



the Southern City

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

Inquiry into a New Regional Development Funding Program

City of Mandurah submission

July 2008

Introduction

The City of Mandurah is pleased to provide a submission to the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government *Inquiry into a New Regional Development Funding Program*. It is understood that the Inquiry seeks to determine the most appropriate and cost-effective model for funding future regional community infrastructure projects.

The Australian Government previously announced that it intends to establish a *Regional and Local Community Infrastructure Fund* from 2009, to support major investments in local and regional community infrastructure initiatives. Following a consultation and design period to take place this year, a fully costed proposal will be submitted to the Australian Government for consideration in the 2009/10 Budget. The City understands that the *New Regional Development Funding Program* and the *Regional and Local Community Infrastructure Fund* are one and the same.

Comment

The new Australian Government has embarked upon a range of innovative infrastructure provision programs, including *Infrastructure Australia*, the *Building Australia Fund*, the *Better Regions Program*, the *Building Better Cities Program*, the *Regional and Local Community Infrastructure Fund*, the *Housing Affordability Fund*, and the new body to replace the previous Area Consultative Committee network, *Regional Development Australia*. The commencement of these new programs indicates that the Australian Government is committed to providing much needed community infrastructure across the nation.

In November 2006, in a study commissioned by the Australian Local Government Association, PricewaterhouseCoopers' released its *National Financial Sustainability Study of Local Government* report. The PWC study was given the task of assessing Local Government's viability, identifying issues affecting sustainability, developing recommendations to improve sustainability, and investigating potential reforms of inter-government funding. The report made a number of recommendations in the areas of internal reform and inter-government funding.

The PricewaterhouseCoopers report also revealed the existence of a **\$14.5 billion** backlog in Local Government infrastructure renewals nationally. To address this massive infrastructure shortfall, the PWC report recommended the introduction of a *Local Community Infrastructure Renewals Fund* (LCIRF), which would provide approximately \$250 million per annum for infrastructure renewal and replacement.

The report proposed that the LCIRF should be established to support councils in the timely funding of renewals work for existing community infrastructure such as community centres, aged care facilities, libraries, health clinics and sport and recreation facilities. This fund would be based on the existing Australian Government *Roads to Recovery* program, and would provide similar funding for general infrastructure renewal and replacement.

The City of Mandurah supported the implementation of an *LCIRF* to assist Councils with the timely funding of renewals work for existing community infrastructure, but also contended that an **additional** model should be established to assist Councils experiencing long term rapid growth with the provision of **new** infrastructure.

The City of Mandurah is one of Western Australia's fastest growing Local Government Areas, and over the longer term, one of the fastest growing regional areas in Australia. Mandurah is currently experiencing 5-year (2002-2007) average annual growth of **4.1%**, compared with the WA average of 1.8%, and national average of 1.4%.¹

Over the 30-year period 1978-2007, Mandurah's growth has averaged approximately 6.5% per annum. During this period, Mandurah's population has grown more than sixfold, from a town of about 10,000 to a city with a population in excess of 60,500.

The City of Mandurah contended that, for rapid-growth (2%+ per annum 5-year average annual population growth) and hyper-growth (5%+ average growth) Local Governments, the *LCIRF* model would provide only minimal benefit. This is primarily because the model was only proposed to fund the renewal and replacement of existing infrastructure assets, rather than the building of new infrastructure.

The City recommended that an additional *LCIRF* model, or sub-category, be established to assist rapid and hyper-growth Councils with the provision of new community infrastructure. The City recommended that eligibility parameters be established, primarily guided by historical growth trends being experienced by Councils i.e. based on 5-year average annual growth rates as determined by the Australian Bureau of Statistics.

The City's position remains that any new regional development funding program must allow for both the renewal and replacement of existing community infrastructure, **and** the provision of new community infrastructure. Scope exists to divide the new regional development funding program into two components:

- Fund 1 – provides regional community infrastructure funding for the renewal or replacement of existing community infrastructure; open to all Local Governments; approximately **\$250 million** per annum over 5-year minimum period
- Fund 2 – provides **additional** regional community infrastructure funding for the provision of new community infrastructure for rapid and hyper-growth Local Governments; determined by ABS Regional Population Growth data; eligibility requires the LGA's current 5-year average annual population growth rate to exceed 2%.

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¹ Australian Bureau of Statistics – *Regional Population Growth, Australia*; 31 March 2008