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10 January 2012

Submission Number: 154
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The Secretary
Joint Select Committee on
Constitutional Recognition of Local Government
PO BOX 6021
Parliament House
CANBERRA ACT 2601

Dear Secretary

Re Support for Referendum to be Held for Federal Constitutional Recognition of Local Government

Council at its Ordinary Meeting held on 11 December 2012 resolved to write to the Parliamentary Joint Select Committee on Constitutional Recognition of Local Government calling for support of a Referendum to be held at the 2013 Federal Election, seeking Local Government recognition in Section 96 of the Australian Constitution.

Council believes that the need for Constitutional change and recognition of Local Government in the Federal Constitution is due to the uncertainty brought about by recent High Court challenges bringing possible challenges and questions with regard to the Federal Government's ability to directly fund local government with programs such as the roads to recovery etc.

The Federal Government is the main tax receiver of the nation, being 82% of revenue. State and Territory Governments raise 15% and local governments through the rating of land raise only 3%. The Commonwealth Government currently provides 7% of local government revenue.

The call for Constitutional recognition seeks an amendment to Section 96 to add local government as follows:

“Parliament may grant financial assistance to any state *or local government body formed by or under a law of a state or territory*”.

The change to the Constitution would provide the Federal Government with the power to provide funding directly to local government where this was in the national interest, as was the case with economic stimulus packages.

This change to the Constitution would have no impact on how local governments work or their relationship with state governments. All local governments around Australia are struggling to build and maintain a wide range of community infrastructure and the need for federal funding assistance is paramount in this regard. Local Government is an important contributor to the Australian economy and the Federal Government is charged with the responsibility of managing the economy. In stimulating the economy the Federal Government needs the assistance of Local Government, with its grass roots spread across the nation, and its access to local businesses and employment, together with managing local infrastructure. It's not in the national interest to put the managing of the economy at risk.

Payments from the Commonwealth to States are legal because the Constitution explicitly authorises the Commonwealth to make them. Section 96 allows the Commonwealth to grant financial assistance to any State on such terms and conditions as the Parliament thinks appropriate. This would mean that the current practice of the Commonwealth making direct payments to local government would be supported by the recommended change to the Constitution.

Council concludes its submission by reiterating its support for a Referendum to be held during the 2013 Federal elections calling for an amendment to Section 96 of the Commonwealth Constitution, allowing the Federal Government to financially assist local government directly.

Council appreciates and thanks the Joint Parliamentary Committee for the opportunity to provide this submission.

Yours faithfully

Ray Pluis
General Manager