



There is a serious policy design problem in the way governments distribute grant funding to rural and remote Australia.

Balranald Shire Council's recent experience with the Sustainable Communities Program has brought that problem into sharp focus. Our Shire has been directly affected by water buybacks. Council's analysis says Balranald has received just \$731,331 from the program, while other eligible Local Government Authorities have received 10's of millions of dollars, even though Balranald Shire has seen substantial buyback activity in recent months (circa \$75 M). If a program is meant to support communities exposed to water recovery, then outcomes like that deserve scrutiny.

But this is bigger than Balranald. The deeper issue is that many grant programs are built around competitive processes that treat councils as if they are starting on the same line.

They are not.

Larger councils often employ grants officers, strategy teams, economic development staff, project managers and forward-planning units. Many small rural and remote councils do not. They are already stretched across roads, water, waste, governance, compliance, emergency response and statutory service delivery. The same people keeping the organisation functioning are often the people trying to prepare complex grant bids with little notice and limited time.

This matters because competitive processes do not simply reward need. They reward capacity: the ability to identify an opportunity early, commission technical work, prepare a polished application, build partnerships, source co-contributions, respond to assessor questions, and keep a pipeline of grant-ready projects alive. For many small councils, that is not an occasional inconvenience. It is a structural disadvantage.

Then there is the second issue: benefit-cost ratios (BCRs).

BCRs have a role, but they should never be treated as a neutral measure of justice. A BCR is strongest when the government wants to compare narrow efficiency outcomes. **It is much weaker when the task is to decide how to help communities absorb the consequences of government policy.** Small populations, thin markets, and lower incomes can all suppress monetised benefits on paper. That does not mean the need is low. It means the measurement tool is incomplete. Wider research has warned that conventional cost-benefit methods can understate welfare gains and that benefit forecasts in public investments are often less reliable than decision-makers assume.

For remote councils, this becomes a double penalty. First, they are less likely to have the internal staff bandwidth to compete well in a grant round. Second, if they do get into the assessment process, projects serving small and disadvantaged communities can struggle to outperform projects with larger populations and more easily monetised benefits. In other words, the places most in need of help can be filtered out twice: once by administrative capacity, and again by appraisal methodology. That is an inference from the evidence, but it is a strong one.

That is why governments should rethink the way adjustment funding is allocated in rural and remote Australia. If a program exists because a community has borne the impact of national water policy, then the starting point should be exposure, vulnerability, service burden and adjustment need. Competitive merit rounds can still have a place, but not as

the whole architecture. Governments should consider a needs-based baseline allocation for the most affected councils, capability support for bid preparation, simplified pathways for small councils, and assessment frameworks that give explicit weight to equity and disadvantage.

Small communities should not need to be expert contestants in a policy game designed elsewhere just to secure a fair share of assistance. If anything, the system should bend the other way. It should be easier, not harder, for small, thinly resourced, highly exposed councils to access support when government policy has imposed costs on their communities.

That is not special treatment. It is what fairness looks like in practice.

Terry Dodds PSM
CEO, Balranald Shire Council