Limestone Coast Local Government Association

5 August 2026

Committee Secretary
House of Representatives Standing Committee on Regional Development, Infrastructure and Transport
Parliament House
Canberra ACT 2600

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Dear Committee Secretary

Submission from the Limestone Coast Local Government Association

On behalf of the Limestone Coast Local Government Association, I am pleased to provide the attached submission for consideration.

The LCLGA is the peak regional body representing local government across the Limestone Coast and advocates for the infrastructure, services and policy settings required to support sustainable communities, regional productivity and long-term economic resilience.

This submission highlights the structural funding pressures facing regional councils, particularly where large asset networks, dispersed populations, workforce shortages, cost shifting and increasing service expectations must be managed from comparatively small revenue bases. In the Limestone Coast, councils maintain much of the infrastructure that enables nationally significant food, fibre, timber, manufacturing, tourism and freight activity, yet current funding arrangements do not adequately recognise the true cost of distance, dispersion and regional service delivery.

The LCLGA welcomes the opportunity to discuss the matters raised in this submission and to contribute further to policy development that better reflects the realities of regional local government and the role councils play in supporting state and national productivity.

Yours sincerely

Mayor Lynette Martin OAM
President
Limestone Coast Local Government Association

1. ABOUT THE LIMESTONE COAST LOCAL GOVERNMENT ASSOCIATION

Local Government in the Limestone Coast has been working together for over 140 years. Since the first association of councils was formed in October 1885, Local Government across the region has helped build community and economic prosperity through cooperation.

The Limestone Coast Local Government Association is a regional subsidiary established pursuant to Section 43 of the Local Government Act 1999 by the:

- City of Mount Gambier;
- Southern Limestone Coast Council;
- Kingston District Council;
- Naracoorte Lucindale Council;
- District Council of Robe;
- Tatiara District Council.

As the peak body representing Local Government in the Limestone Coast, the Limestone Coast Local Government Association (LCLGA) takes a lead to advocate on behalf of the region across a wide range of issues with the goal of continuing the 140-year history of collectively building strong, sustainable communities.

As the closest level of government to the people, local government plays a critical role in understanding the needs of local communities and advocating for the support required to deliver infrastructure and services to enable sustainable population growth.

Our Vision for the Limestone Coast;

- Regional growth that is considered and sustainable.
- Communities that are supported with the services and infrastructure needed to thrive now and generations into the future.
- To maintain our competitive advantage and global reputation for the clean, green environment and the food and fibre that is produced from our resources
- A diverse economy that is resilient and balanced
- A highly attractive region in which to live, work, visit and invest.

2. ABOUT OUR REGION

The Limestone Coast covers more than 21,000 square kilometres and has an estimated resident population of 69,717 people, with a population density of only 3.27 people per square kilometre. Its economy is diverse and regionally significant, with strengths in agriculture, forestry, fishing, manufacturing, tourism, health, education and service industries. These outcomes depend on local infrastructure and services maintained by councils, often across large geographic areas and from comparatively small revenue bases.

The Limestone Coast is one of Australia's most productive regional economies. Local government is the enabling infrastructure behind that productivity. If governments expect regional Australia to

continue delivering food, fibre, timber, manufacturing and exports, they must fund the councils that provide the roads, airports, planning systems and community infrastructure on which those industries depend.

3. LIMESTONE COAST REGIONAL SNAPSHOT

Indicator	Limestone Coast figure	Relevance to funding sustainability
Estimated resident population	69,717 people	Small population base relative to the scale of regional infrastructure and service responsibilities.
Land area	21,329 square kilometres	Large service region creates high travel, maintenance and asset renewal costs.
Population density	3.27 people per square kilometre	Low density increases the per-capita cost of roads, drainage, waste, recreation and community infrastructure.
Gross Regional Product	Approximately $5.09 billion in the year ending June 2024	Local infrastructure supports economic output well beyond what can reasonably be funded from local rates alone.
Local jobs	Approximately 33,165 local jobs	Council-maintained infrastructure underpins employment, freight movement and regional productivity.
Local businesses	Approximately 7,867 businesses	Reliable local roads, waste, planning and community infrastructure support business confidence and investment.
Local government road, bridge and culvert network	Approximately 8,907 kilometres of roads managed by local government	Demonstrates the scale of council-maintained transport infrastructure relative to the region's population and rate base.
Main industries	Agriculture, forestry and fishing; manufacturing; construction; health care; education; tourism and service industries	Funding formulas should recognise industry, freight, visitor and non-resident demand on council assets.

