

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2014
Infrastructure and Regional Development

Question no.: 274

Program: 3.2 Local Government

Division/Agency: Local Government and Territories

Topic: Financial Assistance Grants Program – Advice before the Budget

Proof Hansard Pages: 15-18 (27 May 2014)

Senator Conroy, Stephen asked:

Senator CONROY: Did your department carry out any analysis of the impact on regional Australia before the budget?

Mr Mrdak: We provided advice in terms of the issues involved. We administer the financial assistance grants payments.

...

Senator CONROY: Are you indicating that you have or you have not done any analysis on the changes?

Mr Mrdak: We have done analysis based on what we understand if the funds are allocated on the existing basis by a state grants commission, but that may actually change depending on the allocation they make.

Senator CONROY: Is that analysis available to the committee?

Mr Mrdak: I would have to take that on notice. It was advice to the government. I will take that on notice.

...

Senator CONROY: ... You mentioned there was some analysis done. Is that available to the committee?

Mr Mrdak: I will take that on notice. We provided some analysis during the budget process to the government. I will have to take that on notice.

Answer:

Analysis completed by the Department was prepared in the context of the Government's Budget consideration and is not available as its release would impede the further provision of candid advice to government.

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Question no.: 275

Program: 3.2 Local Government

Division/Agency: Local Government and Territories

Topic: Indexation

Proof Hansard Page: 19 (27 May 2014)

Senator Conroy, Stephen asked:

Senator CONROY: ...

I want to put to you that after six years the annual cut to local government from this measure will exceed the entire annual Roads to Recovery funding. That is about \$350 million to local government. So after just six years that is more money taken off local governments than is being given back to local governments in the Roads to Recovery? That is just maths.

Mr Mrdak: I have not done that calculation but I am happy to go and do that.

Senator CONROY: I am sure you are not suggesting I am misleading you or that my maths is bad.

Mr Mrdak: I would not be suggesting that. We have not done the calculation on that basis but I am happy to go and look at that.

Senator CONROY: If you could take on notice to confirm that it is \$350 million after six years?

Mr Mrdak: I will take that on notice.

Senator CONROY: Every year after, forever, it will be more than \$350 million lost per year, if you could confirm that?

Mr Mrdak: I will take that on notice.

Answer:

Based on current assumptions about indexation rates to be applied from 2017-18, the Department can confirm that savings from the pause on indexation applied to the FAGs programme will slightly exceed \$350 million per year from 2020-21 (year 7).

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Question no.: 276

Program: 3.2 Local Government
Division/Agency: Local Government and Territories
Topic: Local Government Funding
Proof Hansard Page: 20 (27 May 2014)

Senator Lines, Sue asked:

Senator LINES: ... I am looking at a media release by the Australian Local Government Association. It is particularly concerned about the loss of this funding. As I understand it, two-thirds of that funding is untied to local councils and one-third goes to roads. Is that correct?

Mr Mrdak: All of the funding is untied. There is a notional allocation for local government roads program, but that has been, since the 1990s, effectively untied. The only tied money in roads is the Roads to Recovery program and black spots.

Senator LINES: Since about 1990 it has been a significant part of local government funding. They say in the media release that they use that funding for a range of things, but in particular for community services, services to youth, to the local community, to support local community grants and so on. I think, if I did not mishear, you said to Senator Conroy you had no idea what local governments put that money towards.

Mr Mrdak: The money would be applied to the whole range of activities they undertake, including the ones you have raised, roads, community services, health services, all of the functions a local government performs.

Senator LINES: You do not collect that information on what that funding is used for?

Mr Mrdak: We collect some information for the national report on local government, which we compile under the legislation. It does contain some details of expenditure. I am very happy to give you a copy of that report.

Senator LINES: Yes, that would be good.

Mr Mrdak: I think the last report is—

Ms Fleming: The last report tabled is 2010-11.

Mr Mrdak: We are currently doing 2011-12. We can give you a copy of that material which sets out where local government is expending the financial assistance grants, as best data we can ascertain.

Answer:

This report can be accessed on the Departments website at:
<http://www.regional.gov.au/local/publications/reports/index.aspx>.

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Question no.: 277

Program: 3.2 Local Government
Division/Agency: Local Government and Territories
Topic: Local Council Funding
Proof Hansard Page: 23 (27 May 2014)

Senator Peris, Nova asked:

Senator PERIS: My questions are around the local council funding. Are you able to provide the amounts of funding provided to each local government authority in the Northern Territory under the financial assistance grants program for the past three years?

