

MONDAY 16 June - 9:30am

**PRESIDENT'S ADDRESS
2014 NATIONAL GENERAL ASSEMBLY
MONDAY, 16TH JUNE, 9.30 AM**

Delegates it gives me great pleasure to once again address you at the National General Assembly.

Can I say it is a privilege and an honour to be the President of ALGA and to Chair this Assembly. As I look around I can see hundreds of familiar faces and I am pleased to say that this year's Assembly is one of the largest we have had. We have more than 900 delegates attending all or part of the Assembly and that is a great tribute to your willingness to engage in a serious discussion about the issues facing local government.

This year's theme for the Assembly is 'Getting Down to Business'. It has two dimensions:

- the first is about getting down to a no-nonsense approach to delivering services and infrastructure, and representing our local communities;
- the second, more abstract dimension, is an analysis of what business we are in - who should do what in a Federation and how our system of Government can best meet the needs of the whole Australian community, now and into the future.

Throughout this Assembly we will be dealing with both of these questions. They are of course linked because I cannot imagine our Federation without a strong pragmatic local government sector that provides on the ground services and is directly accountable to local communities.

Local government is the level of government that is closest to the people, and will remain so - even if the National Commission of Audit does not think so!

This year's Assembly is held against the background of a National Commission of Audit report, a very difficult Federal Budget and the Government's commitment to develop White Papers on Reform of the Federation and on Taxation.

The National Commission of Audit looked primarily at the role of the Commonwealth Government, although its report had significant implications for the role of the states and potentially local government. It is unfortunate then, that such a report is being touted by some as a sort of blueprint for the Federation, without a fair assessment of the impacts across all levels of government and the community.

The good news from the Federal budget is that we see the continuation of Roads to Recovery until 2019 as promised and a doubling of R2R funding, that is an extra \$350 million in 2015 - 16. There is also the \$300 million over 4 years for the Bridge Renewal program. This is an excellent outcome and local government communities through Australia will benefit from this funding.

There was however a major sting in the tail - the pausing of indexation of the Financial Assistance Grants (FAGs) for the next 3 years.

Delegates, yesterday the ALGA Board met to discuss the consequences of the Federal Budget and the recommendations of the National Commission of Audit. To paraphrase the discussions - cuts to local government funding and a proposal to sever the direct link between the Commonwealth and local government. This goes too far, and, on behalf of the Board later today I will be putting to you an urgent motion on these

two issues – the Budget cuts to local government funding and the Commission of Audit recommendations.

Delegates, I propose to circulate the text of a draft motion over lunch for your consideration, and I will seek your leave at the beginning of our debate session on motions this afternoon to consider this Urgent motion.

With your support, we will send a strong message to the Government that we cannot accept this situation.

Delegates I have also received notice of a Special Urgent Motion from the Shire of Tweed on the cuts to pensioner concessions. I believe this is directly relevant to local government and the theme of this Assembly and propose to deal with that immediately after we have dealt with the FAGs issue.

Now, back to the NGA. Over the next three days we will hear from some impressive speakers and panellists with ideas about the Federation. They have a range of ideas about local government, what we should do, how we should do it. Most importantly, they have ideas about how we might fit within the Australian system of government. These are the big issues for us and for our country, and to address them properly we need people with big ideas.

Our challenge to you at this Assembly is to think about the role you believe local government should play in the Federation, now and into the future. To think about what business we are really in, and whether we can continue to do all that we are currently doing. We need to think about the role of the Commonwealth, and of the states. Are they our partners, our masters or just a piggy bank to provide grants?

These are important questions. They are questions that will be asked of us over the next two years as the White Papers on

Reform of the Federation and Taxation are developed, and we need to be able to answer them. This is your opportunity delegates to give us your views on these issues.

In 2006, ALGA commissioned PricewaterhouseCoopers to undertake a national study into the Financial Sustainability of Local Government. The study found that approximately 30% of councils faced financial sustainability challenges. In particular, it identified a massive infrastructure funding gap of around \$14 billion and an annual underspend of between \$1.2 and \$2.4 billion on local government infrastructure, mainly local roads. Almost every study since 2006, including those by state and territory local government associations, has reported similar findings.

What have all these studies got in common? Essentially, we do not have sufficient revenue to cover the cost of all services and infrastructure we provide to our communities.

I will put it another way which might sound familiar - 'It's not an expenditure crisis, it's a revenue crisis'.

Just as the Commonwealth has argued that it needs to repair its budget, so we local government need to mend ours.

Indulge me just for a moment and let us imagine that we appointed our own Independent Commission of Audit to help us address 'our budget crisis'. What might it say?

