ALGA
Australian Local Government Association

Submission to the Economic Reform Roundtable process

National Priorities Need Local Solutions

July 2025

Our Members

About ALGA

The Australian Local Government Association (ALGA) is the voice of local government in Australia, representing 537 councils across the nation. In structure, ALGA is a federation of state and territory local government associations.

ALGA was established in 1947 and throughout its history has been actively involved in issues of national significance affecting local government and local communities.

ALGA's policies and strategic priorities are determined by the ALGA Board, comprising two representatives from each of the member associations, who elect the President and two Vice Presidents.

About this document

The following sets out key reforms that ALGA considers will improve productivity in Australia. Please note this submission should be read in conjunction with any separate submissions received from state and territory associations as well as individual councils.

ALGA is also contributing to discussions on productivity through consultation with the Minister for Regional Development, Local Government and Territories, the Hon Kristy McBain MP, roundtables with the Minister for Housing, Minister for Homelessness and Minister for Cities, the Hon Clare O'Neil MP and with the Minister for Climate Change and Energy, the Hon Chris Bowen MP. ALGA will also continue engagement with the Productivity Commission on this important work.

Message from the ALGA President

Australia's economic strength begins in our communities. With 537 councils across the country, local government is deeply embedded and well-positioned to support national reform. Yet its role in economic growth, infrastructure delivery, and resilience remains underutilised.

Local governments are responsible for implementing many state and federal initiatives, but are too often excluded from the forums where key decisions are made. ALGA is calling for local government to be reinstated as a full member of National Cabinet, ensuring grassroots insights contribute to more effective and deliverable national policies.

Australia's housing challenges cannot be addressed without investing in enabling infrastructure. Many councils have delayed projects due to funding shortfalls. A national infrastructure program would help unlock land, expand affordable housing, and create local jobs and training opportunities.

Almost every council was affected by natural disasters in 2024–25, underscoring the need for sustained investment in preparedness and recovery. This must go hand-in-hand with long-term climate adaptation. Councils are already delivering high-impact local projects that safeguard infrastructure and public health. Scaling these efforts would bolster resilience and contribute to national economic stability.

Councils also manage a third of the country's public infrastructure. Strategic investment is needed to maintain critical community assets such as libraries, parks, and local roads. Enhancing road safety and building local planning capacity would reduce transport-related harm and improve economic efficiency.

Local government stands ready to be a full partner in economic reform—bringing practical, place-based solutions that deliver lasting benefits to all Australians.

President, Australian Local Government Association
Mayor Matt Burnett
ALGA President

Key reforms to improve productivity, economic resilience and budget sustainability

Return ALGA to full membership of National Cabinet
ALGA is calling on the Federal Government to return ALGA as a full member of National Cabinet with ongoing membership and voting rights. This will enable local government leaders to provide local perspectives on national decision making and ensure the views of Australian communities are understood and considered. Local government ultimately implement decisions made by the Commonwealth and state governments. Having local government insights will help identify potential implementation issues and address these up front. **Implementation mechanism:** Update the Terms of Reference for National Cabinet to include ALGA as a permanent, full member of National Cabinet with voting rights.

Accelerate housing supply by appropriately funding enabling housing infrastructure
Housing availability is a fundamental pillar of economic productivity across the nation – a reality which has long been established and reflected in research, including from the Australian Housing and Urban Research Institute[1] and the UNSW City Futures Research Centre[2]. However, research from Equity Economics[3] found that 40% of local governments have cut back on new infrastructure developments because of inadequate enabling infrastructure funding. This research estimates achieving the National Housing Accord's targets would incur an additional $5.7 billion funding shortfall on top of infrastructure funding gaps already being felt by councils and their communities. To support local government to address this gap, and unlock new housing across the country, ALGA is proposing a new five year, $1.1 billion per year funding program, to be provided to all councils on a formula basis. The productivity gains from this investment will far outweigh the initial outlay. ALGA also welcomes further investigation into permanent infrastructure funding solutions, to relieve local government's reliance on short-term grants, subsidies, funds and loans. Longer-term secure funding is critical to sequencing the budgets and works required to support new housing. ALGA also welcomes consideration of the eligibility criteria for the Housing Australia Future Fund (see 'Additional reforms'). **Implementation mechanism:** $1.1 billion per year for enabling infrastructure that will unlock housing supply. This would take the form of formula-based funding provided to all councils.

