

Submission to Australia Government Productivity Commission Review into Local Government Revenue Raising Capacity

I thank the Commission for the opportunity to make comment in relation to the inquiry being carried out. As I am sure the Commission is aware, there have been a significant number of inquiries into Local Government Revenue Raising Capacities over the past few decades, starting from the Barnett Report of the 70's right through to the Percy Allen inquiry into Council's sustainability of NSW Local Government, published in May 2006.

The report clearly showed the major discrepancy in the ability of local government to fund the massive infrastructure renewal and replacement requirements being forced upon it as custodians of the community's assets, particularly in areas of roads, drainage, water, and sewerage infrastructure. The reality is these infrastructure systems throughout the country, not just New South Wales, are reaching the end of their useful lives within the next ten to twenty years, and the cost of replacement of such significantly expensive infrastructure is far beyond the ability of any local community to fund through either rate revenue and/or loan repayments. It really is a National issue, and whilst the State Governments do only token provision of funding for some core community infrastructure, it really behoves both the State and Federal Governments to massively fund such a nation-wide infrastructure renewal program in core areas such as water, sewerage, roadworks, and drainage.

It is suggested that the water and sewerage infrastructure needs, which really are the core services of our modern nation and our communities throughout the country, requires a massive contribution from the Commonwealth Government to Local Government to assist in this area which would significantly increase the national wealth and productivity.

The Percy Allen report clearly indicates the need and I am reliably told the \$6 billion gap in regards to funding availability is really in the order of \$12 - \$15 billion across the Nation. Council looks to the Commission to independently and bipartisonly recommending to the Federal Government of the day of whatever persuasion, to look to massive "freeing up" of Local Government's revenue raising capacity, in New South Wales rate-pegging particularly, together with funding major core community infrastructure schemes such as water and sewerage supplies particularly for rural and remote areas of Australia.

I trust the Commission's inquiry and the reports and inquiries that have pre-dated this one, will finally find some substantial outcomes and significant real on-ground benefits via a revised policy, decisions, and funding appropriations occurring as a result of this important inquiry.

With thanks for the opportunity to contribute to your deliberations.

Yours faithfully

B J Pearson
General Manager