

THE CITY OF
GREATER GEELONG

SUBMISSION INTO LOCAL GOVERNMENT SUSTAINABILITY.

MAY 2024

Contents

Executive summary	3
Submission	4
About The City of Greater Geelong.....	4
Experience with financial sustainability	5
Fiscal responsibility.....	6
Budget overview	6
Rates	6
Community service delivery	7
Capital projects.....	8
Impact on the city.....	8
Infrastructure	8
Workforce management	9
Changing community needs	9
Asset management.....	10
Growth area demands	10
Service delivery	11
Meeting service delivery and infrastructure needs	11
What are the needs?	11
Who is best placed to respond to these needs?.....	12
What is the biggest challenge in meeting these needs?	12
Summary	13

Executive summary

The City of Greater Geelong (the City) welcomes this House of Representatives Standing Committee inquiry into local government sustainability.

The City of Greater Geelong is a growing, diverse regional city and works hard to deliver the core services the community expects from ratepayers' money and from Australian and Victorian government investment into the region. With this investment, however, comes the obligation to deliver Australian and Victorian government priorities. This distribution of expenditure responsibilities and revenue capacities results in a large vertical fiscal imbalance between the three levels of government, often with the states relying on Australian government funding themselves to support these priorities.

Community trust relies on governments working together. The City is seeking a mature discussion between all levels of government so that critical service provision and infrastructure is in place where it is most needed.

Effective, sustainable funding for local government will require the Australian Government to increase Financial Assistance Grants to at least one per cent or more of Commonwealth Tax Revenue.

It will also require the Australian Government to consider the guidelines that support infrastructure funding.

Recent changes in Australian government funding guidelines have seen local government take on a significantly higher level of financial burden for the delivery of infrastructure projects. In chasing grant opportunities from Australian and Victorian government, local government are being asked to undertake separate, standalone planning works. There is potential for these grant programs to draw more directly on the comprehensive infrastructure and community planning activities that local government has already undertaken. This could significantly reduce project deliver timelines and administrative duplication. The City knows that this work is required to guide future investment, however, opportunities for funding to support this planning work have been reduced or fully removed.

This demand on local government to continue taking on the responsibility for delivering against gaps in funding for local, state, and Australian government infrastructure priorities is not sustainable in the long term. This position is likely to result in reprioritisation of funding away from service delivery to infrastructure investment, further exasperating the vertical fiscal imbalance and negatively impacting the local communities.

A financially sustainable model of funding for local government service delivery and infrastructure is required to ensure this does not happen.

Submission

ABOUT THE CITY OF GREATER GEELONG

The City of Greater Geelong (the City) is the second-largest city in Victoria. Located 75 kilometres south-west of Melbourne, the municipality covers an area of 1,252 square kilometres, comprising suburban, coastal and country areas.

Outside of metropolitan Melbourne, the greater Geelong municipality (the municipality) is the most populated region in Victoria, with an estimated resident population of 282,809 (ABS ERP 2023). Over the past decade, the population of the municipality has experienced significant growth in the western and eastern corridors. Population is forecast to grow to 396,388 by 2041.

The size and demographic profile of the municipality continues to shift and change. The population is aging. Residents over 65 years of age has increased by 22.8 per cent between 2016–2021.

Conversely, over the past 10 years, birth rates have increased significantly, with the population of young children expected to continue to increase.

The municipalities culturally and linguistically diverse communities also continue to increase. A total of 17.7 per cent of the municipalities total population were born overseas. Migration has been key to the development of the region and today, the City welcomes new arrivals from countries such as Afghanistan, Iran, Iraq, South Sudan, Congo, and Myanmar. International students are also an important part of the rich multicultural fabric of the region.