Would it say:

- that over time local government has taken on more and more responsibilities;
- often these responsibilities have been passed on by the Commonwealth and the state/territory governments without commensurate resources; and

- that this responsibility shifting must cease, and the states and Commonwealth must fully fund these services or find alternative providers of these services.

Would it conclude:

- the current situation is not sustainable
- that local government must increase its revenue, or cut services; and
- that as the level of Government that collects around 83 per cent of the nation's taxation, the Commonwealth has a national responsibility to ensure equity of services to all Australians where ever they live.

Would it conclude:

- That Commonwealth funding to local government must increase - consistent with the principles of horizontal equalisation - to meet community needs - and incidentally - the objectives of the Financial Assistance Grants legislation.

And what would it conclude about the states and Territories?

- That the states are responsible for local government and that they must do more in addition to the Commonwealth; or
- would it conclude, like the National Commission of Audit, that with access to a small share of personal income tax the states should become totally responsible for local government and Commonwealth grants cease?

Does anyone really think that councils would fare well if they were totally at the mercy of cash-strapped state governments faced with challenges to fund health and education?

Could we really expect state governments to put the needs of local communities ahead of their own political interests?

I think we need to take a deep breath and think about how the world really works.

Forgive me, however, because I digress.

These are the topics of this Assembly, and I want to hear your views over the next three days on what you think about such proposals.

Let me return to the main purpose of this opening address, which is to welcome you to this year's National General Assembly and encourage you to fully participate in the sessions and debate. But you will see from my comments that the theme of our Assembly is not a trivial one. It is a challenge.

What is our role in the Federation? What is our core business? What do we think it is, and what do others think it should be? And most importantly what Government services should be funded through the national purse?

We have speakers over the next two days who will explore these issues. Academics and former politicians will participate in panels and give us their views. Current mayors from a range of councils - from capital cities to small regional councils – will share their insights into the business of local government. We will also hear from the former leaders of the Commonwealth and state public services about their perspectives on the Federation.

Delegates, the Assembly will be addressed by Government ministers, including the Deputy Prime Minister, who has responsibility for local government, the Hon Warren Truss, by the Leader of the opposition the Hon Bill Shorten and Shadow Ministers and by the Leader of the Australian Greens.

And we will hear from special speakers on other issues of importance such as the new policy approach to climate change and the potential role of councils in commemorating Australia's involvement in World War One. Its a great program.

Delegates, before I invite our key note speaker, Mr Terry Moran, to address us, I want to conclude with a few comments about the ill-fated referendum to achieve financial recognition in the Australian Constitution.

This is a subject very dear to my heart and I know that for many of you it is an issue of great importance.

It is only right that I address this issue because just twelve months ago we were here, celebrating our achievement in getting a referendum on the agenda after six years of hard work and the commitment of almost everyone in local government. Well, what a difference a year makes!

The last minute abandonment of the Referendum as a consequence of the Government bringing the election forward was a bitter disappointment to us all. Indeed, it was a lost opportunity for our communities.

Our polling showed us, and we were absolutely convinced that with your support, we had a winning campaign. Our National Campaign Director and research team told us that we had strong community support and that our opponents' messages were not cutting through. They would disappear in the national media as quickly as they emerged.

Our messages about local projects and local services were cutting through. Our advertisements were ready to go. They were tested and retested, and their message about local projects would have prevailed.

We were bitterly disappointed that we - you - did not have the opportunity to run the campaign. One small consolation, however, was that we were able to use some of the Commonwealth funding provided for the referendum campaign to reimburse you - and in some cases your associations - for your contributions to the national campaign.

Delegates, regrettably and I will be frank, it is highly unlikely that in the short term we will be able to achieve the necessary level of bipartisan support we achieved for the 2013 Referendum. Having got so close - this is a great disappointment.

In making that comment, I am not being defeatist, I am being politically pragmatic. But, all is not completely lost. Our experience over the past 7 years has shown me, and all of the ALGA Board, that together local government can shape the national agenda. That we, as a sector, enjoy widespread community support.

We cannot, or course take that support for granted, and we need to continue to work with our communities to maintain their support by delivering the services and infrastructure they need.

But, as the Government develops its White Papers on Reform of the Federation and on Taxation, local government, with the support of our communities, will have an opportunity to once again have its say.

I hope that these White Papers do give serious consideration to the long term needs of our country. I hope that the process is pragmatic and that it takes into consideration the way the Federation actually works - not just in some theoretical or ideological discussion about the dividing up of roles and responsibilities between the Commonwealth and states, or a fight over the level of the Goods and Services Tax (GST).

Local government is a part of the Federation, and must be recognised as such and adequately funded to play its part.

Delegates.

I urge you to participate fully over the next three days and to enjoy the Assembly. I look forward to talking with you but more importantly to hearing what you have to say.

Thank you.