Mr Mrdak: They are on the website, I am told. We can provide you a link to that. We will do that through the course of this morning.

Senator PERIS: Thank you.

Answer:

A table of funding provided to each local governing body in the Northern Territory under the Financial Assistance Grant programme from 2011-12 to 2013-14 is provided at Attachment A. Please note that figures in 2013-14 are lower than the comparative years due to the previous Government's decision to bring forward 50% of the 2013-14 allocation which was paid in June 2013.

Funding provided to each local governing body in the Northern Territory for the current year (2013-14) is available on the Department's website at: <http://www.regional.gov.au/local/assistance/fags-state-summaries-nt.aspx>

277 – Attachment A

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Question no.: 278

Program: 3.2 Local Government

Division/Agency: Local Government and Territories

Topic: Rates received by Local Councils in Northern Territory

Proof Hansard Page: 23 (27 May 2014)

Senator Peris, Nova asked:

Senator PERIS: ... Not only do regional councils in the Northern Territory face the greatest infrastructure deficit in the country but also they have the lowest revenue generating capacity. Many regional councils essentially do not have rate payers. With the greatest infrastructure needs and the lowest revenue base, is it fair to say that the cessation of the index to the financial assistance grants will have the greatest impact on these regional councils?

...

Senator PERIS: Do you have those figures with regard to what rates were received by each of the councils?

Mr Mrdak: No, I do not think we do. The state governments would have that.

Senator PERIS: The state governments.

Mr Mrdak: The state grants commissions, or the territory grants commission in the case of the Northern Territory, would have that information, I would imagine.

Senator PERIS: Is that easily accessible, do you know?

Mr Mrdak: We can check for you.

Answer:

Information regarding rates received by each local governing body in the Northern Territory can be found in Schedule 5 of the *Northern Territory Grants Commission Annual Report 2012-13*.

A copy of this report can be found at the following website:

http://www.grantscommission.nt.gov.au/__data/assets/pdf_file/0014/154031/NTGC_Final_design_29.10.13v3.pdf

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Question no.: 279

Program: n/a

Division/Agency: Local Government and Territories

Topic: Review of NCA

Proof Hansard Page: 36 (27 May 2014)

Senator Lundy, Kate asked:

Senator LUNDY: Minister, could I direct a question to you. Has the government decided to conduct a review of the NCA and its status?

Senator Johnston: I am not aware of that—I will take it on notice.

Answer:

No.

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Question no.: 280

Program: 3.2 Local Government
Division/Agency: Local Government and Territories
Topic: SA Identified Roads Funding
Proof Hansard Page: Written

Senator Sterle, Glenn asked:

Did the Department consult with the Australian Local Government Association and its South Australian representatives prior to the cutting of this funding to SA local councils?

Answer:

No. However, the Assistant Minister met with the Local Government Association of South Australia on 8 May 2014.

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Question no.: 281

Program: 3.2 Local Government
Division/Agency: Local Government and Territories
Topic: Financial Assistance Grants Freeze
Proof Hansard Page: Written

Senator Sterle, Glenn asked:

Did the Department consult with the Australian Local Government Association or its representatives prior to announcing the freeze on FAGs to Local Government?

Answer:

No.

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Question no.: 282

Program: 3.2 Local Government

Division/Agency: Local Government and Territories

Topic: Financial Assistance Grants Cuts

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. Given more than \$900 million has been cut from the Financial Assistance Grants why didn't the Government consult with local councils prior to making this decision?
2. Why did the Government make its decision to pause indexation given the reliance local councils have on including the Financial Assistance Grants funding as part of their budgets?
3. Does the Department know what local councils, particularly rural and regional councils will have to do to their budgets given this decision?

Answer:

1. The decision was made in the context of the 2014-15 Budget.
2. The Australian Government made the decision to pause indexation on this programme to assist in reducing the Budget deficit.
3. The Department understands that local governments may need to re-prioritise funding in their budgets as a result of the decision to pause the indexation for the Financial Assistance Grant programme. Local councils will be able to apply for funding for infrastructure and roads projects under the National Stronger Regions Fund, Roads to Recovery, Heavy Vehicle and Black Spot Programmes.