state) solutions to save our rural communities.

Recommendations:

1. That the Federal Government lobby state governments to either:

- i. abolish rate pegging all together;*
- ii. use the rate peg as non-binding reference peg; or*
- iii. allow councils who have implemented IP&R to increase rates by a figure a certain percentage above the rate peg without having to pursue an SRV. This would empower local democracy and put the future of local communities in their hands, all at zero cost to the state government;*

2. Consider the adoption of Improved Capital Value (ICV) as an option for councils to use in their rating structure.

Separate note on the rate peg: It should be noted that the 2023 rate peg was a clear example of why the system as it stands does not work. The rate peg was set at 0.7% at a time when inflation during the year was at 7.8% (more than 11 times the rate peg) and all councils that wished to adjust their rates were forced to jump through multiple administrative hoops (a mini SRV in effect) just to move the peg amount to 2.5% in the case of FSC. From the vantage point of struggling rural councils, this was a farcical face-saving exercise aimed to protect a system that is obviously broken to all but the State Government and once again placed an unfair administrative burden on small rural councils.

iii. Impacts and Effectiveness

i. Evaluate how funding arrangements, including indexation freezing, influence the financial sustainability, service delivery capacity and infrastructure investment of local governments.

Another major influence on the financial sustainability of local government is indexation freezing/purposefully lower than CPI/increase in costs indexation of grants such as the pause in indexation of the FAGs, Block Grants and even the rate peg. Indexation freezes represent a death by 1000 cuts to local government, with the 3 year pause in the FAGs for example, representing a 13% permanent reduction in the real value of these grants, which is particularly hard on rural councils where FAGs make up a large sum of their total revenue.

Another example of indexation pause was the Regional Roads Block Grants which were paused for several years despite significant inflation during this period.

The general trend for all grants (and rate pegging) has been to slowly starve local government of funding through below inflation increases in revenue. This cannot continue if the federal and state governments want to ensure population growth (or at minimum stability) in the regions.

Recommendation:

That the Federal Government recognise the impact of the pausing of indexation of the FAGs, and provide a one off catch up for local government as an interim measure to increasing FAGs to 1% of Commonwealth Tax revenue.

ii. Consider whether existing funding mechanisms are addressing the evolving responsibilities of local governments.

With the notable exclusion of R2R funding, other funding mechanisms have not kept up with Council's increased cost base, or the evolving responsibilities of Local Government. State and Federal governments have been passing functions down to the local level for years with no requisite funding to assist local government with the provision of the function.

Cost shifting has been addressed by multiple submissions to this and many other inquiries and it is clear that the existing funding mechanisms are not able to address the increase in costs being passed on to the sector. Forbes Shire Council is subject to the following examples of explicit cost shifting. Estimates for the 2024 financial year are provided in the table below:

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Example of cost shifting	Amount (per annum)
Contribution to Fire and Rescue	\$30,000
Contribution to RFS	\$550,000
Contribution to SES	\$18,000
Pensioner Rates rebate	\$128,000
Public Library Operations	\$330,000
Road Safety	\$30,000
Noxious Weeds (expenditure less grant)	\$50,000
Animal control	\$10,00
Increase in audit fees – Audit Office	\$50,000
Total (major items only)	\$1,166,000

Rural councils are unable to continue to fund these cost shifts into the future without seriously impacting their financial position. A recommendation to address this issue would be for the state and federal governments to take cost shifting seriously and explore other methods of funding these essential services.

The removal of over \$1m per annum of cost shifting for small rural councils like Forbes Shire Council would go a long way to ensuring long term financial sustainability. Another reason for increased service scope creep in rural councils is the indirect cost shifting when council has to fill the gap left by service hollowing out in rural areas. In smaller rural towns Council is often “the only game in town” and when for example, a town is unable to attract doctors, Council is forced to spend its own source funds on doctors’ accommodation, nurse subsidies, or other unofficial support to ensure that the community is not left stranded without medical services.

This is one of many examples of rural councils having no choice but to step outside their remit to ensure that critical community services are maintained. Councillors have no choice in these cases but to allocate funds to these services. For example, at Forbes Shire Council, we are currently spending significant funds on the provision of accommodation for doctors, nurses and other essential workers as well as provision of a facility for a bulk billing health care provider. We know this is sending us backwards financially, but we have no options as without medical services we have no future as a town.

Economies of scale impacting the profitability of services and as mentioned in multiple submissions to this inquiry, rural councils manage a significant infrastructure network over a large area with a small population base. This means that services like pools, sporting facilities etc. do not have the patronage that would be required to make these facilities to operate at break-even, let alone profitably.

A prime example of this for Forbes Shire Council is our swimming pool which costs Council approximately \$500k per annum to run, a situation that is repeated over multiple council facilities. We also lack other income streams that are available in the metro areas such as car parking or the leasing out of Council owned property. This lack of other income streams and increasing costs put rural councils at a distinct disadvantage.

Recommendation:

That the Federal and State Governments prioritise current and new grant programs towards rural councils that do not have the population base or economies of scale to earn own source revenue

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iii. Identify barriers to infrastructure service delivery, including trends in attracting and retaining a skilled workforce, impediments to security for local government workers and impacts of labour hire practices.

