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19 August, 2010

Dr Ian Holland
Committee Secretary
Senate Select Committee on the Reform of the Australian Federation
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Dr Holland,

Re: Invitation to Submit Input to the Senate Select Committee on the Reform of the Australian Federation.

Thank you for inviting Regional Development Australia Sunshine Coast (RDA Sunshine Coast) to submit our views on the matters under examination by the Senate Select Committee on the Reform of the Australian Federation.

This submission has been developed by RDA Sunshine Coast's board, and we have made other prominent members of the Sunshine Coast community aware of the opportunity to make their own submissions at this time on this important topic.

Obviously the scale and nature of the areas under examination by the Select Committee are substantive. We submit here a high-level synopsis of our views on the five questions posed in your 28 June 2010 letter, specifically:

> *...explore a possible agenda for national reform and to consider ways it can best be implemented in relation to, but not exclusively, the following matters:*
>
> *i. the distribution of constitutional powers and responsibilities between the Commonwealth and the States (including territories),*
>
> *ii. financial relations between federal, state and local governments,*
>
> *iii. possible constitutional amendment, including the recognition of local government,*
>
> *iv. processes, including the Council of Australian Governments, and the referral of powers and procedures for enhancing cooperation between the various levels of Australian government, and*
>
> *v. strategies for strengthening Australia's regions and the delivery of services through regional development committees and regional grant programs."*

1. Re: the distribution of constitutional powers and responsibilities between the Commonwealth and the States (including territories).

Constitutional reform is a significant and rare undertaking. 'Exploring a possible agenda' for reform starts with agreement upon the epicentre of the debate we intend to explore. Currently phrased, the focal point is on a review of the powers and responsibilities of just two levels of Government - the Commonwealth and the States. This construct is consistent with that of the Constitution. However, the States have legislatively provided for a third layer of Government – Local Government. There are now around 560 local government bodies with about 6,600 elected councillors, spending more than $20 billion each year and employing around 178,000 people[1].

RDA Sunshine Coast generally supports devolved decision-making and community engagement so that decisions are made by the level of government that is closest to the people affected and in consultation with the people. This optimises the chances of a good fit in the implementation of policy, programs and funding arrangements developed by the State and Federal Governments.

RDA Sunshine Coast believes that "blue-sky" options should be articulated about the possibilities for the distribution of powers, including an option that articulates a Local Government role in the Constitution. However, our default position is that a simple recognition of the existence and broad role of Local Government in the Constitution would be beneficial. We adopt this 'minimalist' view because changing the Constitution is more likely to gain the significant level of support required nationally if the desired outcome is very specific, simple and readily able to generate support for practical and beneficial reasons.

RDA Sunshine Coast believes that the national RDA network could play a key role in facilitating the debate in Australia's regions. Collaboration with subject matter experts and innovative thought leaders is needed to examine different facets of the distribution of powers and responsibilities, including but not limited to:

– Balancing the Commonwealth's mandate for national governance with a local-region's need to be resourced to address local issues and realise opportunities.

– A review of gaps and duplication between portfolio responsibilities across the three tiers of government

– Exploring ways to help councils in similar situations to collaborate irrespective of which State they're in. Local councils with comparable issues and opportunities are to be found in multiple States but there are few opportunities to collaborate across the states. The National Sea Change Taskforce is an organisation that supports multi-state collaboration among the so-called sea change councils.

Fresh thinking and perspective is needed to facilitate a thorough review of the possibilities for innovation and new models.

– A decade into the third millennium we face a period of change unimaginable when the Constitution was written. Advances in Information and Communication Technology are

[1] Source; ALGA

fundamentally changing the nature of business and occupational practices and global competition, 'flattening the world2' in ways that make regional economic development an entirely different proposition to just twenty years ago.

– National policy debate on climate change response mechanisms are essential but just as essential is the need for recognition that people look firstly to local councils on issues like coastal erosion, recycling, flooding, storms, disruptive weather patterns, forest fires, water management and drought. Demographic shifts - most notably the aging of the population - and population growth have enormous impact of local-level planning and infrastructure / service needs.

– Despite this, many Local Governments continue to operate on principles and practices that are 'antiquated', grounded in the historic 'rents, rates and rubbish' era. In Queensland, the amalgamation of Councils has lead to a strengthening of the strategic focus of local councils, particularly with regard to planning and policy harmonisation.

– RDA's around the country in general and on the Sunshine Coast in particular are well placed to create the forums within which whole-of-government debate on reform can occur, with particular emphasis on bringing new insight and thought leadership into the debate from the private sector and innovative thought leaders and examples of alternative global models.

2. Re: Financial relations between federal, state and local governments.

RDA Sunshine Coast supports the ALGA's 'Time for Reform' position, succinctly summarised by quotation:

> "... a referendum should be held during the next parliamentary term to consider whether a new financial power should be inserted in the Constitution to expressly enable the Commonwealth to directly fund councils..."
>
> Geoff Lake, President, Australian Local Government Association,
> Address to the National Press Club, 31 March 2010

So doing would eliminate continued uncertainty resulting from the Pape[3] case and defend all of Australia against a subsequent and more profound legal challenge that has the potential to be disruptive.

