

FLYING MINUTE: Inquiry into Local Government Funding and Fiscal Sustainability Submission

By Nicole Matthews, Executive Manager Policy

RECOMMENDATION

That State Council endorse the submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport inquiry into Local Government funding and fiscal sustainability.

RESOLUTION 259.FM/2026

CARRIED

EXECUTIVE SUMMARY

- The House of Representatives Standing Committee on Regional Development, Infrastructure and Transport (The Committee) adopted an inquiry into Local Government Funding and Fiscal Sustainability on 6 November 2025.
- This follows an Inquiry in Local Government Sustainability in the previous Parliament.
- WALGA's submission addresses current and future Local Government funding and expenditure challenges, as well as current labour market shortages.
- The submission was informed by WALGA's submission to the 2024 inquiry, relevant advocacy positions, the 2024-25 State and Federal Budget submissions and data from a range of sources.
- Submissions on the Inquiry are due by 3 February 2026.
- Local Governments will be provided with the WALGA submission and are also being encouraged to prepare their own submissions.

ATTACHMENT

- Draft submission to the inquiry into Local Government Funding and Fiscal Sustainability

POLICY IMPLICATIONS

This Inquiry has a broad scope that relates to many of WALGA's established [advocacy positions](#) in the areas of revenue raising, infrastructure and services provision, and workforce challenges.

BACKGROUND

On 21 March 2024 the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport (the Committee) announced an inquiry into [Local Government sustainability](#) following a referral from the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Catherine King MP.

The inquiry sought to understand service infrastructure requirements, such as maintaining a cost effective road infrastructure, in regional, rural, and remote locations and workforce challenges.

WALGA provided a [submission](#) to the inquiry in May 2024 which had been endorsed by State Council via Flying Minute. WALGA appeared before the Committee at a Public Hearing

in June 2024. The Committee delivered an Interim Report in February 2025, however no recommendations were delivered before the May 2025 Federal Election.

In November 2025, the Committee launched a new inquiry into the funding and financial sustainability of Local Governments in Australia with submissions due by 3 February 2026. The Terms of Reference are similar to those from the 2024 inquiry, with a stronger focus on funding sources for Local Governments.

Terms of Reference

The House of Representatives Standing Committee on Regional Development, Infrastructure and Transport will inquire into and report on Local Government funding and fiscal sustainability, with a particular focus on:

1. Interactions between Governments
 - i. Assess the nature and scale of Australian, state and territory government funding provided to local government, both directly and through Commonwealth-state agreements.
 - ii. Examine the legislative and policy frameworks underpinning Commonwealth financial support to local government.
2. Identification of All Funding Sources
 - i. Identify and map all sources of funding received by local government from the Australian Government and state/territory governments, including:
 - a. Untied grants (e.g., Financial Assistance Grants).
 - b. Tied/specific-purpose grants and project-based programs, co-contribution requirements and competitive grant processes.
 - c. Revenue sharing arrangements (e.g., stamp duty, rates capping subsidies, GST-related disbursements where applicable).
 - d. Emergency, disaster recovery and resilience funding.
 - e. One-off or ad hoc funding streams.
 - ii. Examine local government own-source revenue (such as rates, fees, charges and commercial activities).
3. Impacts and Effectiveness
 - i. Evaluate how funding arrangements, including indexation freezing, influence the financial sustainability, service delivery capacity and infrastructure investment of local governments.
 - ii. Consider whether existing funding mechanisms are addressing the evolving responsibilities of local governments.
 - iii. Identify barriers to infrastructure service delivery, including trends in attracting and retaining a skilled workforce, impediments to security for local government workers and impacts of labour hire practices.
 - iv. Explore opportunities to improve productivity and coordination of local government.
4. Previous Inquiry
 - i. Consider evidence provided to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport of the 47th Parliament Inquiry into Local Government Sustainability.
5. Other relevant matters

COMMENT

This inquiry, including the strengthened focus on funding sources for Local Governments, provides an important opportunity to examine current and emerging challenges affecting Local Government sustainability and to explore potential solutions.

WALGA has refreshed and expanded the 2024 submission to provide an updated submission that reflects the sector's funding and fiscal sustainability challenges and proposes a range of strategies to address these challenges.

The draft submission documents the sector's limited revenue base and growing cost pressures, particularly in relation to the provision of local services, infrastructure, and workforce expenses. It also outlines significant constraints on revenue generation and the wide disparity between Local Governments, in particular the limited capacity of smaller, regional Councils to raise rates or charge fees and the heavy reliance on grant funding.

