

**MM-2                    MAYORAL MINUTE - IMPACT OF 2014/2015 FEDERAL  
BUDGET ON LOCAL GOVERNMENT SECTOR**

**Department        Executive Services**

**Author Initials: AT**

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**REPORT**

The recent Federal Government Budget will have a major and ongoing impact on the City of Canada Bay community.

I would like to draw Councillors attention to 3 key proposals in the budget relating to the:

- Financial Assistance Grants;
- National Partnership Agreement on Certain Concessions for Pensioner Concession Card and Seniors Card Holders; and
- Family Day Care Program.

We have worked hard over the term of this Council to ensure it is on a sound financial footway. This has included adoption of the Long Term Financial Plan, independent reviews of our organisation and working in partnership with our local community through the Citizen Panel to ensure prudent financial management with expenditure targeted where most needed.

Every year, councils receive an allocation from the Federal Government through the Financial Assistance Grants (FAG). The City of Canada Bay receives over \$2.2 million of this funding each year. The FAGs are a vital part of the revenue base of all councils and essential to enable us to provide a reasonable level of services and infrastructure to our local residents. This grant is used to maintain a range of infrastructure including roads, bridges, parks, swimming pools and libraries.

The Federal Government proposes to freeze indexation of this grant which will cost councils an estimated \$925 million in FAGs by 2017/18. For the City of Canada Bay, the impact of this change could be as high as \$50,000.00 per year, every year, which is \$200,000 in just four years. Unfortunately, the impact will continue beyond this date because the base level of FAGs will be permanently reduced by over 12%. Even if indexation is restored in 2017/18 (at an approximate 4.2%, which reflects CPI and population growth), the gap will continue to widen.

This proposal by the Government is contrary to the Australian Local Government Association's (ALGA) long standing campaign to have the value of the FAGs restored to the level equivalent to 1% of tax revenue, the level they were in 1996. In recent years they have slipped to 0.7%, this value will fall to just 0.53% by 2017/18.

Further, the Federal Government has also decided to cease the National Partnership Agreement on certain concessions for Pensioner Concession Card and Seniors Card Holders from 1 July 2014. This agreement contributes to State and Territory Government provision of certain concessions for pensioners and seniors.

As a result, a further \$300 million will be cut including pensioner rate concessions and the potential impact on the City of Canada Bay is unknown at this stage but may result in Council needing to fund the shortfall or to cut services to cover any shortfall.

Finally, there are significant funding changes proposed for Family Day Care Schemes. From 1 July 2015 the Federal Government will cease all contracts under the Community Support program with family day care approved services, with all services required to reapply for funding under a new and tightened eligibility criteria.

As a result of the change in criteria, it is most likely that the City of Canada Bay Family Day Care Scheme will no longer be eligible for funding. This will result in a loss of over \$60,000 per annum that is currently received to support families' access to Family Day Care and support for the Educators registered with the Family Day Care Scheme. This has major implications for our City's Family Day Care Scheme as well as Schemes across the nation.

## **RECOMMENDATION**

1. THAT Council supports the Australian Local Government Association's (ALGA) campaign calling on the Federal Government to restore the indexation of the local government Financial Assistance Grants.
2. THAT Council call on the Federal Government to reinstate the partnership National Partnership Agreement on certain concessions for Pensioner Concession Card and Seniors Card Holders.
3. THAT Council support the Family Day Care Association Australia in their campaign for the retention of funding for existing services.
4. THAT Council write to both the Federal Member for Reid, Mr Craig Laundry MP, and State Member Mr John Sidoti MP, to seek their support to reinstate these vital grants for our community.
5. THAT Council write to the Federal Leader of the Opposition, the Hon Bill Shorten MP, the Federal Leader of the Opposition in the Senate, Senator the Hon Penny Wong, and the Leader of the Australian Greens, Senator Christine Milne to seek their support to reinstate these vital grants for our community.