

Transcript

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Item: **ADDRESS BY GEOFF LAKE, PRESIDENT OF THE AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION: STRENGTHENING DEMOCRACY IN AUSTRALIA - THE CHALLENGES AND OPPORTUNITIES FOR LOCAL GOVERNMENT.**

Demographics:	Male 16+ N/A	Female 16+ N/A	All people N/A	ABs N/A	GBs N/A
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VOICEOVER: Today at the National Press Club, president of the Local Government Association, Dr Geoff Lake. The third tier of government is convinced it's never been more engaged with the Commonwealth, and is looking to recognition in the Constitution to reflect that. Councillor Lake outlines his ambitions for local government in today's National Press Club address.

KEN RANDALL: Ladies and gentlemen, welcome to the National Press Club and today's National Australia Bank address. It's a great pleasure to welcome for the first time here today Councillor Geoff Lake, president of the Australian Local Government Association.

When he rose to the presidency about 16 months ago at the age of 28 it represented a real generational change for the local government moment, but in his home state of Victoria he had already achieved that by becoming president of the Municipal Association of Victoria at the age of 24,

so he comes to the job highly experienced. He's a councillor in the city of Monash in Melbourne, and a city which has achieved some notoriety in various ways over the years.

But today local government overall has come to occupy a much more prominent place in Australian democracy in recent times, and that's despite an overall trend in most eyes towards greater centralisation. Five hundred and sixty-five mayors - greatly reduced over recent years - now have the opportunity to meet the Prime Minister annually at the Australian Council of Local Government and Geoff Lake himself is a full member of the Council of Australian Governments along with the premiers and chief ministers. And today all the state elements of the Australian Local Government Association are represented here. The ACT of course which depending on your point of view has no local government or only local government is a member of the association as well.

One of the objects of the association and one which Geoff Lake has been pursuing very actively is constitutional recognition for local government and he's already presided over a major conference deciding how that should be done.

He's called his address today Strengthening Democracy in Australia, the Challenges and Opportunities for Local Government. Please welcome Geoff Lake.

GEOFF LAKE:

Thank you, Ken, and good afternoon everybody. I'm very pleased to be here this afternoon. I would like to begin by acknowledging the traditional owners of the land on which we're meeting today, the Ngunnawal People and also as Ken indicated in his introduction, it's my understanding that I think this might be the first time that somebody from local government has addressed the National Press Club and it's something that we believe is probably a little bit long overdue.

Today I'm here to highlight the role the councils play in Australia's system of government, and more importantly the role that we might play in the future. Now, pretty much everybody has a view about local government. Perhaps it's based on Bob Jelly from *Seachange* or Col Dunky from *Grass Roots* or perhaps it's those larger than life councillors that many of you will recall from that infamous documentary *Rats In The Ranks*.

But it's more likely that you've had some direct dealings with your local councillor yourself and I hope that your view is more influenced by those dealings than those other characters I just mentioned. Because it seems these days local government is everywhere. It's always been the roads, the footpaths, the drains, the street trees, the parks, the gardens and the local golf course but in the past fifty years or so local government has popped up in many more places than just those. It is now typically also a provider of early childhood services, kindergartens, immunisations, aged care,

libraries, art galleries, family counselling and community health. It's still the authority that predominantly determines the look, feel, and development of our neighbourhoods, and usually it's at the heart of regional economic development and tourism strategies.

If we were to list all of the things done by councils today, we'd come up with a list of more than 150 services, although no two councils would be exactly alike. Today in my address I plan to do three things. I want to give you a better appreciation of what local government in Australia in 2010 is all about and how it has evolved in recent times. I want to give you an idea of our key challenges and in particular our funding and constitutional limitations. And finally I want to make some comments about the importance of community involvement in the planning process. In the course of discussing these areas I will outline some areas for reform that would improve not only how local government works but also the broader functioning of Australia's system of government.

Local government has been represented here at the national level since 1947 when the Australian Local Government Association or ALGA for short was formed in response to local government's increasing relevance on national issues. Today it remains the peak body for local government nationally representing all of the 565 councils across Australia.