Community size and expectations on local governments have significantly changed in the last 10 years, this can be seen in the community profile of the municipality:

- **Population growth:** 282,809 (ABS Estimated Resident Population 2023) between 2016 and 2021 the population increased by 37,626 people (16.1%). This represents an average annual population change of 3.03% per year, with 2024 estimates sitting at 289,272. Increasing demands and stress on all aspects of community life.
- **Population density:** 225.8 persons per square km (ABS Estimated Resident Population 2023).
- **SEIFA Index of Disadvantage:** In 2017 the municipality sat at a score of 1,007. For Statistical Areas Level 1 (SA1s) across Australia, the average (population weighted) SEIFA score on the index of disadvantage is 1,000. Comparatively the municipality sits at a higher level of disadvantage than the G21 Region at 1,016.4. Increasing demand on social services infrastructure.
- **Health and Wellbeing:** 35.9% of the population identify as having long term health conditions, increasing demands on health and social assistance.
- **Employment:** 23.4% of the population identify as having a household income of less the \$800 (low). 34.3% of the population identifies as not in the labour force, 4.4% unemployment.



Between 2016 and 2021, the number of people employed in the municipality showed an increase of 26,010, and the number unemployed showed a decrease of 1,068. In the same period, the number of people in the labour force showed an increase of 24,942 or 22.5%. Of the 117,834 people who work in the municipality, 96,343 or 81.8% also live in the area. This places increased demand on roads, transport and parking as more people commute to work.

- **Economic Profile:** \$19.57 billion GRP with 144,568 Local jobs and 22,090 Local businesses. Largest Industry – Health Care and Social Assistance. (NIEIR *State of the Regions* dataset May 2024) which talks to the demand for health care and social assistance across the region.
- **Affordable housing:** It is estimated that 5,487 households have an unmet need for affordable housing in the municipality. This represents 5.3% of all households compared to 4.5% for Regional Victoria. (ABS *Estimating Homelessness 2021* and ABS *Census 2021*).

While the City welcomes this growth across the municipality this brings with it fiscal challenges during challenging economic times.

Over the twelve months to the March 2024 quarter, all living cost indexes rose between 3.3% and 6.5%. Costs have been on an upward trend year-on-year placing pressures on local governments to deliver against Precinct Structure Plans and Developer Contribution Provisions that were developed and agreed on during more favourable financial times.

The financial impost on local government to fully carry the financial risk for infrastructure provision when costs escalate, erodes the capital collected years before. Local government carry substantial risk when supporting infrastructure growth.

Experience with financial sustainability

Like most local governments, the City continues to face financial pressure. This is driven by significant escalations for wages as well as materials and service.

In Victoria, the capacity to raise revenue is artificially constrained by the Victorian Government's rate cap policy, the cost to deliver services and infrastructure however continue to climb at a higher rate than the 2.75 per cent rate cap.

In 2020 the City adopted a Sustainability Framework to create a culture of sustainable practice that will help the City to address significant future challenges, such as the climate change global emergency. With three key priorities guiding the City's work:

1. Protection of the environment
2. Community wellbeing and social equity
3. Responsible and transparent business.

This policy embedded sustainability across the City, it is considered in everything the City does.

The Federal Government made an election commitment to provide 'fair increases' to Financial Assistance Grants. That has not eventuated yet. The City therefore asks that this inquiry looks for ways that this promise can be realised (including retrospectively).

Local government plays a critical role in ensuring that communities are productive, resilient, and liveable, However they have a small revenue base to do this work, with substantial assets to maintain.

The City is continually challenged to balance the needs of the community against fiscal responsibility.

We are duty-bound to make decisions that are evidence-based, financially responsible and reflect the needs of the community and stakeholders we serve. This demands prudent judgement, especially as we, along with many other councils, acutely feel the impacts of inflation and substantially higher costs, compounded by the Victorian Government's rate cap of 2.75%, which limits crucial rate revenue. In the 2024-25 Budget, you will find a considered allocation of resources aimed at addressing the most pressing needs of our community. From infrastructure upgrades to social programs, every dollar has been carefully allocated to maximise its impact.

(2024-2025 to 2027-2028 City of Greater Geelong Budget)

FISCAL RESPONSIBILITY

Budget overview

The City is projecting a budgeted surplus of \$2.07 million in the coming year. The four-year budget forecasts further small surpluses over the following three years. The City is aware that due to escalating costs there may be a need during this period to record a deficit.

