

SPEECH

**ALGA's National General Assembly 2009
Monday 22 June 2009 - 9.15am
ALGA President Cr Geoff Lake's Opening Address**

Welcome to ALGA Board members, delegates and the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese.

Good morning delegates.

I am delighted you could join us for the 15th National General Assembly (NGA) of local government.

Never before have there been more issues at stake for local government at the national level.

And never before has there been more of a need for us to come together – from across the breadth of Australia – to debate and shape a national agenda for our sector.

We find ourselves in both challenging times but also exciting times. I say challenging because it is possible that unless we address some critical issues soon, local government will fail in some areas over the coming decade. However, I also say exciting because there is also unprecedented opportunity for councils to play an effective and prominent part in some of the key issues that currently face our nation.

How well we navigate these waters over the next few years, will determine whether we are a strengthened sector in the future – or one hamstrung by responsibilities beyond our capacity and finances well short of our needs.

Make no mistake, this NGA is not a mere talkfest and a few days away from your day to day responsibilities in your council area. This is an opportunity for us collectively – as a bunch of disparate and diverse councils – some 565 in total – to debate the role we want to play in building sustainable and resilient communities in Australia into the future.

The themes of this year's General Assembly are *Infrastructure, Climate Change and Financing*.

These areas define ALGA's lobbying efforts for coming year and beyond. Indeed, they also define local government's future.

Over the next three days, we are looking to you to shape and guide how we are to prosecute the case for change and reform in these areas.

By way of overview, let me make some comments on some recent developments in these areas to help set the scene for our discussions.

In relation to infrastructure, we have had some promising advancement from the Rudd Government in recent times. We have locked-in funding for the Roads to Recovery program until 2014 and we have been the recipient of a total of \$800 million for community infrastructure over the past six months as part of the Government's Stimulus Packages.

If any of you were in any doubt as to whether local government needs to be represented and active at the national level – then the Government's \$800 million community infrastructure spending announcements should put that thinking to bed.

These announcements were a direct response to the infrastructure problems highlighted in the 2006 PricewaterhouseCoopers Report into local government sustainability.

That report – which was commissioned by ALGA – demonstrated a \$14.5 billion shortfall in local government's spending on maintaining vital community infrastructure. Essentially it showed that as a result of cost shifting over the past 30 years and local government increasingly having to pick up the can to support increased people services, councils are increasingly unable to meet the required levels of annual spending to maintain existing physical infrastructure.

The report argued that local government needs urgent support from the federal government to address this infrastructure underspend.

When the Prime Minister made his first announcement last year in November, he sighted ALGA's PwC report as his rationale for funding community infrastructure.

Delegates, this is \$800 million our sector would not have received if it were not for our sector's organization and efforts at the national level and for the empirical case ALGA and state and territory local government associations had developed to justify the need to fund community infrastructure.

Of course, the \$800 million announced by the Government does not fix the problem and we are now aiming to secure an annual program similar to roads to recovery – however \$800 million is a substantial step forward.

As well as the relevance to one of the themes of this General Assembly, I make these observations in part to attempt to convince you that it is critical that our

sector expands and improves its engagement, presence and focus here at the national level.

Let me demonstrate with a slide...

I have listed on this slide just some of the various issues that are currently active at the national level and on which councils have more than a passing interest.

How we interface with the federal government will determine what role we can play in shaping these issues. We can sit back and watch how these things play out or we can be right in there – in the thick of it – and influencing how things happen.

The second theme of this Assembly – climate change – is a good example. Councils are at the vanguard of mitigation and adaptation strategies and many councils are already demonstrating leadership and innovation.

Local government is an important tool in the whole of government response to climate change for two principal reasons. First, because we are a regulator of land use planning and building controls which are obvious mechanisms to achieve environmental reform.

And second, because councils are major employers, and by virtue of our scale, major emitters, in most communities. We can make a major impact by improving how we do business.

All regions across the country will be affected by the impacts of climate change and there are major issues of rural viability, livability and consequently structural adjustment that need to be better understood.

It must be our priority to work with the Australian Government to make sure the very best research is available to local government, within appropriate planning and response timeframes, to support our understanding of the projected impacts of climate change at a regional level.

Of course, the capacity for local government to respond adequately to climate change and the various other issues on this slide is constrained by how we are funded.

It is no surprise that local government finances is the third theme of the Assembly.

This is proving to be a difficult issue for local government to achieve traction. The nub of the financing issue is basic fairness. Financial Assistance Grants (or FAGs) – this is the recurrent funding which is paid to councils each year by the Federal Government – have declined from around 1% of Australian Government taxation revenues in 1995-96 to 0.7% in 2008-09.

The PwC report's conservative estimate is that 10-30% of councils have financial sustainability issues. Indeed the Productivity Commission appreciates this problem and recently concluded that 'there is a case to review the provision of Australian Government general purpose grants to local government.'

ALGA continues to chip away on this issue. We have raised the issue at COAG and we have made submissions to a number of inquiries including the current Henry Review into Australia's Taxation arrangements.

The PwC report confirms that there are viable options to address this issue. Some of the responsibility rests with us and the report's recommendations focus on a twin-track approach:

1. Internal reforms building upon past efforts to improve financial performance and management, and
2. Reforms to inter-governmental funding arrangements.

In other words, local government must show leadership and initiate our own reforms, to improve our own efficiency and financial effectiveness, as part of demonstrating the case to other levels of government the need for an increase in the funding we receive.

Delegates, we are all aware that we meet in the context of tough global economic times. We also understand that this may not be the best climate in which to advance structural reforms to increase grants paid to local government. However, we are equally aware that things cannot remain as they are. Either we get serious about how we fund modern local government in the 21st century or we decide that local government's scope is something that needs to be scaled back. Everyone in this room knows that this latter option is not the path to choose.

However, while we pursue our case for more government funding let us not forget the reforms which we can implement and control. We must demonstrate accountability, transparency and capability as a sector. We must strengthen our performance and we must avoid the embarrassing tabloid scandals that too often undermine public confidence in local government.

If you need any more convincing about the need for local government's organization and efforts at the national level, let me show you two further slides.

This slide shows where we get our funding from...

And this slide shows how we apportion our resources between the state level and the national level...

My basic contention is this – as a sector – we are reasonably underfunded and under resourced at the national level. For a \$25 billion annual industry – amounting to approximately 2% of our nation’s GDP – we have much at stake at the national level and there is much to justify our participation in these sorts of national forums to tap that potential.

During the course of the next three days we will be debating over 140 motions across these themes of infrastructure, climate change and financing. I look forward to our collective challenge of refining our national approach in these important areas.

I invite you to tackle them in a forthright way on behalf of your council and your community. To debate the way we go about our lobbying efforts, to think outside the square and to extend our previous thinking on these matters. Of course, with the second plenary mayors meeting – the Australian Council of Local Government taking place on Thursday with the Prime Minister – at the conclusion of this General Assembly, these debates are very timely indeed. We hope you find the next three days a good investment of your time.

Thank you delegates.