As its president, as Ken indicated in the introduction, I represent local government on the Council of Australian Government, COAG and also on 13 other ministerial councils and this positions local government right alongside key federal and state decision-makers.

Now it was fitting that Australia's prime minister back at the time of ALGA's formation was Ben Chifley. Ben Chifley is often remembered as one of Australia's great prime ministers. However, what people tend to overlook now about Ben Chifley is that as well as being the train driver who rose through the ranks to become prime minister, he was also a great champion of grass roots community action and local involvement.

Now it's hardly remarkable that Chifley was a councillor before getting into parliament. Many of our current members of parliament cut their teeth in local politics too, and Arthur Fadden, Earl Page and John Gorton are other prime ministers who have also served in local government. However the fact that Chifley continued as a councillor during his time first as treasurer and then also as prime minister is astonishing. You see Ben Chifley understood the importance of the local. He wanted to be just as involved in decisions that affected his locality where he lived in Bathurst as the decisions that he was involved in that affected Australia's wider war effort and its post war reconstruction. He found that his capacity to shape issues as treasurer

and then as prime minister was enhanced by his understanding of service delivery at the local level.

Now the idea of Kevin Rudd dashing home to Brisbane to attend his local council meeting on a Tuesday night is something that's quite probably unimaginable to all of us. But like Ben Chifley, Kevin Rudd is a strong believer in the importance of local government.

In just two years in power, he has done more to develop a formal partnership between the Commonwealth and local government than any other. Over the past year, he's given councils an unprecedented one billion dollars in extra funding for community infrastructure, he's established the Centre of Excellence for Local Government and he's invested in local government reform. In 2008 he founded the Australian Council of Local Government which is an annual meeting of him and other cabinet ministers and also the 565 mayors from across the country.

Now these new arrangements make a lot of practical sense given the national issues that are currently on his agenda. List any of the Rudd government's key priorities at the moment, whether its climate change through to the national broadband network and it's pretty much pointless beginning a conversation about any of these that doesn't include local government.

Local government has a key role to play in many national policy issues today and without our engagement, effective reform or roll-out in any of these areas is going to be very difficult to achieve. In a country like Australia with our three levels of government, vast geographic areas and centralised taxation system, it's essential that all governments are able to work together effectively. Indeed there are very few policy issues facing Australia which can be solved solely at one level of government.

Under the Rudd Government we have seen COAG go from an annual talk-fest to a sharper more reformed focussed body which now meets four times a year. You can call this cooperative federalism or you can call it something else. I will just call that a good thing. Of course, the COAG process though is not perfect and developing it into a more robust and effective forum must remain a priority. But cooperative federalism requires more than governments merely meeting together. And one of the main stumbling blocks is Australia's constitution. Despite local government having existed in Australia since the 1840s it is not mentioned anywhere at all in the nation's constitution. Now that's a problem that I will explain shortly but before I get to that, I just want to get straight what this is not all about. Despite the way that some people refer to it and Ken referred to it this way in his introduction; this is not about mere recognition for local government in the constitution.

To seek constitutional change simply in order to see the words local government somewhere in the constitution is little more than an indulgent frolic and one I think that invites an impression of local government being a bit too self-absorbed, or to put it another way a little like the small man syndrome. It is a cause in which I have little interest but let me explain the problem which does exist and which does need to be addressed. You may recall from last year academic Bryan Pape challenged the constitutional basis of the federal government's \$900 payments to taxpayers as part of the stimulus package. Now although the High Court ultimately upheld the validity of these payments, in doing so their reasoning has created significant uncertainty for direct funding provided by the Commonwealth to third parties in other areas where it can't be tied to a specific head of power under the constitution such as those powers listed under Section 51.

The High Court's reasoning suggests that the money paid by the Commonwealth directly to local government is unconstitutional. That is also the view of Professor George Williams who is one of Australia's leading constitutional scholars and lawyers and who has provided legal advice on this matter to local government. That's why when federal funding to councils was commenced back in the 1970s by the Whitlam government, the funds were channelled into local government through the states to overcome this limitation. Plainly this is an inefficient way to transfer funding. Since 2001 though, there has been a preference by the

Commonwealth to specific programme funding which involves payments directly to councils. This now amounts to hundreds of millions of dollars which councils receive each year, directly from the Commonwealth for programmes such as investment into local roads.

