

Harnessing Private Funds to Alleviate the Australian Local Government Infrastructure Backlog

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Abstract

A series of national and state public inquiries into the financial sustainability of local government have demonstrated that all Australian local government jurisdictions face a daunting local infrastructure maintenance and renewal backlog. Various solutions to the problem have been advanced in the literature, including the establishment of an Australian municipal bond market to facilitate the use of private sector finance to fund the remediation of the infrastructure shortfall (Byrnes *et al.*, 2008). However, despite the conceptual attraction of this particular policy proposal, as a majority of Australian local authorities are small, with limited administrative and technical capacity, they would have great difficulty in securing access to a municipal bond market. In this paper, we consider municipal banks and bond banks as alternative institutional solutions to the Australian local government infrastructure backlog.

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