THE LOCAL GOVERNMENT INFRASTRUCTURE GAP IN OUTER METROPOLITAN PERTH – GROWING COUNCILS AND GROWING INFRASTRUCTURE GAPS
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Dr Chris Berry
Manager, Structural Reform,
Department of Local Government,
GPO Box R1250
Perth WA 6844
Western Australian
chris.berry@dlg.wa.gov.au

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ABSTRACT

There is a crisis in the funding of infrastructure backlogs across urban Australia, and nowhere is this more marked than perhaps in the outer metropolitan growth councils of our large cities.

This paper looks at the infrastructure challenges facing Perth’s outer metropolitan growth councils, which includes the high growth cities of Mandurah, Rockingham, Swan and Wanneroo.

Land development and the growth in population on the urban fringe is a double-edged sword, for while it brings increases in rate revenue it also generates significant growth in the demands for services. As new communities develop and population grows, the growth in rate bases generally enables councils to maintain operations and extend services to the newer areas. However, it does not generate sufficient funds for councils to address existing and emerging capital infrastructure needs.

The current system for allocating financial assistance grants to local governments, based on the principle of horizontal equalisation, has channelled minimal grant funding to the outer metropolitan growth councils. The councils have had mixed success in sourcing funds from other State and Commonwealth programs.

The paper emphasises the important role of local government in supporting the fabric of suburban life. The capacity of local governments to provide key community infrastructure is thus a matter of importance in our reflections on sustainability and city growth.
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Department of Local Government, Western Australia
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INTRODUCTION

The important role of local government in supporting the fabric of everyday life is well established. The role they play in providing the foundations for suburban life, like our roads and recreation areas is probably taken for granted by your average citizen. Many would be oblivious to the crisis in the funding of infrastructure across urban Australia. Nowhere is this more marked than perhaps in the outer metropolitan growth councils of our large cities.

Building new communities is more complex now than ever before. Contemporary urban management emphasises social, economic and environmental sustainability, which translates into encouraging higher urban densities and greater collocation of housing, infrastructure, services and jobs (National Growth Areas Alliance (NGAA) (2009). The capacity of local governments to provide key community infrastructure is thus a matter of importance in our reflections on sustainability and city growth.

This paper looks at the infrastructure funding challenges facing growth local governments in Perth’s outer metropolitan area. For this paper there are eight fringe local governments, including the high growth cities of Mandurah, Rockingham, Swan and Wanneroo, which currently account for 30.8% of the State’s population, and which will account for 36.5% by 2020 (Table 1).

Land development and population growth on the urban fringe is a double-edged sword, for while it brings increases in rate revenue as new land lots become rateable, it also generates significant growth and demand for services. As new communities develop, the growth in rate base generally enables the council to maintain operations and extend services to the newer areas. However, it does not generate sufficient funds for councils to address the existing and emerging capital infrastructure needs.

For example, when the effects of a rapidly expanding road network are combined with a deteriorating existing road asset, the implications in terms of capital renewal funding requirements become clear. Over the past 10 years the development boom has dramatically amplified the “renewal expenditure gap” placing increased pressure on the already stretched capital renewal funding program of councils.

The last few years have seen a growing awareness of infrastructure needs nationally, and the growing infrastructure needs of local government in particular. There has been a coming together of various initiatives at all levels of government and inquiries into the financial sustainability of local government in various jurisdictions. This has led to local government developing a greater understanding of asset management imperatives, finding out what they didn’t know, finding out what they needed and didn’t have, and ultimately empowering local government to effectively lobby State and Commonwealth governments for assistance in meeting their community’s needs.

Insert Table 1 here
LOCAL GOVERNMENT'S ROLE, REVENUES AND INFRASTRUCTURE FUNDING

Local government is the tier of government which is often considered to be the most relevant to our daily lives. It is responsible for many key community services, such as planning and development approval and environmental health services, and the breadth of local government functions appears to be increasing (SCEFPA 2004).

More importantly, its role includes the provision and management of significant community infrastructure, including:

- transport facilities including local roads, bridges, footpaths and parking facilities;
- infrastructure such as waste management facilities and council offices;
- recreation facilities, such as parks, sports fields, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks;
- community facilities, such as child and aged care facilities; and
- cultural facilities, such as libraries, art galleries and museums.