On the expenditure side, the submission addresses the increasing cost pressures impacting the sector, making it difficult to deliver infrastructure, facilities, and services in a timely and cost-effective manner that meets community need. Staffing challenges also persist, particularly in attracting skilled workers to regional areas amid a highly competitive labour market.

The submission also highlights the additional financial burden on Local Government financial sustainability when other tiers of government reduce funding, or services markets fail.

Based on discussions with the Federal Minister and the Australian Local Government Association (ALGA), it is expected that the Committee will be provided with information into the funding magnitude and mechanisms. ALGA will continue to liaise with the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts.

The WALGA submission will be provided to the sector and Local Governments are being encouraged to provide their own submissions to the inquiry.

FLYING MINUTE OUTCOME

Poll created: 13/01/2026 at 15:00
Poll closed: 20/01/2026 at 17:00

Name	Completed Date
Chris Antonio	20/01/2026 13:43
Phillip Blight	20/01/2026 9:51
Laurene Bonza	19/01/2026 22:49
Donelle Buegge	20/01/2026 11:34
Scott Crosby	16/01/2026 22:39
Patrick Hall	13/01/2026 17:05
Rod Henderson (Deputy)	20/01/2026 10:10
Lewis Hutton	No response.
Mark Irwin	14/01/2026 12:09
Paul Kelly	19/01/2026 22:37
Terresa Lynes	19/01/2025 13:56
Paige McNeil	17/01/2026 11:10
Chris Mitchell	20/01/2026 18:17
Matthew Niikkula	20/01/2026 15:48
Les Price	17/01/2026 8:05
Helen Sadler	18/01/2026 12:13
Robert Schmidt	20/01/2026 15:27
Eman Seif	20/01/2026 17:45
Audra Smith	No response.
Stephen Strange	19/01/2026 9:17
Liz Sudlow	20/01/2026 13:35
Mike Walmsley	19/01/2026 19:42
Karen Wheatland	20/01/2026 6:14
Barry Winmar	15/01/2026 12:01

The submission was endorsed.

Following State Councillor feedback, updates were made to the submission regarding fees and charges and telecommunications.

Inquiry into Local Government Funding and Fiscal Sustainability

WALGA Submission

February 2026

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About WALGA

The Western Australian Local Government Association (WALGA) is an independent, member-based, not for profit organisation representing and supporting the WA Local Government sector.

Our membership includes all 139 Local Governments in the State. WALGA uses its influence, support and expertise to deliver better outcomes for WA Local Governments and their communities.

We do this through effective advocacy to all levels of Government on behalf of our Members, and by the provision of expert advice, services and support to Local Governments.

WALGA's vision is for agile and inclusive Local Governments, enhancing community wellbeing and enabling economic prosperity.

Local Government in WA

Local Government undertakes functions most appropriately implemented at the local level in the best interests of local communities.

There are 139 Local Governments in WA; 30 metropolitan and 109 regional. The WA Local Government sector is diverse, varying in size from 1.1 sq kms to >372,000 sq kms and with populations of 101 to >230,000. Collectively the sector employs 25,500 people (19,820 full-time equivalent), ranging from 13 to >1,389 employees per council. In 2023-24 individual Council revenue ranged from \$2.7 million to just over \$309 million.

As a result of this diversity, there are significant differences in the range of functions and services provided by Local Governments.

In aggregate WA Local Governments responsibilities include:

- 127,000km of roads
- 900 bridges
- 17,000km of paths
- Public open spaces, recreation and sports grounds
- Community facilities
- 150 airports and aerodromes
- 130 public pools
- 234 libraries
- 120 boat launching ramps
- Collection and processing of 1.5 million tonnes per annum of waste from residents.

1. Introduction

WALGA welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport Inquiry into Local Government Funding and Fiscal Sustainability on behalf of the Western Australian Local Government sector.

The sector values the relationship between the Commonwealth and Local Governments and welcomes its role as a trusted delivery partner of projects that benefit the community.

This Submission will address the funding challenges encountered by Local Governments in WA, pressures on local government expenditure and labour challenges and skills shortages experienced by the sector.

2. Funding Challenges

Local Government revenue comes from three main sources:

- taxes in the form of rates
- charges for sale of goods and services
- grants from Federal and State Governments.