The City's total expenditure in 2024-25 will be \$491.1 million. Local government is not small business. Where the money goes (top 10 sources of expenditure):

- **Capital projects delivery** – \$213.4 million (35.8 per cent)
- **Waste management** – \$63.6 million (10.7 per cent)
- **Services and internal services** - \$54.7 million (9.2 per cent)
- **Asset management and maintenance** – \$46.4 million (7.8 per cent)
- **Family Services** - \$34.7 million (5.8 per cent)
- **Parks and reserve management** – \$33.8 million (5.7 per cent)
- **Recreation and sport** – \$32.2 million (5.4 per cent)
- **Community programs and venues** – \$25.7 million (4.3 per cent)
- **Statutory and strategic planning** – \$24.2 million (4.1 per cent)
- **Community care** – \$21 million (3.5 per cent)

The City is budgeting for \$15 million in new borrowings in 2024-25, taking the total borrowings by the end of the fiscal year to \$189.4 million. These new borrowings are required to fund the delivery of community facilities and infrastructure.

As a growth region the City currently has 11 Precinct Structure Plans in place, this places multi-level pressures on the City to deliver the required resources and financial investment to sustain and support the growing region.

By the end of the 2024-25 fiscal year, the City will be responsible for the upkeep of just over \$5.7 billion in assets – an increase of around \$400 million on 2023-24.

The City's four-year budget identifies that this figure will increase to over \$7.2 billion by the end of 2027-28.

While staffing costs sit at \$204.6 million this year up \$10.2

million on forecast 2023-24 result. Mainly due to salary increases in line with the City's Enterprise Agreement. The city is one of Geelong's largest employers, providing full-time, part-time, or casual employment for 1863 people.

Rates

The Victorian Government artificially constrains local government revenue, with a rate cap set at 2.75 per cent for the 2024-25 fiscal year.

Rates and charges make up just under half (47.8 per cent) of the City's total comprehensive income and so are essential to supporting the services and facilities the City provides to the community.

Historically, in greater Geelong, commercial rates have been set higher while residential rates have been lower. Under the 10-year plan, the City will aim to progressively bring the two rates together to support local business and ensure the greater Geelong region is an attractive place for business investment.

Residential rates remain extremely competitive in comparison to other local governments across the state:

- Average capital improved property value: \$768,093
- Average rates payable: \$1,545.86 (up \$66.57 or 4.5 per cent)

Commercial/Industrial:

- Average capital improved property value: \$1,189,525
- Average rates payable: \$4,668.65 (down \$245.72 or 5 per cent)

Unlike other spheres of government, the City does not have access to a growth tax that would allow us to share in the prosperity of the region's economy and provide services and infrastructure to meet growing community needs. This creates an unhealthy financial relationship with grant programs from other levels of government.

The City relies heavily on Australian and Victorian government growth infrastructure grant funding to deliver on the region's growth needs. However, in a competitive marketplace, the higher need and demand on the City for investment to meet demand in the region, is not always considered by governments in the allocation of grant funding.

Community service delivery

Cost of services continue to rise; this arises through a combination of increased delivery as population grows and increased cost to deliver. The cost of services delivered to the community for the 2024-25 year is expected to be \$386.4m which is an increase of \$27.0m over the 2023-24 forecast. The key influencing factors are the increased price of materials, external services, and employee costs. In the period 201-2022 to 2027-2028 there has been an increased cost of service delivery of 28.97%.

Because of that, the City relies on support from the Australian Government through Financial Assistance Grants. To ensure the City's long-term sustainability, it is essential that Financial Assistance Grants are increased to at least one per cent or more of Commonwealth Tax Revenue.

Both components of the Financial Assistance Grant are untied in the hands of local government, allowing them to allocate the grants according to local priorities, this is critical for delivery of services and infrastructure projects.