Local government in Western Australia is thus a major industry, employing more than 13,600 persons, with total operating revenue in excess of $2.7 billion. Local government controls substantial infrastructure assets, and has a net asset value in excess of $12.4 billion (Back 2006). With an asset value of that magnitude to manage, the potential revenue streams available to local government to draw on for its infrastructure management task should be considered.

Rates
Rate income is single largest from of revenue for most urban local governments. Nationally, 37%, and 39% in WA (representing nearly $1 billion) of local government revenue is sourced from property rates on residential, commercial, industrial, agricultural properties and mining tenements. The nine fringe metropolitan local governments levied $279m of property rates in 2007/08 (Table 1).

The Productivity Commission, in its 2008 study of revenue capacity, noted that on average local government are currently raising about 90% of their own source revenue potential, suggesting that on average capacity could be increased by 10%. Clearly, rate revenue alone is not enough for local government to provide adequate community infrastructure and services. Successive rate hikes would not eliminate the infrastructure shortfall. For while rates are the source over which local governments have the most discretion, this discretion is limited by the ratepayers’ capacity to pay and the inherent political process (WALGA 2008).

Financial assistance grants
The Australian Government has provided Financial Assistance Grants to local government since 1974-75, including $1.89 billion in 2008-09. The grants are currently provided under principles prescribed in the Local Government (Financial Assistance) Act 1995 and include general purpose and identified local road components.

The current system for allocating general purpose grants, based on the principle of horizontal fiscal equalisation, has channelled little more than minimum grant funding to most outer metropolitan growth councils around Perth (Table 1), averaging around $21.66 per capita, compared to the state average $61.94. The methodology for allocation focuses on operational expenditure needs, and like the Commonwealth Grants Commission in its assessment of State
expenditure needs, capital expenditure needs are largely not assessed at all, other than through a depreciation component. This form of grant allocation, particularly under the WA allocation methodology, poorly responds to infrastructure needs. While it is an important and consistent revenue stream, it does little for the infrastructure needs of fringe metropolitan growth councils.

An Asset Preservation Model is used in WA for allocation of the local road component. This model is used to assess the status quo cost of maintaining local government road networks and takes into account annual and recurrent maintenance costs and the costs of reconstruction at the end of a road’s useful life (WA Local Government Grants Commission 2004). As such, it provides an important contribution to the road maintenance task, but it does not result in local government’s preservation needs being fully funded and nor does it provide a means for assisting local governments meeting the needs for new roads infrastructure. For example, the City of Mandurah has an asset preservation need of $7.2m per annum and only $980,000 is received through this source, resulting in the City having to source more than $6m per annum for maintenance, as well additional funds for improvements and new works.

**AUSLINK and the Roads to Recovery Program**
The Roads to Recovery Program (R2R), a $1.2 billion boost for local roads over 4 years, was initiated by the Howard government in 2000. It aimed to provide councils with the financial capacity to repair roads that were approaching the end of their life. It is understood that a review in 2003 found that the R2R needed to be doubled for local government to maintain road assets. The fund was subsequently extended in 2005 under the framework of the *AusLink (National Land Transport) Act 2005*, with a further $1.45 billion, boosting local government’s ability to maintain its road network. Most of this funding was provided on a direct formula allocation to each local government, but around 20% in this period was allocated on a competitive basis for projects of strategic regional importance. Other major categories of AusLink stopped at the edge of major cities.

**Other grants to local government**
State and Commonwealth governments have traditionally channelled grants programs towards achieving government policy objectives, such as natural resource management. The WA State Government also provides significant road funding, including $93m in 2007-08.

Growth councils report that they have had mixed success in sourcing funds from other State and Commonwealth programs. Consequently they claim to receive insufficient support from the Commonwealth to deliver community benefit infrastructure. Funding allocated to growth areas nationally has not been commensurate with the number of people residing in these areas (SGS 2007). In 2006, high growth communities represented 22.6% of the nation’s population but received only:

- 12.3% of Financial Assistant Grants funding (2006/07);
- 16.9% of Stronger Families and Communities Strategy funding (2006);
- 10.9% of Roads to Recovery Program funding (2005/06-2008/09); and
- 14.9% of Strategic Regional Program funding (2006).

