

Our ref: MD: AN: GVR027

31 May 2018

Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: economics.sen@aph.gov.au

Dear Committee

RE: SHIRE OF BROOME SUBMISSION – *Inquiry into Regional Inequality*

Thank you for the opportunity for the Shire of Broome to contribute feedback to the Senate Economics References Committee. Following approval for a late submission, the Shire provides the following submission in response to the inquiry's focus area a) *fiscal policies at federal, state and local government levels*.

Background

The Shire of Broome is located on the Kimberley Coast some 2200 kilometres by road north of the West Australian capital of Perth and has a population of approximately 16,000 which swells during the peak tourist season through the middle of the year.

The Shire's Strategic Community Plan 2017 – 2027 articulates the Shire's focus to ensure the Broome community is 'a thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment.'

Financial Assistance Grants

The annual Financial Assistance Grants (**FAGs**) is extremely important to the Shire of Broome. The Shire uses the grant for the provision of services to a level that would not otherwise be achievable.

Should the Commonwealth seek to encourage further activation and population growth across northern Australia – assisting local governments to deliver 'metropolitan equivalent' services should be a priority. The Shire believes this is unachievable given the current FAGs model.

The Shire is also concerned by the current FAGs distribution method from the Commonwealth to States/Territories, rather than direct to local governments. The Shire believes that this method does not adequately consider the challenges faced by small local governments across northern Australia, including:

- Isolation and distance to metropolitan centres and capital cities
- Variable population
- High cost of service delivery
- High cost of living
- Availability of other grant or rates income opportunities

- Reliance on local governments to deliver core services, which may otherwise be provided by the private sector in metropolitan areas.

The Shire's annual operating budget is heavily reliant on rates income. Without increased external revenue or grants, the Shire is unable to consider decreasing rates to assist addressing the cost of living in the Kimberley – without having a significant impact on service delivery. It is a vexed scenario, as neither reduced service delivery nor increasing rates seek to encourage population growth or relocation to the town.

The Shire also supports previous calls from the Australian Local Government Association (**ALGA**) seeking the national FAGS allocation to be increased to the 1996 level of 1% of total Commonwealth taxation revenue, and would be hopeful that revised criteria for the distribution of the balance would be beneficial for the development of Northern Australia.

Recommendations

The Shire would like to provide the following recommendations for the consideration of the Committee:

Recommendation 1: Commence a review of the distribution criteria for the Federal Assistance Grants to focus on demonstrated financial need of Local Governments.

Recommendation 2: Distribute FAGs directly through the Commonwealth, rather than the current State or Territory distribution model.

Recommendation 3: The national FAGs allocation is increased to 1% of total Commonwealth taxation revenue per annum.

Recommendation 4: Review the FAGs distribution criteria to reflect the challenges of local governments across northern Australia taking into account isolation, variable populations of regional centres, high cost of remote service delivery and availability of alternative income opportunities (eg other external grants or rates).

Should the Committee wish to seek any further clarification or require more information, please contact Mark Davis, Manager Community and Economic Development on 9191 3456 or mark.davis@broome.wa.gov.au.

Yours faithfully

SAM MASTROLEMBO
CHIEF EXECUTIVE OFFICER