Untied grants are a significant form of investment for local governments. They provide the flexibility to allocate funds to areas most needed by the community, whether it is for building new infrastructure, delivering programs that meet community needs, or maintaining essential services and facilities like pools, libraries, sporting grounds, and roads.

The ability to direct these funds strategically is crucial, especially since local governments often face challenges with short-term grants that may not align with the long-term service planning and community needs. Untied grants allow for a more effective and efficient use of resources, enabling local government to address specific local priorities without the constraints of externally imposed conditions.

The City values this form of investment; it empowers local decision-making and supports the sustainable development of communities.

The Victorian Government's approach may differ, but the City's appreciation for untied grants from the Australian Government reflects their importance in fostering local governance and community well-being.

State	LGA	Year	General Purpose	Roads	Total
Victoria	City of Greater Geelong	2017-18	\$17,327,664	\$3,244,850	\$20,572,514
Victoria	City of Greater Geelong	2018-19	\$17,525,786	\$3,342,734	\$20,868,520
Victoria	City of Greater Geelong	2019-20	\$18,301,182	\$3,461,223	\$21,762,405
Victoria	City of Greater Geelong	2020-21	\$18,923,475	\$3,583,728	\$22,507,203
Victoria	City of Greater Geelong	2021-22	\$19,878,530	\$3,831,367	\$23,709,897
Victoria	City of Greater Geelong	2022-23	\$21,111,292	\$4,158,743	\$25,270,035
Victoria	City of Greater Geelong	2023-24	\$23,310,977	\$4,691,104	\$28,002,081

Source: <https://www.infrastructure.gov.au/territories-regions-cities/local-government/financial-assistance-grant-local-government/past-payments-vic>

These untied grants are the most important ones that the City receives, as they can be directed to the services and infrastructure the community needs and that service planning identifies. The Victorian Government does not provide untied grants in this way, the City values this form of investment in local government by the Australian Government.

Capital projects

The City recognises that renewing and upgrading existing assets in established areas is as important as providing new assets in growth areas. Since 2021-22 the City has been allocating an increasing share of capital investment towards renewing and upgrading the City’s existing assets. In 2024-25 the City will invest \$59.1 million in renewal of assets, \$40.3 million in asset upgrades, and \$111.2 million in new assets.

The City is working hard to find and make use of Australian and Victorian government grant opportunities to help fund capital projects, to help ease the burden on the City’s own finances. While the City receives significant income through developer contributions, these do not cover the full cost of providing the necessary community infrastructure in newly developed areas.

Four-year capital projects forecast:

- 2024-25 – \$210.5 million
- 2025-26 – \$209 million
- 2026-27 – \$195.9 million
- 2027-28 – \$137.2 million
- Four-year total – \$752.6 million

These figures include City and external funding such as Australian and Victorian government grants and developer contributions.

2024-2025 Capital expenditure by category:

- Roads, paths, kerb, and channel and drains \$50.8 million
- Land acquisitions \$46.4 million
- Parks, open space, and leisure \$42.3 million
- Buildings \$29.6 million
- Waste management \$10.1 million

The City is highly dependent on grants to deliver services and capital works to the community it serves, budget extract:

	2023/24 (\$*000)	2024/25 (\$*000)
Total operating grants	\$66,433	\$73,906
Total capital grants	\$26,050	\$24,484

Grants represent 15.64% of revenue for this fiscal year 2023/24 and a 14.53% projection for 24/25. This investment by government has dropped relative to total revenue over the last 10 years. Budget projections work on an assumption of recurrent funding availability with embedded CPI increase.

The ability of the City to make long-term financial investment decisions relies on certainty of revenue over time that is indexed realistically. Future sustainability is dependent on the ability to reap returns on investment over time and a revenue base that grows in line with demand and cost of living.

Factors such as rate-capping and cost-shifting, when responsibilities are transferred from higher levels of government, impact the financial stability of local governments, this can be seen in recent changes to Australian government funding approaches.

