



AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

29 October 2013

Dear Mayor and Councillors

The Constitutional Recognition Campaign

I am writing to provide you with a report on the issue of constitutional recognition and to let you know that the Government has agreed to allow the Australian Local Government Association (ALGA) to use the federal funding provided for the referendum campaign to reimburse local government for the costs incurred in the campaign, prior to the referendum being cancelled. I know that many councils have been under pressure regarding the contributions they made to the national campaign and I trust this comes as good news.

This letter follows my discussions with the Deputy Prime Minister, the Hon Warren Truss on 18 October and subsequent discussions with his Department. Mr Truss has responsibility for local government matters and my meeting with him was an opportunity to clarify the new Government's position on the constitutional recognition issue. I also used the meeting to pursue the case for reimbursement of local government for the costs incurred in the campaign for the cancelled referendum and clearly the Government was listening.

Let me say at the outset that I want to thank all of the councils which contributed to the referendum campaign, in terms of money, time and effort. The campaign was perhaps the most complex and challenging activity that local government, as a whole, has ever undertaken. Referendums are rare in Australia (the local government referendum would have been only the second referendum in the last twenty-five years) and coordinated campaigns in support of a referendum are even rarer.

After the announcement on 9 May that a referendum to recognise local government would be held in 2013, ALGA and the state and territory local government associations moved heaven and earth to put in place the management structure and resources required to run a credible and effective campaign and almost every council across Australia contributed to that effort. I believe that the campaign we were ready to launch in August would have been successful because of the support from councils and what we managed to achieve is a credit to all.

The decision by Mr Rudd to bring forward the Federal Election date and, as a consequence, to sacrifice the possibility of holding the referendum, was made without consultation with local government and was a bitter blow to all of us, coming as it did at the end of six years of intense effort to secure the referendum. I know it caused anger and dismay across the local government sector and placed all of us in a very difficult position, given our commitment and expenditure on a campaign for a referendum which did not take place.

ALGA has already refunded to its state and territory local government association members all of the unspent funds contributed to the national campaign. The campaign, which had a

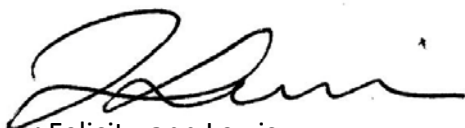
budget of up to \$20 million based on a contribution from the local government sector of up to \$10 million and matching funding from the Commonwealth, was left out of pocket to the tune of \$3.5 million. This money had been spent on a Campaign Director and National Campaign Team, campaign management, research to support the campaign, developing the campaign, including preparation of advertisements for TV and print, the branding of the campaign, advertising costs and arrangements for polling day.

I have spent the period since the referendum was cancelled on 5 August arguing for the reimbursement of the funds spent by local government on the clear basis that it is completely inequitable to expect councils to bear the cost of the campaign following the decision to cancel it for reasons which were beyond local government's control. I am pleased to say that ALGA's arguments have not fallen on deaf ears and Minister Truss announced on Friday 25 October that Government has agreed to allow ALGA to use the public funding to refund local government costs in full. ALGA is finalising arrangements with the Commonwealth and expects to be able to reimburse local government associations for the remaining expenditure shortly. I know this is small consolation for the cancellation of the referendum, but it is at least something positive from this disappointing episode.

Since the referendum did not proceed, the uncertainty around the continuation of direct federal funding of local government remains. The implications of previous High Court decisions cannot be ignored and while programs such as Roads to Recovery can continue for the present, they remain vulnerable to a future challenge. Mr Truss has reiterated the Government's commitment to direct funding of local government through programs such as Roads to Recovery and stated that the Government will look at the implications of any further High Court challenges as they arise. As previously signalled, however, the Government does not intend to put forward a referendum to recognise local government in the near future. We will have to wait and see what the Court does in its judgement on the second case initiated by Mr Ron Williams against the Commonwealth's school chaplaincy program, which is scheduled to go to the High Court next year.

Although the future of any referendum remains uncertain, ALGA will be looking carefully at the processes and developments which led up to the 2013 referendum campaign and drawing appropriate lessons from the experience. The conduct of a future referendum must reflect these lessons if that referendum is to have a reasonable chance of success. One of the key lessons is that all councils must be effectively engaged so that local campaigns, which will be vital to the success of any referendum, can be fully supported. I am confident that a future referendum campaign run by local government will be successful if our sector displays the commitment so evident over the past year and that is something ALGA will work towards.

Yours sincerely



Mayor Felicity-ann Lewis
President