

ITEM A LORD MAYORAL MINUTE - FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT

Councils in NSW are underfunded due to the cumulative impact of rate caps not commensurate with the Consumer Price Index. The local government sector has limited opportunities for untied funding except through the Federal Government's Financial Assistance Grants and general rates. The value of Financial Assistance Grants as a percentage of Commonwealth taxation revenue has halved over the past thirty years.

There are two separate inquiries being undertaken by the NSW Government and Australian Government on local government sustainability.

The NSW Standing Committee on State Development is holding an inquiry into the ability of local governments to fund infrastructure and services. The inquiry aims to examine the level of income NSW councils require to adequately meet the needs of their communities and will consider the current levels of service delivery and financial sustainability in local government. It will examine if past rate pegs have matched increases in costs borne by local governments and the impact of cost shifting on service delivery and financial sustainability. Submissions close on 26 April 2024.

The Australian House of Representatives Standing Committee on Regional Development, Infrastructure and Transport inquiry is looking at funding of local government and the changing infrastructure and service delivery obligations of local government. Submissions close on 3 May 2024.

RECOMMENDATION

That Wollongong City Council prepare a submission to -

- a The NSW Standing Committee on State Development inquiry into the financial sustainability of local government to fund infrastructure and services given the significant financial challenges faced by local government in NSW, more specifically Wollongong City Council. The submission should note rate capping has eroded the ability of local government to meet the demands and expectations of their communities.
- b The Australian House of Representatives Standing Committee on Regional Development, Infrastructure and Transport inquiry on financial sustainability and funding of local government. The submission should emphasise the need to restore Financial Assistance Grants to at least one percent of Commonwealth taxation revenue in the light of the continual erosion of these grants.

ATTACHMENTS

There are no attachments for this report.