We see this development as a good thing and one which makes logical sense as we see little point in state government being the middle-man. But Pape now stands for authority for the proposition that the Commonwealth lacks the constitutional power to provide funds directly to councils. Let's just stop for a second and think about that. The High Court's decision suggests that by continuing to fund local government directly, the Commonwealth is breaking the law. This is a real issue and it deserves attention. And it's ridiculous that in 2010, after more than 30 years of Commonwealth funding to local government that not only is there still a need to maintain this extra bureaucracy, to get money to local government via the states but the move to direct funding over the past decade may also need to be rolled back.

The constitution is meant to enable government at the national level but in this instance it fetters it. It's hardly controversial to suggest that this money ought to flow seamlessly. The current position frankly makes no sense at all and it's an example of where the Australian system of government is outdated and needs reform. Local government believes that a referendum should be held during

the next parliamentary term to consider whether a new financial power should be inserted in the constitution to expressly enable the Commonwealth to fund councils directly. We see this is as a bit of a no-brainer and fitting into a broader package of constitutional reform that's consistent with the sort of changes that both sides of politics have recently been talking about. It's as easy as amending Section 96. That's the section which sets out that the Commonwealth may grant financial assistance to the states in such terms and conditions as it thinks fit.

All we need to do is simply add the words 'and local government'. When it comes to constitutional change, we understand that the starting position for Australian voters and their politicians is if it aint broke don't fix it. However this is an example of where it is broke and where it does need fixing. The current arrangements are nothing indeed than a house of cards. The consequences of a legal challenge for local government would be disastrous. Not only would a successful challenge invalidate current and future direct funding but it would also render all past payments to councils illegal, and require that money to be paid back to the Commonwealth. It would bankrupt every single council across the country. It's absurd that one level of government, the federal one which collects the most taxation in this country, can't give it directly to the level of government which collects the least without breaking the law.

The Rudd Government supports a change to the constitution to clean this up, so do the Greens and the Opposition has so far indicated its principle support too, and this is all with good reasons. Given that the past 50 years has seen an explosion in the size, scope and role of local government. Whereas once all councils did pretty much was build and manage physical local infrastructure such as building roads and collecting rubbish, today as I've already said local government is typically delivering more than 150 services across a huge spectrum of people services. However when we talk about local government today, we're talking about a range of very diverse sizes. Councils like the City of Brisbane, with more than - a population of a million people and a budget which rivals that of the state of Tasmania, while on the other hand councils like West Pilbara in WA which is the land size of Japan, but a population of not many more than the number of people in this room today.

But regardless of size, councils are there quietly working away around the corner, at the local park, the local swimming pool, the regional art gallery. If you or someone you know has a baby, it's typically the council which provides the first form of government support in that new baby's life, whether it be through maternal and child health services, through to kindergarten and preschool. For our elderly parents and grandparents, councils provide the sort of care and assistance that enables them to remain in the home for longer. Hundreds of thousands of books are borrowed every week from

public libraries which are run by local councils. This grassroots entrenchment is our point of difference from state and federal government, neither of which have anything like our embedded presence in just about every community across Australia.

Now I'm not suggesting for a second that we do it all perfectly, because we certainly don't, but local government has always been there in Australia, right in the thick of it of where people live and we always will be. And most importantly local government offers tailored services and amenities to what communities want. However, while there's been this exponential increase in growth in local government's roles and responsibilities, there's been no change to the way we fund local government.

Councils are still predominantly funded by a property tax, rates, collected in the same way as it was 100 years. There's a compelling case that the way that we fund local government today is antiquated and in need of reform and rejuvenation. While it's still the ratepayer who picks up the tab, the correlation between the people services that councils now increasingly provide and property is rapidly diminishing.

Simply the tax base has not kept pace with the evolution of the local government system itself. As services have been switched and transformed from the state to the local level, state governments have got the benefit of getting these costs off their books

but local government has had to rely on its very narrow property base as its only form of taxation in order to meet these new costs. And that's not fair given that these new people services have little to do with property. It would be much more equitable to meet these costs by a transfer of general tax revenue such as incoming consumption tax that's collected by other levels of government and that being transferred to the local level.