IMPACT ON THE CITY

Infrastructure

There is an ongoing need placed on local government to invest in and maintain aging infrastructure and meet the diverse needs and demands of a changing and growing population.

Recent changes to Australian government funding approaches have impacted local government’s ability to deliver on large scale infrastructure work by requiring local government to complete planning and scoping work for capital works and major infrastructure works prior to application for government funding.

This expectation places the burden on local government to cover the cost of planning and scoping of capital projects without certainty of revenue to support delivery on these plans.

This investment without certainty on return on investment, creates a challenge to local government in strategic planning and resourcing, and importantly, in managing the expectations of community.

This added financial burden extension places the City, as it does other local governments, in the unenviable position of reducing services and infrastructure for the community to ensure asset functionality.

Workforce management

Financial sustainability plays a significant role in shaping workforce management decisions for local governments. As a large regional city with public sector agencies, including TAC, Workcover and the NDIA all competing for a limited pool of talent, the City also faces the added tension of elevated levels of market competition, along with:

- **Staffing Levels and Recruitment:** Financial sustainability directly affects the number of staff positions a local government can afford. Limited funds may lead to reduced staffing levels or hiring freezes. Local governments must prioritise essential roles based on available resources. Critical services (such as public safety, health, and infrastructure) take precedence over non-essential positions.
- **Compensation and Benefits:** Financial sustainability influences salary scales and benefits packages. Local governments need to strike a balance between competitive compensation and budget constraints. Likewise, adequate compensation is crucial for retaining skilled employees. If financial sustainability is compromised, retaining experienced staff becomes challenging.
- **Training and Development:** Training programs enhance employee skills and efficiency. However, financial limitations may impact the availability of training resources and professional development opportunities.
- **Workforce Diversity and Inclusion:** Financial sustainability affects efforts to promote diversity and inclusion. Initiatives such as hiring from underrepresented groups or accommodating diverse needs require budget allocation.
- **Work-Life Balance and Well-Being:** Providing employee assistance programs, wellness programs, and mental health support contributes to employee well-being. Financial stability enables local governments to offer comprehensive benefits.
- **Technology and Automation:** Adopting technology streamlines processes and improves efficiency. Financially sustainable organisations can invest in software, automation, and digital tools to enhance workforce productivity.
- **Succession Planning:** Financially stable local governments can allocate resources for succession

planning. Identifying and developing future leaders ensures continuity and minimises disruptions.

- **Labour Relations and Collective Bargaining:** Financial constraints impact negotiations with labour unions. Balancing fair compensation with fiscal responsibility is essential during collective bargaining, any constraints on funding or sustainability of revenue impact these negotiations, including flexible staffing options, such as hiring contract workers or outsourcing specific tasks.

Financial sustainability directly influences workforce decisions, from recruitment and compensation to training and long-term planning.