WA Local Government revenue totalled \$6.0 billion in 2023-24¹. At a whole of sector level, the majority of Local Government revenue comes from rates. However, structural differences between Local Governments mean that some (particularly smaller, regional Local Governments) have a lower capacity to raise rates revenue and are more reliant on grants from other levels of government. Rate revenue ranges from 2% in a remote Local Government to 87% of revenue in an inner urban Local Government. These constraints mean that Local Governments are reliant on funding from other levels of Government to deliver on the responsibilities.

While constraints on revenue place pressure on Local Governments' finances, in recent times this has been exacerbated by rapid increases in costs primarily because of skyrocketing construction costs in response to global supply chain pressures and the COVID-19-induced stimulus. As these factors start to unwind, growth in Local Government costs will begin a path back towards the long-term average levels. However, the real costs faced by Local Governments will stabilise at a new high and are not expected to return to their pre-pandemic levels.

New pressures are emerging in the near term, in the form of rapidly rising wages and employee costs. This will be an important issue for Local Governments in the coming year, given that employee costs represent around a third of the sector's cost base.

Rate Exemptions

Exemptions from rates represent significant revenue leakage for Local Government. This shortfall in revenue must then be made up by other ratepayers or by reducing services. This applies to rate exemptions at both Federal and State level.

Rate exemptions for charitable purposes are of particular concern. This exemption has extended in scope well beyond its original intent to provide rate exemptions for the commercial undertakings of not-for-profit organisations. The definition of charity should be tightened to ensure that the implementation of the exemptions meet the intent. For instance, Independent Living Units, which usually cost far more than the median house, are often exempt from rates. The net result of this is that millions of dollars in revenue is lost to Local Government which then must be recouped from other ratepayers, many of whom would not be in a position to afford an Independent Living Unit themselves.

Additional rate exemptions that are of concern for the sector relate to the following:

- Department of Housing: leasing to charitable organisations
- Government Trading Entities
- State Agreement Act Projects
- State Owned Unallocated Crown Land.

¹ Australian Bureau of Statistics (2023-24), *Government Finance Statistics, Annual*

WALGA considers that an independent review of all rate exemptions should be conducted to ensure equity and fairness among ratepayers in the community.

Fees and Charges

Fees and charges represent a significant source of revenue for Local Governments. Examples include dog registration fees, fees for building approvals and swimming pool entrance fees.

Currently, fees and charges are determined by legislation or regulation, with an upper limit set by legislation, or by the Local Government. Fees and charges determined by State Government legislation are of particular concern to Local Governments because of a lack of indexation, regular review and transparency in setting the fees.

Fees mandated by legislation often do not keep pace with the cost of delivery, resulting in ratepayers subsidising particular activities without any ability to have input into the setting of the fee.

While cost recovery should be a consideration for the setting of fees and charges, there are some services that Local Governments may choose to subsidise to encourage activities with overall community benefit.

Setting appropriate fees and charges is a core Local Government function and should be a deliberative decision of the Council.

WALGA's advocacy position is that an independent review be undertaken to remove fees and charges from legislation and regulation and that Local Government be empowered to set fees and charges for Local Government services. Alternatively, fees and charges set by State Government regulations, specifically planning fees, should achieve cost recovery, be indexed and be reviewed regularly with Local Government input.

Financial Assistance Grants

Financial Assistance Grants make a significant contribution to Local Governments' financial sustainability. Financial Assistance Grants are particularly important to rural and remote Local Governments, which often have a low rate base and limited capacity to raise other revenue.

Untied funding, such as Financial Assistance Grants, allows Local Governments to allocate expenditure according to the conditions and the preferences of their community. Furthermore, untied funding arrangements have lower administrative costs for both Local Government and the Commonwealth Government.

WALGA's advocacy position is that Financial Assistance Grants should remain as an untied transfer to Local Governments and the current minimum grant structure should be retained.

Financial Assistance Grants as a proportion of Commonwealth taxation have halved over the past 30 years, from one per cent in 1996 to just 0.5 per cent today. An increase to the funding pool to at least 1 per cent of Commonwealth taxation and a more appropriate indexation methodology would help stop this trend.

The National Principle relating to Aboriginal peoples and Torres Strait Islanders should be reviewed since improved service provision to such communities would be more appropriately addressed through tied funding grants, in addition to untied Financial Assistance Grants funding.

WALGA's advocacy position is that the following aspects of the Financial Assistance Grants Program should be reviewed:

- the quantum of the funding pool
- the indexation methodology, and
- the 'National Principle' relating to 'Aboriginal peoples and Torres Strait Islanders'.