This submission argues that the current funding model does not adequately recognise the real cost of governing regional areas. Limestone Coast councils are seeking a funding model for Commonwealth funding assistance that reflects distance, dispersion, infrastructure responsibilities, workforce constraints, limited own-source revenue and the role councils play in supporting state and national economic activity.

The current Commonwealth funding model fails to recognise that nationally productive regions require strong local governments to support industries that generate wealth far beyond their own rate base. **Local government funding is an economic productivity issue, not simply a local government issue.**

4. NEED, NOT POPULATION

The central issue for Limestone Coast Councils is the structural mismatch between the infrastructure and services councils are expected to provide and the revenue available to fund them. Population-based approaches do not adequately capture the cost of maintaining extensive road, bridge, drainage, waste, airports and airstrips, recreation and community infrastructure across large areas with dispersed settlements.

In the Limestone Coast, local government manages approximately 8,907 kilometres of roads, a network that serves residents, freight, tourism, emergency access and is key to our regional industries.

Limestone Coast local government infrastructure supports much more than local residential amenity. It supports freight for the $3.65 billion output of agriculture, forestry, fishing, and manufacturing food, drink and fibre from the region to state, national and international markets as well as the tourism, regional employment, emergency access. The region's economic contribution is significant, with Gross Regional Product estimated at approximately $5.09 billion in the year ending June 2024, yet the local government revenue base is spread across a small and dispersed population.

The cost of maintaining this infrastructure falls substantially on local ratepayers, even where the economic benefit extends well beyond municipal boundaries.

Funding arrangements should therefore place greater weight on the assets and service territory councils manage, rather than relying predominantly on resident population. For a region of more than 21,000 square kilometres, fewer than 70,000 residents and approximately 8,907 kilometres of local government roads, measures such as road length, bridge and major culvert condition, heavy vehicle use, visitor numbers, freight significance, climatic conditions, settlement patterns and asset renewal liabilities should be central to funding design.

The national economy benefits from regional production, but local councils bear much of the infrastructure cost.

5. FINANCIAL ASSISTANCE GRANTS SHOULD BE RESTORED AND PROTECTED

Financial Assistance Grants are the most important Commonwealth funding mechanism for local government because they are predictable, untied and capable of being directed by councils to local priorities. For regional councils, this flexibility is critical. It allows councils to maintain essential services, support asset renewal and respond to local circumstances without repeatedly applying for short-term competitive programs.

The LCLGA supports calls for increasing Financial Assistance Grants to provide an immediate and practical improvement to regional council sustainability while preserving local decision-making and accountability.

Any increase should retain the untied nature of the grants and be accompanied by a review of distribution arrangements so that rurality, remoteness, disadvantage, infrastructure length, limited own-source revenue and dispersed service demand are properly recognised.

6. COMPETITIVE GRANTS ARE NOT A SUBSTITUTE FOR RECURRENT FUNDING

Competitive grants have a role in funding innovation and major projects, but they should not be the principal mechanism for essential infrastructure such as local roads, bridges, waste facilities, airports, community buildings and growth-enabling infrastructure.

Short application periods, changing criteria, delayed decisions, onerous reporting, rigid deadlines and co-contribution requirements make competitive grants difficult for small regional councils to access, particularly where matching funds would require deferring asset renewal or essential services.

Many regional councils also lack the funds and specialist staff to prepare competitive, shovel-ready submissions. Substantial investment in pre-design, detailed design and technical specifications is made only to have this work become mothballed when funding applications for competitive grants are unsuccessful. Larger councils often have in-house engineers and design capability; many smaller regional councils do not, and we simply cant compete.

The LCLGA recommends more Commonwealth infrastructure funding be delivered through longer-term, needs-based allocations. Where competitive programs continue, they should provide realistic lead times, simplified reporting, capacity-based co-contributions and eligibility for project development, maintenance and renewal costs.

7. COST SHIFTING MUST BE ADDRESSED

Local government responsibilities continue to expand through direct transfer of functions, changing regulatory expectations, shared service arrangements and community expectations that councils will act as the provider of last resort. These pressures affect planning and building regulation, environmental health, emergency management, waste and recycling reform, libraries, community services, compliance, biosecurity, environmental protection and management of assets previously the responsibility of other levels of government.

Regional councils often cannot withdraw from these functions without significant community impact, even where costs have shifted without full and ongoing funding. This creates a hidden and cumulative pressure on local budgets.

The LCLGA recommends that any new, transferred or materially changed responsibility imposed on councils by another level of government be accompanied by a transparent financial-impact assessment and a formal funding agreement that meets the full and ongoing cost of delivery.