Rural councils due to smaller population bases, funding constraints, and distance from major centres and lack of economies of scale face significant barriers to infrastructure and service delivery. Barriers include but are not limited to:

1. Difficulties attracting and retaining staff:

Rural councils struggle to attract and retain staff, especially highly skilled staff such as town planners, engineers, and trades. There are multiple reasons for this including but not limited to:

- a) Reduced pool of local potential candidates;
- b) Reduced ability to provide competitive salaries as a result of financial pressures;
- c) Distance from major population centres means that many professionals are unwilling to make the jump into rural areas;
- d) Difficulties in accessing health, education and recreational facilities for potential staff also acts as a deterrent, as does a limited jobs market for partners;
- e) Reduced access to professionals in a similar field meaning that local and on the job training opportunities are much lower than those that are available in urban areas;
- f) Lack of accommodation facilities for potential staff wishing to relocate.

2. Contractor availability and higher contractor prices

Due to a lack of economies of scale and distances, many private contractors hesitate to quote in rural areas and if they do there is often a price premium placed on services in rural areas. Limited contractor competition means local government pays more and delivers less. This is a difficult problem to address.

Recruitment issues could be addressed by implementing relocation or housing grants for skilled professionals wishing to move to the regions, as well as taxation incentives for owner/occupiers relating to rural locations. Such schemes would not only increase the supply of skilled workers in rural areas but would also help to take pressure of housing within the Sydney basin thus reducing serious problems of housing affordability in all capital cities.

iv. Explore opportunities to improve productivity and coordination of local government.

Productivity in local government, at least within the NSW context, is hampered by the non-standardised and decentralised nature of reporting to multiple government departments and other entities.

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The greatest opportunities for productivity improvement are therefore around standardisation of systems, centralisation of certain tasks/reporting, and the removal of excessive red tape and onerous reporting requirements.

1. Standardisation of reporting and centralisation of systems

Councils are required to prepare multiple grant applications, reports, returns, and documents across multiple systems and to both levels of government. Standardisation of this reporting would save thousands of hours of staff time and lead to staff within the sector being highly skilled across a far narrower range of systems resulting in increased transferability of skills and improved efficiency. Examples of potential improvements include:

- a) The removal of excessive reporting requirements around grant applications and acquittals (discussed above) and standardisation of grant applications, reports and systems across both levels of government e.g. smartygrants for grant applications;
- b) The joint tendering/provision of IT systems for HR/Finance/Planning etc for the whole LG sector on a sector wide basis could achieve huge cost savings and the development of LG specific software that could be applied across the whole sector, leading to economies of scale, reduced costs and transferrable skills across staff in the sector;
- c) Development of industry specific tools by government could also assist in standardisation. A classic example of this is the development of legislative compliance registers. There are 128 councils with the same requirements across the state of NSW and each council is left alone to solve issues that could be managed centrally by an OLG developed legislative compliance register. This would also allow for significant cost savings and smaller councils being able to piggy back off State Government expertise to fill gaps in local knowledge.

2. Reduction of excessive red tape

Council staff are consumed by red tape and countless hours are spent in effect “filling in forms” with little value add. Examples of this include:

- a) Competitive grant applications requiring multiple page submissions and countless supporting documentation;
- b) Reporting relating to the Modern Slavery Act where councils have no real way of knowing what is happening in their supply chains, as well as no control or influence over these supply chains, but are none the less forced to waste valuable resources and time reporting on what can only be seen as a cynical attempt to appear to be doing something, while actually achieving nothing;
- c) Capital Expenditure Reviews for certain projects over \$1m (OLG requirement) which are highly time consuming and add little value to the project management process;
- d) Rate pegging and the SRV process - Extra red tape around rate pegging including the SRV process and the ridiculous “mini SRV” hoop councils were forced to jump through to justify why they should have a higher than 0.7% rate peg in the year when inflation was running at over 7% – details can be found in 2.ii above.

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As mentioned in other submissions, councils are required to provide increased back-office functions to meet the state and federal government's regulatory burden, which forces increased costs on councils that are already struggling to remain solvent.

To put bureaucratic red tape in perspective Forbes Shire Council's 1990 Annual Report which was a double sided 1 page document (i.e. 2 pages including the financials) while the 2025 version of the same report (including financials) was 190 pages long (including 5 pages on Modern Slavery Act reporting alone).

Ironically, the 2-page version of the Annual Report was much more likely to be read by the community, meaning increased reporting requirements have in effect failed to achieve their dual outcome of ensuring transparency and informing the community.

In closing, although many reporting requirements (such as IP&R) are useful, all extra reporting/red tape requires extra back office resources which bleeds funding from front line services and infrastructure maintenance. Sometimes less is best.

3. Previous Inquiry

- i. **Consider evidence provided to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport of the 47th Parliament Inquiry into Local Government Sustainability.**

No response required.

4. Other relevant matters

Decentralisation and targeted infrastructure funding as a solution to the housing crisis:

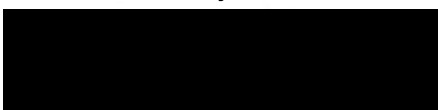
We live in one of the most sparsely populated countries in the world, yet Sydney house prices (along with other capital cities) are amongst the highest in the world, leading to a generation who will no longer be able to achieve the Australian dream of home ownership. Decentralisation and investment in rural Australia is a valid solution to the housing crisis, but this is not possible without improved infrastructure, and funding.

The State and Federal Governments need to fix the funding model and reinvest in rural areas in order to provide liveable communities that people from Sydney and the other state capitals will want to move to.

In conclusion, Council's face multiple financial headwinds and if the Federal Government wishes to see local government who are the main service provider for all of rural Australia thrive, there is one simple solution within its control – raise FAGs to 1% of Commonwealth Tax Revenue.

Forbes Shire Council welcomes the Federal Government retaining 99% of Commonwealth Taxation Revenue. All Local Government is seeking is 1%.

Yours faithfully



Stephen Dunshea
GENERAL MANAGER (Interim)