[1] Australian Housing and Urban Research Institute 2015, *Making connections: housing, productivity and economic development* https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No251_Making-connections-housing%2C-productivity-and-economic-development.pdf
[2] City Futures Research Centre 2021, *Housing Productivity: All or Nothing at All;* https://cityfutures.ada.unsw.edu.au/documents/662/Productivity_Final.pdf
[3] ALGA 2024, *Addressing the Housing Crisis;* https://alga.com.au/wp-content/uploads/2025/04/Addressing-the-Housing-Crisis-report.pdf

Fund climate adaptation – to enhance community resilience that underpins national economic activity and reduce long term costs
Climate change is resulting in increasingly acute and chronic impacts which are threatening Australians' wellbeing, and the liveability and productivity of Australian communities. Climate impacts will also put our national systems – such as health and infrastructure – under strain. Similarly, climate risk mitigation produces fewer disruptions to local economic and workforce productivity. This need for immediate and effective climate action has been reinforced by a range of institutions and groups across Australia. The Climate Council's recent report finds "Climate change is a major threat to Australia's financial stability and poses substantial systemic economic risks."[4] In considering how best to boost economic productivity within the Australian economy, any real solution must be one in which climate adaptation holds a central role. Councils have been demonstrated ability to deliver high return on investment and are ideal delivery partners for climate risk mitigation. Conservative modelling estimates that for every $1 of climate adaptation work delivered by councils, the community benefits equate to between $0.8 and $3.1 (via avoided costs and benefits gained).[5] The same report shows that existing local government adaptation work demonstrably reduces the pressure on systems of national significance that other levels of government would otherwise be required to increase spending for. These include the health system, infrastructure, emergency management and the natural environment. Investing in councils to deliver climate resilience is an investment in long term budgetary sustainability. Proactive, dedicated funding for councils is required to open opportunities for ongoing, place- and community-based climate risk mitigation, and should be considered a necessary pillar of Australia's long term economic and budgetary sustainability. **Implementation mechanism:** A $400 million per year climate adaptation fund, provided to all councils, which allows them to implement a place-based approach to climate adaptation.

Minimise the impact on productivity of disasters – by investing in emergency management
The number of local governments experiencing emergencies is rising, with approximately 526 out of Australia's 537 councils declared natural disaster areas in 2024/25. The financial impact of these disasters – due to issues including asset damage, clean-up costs, reduced economic activity, and social costs is significant, with Deloitte Access Economics[6] estimating a cost to Australia of $38 billion per year, predicted to rise to $73 billion per year by 2060. For local governments, who are increasingly being relied on to prepare for, respond to, and recover from, natural disasters, the costs associated with emergency management is significant, particularly when taking into account councils' limited ability to raise revenue. The impact of natural disasters can also be seen on the productivity of both councils and their communities including local businesses;

[4] Climate Council, *Compounding Costs: How Climate Change is Damaging Australia's Economy;* https://www.climatecouncil.org.au/wp-content/uploads/2019/05/costs-of-climate-change-report-v2

[5] ALGA 2025. *Adapting Together: Local Government Leadership in a Changing Climate.* https://alga.com.au/adapting-together-local-government-leadership-in-a-changing-climate-report/

[6] Deloitte Access Economics 2021, *Update to the economic costs of natural disasters in Australia;* *https://www.deloitte.com/content/dam/assets-zone1/au/en/docs/services/economics/deloitte-au-economics-abr-natural-disasters-061021.pdf*

agriculture; food production; and the transit of goods across, and export out of, Australia. This impact is one that has been researched extensively, and felt across the nation as disasters continue to worsen each year.

While Federal funding programs such as the Disaster Ready Fund and the Disaster Recovery Funding Arrangements provide some support for disaster mitigation and recovery projects, the competitive and short-term nature of the grants mean that councils often miss out on crucial resourcing or are unable to address the long-term social, infrastructural, and environmental costs of natural disasters. Recent independent emergency management reviews by Colvin[7] and Glasser[8], as well as the Royal Commission into National Natural Disaster Arrangements[9], have recommended a strategic shift towards disaster risk and mitigation, including a major capacity and capability uplift for local governments.