**Borrowing**
Borrowing can be used to spread costs over the life of infrastructure and avoid renewal peaks and troughs. The last decade or so has been characterised by low levels of local government debt in WA, and this was confirmed by Access Economics’ assessment of the current state of
council finances in WA. In fact, in 2006 there was $302m more in cash backed reserves ($628m) than the amounts borrowed ($326m) by local governments in WA (WALGA 2008).

The low levels of debt raise concerns about intergenerational equity, particularly for long lived infrastructure assets. Low levels of borrowings can be inappropriate where projects are funded through rate increases and thus current ratepayers bear the costs of the benefits for future ratepayers. Debt financing allows the cost of such projects to be shared between present and future generations although excessive debt should be avoided.

In the 1990s it was a fashionable goal for a local government to be debt free. Such strategies may not be conducive to good corporate performance, particularly in terms of sustainable asset management. A more considered and strategic approach to borrowing is necessary to better achieve effective asset management, to spread the infrastructure funding needs for strategic projects over generations.

EMERGING CAPITAL INFRASTRUCTURE NEEDS AND THE EXPENDITURE RENEWAL GAP

In Western Australia, as in other States, local governments face increasing pressure on the services they provide, arising from population and economic growth and rising community expectations for new and upgraded infrastructure. Population ageing also impacts on revenue and service requirements. Changes in local government responsibilities have been occurring at an increasing rate and community expectations are also increasing (CGC 2001: 53). One consequence of this is the stretching of local government revenue resources. These can only be stretched so far, resulting in deterioration in local infrastructure, lack of provision for asset replacement, and a reduction in the provision for major maintenance items (Johnson 2003).

Many growth area communities have a young family profile, and in most cases below average socio-economic status, which generates quite specific community service needs. The City of Wanneroo (2005) contends that the rate of population growth, with changes in age structure and the cultural diversity of its residents, poses significant challenges in the management of current and future demand for housing and the quality of infrastructure as well as the impact on the natural environment.

Greenfields development, infill and redevelopment all add to the pressure. While there are standard requirements imposed by the WA Planning Commission as conditions on subdivision, local governments may require infrastructure or facilities over and above the common standards. In the case of infill, significant changes in the type or intensity of land use may require new infrastructure and facilities or the augmentation of existing infrastructure and facilities beyond the normal scope of standard subdivision conditions. For local level infrastructure that has a high private benefit component, councils generally have access to development contribution tools as user charges.

The critical issue facing growth area councils will increasingly be funding the gap between delivery costs and ability to raise funds. The capacity of local governments to provide the additional infrastructure and facilities necessary to accommodate growth is limited by the available financial resources.

Infrastructure backlog
The most serious problem confronting all Australian local governments is the massive infrastructure backlog, the ‘dimensions of the problem so large that there is no prospect of local government being able to raise the necessary finance’ (Dollery, Crase and O’Keefe 2009). The magnitude of local government infrastructure shortfalls was identified in pioneering Victorian and South Australian studies in 2000 and 2001. The Access Economics’ study of council finances in WA estimated an infrastructure backlog of $1.75 billion. Access Economics assessed the state of council finances in WA, and found 83 of the then 142 councils assessed as financially unsustainable (although these were more likely to be rural councils).

The need for improved standards of infrastructure and asset management has become a key issue. The magnitude of the infrastructure renewal task (estimated at $1.4b annually by ALGA) has demonstrated serious deficiencies in the capability of local government as a whole to map, plan, maintain, renew and expand the infrastructure base upon which communities rely (WALGA 2008).

The WALGA Systemic Sustainability Study called for a more transparent and sustainable funding model for roads and infrastructure to be developed to relieve an estimated $120M annual infrastructure deficit. It called on councils experiencing significant levels of growth and development to prepare Community Infrastructure Plans as part of their strategic planning process. WALGA subsequently supported the national campaign to establish a Community Infrastructure Fund. In doing so, its focus was local government wide, and it was not concerned specifically about growth councils and there was no mention of the need for new infrastructure.

