Office of the President

Our Reference: 56996 / CR:DB

25 August 2010

Committee Secretary
Select Committee on the Reform of the Australian Federation
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary

The LGA of SA is a constituent member of the Australian Local Government Association (ALGA) and represents the 68 Local Government Act Councils in SA and Anangu Pitjantjatjara. The LGA is constituted by its member Councils through a constitution but its legal basis derives from Schedule 1 of the Local Government Act 1999 (South Australia) – in short it is also recognised by the SA Parliament through this and in some 23 other Acts.

The primary purpose of this submission is to lend support to the submission made by the ALGA and to provide additional information in support of that submission.

The LGA of SA has worked particularly hard at forging practical working relationships between the SA Government and the SA Parliament, and its member Councils. We established our first agreement between and SA Premier and the President of the LGA in 1990 (refer www.lga.sa.gov.au/goto/intergovernment). There have been a further five such agreements at various times with the current having been signed by Premier Rann and former President Rich in 2006. The two more recent agreements with Premier Rann have been supported by an annual schedule of priorities. We are currently reviewing the agreement with the State to identify ways of further strengthening the relationship.

Such agreements have, in our view added significant value for South Australians by reducing unnecessary conflicts, and ensuring efficiencies and more effective outcomes where both governments work together. Commonwealth relationships have been improved in similar ways by documents such as the 1995 Accord between Prime Minister Keating and the President of the ALGA, and the The Inter-Governmental Agreement Establishing Principles Guiding Inter-Governmental Relations signed in 2006 by the Commonwealth, each State and Territory and the ALGA. Copies of these and other background documents can also be found on www.lga.sa.gov.au/goto/intergovernment.

Initiatives which foster greater communication, such as the Australian Council for Local Governments have also supported stronger and more effective relationships.

…/2

These instruments and more respectful attitudes between governments have limitations, some imposed by Australia's legal framework and others by vested interests. We provide strong policy support for the ALGA's position seeking recognition of Local Government in the Australian Constitution. We believe that a sensible outcome can be achieved with all stakeholders contributing to and agreeing on an appropriate form of words to achieve this, rather than the two previous attempts to achieve this outcome which were imposed by well intentioned, but political decisions of the Hawke and Whitlam governments respectively. A more inclusive approach can achieve the support of the Australian community for more effective and efficient governmental relationships for the future.

I attach a copy of a recent submission to the SA Government's Sustainable Budget Commission (SBC) which articulates a case for stronger relationships, better resourcing and a greater willingness to look at functional reform between State and Local government. The following paragraph provides a useful summary:

> *"While SA may be comparatively more advanced than other States in State/Local Government Relations, trust is both vital and fragile. If reforms are to be pushed between both governments the right building blocks must continue to be put in place to manage processes which continue to build trust between the sectors. We believe we have the relationship and tools to do this, but no appropriate "workspace" to allow the exploration of significant functional reforms in an environment where risks are managed. A framework for risk management might include negotiation of a set of principles including a requirement that in any negotiated package, neither sphere of government should be worse off and benefits to the community should be apparent."*

In a recent meeting with SA Treasurer Foley an agreement was reached for a small high-level officer group to explore how to tackle more significant reforms between State and Local government. We are optimistic that the current work with the SA Government will further strengthen relationships but are equally clear that there are even greater potential benefits to ongoing reforms to Commonwealth relationships involving Local Government.

Finally our office has previously provided a table which forms attachment 6 to the SBC submission to the committee secretariat. This involved purchasing additional information from the Australian Bureau of Statistics regarding State grants to Local Government in each State to update a series of information published annually by the Commonwealth Minister for Local Government in the National Report pursuant to the Local Government (Financial Assistance) Act. This table shows net per capita grants by states and the NT to Local Government.

We would be pleased to respond to requests for further information or other questions, or to appear before the Committee. Please contact Mr Chris Russell, Strategic Adviser, Policy and Communications at chris.russell@lga.sa.gov.au or on mobile 0417830105 for more information.

Yours sincerely

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President

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Attach: Proposals for Consideration of the Sustainable Budget Commission DME 54191