8. WORKFORCE SHORTAGES ARE A FISCAL SUSTAINABILITY ISSUE

Regional councils face persistent difficulty attracting and retaining planners, engineers, building surveyors, environmental health officers, compliance staff, finance professionals, project managers, tradespeople and senior local government executives. These shortages are not only operational barriers; they increase costs and reduce the ability of councils to deliver infrastructure and secure funding.

When councils cannot recruit specialist staff, they rely more heavily on consultants, defer projects, miss grant opportunities, experience longer approval timeframes and lose institutional knowledge. Workforce shortages are also linked to housing availability, salary competition, relocation costs and the limited depth of specialist labour markets in regional areas. While Limestone Coast Councils are increasingly adopting shared service models to address workforce shortages, there remain gaps in the skilled workforce available across the region.

Common shortages include:

- planners
- engineers
- building surveyors
- environmental health officers
- project managers

The LCLGA recommends a dedicated regional local-government workforce program covering graduate pathways, cadetships, professional training, skilled migration settings, shared specialist services, housing support and relocation assistance.

9. DISASTER RESILIENCE AND CLIMATE ADAPTATION

Regional councils are often responsible for the immediate local consequences of fires, floods, storms and other emergencies, as well as the restoration of local roads, drainage systems and community assets. Current arrangements can leave councils carrying costs for extended periods and may only fund replacement to the previous standard, even where that standard is no longer suitable. This is particularly evident in coastal local government areas.

Rebuilding vulnerable assets to the same standard can recreate the same risk for communities and for public finances. The LCLGA recommends that betterment, resilience and adaptation be treated as standard funding considerations, not exceptional additions.

Long-term funding should also support adaptation before disaster occurs, including more resilient roads and bridges, drainage upgrades, coastal and water security measures, vegetation management and heat mitigation where relevant to regional communities.

10. REGIONAL GROWTH REQUIRES ENABLING INFRASTRUCTURE

Regional housing and population growth can impose costs on councils before additional rate revenue is realised. New development requires local roads, intersections, drainage, open space, community facilities, waste services, planning capacity and other enabling infrastructure. Without dedicated funding, councils may be expected to subsidise growth from existing ratepayers.

The LCLGA recommends dedicated and appropriately funded regional enabling infrastructure funding linked to housing growth, economic development and employment land.

The recently announced $2 billion *Local Infrastructure Fund* including $500 million specifically for regional Australia to help councils unlock new housing with essential infrastructure such as roads and water, sewer and stormwater connections is welcomed. The LCLGA is awaiting detail about eligibility to understand if this funding pool can be accessed by Limestone Coast councils.

11. CONCLUSION

Regional councils are being asked to maintain larger asset networks, deliver a broader range of services and support nationally significant industries from revenue bases that are substantially smaller than those available in many metropolitan areas. In the Limestone Coast, this means supporting a region of more than 21,000 square kilometres, nearly 70,000 residents, thousands of businesses and a multi-billion-dollar regional economy. A sustainable funding model must recognise the actual cost of distance, dispersion, infrastructure, workforce shortages, natural hazard exposure and limited own-source revenue.

The greatest immediate improvement would come from increasing untied Financial Assistance Grants, supported by funding formulas that better recognise regional need. Longer-term reform should reduce reliance on competitive grants, address cost shifting, support regional workforce capacity and fund the full lifecycle cost of infrastructure that underpins local communities and national productivity.

Commonwealth investment in Limestone Coast Local Government is investment in:

- national productivity
- exports
- food security
- regional manufacturing
- freight efficiency
- economic resilience

12. SUMMARY OF LCLGA RECOMMENDATIONS

The LCLGA recommends that the Australian Government:

1. Increase Commonwealth Financial Assistance Grants and retain their untied character.
2. Revise funding formulas so they better recognise road length, bridge and drainage networks, geographic area, population dispersion, visitor demand, freight movement, remoteness and limited capacity to raise revenue.
3. Shift a greater proportion of infrastructure funding from short-term competitive grants to predictable, needs-based and formula-based allocations.
4. Require a formal funding agreement and financial-impact assessment whenever another level of government creates, transfers or materially changes a council responsibility.
5. Fund the full lifecycle cost of infrastructure that supports nationally significant industries, including construction, maintenance, renewal and eventual replacement.
6. Establish regional local-government workforce initiatives covering training, graduate placements, shared specialist services, skilled migration, housing and relocation support.
7. Make disaster resilience and infrastructure betterment standard components of disaster recovery funding, supported by long-term adaptation funding before disasters occur.
8. Provide dedicated enabling infrastructure funding for regional housing growth
9. Recognise the particular costs of regional airports, tourism infrastructure, freight routes and non-resident infrastructure users in Commonwealth funding design.