The PriceWaterhouseCoopers report (2006) identified the need for local government to develop plans for being able to meet infrastructure demands, as well as seeking targeted support from other governments. It is considered a structural problem in the way new communities are planned and funded in Australia (NGAA 2007). This situation has developed over time but given the rate of population growth facing growth areas urgent attention is required to avoid some potentially serious consequences in the next decade and beyond. Without urgent and substantial funding, communities and more importantly, future generations will suffer - $11.7 billion needs to be spent on community infrastructure over the next 15 years, but growth area councils are only expected to have access to $8.5 billion in funding during that period. Growth area councils have responsibility for funding future, as well as maintaining and renewing existing, infrastructure and urgently need to secure an additional $3.1 billion in funding to deliver basic community infrastructure over the next 15 years (NGAA 2007).

Case Study – The City of Mandurah
The City of Mandurah, estimated (2008) population of 64,787, is located outside the Perth Metropolitan area, in the Peel Region, 72 kilometres from the Perth CBD. With the opening of the Perth-Mandurah railway in 2007, the former resort town morphed further as a suburban appendage, integrated into the Perth economic system and labour market.

Mandurah is a hyper-growth and sea change community, typically having average annual growth in excess of 5% per annum (Table 2). It is characterised by high availability of greenfields development areas, high population growth resulting in a diverse demographic base, and high demand for infrastructure provision. The prolonged period of hyper growth has pushed the council’s ability to finance infrastructure out of balance.

Insert Table 2. here
The City suggests that due to its exceptional rate of population growth, it is required to provide as much infrastructure to cater for growth in two years as would normally be provided in an eight to ten year period. While there is a growing rate revenue stream, rate revenue and borrowing capacity are outstripped by the growth of population and infrastructure demands, such that

“the city cannot afford to fully fund its long term capital investment and asset replacement plan. Additional loans are not a solution; debt service costs create a drain on the city’s future financial position…” (2006:24)

Mandurah is a minimum grant council under financial assistance grant arrangements ($18.78 per capita), comparing poorly to outer metropolitan councils in NSW and Victoria. Hence the City supported the introduction of a Community Infrastructure Renewals Fund, but it strongly suggested that the fund should also be used to build new infrastructure. The City saw little point in the renewal of a 30 year old building designed to cater for a population of 10,000 when the population has since quadrupled. It cites the example of its aquatic centre, opened when its population was 15,000. The overcrowded swimming areas are inadequate for the current let alone future population (2007).

The City is active in stating its case, including submissions to the following:
- the State Infrastructure Strategy,
- Productivity Commission inquiry into local government revenue raising capacity,
- Sustainable Regions program,
- WA Local Government Grants Commission methodology review,
- National Sea Change Taskforce.

Key elements of the city’s position include:
- The WA Planning Commission underestimates population growth projections;
- Current FAGs are not adequately addressing horizontal equalisation;
- FAGs should be distributed via a national model;
- The escalation methodology for FAGs should be revised;
- The method for distributing FAGs requires overhaul, to recognise needs of hyper growth councils and long term population growth should be considered a disability factor;
- The creation of a development framework to plan and implement infrastructure provision in outer metropolitan growth councils;
- Establish local community infrastructure fund for existing community infrastructure and for new infrastructure in rapid growth areas.

The City receives State funding support for specific needs, such as for roads and recreation, including $1.16m in road funding in 2007-08.

**RESPONSES TO THE INFRASTRUCTURE FUNDING CHALLENGE**

The awakening of local government to the sheer scale of the infrastructure challenge has been characterised by new approaches to lobbying, and ultimately, new funding being made available for community infrastructure.

**New moves in local government lobbying**

Local government associations (ALGA and state based) have been the traditional platform for collective local government lobbying. While they still play an important role, the emergence of
new lobbying forums has been one response to the infrastructure challenge. The National Sea Change Taskforce, the National Growth Areas Alliance and the Outer Metropolitan Growth Councils Forum in WA are relatively new special interest collectives. They have drawn on the work of the Associations, such as the ALGA commissioned National Economics Infrastructure Funding Model in 2004-5, the PriceWaterhouseCoopers report (2006) and The Journey (WALGA 2008), but bring a sharpened fringe metropolitan focus to the issues.