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An example of an efficient and effective funding model for Local Governments is the Local Roads and Community Infrastructure Program (LRCIP). The LRCIP design is largely consistent with these principles:

- funding allocation based on policy objectives including ability to offer equitable levels of service across all communities;
- autonomy of Local Governments to identify local priorities;
- non-competitive program; and
- low administrative costs.

Western Australian Local Governments delivered around 2,000 local priority projects applying funding made available under the first three Phases of the LRCIP. The diversity of these investments highlights the different needs of each community. Projects include:

- energy efficiency upgrades to community buildings
- access and inclusion improvements
- lighting and change facilities upgrades to enable greater use of sporting facilities
- renewing sports playing surfaces
- repurposing underutilised facilities to meet current demands
- building youth precincts and skate parks
- constructing paths to enable and encourage active travel including walking, cycling and scootering.

WALGA's position is that more funding programs with principles like the Local Roads and Community Infrastructure Program should be developed.

3. Local Government Expenditure

Local Governments provide a range of valuable services and infrastructure that affect the daily lives of their own residents and businesses and the broader community, including roads, waste collection, libraries and cultural facilities, building services and development approvals. It is also responsible for important regulations to protect the community, including public health, noise control and animal management.

Over time, the services provided by Local Governments have expanded to fill gaps in service delivery from other levels of Government or the private sector and to align with changes in social structures and community expectations.

Some examples of where WA Local Governments are stepping in to fill service gaps include primary health care, telecommunications, economic development and emergency management.

Primary Health Care

Primary health care services allow communities to access health services outside a hospital or specialist, which is critical to improving health outcomes and reducing pressure on emergency services. The provision of primary health care is not the responsibility of Local Government; however, due to the systemic failure of the health system to deliver adequate primary healthcare services in many parts of rural Western Australia, Local Governments are increasingly stepping in as a funder of last resort to step in to secure these services for their communities.

Local Governments are reporting that they are entering into commercial agreements to secure GP services, including employing and financially underwriting GP services, and providing housing, vehicles and practice facilities.

According to WALGA's Local Government General Practice Support Survey, in 2024-25, 41 Local Governments spent \$9.5 million to support the provision of general practice services in their



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communities, an increase from \$7.8 million in 2021-22. Of that expenditure, 91% (\$8.6 million) was committed by Local Governments with populations under 5,000.

WALGA's position is that the Australian Government must fund these costs, take action to close the rural health spending gap and implement system wide, long-term reforms that support and incentivise the equitable provision of general practice and primary healthcare for regional, rural and remote communities, including adequate and appropriate funding models and workforce training, recruitment and retention strategies.

Telecommunications

All Australians should be able to access modern telecommunications services regardless of where they live or do business. However, it is not commercially attractive for telecommunications companies to provide equity in access to mobile and broadband services in all areas.

WALGA's position is that mobile and broadband telecommunications services should provide equitable coverage, resilience, and capacity across Australia including remote, regional and peri-urban areas.

The Australian Government seeks to improve the level of telecommunications services available in remote, rural and peri-urban areas through a range of competitive grant programs including the Mobile Black Spot Program and Peri-urban Mobile Program. However, these programs seek and reward funding contributions from other parties, including Local Governments. This approach has existed for at least 25 years. The Australian Government program, Networking the Nation, that ran for 7 years to 2004, sought co-investment from Local Governments to bring mobile telephone services to rural areas.

To achieve more equitable access, Local Governments are drawn to contribute financially to telecommunications services, which are a Federal Government responsibility, and delivered through commercial operations in other parts of Australia. This is a direct financial cost to those Local Governments that are least able to bear it.

To enable their operations, rural Local Governments in parts of Western Australia have also needed to invest in wireless broadband capacity, because NBN services with sufficient capacity were not available. For example, the Shire of Bruce Rock, with others, contributed financially to facilitate expansion of a wireless network, connected to the NBN optic fibre in Merredin, to bring commercial grade broadband services to the region, supporting both Shire operations, businesses and the community. The Shire of Dandaragan has invested in small scale mobile service provision to ensure coverage is available in popular tourist locations which are not otherwise serviced. This investment is not commercial, but critical to enable connectivity.

Local Governments are also investing in power backup systems and high-cost satellite connections for volunteer bushfire brigades to maintain communication during callouts when the power grid fails and mobile tower batteries are depleted.

Emergency Management

Australia is experiencing more frequent and severe disasters driven by climate change and some WA communities will be exposed to emergencies they have not experienced before. Since 2020, WA has faced at least 45 declared disasters, creating significant challenges for 81 Local Governments across the State.

