



FACT SHEET 1 WHY LOCAL GOVERNMENT?

LOCAL GOVERNMENT - PAST AND PRESENT

The first local council was established in 1840, well before the establishment of some colonial governments. One hundred and seventy years later, local government continues to meet the needs of local communities, but today performs a much greater role and provides a vastly expanded range of services.

In the early years local government was responsible for building roads for newly formed towns, as well as rural roads, and building wharves, jetties and bridges.

Colonial governments at that time recognised that it made sense for local communities to have responsibility for managing those issues that were important at the local community level. Just as in 1840 it made no sense for local roads or waste collections to be managed centrally from a capital, it makes no sense for those responsibilities to be managed centrally today. In a country the size of Australia, local devolution of responsibility for local issues is most appropriate.

When the colonies were discussing the formation of the Federation in the 1890s, local government was not represented at those talks, as the role of local government in providing services to local communities was not going to be transferred to the new Federal Government.

As a result there is no reference to local government in the Australian Constitution.

Times have moved on and the powers of the Commonwealth Government have evolved and expanded to cover many new areas that were not envisaged at the time of the Federation of the colonies on 1 January 1901. Today the Commonwealth collects more than 80 per cent of taxation revenue and takes an interest in all aspects of the nation, from health to education to transport. Similarly, local government's role has expanded from

its original role of building roads, bridges and public buildings, to providing a wide range of community services, such as sport and recreational facilities, community care, health and welfare services, and providing water and sewerage services in some states.

Local government is increasingly being called on to assist in delivering Commonwealth Government initiatives at local level. For example, as part of the National Stimulus Package in 2009 to counter the Global Financial Crisis, more than \$1 billion of funding was provided directly to local government as a means of promoting economic activity across the nation. Local government, through its peak body, is a member of the Council of Australian Governments (COAG) and 13 other Ministerial Councils, underpinning its significance and growing role at the national level.

These situations and the growing role of local government were not envisaged during the negotiations by the colonies in the 1890s to form the Commonwealth.

The High Court, in the recent case of *Pape v Commissioner of Taxation (2009)*, brought into question the Commonwealth's legal ability to deal directly with local government because it is not included in the Constitution. This creates uncertainty about the future funding of local government.

The proposed referendum to alter the Constitution to allow payments directly to local government would remove this uncertainty. It will not change local government's accountability or its status. Its purpose is to give the local government certainty and secure its ability to cater to the needs of local communities, as was the original intention when local councils were first established in 1840.