But not only is local government improperly funded, it's also inadequately funded. At present local government only receives about 15 per cent of its total revenue from general taxation transferred from the other levels of government and that's predominantly from the Commonwealth. Local government is a \$25 billion industry and it employs more than 170,000.

Communities have a right to expect a more solid funding base for local government. In our view, this is something that the Henley tax review should be considering, not just how tax revenues are collected, but also how they are shared between the three levels of government, for the benefit of all Australians. Given the substantial growth in service delivery over the past 50 years local government is stretched to breaking point in meeting these demands while maintaining local infrastructure.

A 2003 parliamentary enquiry, demonstrated that the impact of cost shifting by the states onto local government was between \$500 million and \$1.1

billion per year. That came as no surprise to people involved in local government. Of course, ultimately all levels of government serve the same common stakeholder, who doesn't really care who delivers the service as long as that service is delivered in the most efficient and effective manner. However this lack of adequate funding for local government is significantly affecting the sector's ability to meet the needs of local communities and the demands of state and federal government.

A recent report by PricewaterhouseCoopers which was commissioned by local government concluded that as a result of this substantial growth, in services delivered at the local level, the estimated infrastructure funding backlog across councils was \$14.5 billion which amounts to a funding gap each year somewhere in the order of about \$2 billion. The report also concluded that somewhere in the vicinity of 10 to 30 per cent of all councils currently are unsustainable.

Now the one billion dollars from the Rudd government for community infrastructure as part of the stimulus package was a great start. However it's only a first step and more funding is desperately needed if local government is going to be able to meet its broader range of services which are expected of the modern council.

Now, it wouldn't be a speech about local government if I didn't have something to say on the topic of planning. Planning is complex, it's

controversial and its political and it's hard to talk about at the national level because it differs in every state and indeed also it differs within states. However, what doesn't change is the fundamental importance of community involvement in planning. In recent times though, all over the country, we have seen state governments undermining the community's right to be consulted and have a say in planning.

To the development industry and state government planning officials who believe planning can be done by the application of a simple checklist or a state-wide set of principles, I say you're in La-la-land. Planning is not a science which can be determined in a laboratory, simply by mixing a few elixirs together. Its inherently political, it's inherently adversarial and it's hard work.

I want to makes something very clear here today. Local government won't roll over on so-called planning reform and let clumsy state governments continue their trend of stripping out community involvement from the planning process. In the past few months we've even begun to see governments talking about planning process reform as the solution for affordable housing. This is utter nonsense. It may suit governments to talk about action on affordable housing through reform of planning processes as the treasurers did in their meeting last week but this is the biggest fraud going around in Australian politics today and they should be called to account on it.

You can create the most efficient planning system in the world and it won't have any significant impact at all on affordable housing. Affordable housing is far more influenced by macro economic policies on the demand side of the equation, things like tax concessions, monetary policy settings and also the lending practices of the banks. A bit of talk about planning process reform and engaging in a bit of old fashioned council bashing doesn't equal tough action on affordable housing.

The problem when other levels of government talk about planning reform is that they almost always start from a position that community involvement in planning decisions is bad, that local variance in planning is bad, and that both ought to be curtailed.

Even Ken Henry has jumped on board recently when he dismissed local planning policies as a maze of regulations and as idiosyncratic. Planning reform ought to be directed at process and efficiency moments, not recasting the whole democratic process on which planning sits.

We say to state and federal government, do it with us, not to us. Incentivise it, subject councils to data and accountability, reward good performance, we're open to all of that but don't simply look to the low hanging fruit of hastily and ill-conceived planning reforms. Now we certainly don't seek community control of planning and we do not suggest that neighbourhood objections should always prevail but

it is a fundamental right to have a say in how one's community develops.

If state and federal governments don't heed this message, they might have to hear it at the ballot box. Perhaps through a campaign such as your rights at home, run by local government at the next election. Does it sound familiar? Similar issues are at stake.