Implementation mechanism: $900 million per year for natural disaster mitigation and resilience, and to improve local government's emergency management capacity and capability

Maintain our community infrastructure
Improving the delivery and maintenance of community infrastructure is an essential part of boosting Australia's economic productivity – with significant positive economic impacts, including through a more mobile, educated and healthy workforce. As referenced by Engineers Australia, "adequate infrastructure is essential to support a sustainable, liveable, and productive Australia"[10]. Australia's 537 councils maintain more one third of Australia's public infrastructure, including more than $100 billion worth of buildings and facilities and $32 billion worth of parks and recreation assets. This includes libraries, recreation centres, bike paths and sporting facilities, which are vital to the liveability, social cohesion, wellbeing and productivity of every Australia community. The Local Roads and Community Infrastructure Program (LRCI) (which ran from 2020 – 2025) provided councils with $3.25 billion to build, maintain and revitalise local roads and community facilities. This program had a significant impact on the condition of local government buildings and facilities, with the 2024 National State of the Assets report[11] highlighting a $1 billion improvement since 2021. However, this report also highlighted that $8.3 billion of local government facilities, as well as $2.9 billion worth of parks and recreation assets, are in poor condition and require attention. ALGA is calling for investment to make our roads, and our communities, safer. **Implementation mechanism:** A new $500 million per year community infrastructure funding program – provided to all councils on a formula basis – would support all councils to build, maintain and revitalise the community infrastructure that Australians rely on. This is critical given the LRCI conclusion.

[7] https://www.nema.gov.au/about-us/governance-and-reporting/reviews/independent-review-of-commonwealth-disaster-funding
[8] https://www.nema.gov.au/about-us/governance-and-reporting/reviews/independent-review-of-national-natural-disaster-governance-arrangements
[9] https://www.royalcommission.gov.au/natural-disasters
[10] Engineers Australia 2021, Enhancing productivity in infrastructure delivery, https://www.engineersaustralia.org.au/sites/default/files/2022-08/Engineers%20Australia%20-%20Enhancing%20Productivity%20in%20Infrastructure%20Delivery%20-%20Final.pdf
[11] ALGA 2024, *State of the Assets; https://alga.com.au/wp-content/uploads/2025/04/ALGA-National-State-of-the-Assets-Report-2024-final.pdf*

Invest in safer roads
Road networks underpin significant economic activity in Australia and the safety of those roads is paramount. A report[12] by BIS Oxford Economics highlights that unsafe roads and the rising rates of accidents have major implications for business and supply chain continuity, public spending, and the availability of skilled labour. Each year, nearly 40,000 Australians suffer serious injuries from road crashes, with an economic and social impact exceeding $30 billion annually[13]. Tragically this includes 1,288 road deaths in the 12 months ending September 2024 - an increase of 5.6% from the previous 12-month period. increase of 5.6% from the previous 12-month period. The doubling of the Roads to Recovery Program announced in November 2023 was welcomed by councils, but independent research from the Grattan Institute[14] indicates this will only go halfway to meeting the current annual funding backlog. To make local roads safer, local government is calling for: 1. A nationally consistent road safety support framework that provides advice on best practice approaches for road safety 2. Nationally coordinated capacity and capacity uplift via dedicated funding. **Implementation mechanism:** 1. In accordance with the National Road Safety Action Plan 2023-2025, develop a network risk assessment framework, and coordinate the delivery of road safety training for all local governments. 2. $600 million for councils to deliver safer roads, including $500 million for infrastructure funding and $100 million for road safety training programs that uplift local government leadership and planning capacity.

[12] BIS Oxford Economics 2019, *The Economic Impact of Australia's Roads;* https://roads.org.au/wp-content/uploads/Roads-Australia-Impact-Report.pdf
[13] ANU 2022, *Social Cost of Road Crashes – Report for the Bureau of Infrastructure and Transport Research Economics; https://www.bitre.gov.au/sites/default/files/documents/social-cost-of-road-crashes.pdf*
[14] Grattan Institute 2023, *Potholes and pitfalls: how to fix local roads*; https://grattan.edu.au/report/potholes-and-pitfalls-how-to-fix-local-roads/

Additional reforms to improve productivity, economic resilience and budget sustainability

In addition to the key reforms listed above, there are a range of other reforms that would beneficial. ALGA would be happy to discuss or provide further information on these proposals on request.

Financial sustainability
Move towards untied, formula-based funding for all local government expenditure: acknowledging that local government, when properly funded can deliver local solutions for their communities. ALGA is keen to see the Parliamentary Inquiry into Local Government Sustainability reinstated, and the Government response consider the long-term financial sustainability of local government.
Align the treatment of depreciation: coordinate a roundtable of all levels of government to identify differences in the application of the Australian Accounting Standards treatment in each jurisdiction with a view to recognising and permitting councils to reflect their unique position (e.g. novel ways of acknowledging depreciation resulting from assets granted to councils by states).