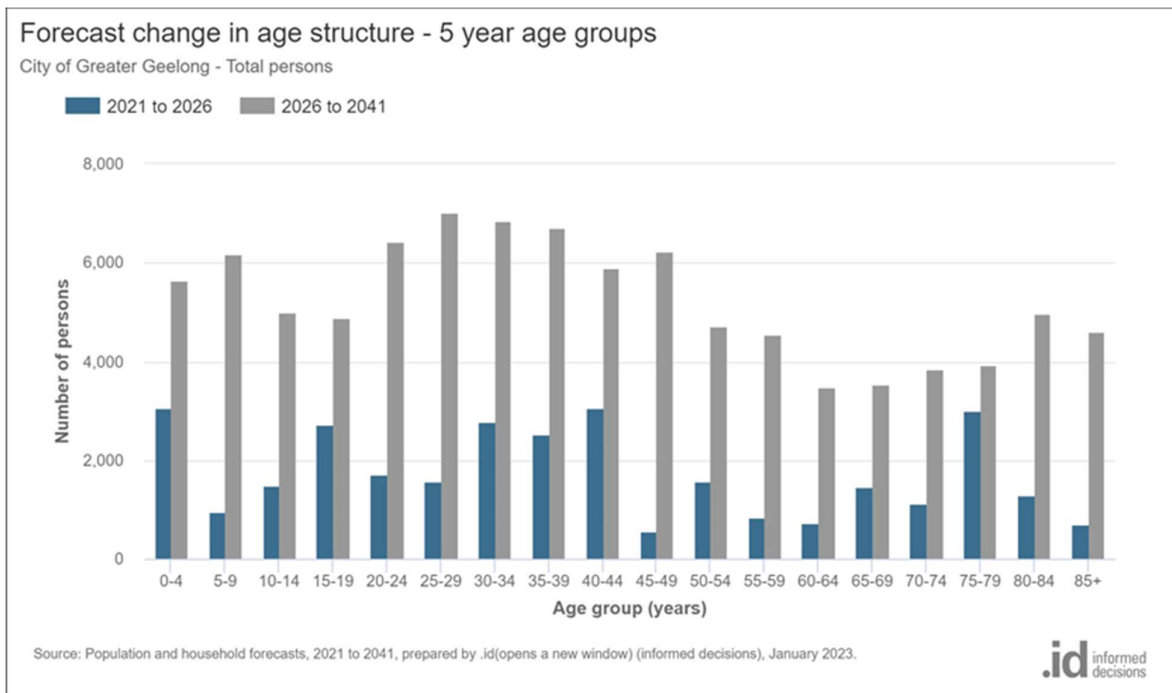
Changing community needs

It will be important for the inquiry to consider the key role the Financial Assistance Grants play in supporting a sustainable local government sector. Over the past 30 years Financial Assistance Grants have slipped from 1 percent of Commonwealth taxation revenue, to just half a percent. This is compounded through rate capping by state governments, further weakening local governments' financial position. This decline has been strongly felt by local government in regional, rural, and remote areas, where Financial Assistance Grants often make up 20 percent or more of their annual operating revenue.

Local governments have repeatedly called for these untied and non-competitive funding grants to be restored to at least one percent of Commonwealth taxation revenue. This reform would provide the long-term certainty that local government needs to plan for their community's future and the flexibility to prioritise their spend on more resilient, productive, and liveable communities.

Local government needs the flexibility that comes with security of revenue to respond to changing needs and proactively prepare for future demand. As noted in the City's municipality breakdown, the City's population data by age cohort shows that the fastest two growing cohorts have been older residents and younger adults looking to start a family.

Forecast population projections highlights that this growth will not only bring a higher demand on services such as community health and wellbeing, aged care, family support and care, but also to housing demand and community, recreational infrastructure and open spaces.



Communities grow and change, a sustainable funding model must meet the growing and changing needs of local government, considered at the local level.

Asset management

The City's Asset Policy talks to the way in which sustainable delivery of the City's services is dependent on asset infrastructure which has been developed and maintained over generations. This investment continues to grow strongly because of the City's capital investment program and developer contributed assets. The 2020 replacement cost of the City's existing asset base was \$2.3 billion.

Asset Management combines management, financial, economic, and technical practices with the objective of meeting required service levels through physical assets in the most cost-effective manner.

Most City assets are long lived and require significant ongoing investment in maintenance and renewal activities to ensure they deliver the required levels of service expected by the community. This requires a focus on the City's long-life assets, such as:

- Road Network, including pathways, bridge structures and car parks

- Drainage Network, including flood protection and water sensitive urban design assets
- Park & Recreation facilities
- Buildings
- Plant and equipment
- Land assets, including open space and environmental land
- Trees
- Waste management assets (including landfill facilities)
- Arts & Culture Collections

Growth area demands

The City is facing growth at unprecedented levels. The Armstrong Creek growth area is the largest contiguous growth area in Victoria, consisting of 2,500 hectares of develop-able land, and is one of the largest growth fronts in the country. This growth area provides a clear example of how changing community needs

The Victorian Government has consistently recognised the importance of the growth area in accommodating the unforeseen levels of population growth in Victoria.