**Outer Metropolitan Growth Councils Alliance (OMGC)**
The chief executive officers of 8 councils on Perth’s fringe (Armadale, Cockburn, Kwinana, Mandurah, Rockingham, Serpentine-Jarrahdale, Swan and Wanneroo) have been meeting since 2004, with a charter of lobbying state and federal government for increased funding to assist in dealing with growth issues. They state that 76% of the population growth in the Perth metropolitan and Peel regions from 1981 to 2001 and from 2001 to 2021 will be in these local government areas. This alliance has been active in lobbying governments, making submissions and progressing contributions to community infrastructure projects.

For example, the OMGC provided a submission in response to the Green Paper for the proposed State Infrastructure Strategy. The submission of OMGC focused on a number of issues, including the lack of recognition of the role of local government in providing and maintaining significant infrastructure. It described issues of growth management, and canvassed a possible growth management structure based on the South East Queensland model. The alliance calculated that the total public sector engineering construction value in WA from 1998/99 to 2003/04 of $7.3b represented 62% of the revenue collected from property related tax over the same period of $11.8b. There is an emerging trend of a widening gap between revenue raised by the State and infrastructure provided. The Green Paper did not recognise the role of infrastructure in supporting urban growth.

The scant mention of local government in the Green Paper did not go unnoticed and a number of growth local governments provided submissions. The Shire of Serpentine-Jarrahdale, noting there was no mention of how local government will be consulted on local or regional infrastructure projects, called for more emphasis on urban infill, to reduce pressure on infrastructure on the fringe. The City of Swan called for more weight on asset management, aging infrastructure and the growth in residential developments. With $900m of assets of varying age, aging infrastructure and growth are the biggest issues facing Swan. It faces the challenge to prepare asset management plans, and long term financial plans to maintain assets in a way to meet changing community needs. Current priorities included many road projects, but also included community facility refurbishments, new community buildings in new suburbs, youth facilities and working with the State on service infrastructure for growth areas.

**National Growth Areas Alliance**
The National Growth Areas Alliance (NGAA) was formed in 2006, and the 31 local governments currently accommodate 22.6% of the nation’s population. This is expected to rise to 25.8% of the nation’s population by 2022. Over the five years to 2006, 54.7% of Australia’s population growth occurred in NGAA councils. This trend is expected to continue, with more than 1.4 million people moving into growth areas over the next 15 years.

The intensive population growth is placing pressure on existing infrastructure, in addition to creating demand for new infrastructure. NGAA members have identified the lack of infrastructure funding as the critical issue for their municipalities, noting that the current financial assistance grants system did not appropriately recognise their funding needs. Given the growth projections, there is insufficient direct capital funding from both State and Federal
Governments for social infrastructure. Councils acknowledge that recurrent and operational contributions from these two tiers are critically important to the delivery of services on the ground.

The alliance wants the Australian Government to be a key player in the planning of new areas in our major cities, developing a framework for community infrastructure delivery in high growth regions of Australia. The NGAA called upon all major political parties:

- to acknowledge the need for federal funding to be provided to growth areas while protecting the role of local communities in setting their own community infrastructure priorities.
- to develop a federal framework for community infrastructure delivery in high growth regions that recognises the role and significance of growth areas.
- to commit to providing federal funding to meet the $3.1 billion (that equates to $206 million a year, or $39 per NGAA resident) shortfall in community infrastructure funding growth areas are facing over the next 15 years.

New infrastructure money – the WA Country Local Government Fund
Announced by the WA Minister for Regional Development as part of the Royalties for Regions policy in December 2008, the Country Local Government Fund as its name suggests did not generally help local governments on the fringe of the metropolitan area. Somewhat perversely, two of Perth’s fringe growth local governments received significant funds, for as part of the Peel region they were in the defined area eligible for funding (Table 3).

Insert Table 3. here

Nation building and Infrastructure Australia
The 2007 ALP Conference outlined an infrastructure and nation building program, including the creation of Infrastructure Australia. This advisory body was created in January 2008, and while it is a positive development, it focuses on the national big picture, which is not usually the big picture for local communities. The role of Infrastructure Australia is to advise governments, investors and owners of infrastructure concerning:

- policy and regulatory reforms desirable to improve the efficient utilisation of national infrastructure networks;
- options to address impediments to the development and provision of efficient national infrastructure; and
- to develop priority lists to prioritise Australia's infrastructure needs.

