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9 October 2012

The Hon Barry O'Farrell MP  
Premier  
Governor Macquarie Tower  
Level 40, 1 Farrer Place  
SYDNEY NSW 2000

Dear Mr O'Farrell

### **NSW BUDGET 2012/13**

We write to commend the NSW Government on the NSW Budget 2012/13, recognising the difficult fiscal environment.

The Associations welcome the continued focus of the NSW Government on infrastructure investment, particularly in the areas of public transport, roads and water infrastructure. We appreciate the ongoing funding for the successful *Country Town Water Supply and Sewerage Program* and the maintenance of funding for the *Regional Road Block Grants and Repair Program* and the *Country Timber Bridges Restoration/Replacement Program*. Furthermore, the Associations especially commend the NSW Government for addressing the poor water supply and sewerage conditions in Aboriginal communities through the *Aboriginal Water Supply and Sewerage Program*. We also commend the government's commitment to upgrading NSW grain lines. This is important to councils and communities in rural areas.

We also would like to commend the NSW Government on the increase of \$30 million of the *Local Infrastructure Renewal Scheme*. However, while the additional funding is welcome, the scheme is not sufficient to make significant inroads into NSW Local Government infrastructure needs including a huge and growing infrastructure renewal backlog. In 2006, the Independent Inquiry into the Financial Sustainability of NSW Local Government estimated that backlog to be in the order of \$6.3 billion and to grow by \$500 million a year. This estimate only included the renewal of existing infrastructure and did not take account of required new or upgraded infrastructure to cater for population and economic growth. Furthermore, many rural councils are likely to find it difficult to fund borrowings for infrastructure investment from their own source revenue, even with significant interest rate subsidies. These councils require direct capital funding assistance.

We also would like to highlight a number of specific areas in which increased NSW Government funding could significantly improve service provision by Local Government in the future, including: public libraries; roads; regional infrastructure; noxious weeds and capacity building in Local Government.

Economic growth and resilience is dependent on the basic local infrastructure councils provide such as roads, bridges and traffic infrastructure, water supply and sewerage, stormwater and drainage systems. Economic growth and resilience also requires effective service planning and coordination among governments, the private sector and communities. Through the community strategic planning process and the land use planning process, Local Government plays a key role in facilitating sustainable local and regional economic development in coordination with state-wide planning. It is important that Local Government has the resources and skills that are required to undertake comprehensive planning for the future.

Furthermore, the population of NSW, particularly in metropolitan Sydney and regional cities, is projected to grow at significant levels over the next 20 years, and the proportion of older people is expected to increase. Meeting the future needs of a growing and ageing population in NSW and addressing additional demand for infrastructure and human services will require substantial Local Government resources.

Finally, impacts of climate change, such as increased occurrence of extreme weather events, higher temperatures, or sea level rise, will put pressure on local services and infrastructure, reducing the life of assets, increasing the of whole-of-lifecycle cost, or requiring new infrastructure solutions.

The Associations call on the NSW Government to assist Local Government in tackling these challenges by way of continued support of councils' investment in local infrastructure and in building councils' capacity to strategically plan for the future of NSW communities. We hope that in future budgets, as they are expected to improve, more funding is made available to important Local Government services.

Yours sincerely

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**President**  
*Local Government Association of NSW*

Cr Ray Donald  
**President**  
*Shires Association of NSW*

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