Local Governments, alongside the Australian and State Governments, play a critical role in emergency management through preparedness, response, and recovery activities. WA is the only jurisdiction where Local Governments are responsible for the management of volunteer bushfire brigades and are a controlling agency for bushfire. Across the State, 111 Local Governments

manage 563 volunteer bushfire brigades, comprising approximately 20,000 volunteers who are first responders across 91.8% of WA's landmass.

Local Governments have varying levels of emergency management capacity and supporting Local Government capacity to manage the implications of climate risk is key to WA's future resilience. A strategic shift towards disaster risk reduction and resilience is supported by the recommendations of the reviews of Commonwealth Disaster Funding and National Natural Disaster Governance. The Colvin Review advocates for a significant capacity uplift for Local Government, an enhanced national training and exercise regime to build Local Government capacity, and reforms to Commonwealth disaster funding. These measures aim to create a disaster management system that is scalable, sustainable, effective, transparent, and accessible.

To improve the capacity of communities to withstand, adapt and positively recover from future events it is critical that there is an increased emphasis and investment in reducing risk, enhancing Local Government emergency management capabilities and reducing the vulnerability of essential public infrastructure through dedicated betterment funding.

Targeted investment and sustained support in prevention and preparedness will reduce the financial impact of the growing number of future events. Evidence shows that every dollar spent on prevention and preparedness delivers \$9.60 in savings – yet only 3 per cent of national disaster funding is currently allocated for these critical activities.

WALGA's position is that:

- the findings of the Colvin Review should be implemented by providing additional untied funding streams, allocating dedicated emergency management resources and support officers, and enhancing training programs.
- Disaster Recovery Funding Arrangements (DRFA) must be reformed to ensure they are consistent, equitable, and streamlined, reducing the administrative burden on local governments
- betterment must be incorporated into all reconstruction activities as a core component of these funding arrangements to improve resilience and future preparedness.

Growth Areas

New population growth areas have significantly lower levels of access to local amenities than in established suburbs. For example, RMIT University Australian Urban Observatory data shows that residents in new areas are 68% less likely to have access to sports and leisure facilities. This reflects the financial pressures on Local Governments to adequately fund development of new facilities in line with the population arriving into these areas.

Infrastructure Provision

All levels of Government have an important role in the provision of infrastructure. For Western Australian Local Government, this is largely centred on the provision of roads, waste and community infrastructure, with many regional Local Governments also investing in airports to facilitate regional service delivery and economic development.

Local Governments are responsible for the maintenance and improvement of 127,000km of roads amounting to 87 per cent of the public road network in Western Australia and provide important community infrastructure such as sport and recreation facilities, libraries, community centres, airports, boat harbours, camping grounds and parking facilities.

Local Governments have significant responsibilities for the provision of local infrastructure but are constrained in their ability to fund future obligations for infrastructure renewal and replacement due to revenue constraints as identified earlier in the submission.

Road crashes in Western Australia cost the economy an estimated \$2.4 billion per year according to the Road Safety Commission. Over half of all road crashes in Western Australia that result in death or serious injuries occur on roads that are the responsibility of Local Governments. While the safety of roads and roadsides is critical to establishing a safe system, the current financial capacity of Local Governments collectively is inadequate to even maintain the network in its existing condition. Significant investment is required to achieve a safe network, consistent with the National Road Safety Strategy. A recent analysis completed by the National Transport Research Organisation identifies relatively low-cost, proven treatments including sealing shoulders and installing audible centre and edge lines that are projected to reduce fatalities from run-off road crashes by 50% and serious injuries by 35%. Achieving this would require a capital investment program in addition to significant increases in the untied road component of Financial Assistance Grants, or Roads to Recovery program.

Skilled labour shortages and supply chain restrictions since 2021 have significantly increased costs and extended delivery times for typical renewal and improvement projects undertaken by Local Governments since 2021. For example, road and bridge construction costs are estimated to have increased by over 26% in the five years to September 2025, while non-residential building construction costs increased 34.5% over the same period².

Local Governments are the most asset-intensive sphere of Government and collect a very small proportion of total taxation revenue. Nationally, the Australian Local Government Association (ALGA) reports that 20% to 30% of Local Government assets are in fair condition and 10% are poor to very poor in condition, function or capacity³. At June 2024, buildings and structures held by WA Local Governments had a balance sheet value of \$45.4 billion. For most Local Governments, the asset-class roads dominate their register. In 2023-24 there was a \$338 million shortfall between actual expenditure on road renewal and maintenance and that estimated to be required to maintain the network in the same condition as the beginning of the year⁴. Funding to improve the network, accommodate larger trucks and increased traffic, and improvements in the level of safety provided is in addition to overcoming this gap.