Armstrong Creek, in the greater Geelong municipality, is seen as Victoria's sixth growth area alongside the Growth Areas Authority Councils Wyndham, Hume, Casey-Cardinia, Melton, and Whittlesea. The Geelong region itself is regional Victoria's fastest growing area.

The Armstrong Creek growth area will:

- provide housing for between 55,000 to 65,000 people
- provide approximately 22,000 residential homes
- provide 22,000 jobs, with a focus on high technology jobs and developing synergies with Deakin University
- be developed as a sustainable community, with a focus on walkability, public transport provision and sustainable water use
- have physical and social infrastructure provided at an early stage, with an aim of building communities rather than just releasing land for development - there will not be just homes and jobs in the growth area, but schools, retail space, parks, open space, bike paths and a place for people to create a home and be part of a community
- provide a boost to local employment during the construction phase
- assist in addressing housing affordability issues currently experienced in the region
- have significant public transport provision
- provide for more sustainable housing choices

Geelong's growth areas have the potential to welcome 175,000 new residents to the City. The [Northern and Western Geelong Growth Areas Project](#) alone are Victorian significant project and the largest urban growth project in regional Victoria, comprising 5,367 hectares with the potential to accommodate 110,000 new Geelong residents.

Growth area development is funded via a number of different ways. Australian, state, and local governments play a significant role in funding high order infrastructure such as schools and arterial roads. As do the stakeholders that the City works with such as developers who construct roads, drainage, local parks, and shared paths and then gift this infrastructure to the City as public assets, which the City then maintains.

However, without government funding the City cannot meet the infrastructure or maintenance needs of the growing communities across the region.

Service delivery

As the level of government closest to the people, local government is responsible for delivering a large number of services that directly benefit the liveability and productivity of local communities.

These programs cover a broad range of areas, such as economic, social, environmental and liveability. Each of these programs deliver important benefits for the community and have been developed to meet community expectations.

MEETING SERVICE DELIVERY AND INFRASTRUCTURE NEEDS

What are the needs?

Local government operates in a complex but important strategic and legislative landscape. It is vital that local government focuses its efforts on the right things, ensuring adherence to the *Local Government Act 2020*. The ability of local government to respond to community needs comes down to resourcing – the capability and the capacity to deliver.

The following strategic needs, dependant on funding to deliver, have been identified through a range of community consultations and masterplan developments.

- **Sustainable Development:** Balancing economic growth with environmental sustainability is crucial. Urban planners need to consider factors such as green spaces, energy efficiency, waste management, and water conservation to create a sustainable city.
- **Land Use Zoning:** Proper zoning ensures that land is used efficiently and appropriately. Urban planners must allocate areas for residential, commercial, industrial, and recreational purposes while minimising conflicts.
- **Transportation Infrastructure:** Improving transportation infrastructure is essential. This includes road networks, public transit systems, cycling lanes, and pedestrian-friendly pathways. Efficient transportation options enhance mobility and reduce congestion.
- **Affordable Housing:** Providing affordable housing options for residents is a priority. Urban planners need to address housing affordability, density, and equitable distribution across neighbourhoods.

- **Heritage Preservation:** Balancing modern development with the preservation of historical and cultural heritage is challenging. Urban planners must protect significant landmarks and maintain the city's unique character.
- **Climate Resilience:** The City faces climate-related risks such as sea-level rise, extreme weather events, and heatwaves. Urban planning should incorporate climate adaptation strategies to enhance resilience.
- **Public Spaces and Recreation:** Designing and maintaining public spaces, parks, and recreational areas contribute to community well-being. Accessible green spaces promote physical activity and social interaction.
- **Mixed-Use Development:** Encouraging mixed-use developments (combining residential, commercial, and recreational spaces) fosters vibrant neighbourhoods and reduces dependency on cars.
- **Community Engagement:** Involving residents in planning decisions ensures that their needs and preferences are considered. Effective community engagement leads to better urban outcomes.
- **Urban Revitalisation:** Transforming underutilised areas or brownfields into vibrant spaces requires strategic planning. Revitalisation efforts can enhance economic activity and quality of life.

