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Mr Glenn Worthington
Secretary
Joint Select Committee on the Constitutional Recognition
of Local Government
PO Box 6021
Parliament House
CANBERRA ACT 2601

Dear Mr Worthington,

CONSTITUTIONAL RECOGNITION OF LOCAL GOVERNMENT

On behalf of the Moreton Bay Regional Council (MBRC) I wish to advise that Council strongly supports the financial recognition of local government in the Australian Constitution.

The following resolution appears on Minute Page 11/2181 of the General Meeting of Council held 2 November 2011:

Ex. Coordination Committee meeting held 2 November 2011 (MP. 11/2332):

COMMITTEE RECOMMENDATION

1. That Council support the proposition that the Australian Constitution should be amended to provide for the financial recognition of local government in Australia.
2. That Council support the proposition that a reference to local government should be included in any proposed new Preamble to the Australian Constitution.
3. That Council call on all political parties to support the holding of a referendum by the year 2013 seeking amendments to the Australian Constitution as referred to in Recommendations 1 and 2.
4. That Council authorise the Chief Executive Officer to write to the Expert Panel on Constitutional Recognition of Local Government to advise of Council's position on the matters referred to in Recommendations 1 and 2.

Local governments across Australia deliver a wide range of services to the community. In addition to traditional 'services to property' eg. roads, footpaths and waste management, Councils are also responding to the growing demand for 'services to people'. Services to people include, but are not limited to, sport and recreation facilities, libraries, economic development initiatives, and social services.

The delivery of this wide range of local government services in response to community expectations has created significant fiscal stress for Councils as there are limited revenue raising options available to local government to fund these operations.

Local government has only one taxation mechanism – rates levied on property. Council rates account for only 3% of Australia's total taxation revenue. Ultimately, rates revenue is not enough to fund the wide range of services provided by Councils today.

Conversely, the Federal and State Governments raise 82% and 15% of taxation revenue respectively and therefore Councils today must rely on funding from other levels of government to support their operations.

Given the recent High Council decisions known as the *Pape Case* and the *Williams Case*, financial recognition of local government in the Australian Constitution is of critical importance. This proposed change will remove the uncertainty surrounding the Federal Government's ability to directly fund local government to undertake activities that are considered to be in the national interest.

Whilst it is acknowledged that Councils receive Financial Assistance Grants (FAGs) from the Federal Government via the Local Government Grant Commissions in each State and Territory, this funding has been declining in relative terms over recent years and additional support from the Federal Government is required.

An example of this need for additional federal funding is the Federal Government's Roads to Recovery program. This program has provided much needed funds to assist in the maintenance of the nation's local road network that is controlled by Councils.

MBRC is responsible for a road network length exceeding 3,300km. To assist in the maintenance of this network, Council receives approximately \$3 million each year through the Roads to Recovery Program. Without these funds, Council would be required to implement higher rates increases or reduce the expenditure on this network which could have both local and national consequences.

Therefore, MBRC strongly supports an amendment to Section 96 of the Constitution so that it would read "Parliament may grant financial assistance to any State or local government body formed by or under a law of a state or territory".

Council also wishes to highlight that the following factors will be critical to the success of a referendum on constitutional recognition local government:

- bi-partisan support for the proposed change that is clearly demonstrated to the public by all political parties.
- timing of the referendum (consideration should be given to holding the referendum in conjunction with the Federal election in 2013); and
- community awareness about the Australian Constitution, how to change the Constitution, and the proposed change.

Therefore, MBRC also strongly supports initiatives aimed at addressing the abovementioned factors eg. a national education and awareness campaign funded by the Federal Government to raise community awareness about constitutional recognition for local government and issues associated with the referendum process.

Yours sincerely

Daryl Hitzman
Chief Executive Officer

cc: Mayor and Councillors