The Auditor General has called for a significant investment increase in road condition data collection and analysis⁵.

WALGA's position is that there is a need for a step increase in non-competitive grants for purposes align with local needs including:

- active transport infrastructure,
- regional airport renewal and development,
- strategic or regional waste management facilities,
- regional road safety improvements,
- heavy vehicle freight capacity of roads, and
- community infrastructure.

Future Demands for Services and Infrastructure

Looking forward there are a range of forces that are shaping the broader economic and social environment. These will have implications for Local Governments and the community's expectations for the delivery of services and infrastructure. Examples include:

- *Transition to a low-carbon future* – The shift towards a low-carbon economy is underway as we work towards the Australian Government's target of net zero emissions by 2050. The transport sector is forecast to become the largest contributor to greenhouse gas emissions by

² Australian Bureau of Statistics (September 2025), [Producer Price Indexes, Australia](#)

³ Australian Local Government Association (2024), [National State of the Assets Report](#)

⁴ WALGA (2025), [Report on Local Government Road Assets and Expenditure 2023-2024](#)

⁵ Auditor General (2025), [Maintaining Regional Local Roads](#)

the early 2030s. Addressing this will likely require more than replacing internal combustion engines with electrically powered vehicles. Active transport and public transport will need to play a much more important role in mobility in cities. This will require significant investment by all levels of government. Uptake of renewable energy, investment in new technologies and the adoption of sustainable practices and infrastructure will all shape the way that Local Governments and their communities operate. Strategies and Targets at a State level, focusing on waste management, also raise community expectations and increase costs, for example, Food Organic Garden Organic (FOGO) collections.

- *Climate change* – The impacts of climate change are already being felt and pose significant risks to our communities. With hotter days and more frequent extreme weather events, there will need to be a greater focus on enhancing community resilience, safeguarding infrastructure and preparing and responding to natural disasters.
- *Demographic shifts* - With population growth exceeding recent forecasts and a growing number of older Western Australians, we need to ensure services and infrastructure are meeting the community's needs. These demographic shifts will see a greater demand for services such as health and aged care, housing and accessible community infrastructure.

Local Governments will require adequate resources into the future to deliver on these changing Government requirements and community needs and expectations.

4. Workforce Challenges

Workforce challenges are a significant issue for the sector, particularly given Western Australia's extremely tight labour market conditions.

The Australian Local Government Association, with funding from the Commonwealth Government, commissioned SGS Economics and Planning to undertake the 2022 Local Government Workforce Skills and Capability Survey to gather contemporary insights into the national workforce profile of Australia's Local Government sector and to determine current and future workforce needs and priorities⁶.

The Survey results provide a rich insight into the Australian Local Government workforce, its skilling needs, and priorities at a time when Australian communities are undergoing rapid change.

The survey also confirms longstanding constraints that are impeding workforce development. At a time when the social and economic environment is rapidly changing, now is a critical juncture for the sector to renew – and potentially reset – how it addresses key skills shortages and builds capacity for greater resilience in the longer term.

Workforce profile of the WA Local Government sector:

- In 2021, at the time of the survey, the size of the sector's workforce was 22,600 FTE employees, a 5.6% increase from the 21,400 FTEs in June 2020.⁷
- Local Governments were spatially distributed across Rural (71%), Urban and Urban Fringe (23%) and Urban Regional (6%) areas.
- Employment size: Employment size among local governments ranged from 10 to over 1000.
- Gender equity: The workforce was 54.3% male and 45.7% female. There were a higher proportion of males working full-time and a higher proportion of females in part-time and casual roles.
- Length of service: 39.2% of the combined workforce of the 42 respondents were employed by their local government for more than 10 years, 19.6% for 6-10 years and 18.6% for less than a

⁶ SGS Economics and Planning (2022) [2022 Local Government Workforce Skills and Capability Survey](#)

⁷ Australian Bureau of Statistics (2018-19), [Employment and Earnings, Public Sector, Australia](#)

year. 5.6% of the workforce among respondent WA local governments had 20 years or more of service.