The 2009 Federal budget provided $36 billion for infrastructure, concentrating on 15 nation building projects such as Oakajee port in WA’s Midwest, part of the $21 billion earmarked for projects in regional Australia. There was nothing for Perth’s growing metropolitan fringe.

The Major Cities Unit has also been established to identify opportunities where Federal leadership can make a difference to the prosperity of cities and the wellbeing of residents. Apart from an acknowledgment that the issues surrounding the infrastructure and governance of our major cities are complex, the integration of services and infrastructure bodies, and industry and community participation, there is scant detail on the relevant website about the work of the Major Cities Unit. It is said that the Unit will provide a more coordinated and integrated approach to the planning and infrastructure needs of major cities.
A PriceWaterhouseCoopers report in November 2006 proposed the introduction of a local community infrastructure renewals fund, based on R2R, of approximately $250 million per annum. It was proposed to support councils in the timely funding of renewal work for existing community infrastructure. This report provided a perfect springboard for ALGA, such as their September 2007 10 Point Plan to reinvigorate communities, which included under the banner of ‘fair funding’ the introduction of a community infrastructure renewals program. This was followed up in ALGA’s 2008/09 budget submission, which included strategic priorities of reforming local government general purpose funding, and investment in community and strategic infrastructure through local government.

**Commonwealth Infrastructure Program**
The efforts of ALGA, the State associations, the OMGC and NGAA culminated in the November 2008 announcement by the Prime Minister of $250 million for community infrastructure. Most significantly, it included a component for growth local governments.

The allocation to each local government, the process was determined as follows:
- Minimum payment of $100,000 to each local government.
- $300,000 growth component for local governments with populations of more than 30,000, categorised as 'urban fringe', 'urban regional' or 'rural significant growth', in response to the relatively greater pressure they face to provide or renew community infrastructure.
- Balance of funds was allocated to local governments with more than 5,000 people in accordance with the annual Financial Assistance Grants formulas of State Local Government Grants Commissions.

In February 2009, an additional $500 million was announced for community infrastructure as part of the $42 billion National Building and Jobs Plan. These funds were available on a competitive basis for larger-scale projects; 137 projects are being funded. These include 22 projects in WA, totaling approximately $59m. The Perth metropolitan fringe was reasonably successful, with 6 OMGC councils receiving $18M for recreation, open space and community/cultural facilities.

Yet again, in June 2009, the Prime Minister announced a further ‘investment’ of $220 million for the Community Infrastructure Program. Once again, this funding was allocated on a basis of a minimum payment and additional amounts for larger communities that qualified for a growth component. There was also a competitive component of $120 million to fund larger Strategic Projects.

This injection of Commonwealth funding was as much about the need to support jobs and stimulate the economy, as it was local government. The Australian Government identified “local governments as important partners in our strategy to fight the impact of the global recession in communities across Australia. Because local councils can be effective in getting local community infrastructure projects moving quickly, and getting local jobs flowing quickly” (Kevin Rudd 25 June 2009). This brought the Australian Government’s total investment in local community infrastructure to just over $1 billion (Table 4).

Insert Table 4. here

**Developer contributions and community infrastructure plans**
While the Commonwealth’s infrastructure funding has done much to help local government’s position, one key issue remains. While voluntary development contributions for infrastructure
have long been accepted as an essential part of the planning system, Western Australia is one of last States to formalise developer contributions. Contributions are usually by way of land, works or payments towards the provision of infrastructure, imposed by way of conditions on subdivision. Developer contributions can augment local government funds by levying those who benefit directly from infrastructure improvement.

A Public Accounts Committee’s *Inquiry into Developer Contributions for Costs Associated with Land Development* (2004) recommended that local governments have the capacity to recoup infrastructure costs by way of provisions in local planning schemes. WALGA commissioned a further report in 2007 which became the basis for the draft *State Planning Policy 3.6 Development Contributions for Infrastructure*. It sets out the principles and considerations to apply to development contributions for the provision of infrastructure in new and established urban areas.

The approach is based on developing comprehensive long term Community Infrastructure Plans (CIPs) as a basis for calculating the contributions. As new residential developments occur they raise issues for local governments such as the timing and level of facilities to be provided to the new community and how the cost of these facilities should be distributed. CIPs seek to forecast the needs of the whole community with regard to new and renewed facilities. The OMGC supported CIPs for identifying services and facilities required over the next 5 to 10 years, based on a whole of life costing approach.

