ALGA
Australian Local Government Association

2026-27 Federal Budget Submission

National Priorities Need Local Solutions

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Building Better Communities.

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.

Message from the ALGA President

Australia's local governments are pivotal partners in advancing our nation's productivity. As the tier of government closest to the community, councils deliver essential services that support the health, wellbeing, liveability and economic vitality of every region across the country.

Our libraries, community centres, playgrounds, and sporting grounds are not just amenities - they are the heart of our communities, fostering connection, wellbeing, and a vibrant local life, as well as supporting workforce participation and contributing to local economies. Local government are the trusted, frontline responders that communities turn to when storms, fires, floods or other disasters hit, helping communities not only during an emergency but in the recovery, which can take weeks if not months.

Local governments are increasingly called upon to address national challenges at the community level, from delivering affordable housing and responding to natural disasters, to improving road safety and adapting to climate change.

While councils are prepared to lead with tailored, place-based solutions that meet the unique needs of every community, they are being asked to do more with less. The ability to deliver on these priorities depends on financial sustainability and adequate funding. Many councils are already active in these areas but are constrained by insufficient and unpredictable funding.

Long-term, secure funding arrangements are urgently needed to enable councils to plan effectively, respond to growing community pressures and contribute to national productivity goals.

We urge the Australian Government to recognise local government as a key partner and return annual Financial Assistance Grant funding to 1% of Commonwealth Taxation Revenue. As pressures mount on our councils, we also call for new, untied, formula-based funding streams distributed across all councils to meet national priorities.

This non-competitive funding will enable local governments to play a meaningful and sustained role in addressing the challenges facing our nation, for the benefit of every community

Mayor Matt Burnett
ALGA President

Summary of 2026-27 Budget Commitments Sought

Issue	Portfolio	Funding Ask	Distribution method
Financial Sustainability	Treasury	A return of Financial Assistance Grants to 1% p.a of Commonwealth taxation revenue over three years.	Formula based untied funding
Housing Infrastructure	Treasury	$1.1 billion per year for enabling infrastructure that will unlock housing supply	Formula based funding provided to all councils
Community Infrastructure	DITRDCA	$500 million per year to support councils to build, maintain and revitalise community infrastructure	Formula based funding provided to all councils
Safer Roads	DITRDCA	$600 million per year for local government to deliver safer roads	Formula based funding provided to all councils
Emergency Management	Department of Home Affairs (National Emergency Management Agency)	$900 million per year for natural disaster mitigation and resilience, and to improve local government's emergency management capacity and capability	Formula based funding provided to all councils
Climate adaptation	DCCEEW	$400 million per year for local government climate adaptation initiatives	Formula based funding provided to all councils

Priority 1 – Financial Sustainability

Commitment sought

A return of Financial Assistance Grants to 1% p.a of Commonwealth taxation revenue over three years to restore the financial sustainability of local government and support councils to deliver national priorities

What is the issue?

Councils are being asked to deliver more essential services and infrastructure, increasing disaster frequency, and mounting asset renewal backlogs. However, long term funding for local government has not kept pace with these pressures. Competitive and short term grant programs create uncertainty, reduce efficiency and prevent councils from planning and sequencing multi year projects that support national goals such as housing supply, road safety, disaster resilience and climate adaptation.

Why does it matter to local government?

As the tier of government closest to communities, councils manage more than one third of Australia's public infrastructure and carry key responsibilities across housing and community infrastructure, local roads, emergency management and climate adaptation. Without predictable, untied funding, councils cannot invest early, maintain essential assets, or co deliver major national reforms.

Further information

Financial Assistance Grants have fallen from 1% of Commonwealth taxation revenue in 1996 to just 0.5% today, limiting councils' ability to keep up with rising costs and increased service expectations. Cost-shifting and rate-capping have further reduced councils' capacity to raise revenue while delivering additional responsibilities without matching funds.

Restoring FA Grants to 1% would give councils stable, equitable funding to meet growing community needs and contribute to national priorities. Councils manage more than $130 billion in infrastructure, much of it ageing, and 40% report delaying new housing developments due to funding constraints with an extra $5.7 billion needed to meet National Housing Accord targets.

Councils also maintain 75% of Australia's road network, costing $30 billion annually. Initial data recently collated by ALGA found that 526 councils experienced a natural disaster (bushfire, cyclone, flood, storm, and/or earthquake) in 2024/25 alone, reinforcing the need for sustained mitigation investment. ALGA's Adapting Together modelling shows every $1 invested in local adaptation returns up to $3.10 in avoided damage.

Short-term, competitive grants do not support long-term financial sustainability. They create administrative burden on all levels of government, hinder multi-year planning, and require councils to compete for limited funding, often unsuccessfully, disadvantaging smaller councils and widening disparities between communities

Priority 2 – Housing Infrastructure

Commitment sought

$1.1 billion per year to be distributed to all councils to fund enabling infrastructure that will unlock housing supply.

What is the issue?

Australia's housing crisis is resulting in more people experiencing housing insecurity, homelessness and affordability pressures.

Housing availability and affordability is also a fundamental pillar of economic productivity across the nation.

Why does it matter to local government?

ALGA's research shows that a lack of funding for councils for enabling infrastructure – including roads, and water and sewerage treatment connections and facilities – is a significant barrier to facilitating new housing developments.

Further information statement

Research from Equity Economics notes that 40 per cent of local governments have cut back on new infrastructure developments because of inadequate enabling infrastructure funding.