- Age profile: The highest proportion of the Local Government workforce was aged 30-44, followed by the 45-54 and 55-64-year age groups. Rural Local Governments had the highest proportion of workers aged 15-19 years.
- Among responding WA Local Governments, the highest proportion of Aboriginal and Torres Strait Islander participants were in the 15-19-year age group and were in Operational and Trade positions.
- Median annual employee turnover in June 2023 was 25.1%, compared to 27.6% in June 2022. Previously, the median turnover rate has steadily increased, with a COVID-19-related spike in the year ending June 2022.
- Regional Local Governments were most affected by difficulties attracting and retaining workers. Staffing challenges are characterised by a high rate of turnover of Chief Executive Officers, (especially in non-metropolitan Local Governments); difficulty attracting and retaining staff, and lack of capability and capacity to deliver all functions and services in small, remote, and rural areas.

The key findings of this Survey show that:

- Local Government is a major national employer with over 190,800 workers in almost 400 occupations. It plays an important role as an anchor organisation and in increasing productivity through utilising endogenous talent and innovation.
- Local Governments continue to experience skills shortages in multiple occupations, exacerbated by the impacts of the COVID-19 pandemic, the impacts of climate change and the accelerated take-up of technology and digitisation of services.
- Local Governments are grappling with significant challenges in relation to recruitment and retention of skilled staff and accessing training opportunities to enhance workforce skills and capability. Employee attrition and an ageing workforce are ongoing challenges.
- Local Governments are having difficulties in securing the right quantum and mix of skills to support local service provision which is affecting not only Local Government's productivity, but also the productivity of host localities and regions.
- Barriers to effective workforce planning and management include a shortage of resources within Local Government, a lack of skilled workers and the loss of corporate knowledge as employees retire or resign.

The key findings specific to the WA Local Government sector identified in the 2022 Local Government Workforce Skills and Capability Survey include:

- 90% of respondent Local Governments reported that they were experiencing skills shortages in 2021-22, compared to the 47% of local governments in 2018.
- 59% of respondent Local Governments said that project delivery has been impacted or delayed by vacancies, skills shortages, skills gaps, or training needs.
- Building surveyors, risk managers, engineers, and town planners were the top professional occupations experiencing skill shortages in 2020-21, affecting 21-24% of councils. Among trade occupations, customer service workers, labourers, and truck drivers experienced the greatest shortages (affecting 29-33% of local governments).
- The top occupational skill shortage areas differed by remoteness. For example, more rural Local Governments were impacted by shortages of human resource professionals compared to Urban and Urban Fringe local governments.
- As a result of these skills shortages, Local Governments said that they resorted to recruiting less skilled applicants for governance and risk managers, community development and engagement officers, customer service workers, and truck drivers.
- Occupational skill shortages that respondent Local Governments reported as becoming critical include customer service workers, accounts and payroll clerks, truck drivers, environmental health officers, and engineers.

- Common drivers of skill shortages reported by the 42 Local Governments include a market shortage of suitably skilled candidates, an inability to compete with the private sector and other Local Governments on remuneration, and regional location. Regional location was also related to perceptions of liveability and the availability of community infrastructure for relocating households.
- Key drivers of skills gaps include limited availability of candidates with relevant experience, better remuneration in other sectors, an ageing workforce, and challenges to incentivising regional relocation.
- The most common approach among the 42 Local Governments to addressing skills gaps and shortages was to provide informal, on-job training (23 councils, 55%), followed by coaching and mentoring (20 councils, 48%) and offering targeted training courses (18 councils, 43%).
- 24 Local Governments (57%) also said they shared services or resources with other councils. These arrangements are often related to environmental health officers (EHOs), building trades, planners, ranger services, and IT services. Some Local Governments also share community development, animal care, and work, health, and safety resources.
- 30 Local Governments (71%) said that advertising and the use of social media platforms had led to successful recruitment, followed by 24 Local Governments (57%) who relied on reskilling and upskilling employees in response to skill shortages. 16 Local Governments (38%) said they relied on external recruitment agencies to fill vacancies.
- Over the last 3 years, 27 Local Governments (64%) engaged with state or federal education, training, or other initiatives to support workforce retention and attraction.

The Australian Local Government Association (ALGA) has partnered with Public Skills Australia and each Local Government Association including WALGA to commission the 2025-26 Local Government Workforce Skills and Capability Survey.

This has followed on from workshops delivered with Public Skills Australia in conjunction with WALGA on the Local Government Skills Audit and Review and Utility of the Local Government Training Package that provided additional qualitative information on Local Government workforce needs.

The 2025-26 Local Government Workforce Skills and Capability Survey will provide an updated comprehensive insight into the Local Government workforce, key challenges and priorities to develop future workforce strategies.

Like other sectors of the WA economy, skills shortages are a key issue facing Local Governments. Overcoming these shortages will be essential to ensure that Local Governments can efficiently service their communities.