Emergency Management
Reform the Disaster Recovery Funding Arrangements (DRFA) guidelines: to ensure a consistent approach to assessment; simplify requirements and eligibility; reduce the administrative, red tape, and evidentiary burdens on councils; facilitate a faster flow of funding; and include betterment as a core component of the funding.
Create a Local Government-only stream of funding for both the DRFA and Disaster Ready Fund: ALGA would welcome a local government-specific component of the DRFA, with quarantined funding, that only councils could apply for. This would acknowledge the critical role local government play in emergency management and supporting their communities.

Housing and planning
Appoint ALGA to the Housing and Homelessness Ministerial Council: as one of the three tiers of government and a signatory to the National Housing Accord, it is critical that local government is represented at the key decision-making forum for housing and homelessness. Local government insights into the on-the-ground experience with planning and enabling infrastructure will generate better housing policy and outcomes.
Amend the eligibility for the Housing Australia Future Fund: to allow local government led affordable housing projects. LGAs across Australia are ready to develop affordable housing projects in their regions, support economic growth, and deliver housing solutions for key essential workers, and deliver appropriate housing for elderly populations that will free up larger houses in the community for families.

Roads and infrastructure
Support the expedited rollout of the National Automated Access System (NAAS) and expand the Strategic Local Government Asset Assessment Program (SLGAAP): The rollout of NAAS represents a significant opportunity to boost productivity by vastly lowering administrative burdens on local government road managers and providing real-time network and route planning for freight operators. SLGAAP assists the rollout of the NAAS by providing more comprehensive road infrastructure assessments, providing greater clarity for road users, and better data-driven infrastructure management for road managers. Prioritising these programs, and financial investment to support them, promises a significant boost to the economic productivity of the freight sector. Analysis by Business Queensland demonstrated a benefit/cost ratio of between 8.62 and 36.78 for the rollout of HVAMS/NAAS in Queensland.
Implement a common road asset data management system: Currently, road asset owners and managers collect similar yet slightly different information on road assets, with data maintained in discrete silos making it difficult to compare road asset data, identify best practice and reduce network maintenance costs. The implementation of a nationally consistent data standard would enable more sophisticated analytics, benchmarking, and predictive maintenance strategies across the network.
Finalise and implement a National Service Level Standards Framework: Following on from a common road asset data management system, a NSLS framework would provide clear metric benchmarks that different classifications of roads should achieve, thus providing data to better target infrastructure funding, closing gaps in key freight networks, and improving maintenance prioritisation. This framework would also help to inform future reforms to road pricing, user charging and infrastructure funding.

Jobs and skills
Identify and address the barriers to transferable qualifications across states: The Commonwealth should work with states and territories to allow qualifications to be recognised across borders. This will go some way as to alleviating shortfalls in qualified trades and skilled workforce needs – especially in housing.
Support the pipeline for more planners: Audit the available planning courses available across Australia, and develop a strategy to encourage universities to offer planning courses, as well as reduced fees and HECS debt relief to grow the pipeline of planners coming into the workforce.
Encourage growing regional workforces: Identify critical skills and training gaps and provide HECS and fee reduced training to address shortages, with a focus on regional education and training opportunities.

Environment
Reform the *Environmental Protection and Biodiversity Conservation (EPBC) Act*: Provide greater clarity around national environmental protection requirements. Reforms should include harmonisation across Commonwealth and state/territory environmental protection regulations to make them more straight forward to implement by local governments. Harmonisation should include, for example, alignment on threatened species listing and definitions and clear regional planning.
Support councils as true delivery partners to protect natural capital: Fund local governments to support the delivery of national environmental outcomes. This includes outcomes stipulated in international conventions, threatened species action plans, matters of national, state, and local environmental significance, and any new obligations/expectations under reforms to the EPBC Act.
Net zero transition
Support councils to facilitate a smooth renewables transition: Provide local governments (or regional organisations of local governments) with budget for dedicated staff to support planning for the skills, resources, community engagement, business connections and land use for renewable energy projects. This preparatory work undertaken by councils underpins investment security and certainty for renewables developers, smooths delivery, and builds shared value in hosting communities. The scale of renewables transition exceeds business-as-usual capacities and requires additional investment commensurate with the scale of transformation underway to ensure most efficient rollout.
Provide national information on renewables projects at different stages of the planning process: Develop and maintain a national map demonstrating zoning for prospective and proposed renewable energy projects and transmission corridors. This information would support planning and community engagement, freeing up council staff capacity for further work in transition.
Ensure councils' financial and operational sustainability isn't unduly impacted by transition: Introduce a national approach and cost recovery mechanism to ensure local governments are supported and reimbursed where council and community infrastructure, assets and services are impacted by energy transition. Such a mechanism supports the ongoing financial sustainability and ameliorate localised impacts which damage social license in hosting regions.