Moreover, reform needs to review the disconnect between a stagnant financial model (Local Government continues to be funded by three primary sources – Rates, Grants and User Charges) – and rapidly expanding Local Government activities[4], and ever increasing resident

[2] The World Is Flat: A Brief History of the Twenty-First Century, by Thomas L. Friedman

[3] Pape v Commissioner of Taxation [2009] HCA 23

[4] Local Governments today take on:

- infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management
- provision of recreation facilities, such as parks, sports fields and stadiums, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks
- health services such as water and food inspection, immunisation services, toilet facilities, noise control and meat inspection and animal control
- community services, such as child care, aged care and accommodation, community care and welfare services
- building services, including inspections, licensing, certification and enforcement

expectations. The best understanding of local development issues and opportunities are in the regions, but the bulk of power and funding remains centred with the Commonwealth. Local Government has largely unexplored fiscal policy initiatives so essential to the delivery of development strategy and policy. Revenues raised locally are inadequate to cope with the infrastructure and service backlogs in rapidly growing communities. Doubt hangs over the Commonwealth's ability to fuel funds directly into local Governments and what systems are in place for so doing are overwhelming shaped by the national agenda rather than local needs and requirements.

3. Re: Possible constitutional amendment, including the recognition of local government.

As stated above:

– RDA Sunshine Coast would like to see a Constitutional Reform debate about the distribution of roles and responsibilities across Commonwealth, State AND Local Government.

– We also want to see Constitutional Reform that specifies that the Commonwealth Government CAN fund local governments directly.

– Both of these outcomes necessarily require recognition of Local Government in the constitution.

Accordingly, we support evaluation of constitutional amendment, including the recognition of local government, and the ALGA's position on this topic.

4. Re: Processes, including the Council of Australian Governments, and the referral of powers and procedures for enhancing cooperation between the various levels of Australian government.

Much has been done to foster greater mutual understanding, interaction, cooperation, best-practice sharing and collaboration between the three tiers of Government, for example[5]:

– The Council of Australian Governments (COAG) established 1992;

– The Australian Council of Local Government (ACLG) established 2008

– The network of 55 Regional Development Australia committees established 2008.

While these are positive developments, we are just scratching the surface of what needs to be done. All too often we find day-to-day cooperation on essential strategic projects missing, or, at the other, areas of overlap and duplication. (This is one of the key factors that shaped

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- planning and development approval
- administration of facilities, such as airports and aerodromes, ports and marinas, cemeteries, parking facilities and street parking;
- cultural facilities and services, such as libraries, art galleries and museums
- water and sewerage services in some States
- other services, such as abattoirs, sale-yards and group purchasing schemes

[5] Importantly, the work of COAG & ACLG seems best known only by those intimately familiar with it; to illustrate the point, a prominent Sunshine Coast community member professionally engaged in town planning and therefore deeply engaged with local councils was unaware of the scale, scope, nature and impact of these organisations' work and could not reference any outcomes that impacted his work.

the Memorandum of Understanding between the Commonwealth and State on the creation of Regional Development Australia, and its subsequent charter.)

Exploring alternative processes is helpful. More helpful still is a review of cultural change within the three tiers of Government. If we change the processes without changing the culture, securing intergovernmental alignment, removing duplication and building collaboration will continue to be like pushing water uphill. Change the culture, and the right processes will readily emerge.

Cultural change within large enterprises is possible and is evidenced every day by evolution and change within the world's largest commercial enterprises. Some Fortune 1000 companies raise more revenues, globally, than some countries; employ more people than some public sector entities; have more geographically dispersed teams than most Governments; have the same phenomena of differing departmental silos each with their own mandate and budgets. And yet in the private sector increasingly the world's largest companies are becoming more and more understanding of and sensitive to the individual needs of thousands of millions of customers, in some cases billions; are more agile, nimble and responsive to change than the public sector; are better at fostering high-impact collaboration between geographically dispersed teams; are better at getting departments with specialist skills and points of focus to see themselves as part of a larger entity that must work together for the greater good.

The public sector has a long way to go to achieve comparable results; our departments are inwardly focussed and aligning them continues to be difficult at best. While it is recognised that the private sector profit mandate is different to the goals of public servants, public sector has much to learn from innovations occurring in the private sector.

Process review can help. But cultural shifts are likely more important.

Importantly also cultural change and other measures are desirable to help reduce the impact of situations where local, State and Federal Governments struggle to secure alignment, to the detriment of residents needing progress. Too often issues reach a logjam and as a result no progress is made for prolonged periods. What innovative approaches might be helpful to arbitrate these situations, to facilitate progress?

5. <u>Re: Strengthening Australia's regions and the delivery of services through regional development committees and regional grant programs.</u>

Regional development committees offer enormous potential to help address some of the issues raised above. But we need to differentiate between:

– Regional development committees' role in helping bring whole of Government approaches to building high-impact regional development strategy.

  and

– Regional development committees' role in the actual delivery of services and the provision of grants essential to strategy implementation.

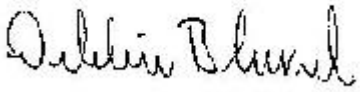
RDA Sunshine Coast's position is that, in its current form (10 volunteer board members and 1.5 full time equivalent staff for a region of 340,000 people), RDA committees cannot take on responsibility for the actual delivery of services or management of grant application and dissemination.

Furthermore, and pending outcomes of the discussion above, RDA Sunshine Coast must limit its role to advancing whole-of-government regional strategy development and alignment.

Strategy - meaning clarity about actions needed to deliver an end result – should clearly define priorities for regional grants and service delivery. But expanding the scope of development agencies' work to include the actual management and delivery of such areas simply adds to the duplication and overlap we're striving to reduce.

On behalf of RDA Sunshine Coast, we thank the Select Committee for the opportunity to make this submission. Please do not hesitate to contact me on (07) 54758745 or M: 0448 122948 should the committee wish to further discuss our position.

Yours sincerely,



Cr Debbie Blumel
Chair, RDA Sunshine Coast.