Support for Training of Town Planners, Building Surveyors and Environmental Health Officers

Local Governments are experiencing key skills shortages which are impacting their capacity to efficiently undertake important planning and regulatory functions to protect the wellbeing of the WA community.

In particular, Town Planners, Building Surveyors and Environmental Health Officers (EHO) were identified in the 2022 Local Government Workforce Skills and Capability Survey to be critical Local Government Occupations and among the hardest in WA to fill. The Western Australian Department of Training and Workforce Development's State Priority Occupation List identifies Town Planners as State Priority 1, noting that there is a high level of demand, ongoing difficulty in filling positions and challenges in attracting people to the profession. EHO's and Building Surveyors are also identified on the State Priority Occupation List as a State Priority 2.

WALGA has called for a dedicated Local Government training program for Town Planners, Building Surveyors and EHOs is necessary to support education, training and professional development for these key areas of skills shortage in WA.

Migration

Given that many regional areas do not have a sufficient local workforce to meet demand, an important opportunity to meet local labour needs is to attract skilled migrants to reside in the area.

WALGA considers that migration policies should allow for locally led strategies that are flexible, fit for place, and capable of meeting local labour needs.

There has been a range of efforts made over the years to address and review the migration system and its support for regional areas.

One approach that has allowed for locally led strategies are Designated Area Migration Agreements (DAMA). These have been an important way to bring migrants to regional areas that need them the most. A state-wide Western Australia DAMA was established In July 2024 to support employment across the State. The distribution of places was split evenly between Metropolitan Perth and Regional WA.

There are also four active regional DAMAs in place in WA, including:

- *East Kimberley* – Shire of Wyndham East Kimberley
- *Goldfields* – City of Kalgoorlie, Shires of Coolgardie, Dundas, Esperance, Leonora, Menzies, Laverton and Ravensthorpe
- *Pilbara* – City of Karratha and Town of Port Hedland
- *South West* – Shire of Dardanup; City of Bunbury; City of Busselton; Shire of Augusta Margaret River; Shire of Boyup Brook; Shire of Bridgetown-Greenbushes; Shire of Capel; Shire of Collie; Shire of Dardanup; Shire of Donnybrook-Balingup; Shire of Harvey; Shire of Manjimup; Shire of Nannup.

It is critical that the structure of the DAMAs moving forward ensures that migration continues to support the development of regional Australia. A clear and transparent monitoring and evaluation framework should be developed to guide future migration policy.

Zone Tax Offset

Remote area assistance programs can be part of a solution to encourage people to live and work in regional areas.

In 2020, the Productivity Commission undertook a study into Remote Area Tax Concessions and Payments. The final report found there are a number of issues with the current remote area assistance programs that meant that it is not delivering on its objectives, including that:

- payment rates have not been updated since 1993-94 and as a result, the value of the offset to claimants has fallen significantly in real terms; and
- the zones are outdated.

While the Commission recommended the abolition of the Zone Tax Offset, WALGA considers that it still has merit.

WALGA considers that the arrangements should be reviewed to ensure:

- they provide reasonable acknowledgement of the cost of living in remote Australia;
- the zones are based on a contemporary measure of remoteness; and
- the zones are based on up-to-date census figures.

Consideration should also be given to the interaction between the tax system and the migration system, to enable workers who live regionally to benefit from the same tax benefits.

5. Conclusion

WALGA welcomes the opportunity to provide a submission into this Inquiry on behalf of the Western Australian Local Government sector. WALGA is keen to work with the Australian Government to develop and implement proactive, positive solutions to challenges faced by the Sector around financial sustainability, changing infrastructure and service delivery obligations and the attraction and retention of a skilled workforce in the local government sector.

Local Governments are the tier of government closest to the community and provide critical infrastructure and services that are essential to the wellbeing, productivity and liveability of local communities. Local Government welcomes its role as a trusted delivery partner of the Commonwealth Government.

As highlighted in this Submission, local governments face challenges in raising revenue to provide the level of infrastructure and services expected by local communities. This is particularly challenging as community needs and expectations shift and the scope of local government service provision broadens. When markets fail or other tiers of government reduce funding or services, local governments are assuming additional functions, intensifying pressure on their financial sustainability.

WALGA has strongly encouraged all Western Australian Local Governments to engage with this Inquiry and looks forward to the opportunity to continue to consult with the Committee to address the issues raised in this Inquiry in the interest of our local communities.

For enquiries on this Submission please contact Nick Sloan, Chief Executive Officer on nsloan@walga.asn.au.