This research also shows that achieving the National Housing Accord's housing 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 enable the development of new housing across the country, ALGA is proposing a new five-year, $1.1 billion per annum funding program, to be provided to all councils on a formula basis. This would enable councils to maintain and service both existing and newly developed enabling infrastructure—a substantial, long-term financial obligation that presently rests with local government.

ALGA would also welcome 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.

Priority 3 – Community Infrastructure

Commitment sought

$500 million per year for councils to build, maintain and revitalise community infrastructure

What is the issue?

ALGA's 2024 State of the Assets Report shows that $8.3 billion worth of local government buildings and facilities are in poor condition.

The surge in housing supply needs to be supported by access to community infrastructure that creates livable communities, and supports a more mobile, skilled and healthy workforce.

Why does it matter to local government?

The local facilities that councils provide – including libraries, pools, recreation centres, bike paths and sporting facilities – are vital to the livability, wellbeing and productivity of every Australia community.

Further information statement

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, introduced in 2020, 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 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.

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.

Priority 4 – Safer Roads

Commitment sought

$600 million for councils to deliver safer roads, including $500 million for road safety infrastructure funding and $100 million for road safety programs that uplift local government leadership and planning capacity

What is the issue?

Each year, nearly 40,000 Australians suffer serious injuries from road crashes, with an economic and social impact exceeding $30 billion annually.

Road networks also underpin significant economic activity in Australia and the safety of those roads is paramount.

Why does it matter to local government?

Local roads comprise over 75% of Australia's road network, and more than half of fatal crashes occur on local government roads. Funding for roads is critical to local government, and despite significant recent improvements to funding, there is still a shortfall.

Further information

During the 12 months ending September 2024, the Bureau of Infrastructure and Transport Research Economics (BITRE) identified there were 1,288 road deaths in Australia – an increase of 5.6% from the 12-month period ending September 2023. The rate of annual deaths is 4.7 per 100,000 population, which is a 3.2% increase compared to the rate for the 12-month period ending September 2023.

Local government has an important part to play in addressing Road Safety, but direct support is needed from the Commonwealth. To address road safety, local governments require a nationally coordinated capability and capacity uplift.

Councils would also benefit from a federally developed, nationally consistent road safety support framework that provides advice on best practice approaches for road safety across varying local government areas (e.g. remote, regional, peri-urban and city).

The doubling of the Roads to Recovery Program announced in November 2023 was welcomed by councils, but independent research from the Grattan Institute indicates this will only go halfway to meeting the current annual funding backlog.

Priority 5 – Emergency Management

Commitment sought

$900 million per year in dedicated funding for councils to improve mitigation and resilience, and build their capacity and capability to undertake the emergency management role required of them including recovery

What is the issue?

Australia is experiencing natural disasters of greater intensity, severity and frequency – which is having increased impacts on communities and council resources.

The financial impact of these disasters, due to issues including asset damage, clean-up costs, reduced economic activity, and social costs, is significant.

Why does it matter to local government?

Local governments play a critical role in supporting communities across the whole emergency continuum. However, under the current funding arrangements, local governments lack the capacity and resources to prepare their communities for, respond to, and recover from, disasters.

Further information

Over the past two years, more than 60 per cent of local government areas have been declared natural disaster areas, with many of them experiencing concurrent or cascading events.

In 2021, Deloitte Access Economics estimated natural disasters cost Australia $38 billion per year, which is predicted to rise to $73 billion per year by 2060. This does not include other national disasters that the country faces, such as biosecurity or cybersecurity issues.

Local governments in regional areas are typically those most exposed to natural disasters and have the lowest capacity to invest in new programs or initiatives due to restrained revenue.

Independent emergency management reviews by Colvin and Glasser both recommended a strategic shift towards disaster risk and mitigation, with the Colvin review also supporting a major capacity uplift for local government and an enhanced national training and exercise regime which tests and builds local government capacity.

The first three rounds of the Government's Disaster Ready fund have supported hundreds of disaster mitigation and resilience projects, but rounds have been heavily oversubscribed meaning council projects that would have a real impact on reducing risk have missed out.

ALGA continues to call for an ongoing, untied, fund of $900m for councils to support their activities in the risk reduction and resilience building, emergency response, and recovery.

Priority 6 – Climate Adaptation

Commitment sought

A $400 million per year climate adaptation fund, provided to all councils, which allows them to implement a place-based approach to climate adaptation

What is the issue?

Climate change creates increasingly acute (e.g. more frequent and severe) disasters and chronic impacts (eg coastal erosion and rising heat) which is impacting on the liveability of Australian communities. This impact poses a risk to Australia's financial sustainability and economy.

Why does it matter to local government?

Councils need support to adequately assess climate risk and vulnerabilities and adequately address them in plans, policies investment decisions and engagement with communities. Funding and support from other levels of government has failed to keep pace, placing an inequitable burden on the sector.

Further information statement

Councils are at the forefront of grappling with climate impacts as asset managers, land use decision makers, and the closest tier of government to the community.

Future-proofing communities from the changing climate continues to be a national priority, and Australia's councils are leading the way by investing heavily in climate resilience solutions. The adaptation work that councils do directly reduces the pressure on the long-term budgetary sustainability of other governments.

Councils have been demonstrated ability to deliver high return on investment and are ideal delivery partners for climate risk mitigation.

ALGA's Adapting Together report (2025) presents conservative modelling which 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).

Local governments will have to deal with climate impacts. Councils require consistent funding if they are to be successful in adapting effectively and efficiently; leading to less disruption to supply chains, better health and social outcomes, and economic resilience.

ALGA is calling for the Government to establish a local government climate adaptation fund which allows councils to implement a place-based approach to adaptation. The fund should be a minimum 10-year formula-based program with funding provided to every council.