Who is best placed to respond to these needs?

Local government is best placed to deliver and respond to community needs for a number of reasons, including:

- **Proximity:** Local governments are the closest tier of government to the community, which gives them a better understanding of local issues and needs.

Our Community Plan 2021–25 is the key plan of the Greater Geelong City Council. It tells the community what the councillors are aiming to achieve during their four-year term. All newly elected councils in Victoria are required to develop a council plan and municipal public health and wellbeing plan following council elections. These plans are informed by community consultation and demonstrate the understanding of local issues and the approach required by the City to deliver on community needs.

- **Tailored Services:** Local government has the capacity to tailor services to local needs, ensuring that policies and programs are relevant and effective.

- **Collaborative Engagement:** Local government can engage with the community to identify existing strengths and capabilities, developing solutions in partnership with local leaders and organisations.
- **Inclusivity:** By involving residents in decision-making processes, local governments gain new knowledge and perspectives, ensuring that policies address the real needs of the community
- **Community Connection:** Local government plays a key role in fostering a sense of community, which is crucial for the well-being and satisfaction of residents.

These factors contribute to the ability of local governments to provide responsive and customised solutions that align with the specific requirements and aspirations of the communities they serve.

What is the biggest challenge in meeting these needs?

Research commissioned by the Australian Local Government Association (ALGA) shows that over the past decade local government expenditure per capita has flatlined, while spending by other governments has continued to rise. This is despite additional responsibilities increasingly being forced onto local government by other spheres of government.

Cost-shifting to local government means that already limited funds and resources are being diverted to new services while existing community services and local facilities go unfunded. By international standards, investment in local government across Australia is low, and this is constraining local governments capacity to deliver core services, such as maintaining local roads and community infrastructure.

In 2023 the Grattan Institute identified local governments needed an additional \$1 billion per year to effectively maintain their roads. ALGA's *2021 National State of the Assets Report* highlights that 10% of local government infrastructure assets are in poor condition and need attention.

The City's *2023 Annual Report* identified the number one challenge impacting services at the City as the growing pressure of financial sustainability.

The City operates within budget constraints, limiting the ability to invest in new services and infrastructure. Because of these constraints the City is forced to consider a range of strategies to maintain essential services and programs, while managing costs. This may include finding

cost savings through efficiency measures, exploring alternative funding sources, or generating revenue through strategic commercial opportunities.

Other challenges which the City is facing, which impacts service delivery, includes:

- Digital divide
- Climate change
- Social and economic inequity
- Population growth
- Changing community needs
- Organisational change
- Infrastructure and maintenance

SUMMARY

In closing, the City thanks the Australian Government for this opportunity to contribute to the **Inquiry into Local Government Sustainability**, and wish to finish by highlighting what increased financial sustainability would mean to the City.

Increased financial sustainability would allow the City to plan **with certainty**, delivery of the identified priority projects underpinning the greater Geelong Strategic, Council and Organisational Plans.

Priority projects includes major infrastructure works awaiting funding across the following 6 priority themes:

1. Integrated transport network and better connections
2. Clever and creative economic investments
3. Essential facilities for a healthy and diverse community
4. Sporting facilities for a healthy and diverse community
5. Caring for our community
6. Protecting our environment and driving a circular economy

Projects that are critical for the greater Geelong growing and changing regional area, and the economic prosperity, health, and wellbeing of the communities that the City serves.

CITY OF GREATER GEELONG

WADAWURRUNG COUNTRY

PO Box 104, Geelong VIC 3220

P: 5272 5272

E: contactus@geelongcity.vic.gov.au

www.geelongaustralia.com.au

CUSTOMER SERVICE CENTRE

Wurriki Nyal

137-149 Mercer Street, Geelong

8.00am – 5.00pm

LATEST NEWS:

 [@CityofGreaterGeelong](#)

 [@GreaterGeelong](#)

 [@CityofGreaterGeelong](#)

 [CityofGreaterGeelong](#)