Development contributions are not likely to be a substantial source of capital contributions for all local governments but are particularly crucial for communities under pressure due to rapid growth. Those contributing will be assured that the funds will assist the local government’s longer-term planning and programming of infrastructure in an integrated and coordinated way.

**CONCLUSION**

This paper considered the infrastructure funding challenges facing growth local governments in Perth’s outer metropolitan area. The issues associated with managing urban growth and providing infrastructure to support population growth are not unique to Western Australia.

The last few years have seen a growing awareness of infrastructure needs nationally, and the growing infrastructure needs of local government in particular. There has been a coming together of various initiatives at all levels of government and inquiries into the financial sustainability of local government in various jurisdictions. This has led to local government developing a greater understanding of asset management imperatives, finding out what they didn’t know, finding out what they needed and didn’t have, and ultimately empowering local government to effectively lobby State and Commonwealth governments for assistance in meeting their community’s needs.

For the first time in thirty years, the Federal Government is developing a National Urban Policy, a long term framework for the sustainable development of Australia’s cities. In that context, growth area councils want a new deal on the sharing of responsibilities between the three levels of government. They also want the Commonwealth establish a fund in perpetuity to contribute to growth area infrastructure. However, the High Court’s recent judgment in the Pape case has the potential to invalidate Commonwealth funding to local government. This judgment appears to cast doubt on the Government’s capacity to make direct payments to councils for programs such as the Community Infrastructure Program. It is important that the Government clarify the uncertainty created by the High Court’s decision so that councils can plan their current and future work programs and expenditure with certainty.
REFERENCES


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### Table 2. The City of Mandurah: a hyper-growth council

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### Table 3. Country Local Government Fund allocations and projects 2008-09

<table>
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<th>City of Mandurah ($1,373,018)</th>
<th>Rushton Park Redevelopment</th>
<th>Construction of club rooms, change rooms and administration facilities</th>
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<tr>
<td>Shire of Serpentine – Jarrahdale ($1,360,486)</td>
<td>Mundijong Pavilion Byford Community Hub</td>
<td>Refurbishment and construction of change room and training facilities Refurbishment of Byford Hall and construction of meeting rooms</td>
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### Table 4: Commonwealth Infrastructure Program allocations for local government

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<th>Commonwealth Infrastructure Program</th>
<th>Allocation to local governments</th>
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<tr>
<td>November 2008</td>
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<td>25 June 2009</td>
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<td>$120 million</td>
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ENDNOTES

i The views expressed in this paper are the views of the author and do not represent the views of the Government of Western Australia or the Department of Local Government.

ii In its report Local Government Finances in Western Australia, Access Economics provides a definition of ‘Infrastructure Backlog’:

“A single year’s negative net acquisition of non-financial assets for renewal/replacement purposes may reflect lumpiness in renewal/replacement activity. Of more significance is a series of years in which such negative net acquisitions are observed. The accumulation of past negative net acquisition over a period of time will indicate what can be termed an infrastructure renewal/replacement backlog. An infrastructure maintenance backlog is also possible, where assets have prematurely degraded because they have not been routinely maintained. This is sometimes called ‘backlog maintenance’, and gives rise to the need for the eventual rehabilitation of the assets. Our use of the term “infrastructure backlog” covers both backlog forms.”

iii Infrastructure projects currently on the City’s wish list include CBD revitalization, Rushton park sporting facility redevelopment, traffic bridge replacement, estuary bridge duplication, entrance road, relocation of sewer pumping station – total costs of $250M. The Rushton park project has picked up funding from the recent State and Commonwealth programs. Stop press: The Federal Government announced on September 14 that it would provide up to $5.5 million toward revitalising Mandurah's City Centre.

iv The nine regions of the Regional Development Commissions Act 1993

v All councils received a base grant of $30,000. The 105 councils classified as urban fringe or urban regional according to the Australian Classification of Local Government Code and who have at least 30,000 residents received an additional growth component of $150,000. All councils with at least 5,000 residents shared in the distribution of the remaining funds in proportion to their 2008-09 general purpose Financial Assistance Grant.