In defending community and council involvement in planning, I don't want to send the message that local government sees little room for change or improvement in our processes or in our affairs more generally. We do, and that's why we've agreed to suspend some of our planning processes as part of the ongoing roll-out of projects funded under the stimulus package. Moreover and increasingly, local government is directing more of our state-wide and nationwide resources towards streamlining and modernising planning processes. I'm a strong believer in the community having a right to be able to access information on the performance of their public institutions and local government should be no different.

I support the concept of developing a My Council style website, so residents and ratepayers are able to compare how their council is performing compared to other like councils. Data is so important in targeting where reform is most needed. Getting data collection uniform and meaningful across key local government indicators makes sense and ought to be

a priority and using it to highlight the most innovative approaches and to target where improvement is needed is in everybody's interest. This is something that I want to see local government drive as a sector on a bottom up basis rather than waiting for other levels of government to impose it on us from above. Now let me finish by returning to where I started, with Ben Chifley.

In 1947 in the midst of trying to convince the nation of the need to nationalise the banks, Ben Chifley faced a local council election. He faced a Country party candidate who campaigned against him on the basis that he was too busy taking on the bankers on Collins Street and that he'd lost touch with local issues in his community. It was a message that resonated with voters and Chifley was defeated. It must have been a humiliating experience for a prime minister. We now talk about John Howard as being the second incumbent prime minister to be rejected by his local constituency. But this isn't correct at all.

Chifley is in fact the second prime minister, although it wasn't his parliamentary seat which he lost. Local government mattered to Ben Chifley because Ben Chifley appreciated its importance and the grounding and perspective it gave him on national levels. However, and in my mind the best part about the Ben Chifley story was that in the end even a prime minister is not immune from local issues and local democracy in action. It is one of the great things about local government which still exist

today, direct accountability. By 1947, Chifley had personally achieved a blending of the local and the national that was well ahead of his time.

In different ways what Chifley pioneered personally has been built upon by successive governments in recent times, in particular those governments led by Whitlam, Hawke, Howard and now Rudd, to a point where local government now has a valuable contribution to make on many important contemporary national issues.

But the world's changed a lot in that time and if local government is to continue to meet the needs of local communities both today and into the future, we must fix the constitutional impediments holding local government back. We must fix the funding base and we must protect the right of communities and councils to participate in the planning process. Not only is all of this in Australia's national interest, but much more importantly than that, it's in all of our personal interests as well. Thanks very much.

KEN RANDALL:

Thank you very much Councillor Lake. We have our usual period of questions today starting with Matthew Franklin.

QUESTION:

Hi Councillor. Matthew Franklin from *The Australian*. I'm interested in the issue of planning that you raised and the, what you describe as the attempts by the states to deny local consultation for, and to sort of sideline councils. Last week, I asked

Wayne Swan about this issue and yesterday I asked Tanya Plibersek about this issue and said what is your response to the Local Government Associations' criticism. They said that's a matter for the states. Now given that it was as you said in your speech relaxation of planning requirements linked to the Rudd stimulus programme, how do you feel about the fact that they seem to be wiping their hands of what you describe as a significant problem?

GEOFF LAKE:

I think they're being a little bit dishonest by saying that this is nothing to do with the Federal Government. The Federal Government is driving to some extent planning reform through the COAG process. It's on the agenda there, it's been discussed at COAG, it was discussed last week at the treasurers meeting, and it's been discussed at multiple meetings of housing ministers, local government ministers and planning ministers. I sit on all of those forums except the treasurer's meeting. But they're right to say that this is an issue for state governments. It's state governments ultimately that determine the planning processes that exist within their particular jurisdictions. So ultimately our beef I guess is with state governments, we want to see state governments understanding that the bureaucrats that they have sitting in their state departments are simply not up to the task of taking over planning from local government.

I'm a bit parochial about this but it's true, the talent in planning on the government side of things exists in councils, not in state governments. And if, if we've learnt nothing else from the last 12 months as we've seen an increased number of projects taken over by state government planning departments, we have seen processes lengthen, we have seen sloppy decisions, we have seen communities ridden roughshod over in the clamour to get developments approved and out the door. Local government does it better, the community understands that, and local government will fight to assert that right at COAG with the federal government but most particularly with state governments.

KEN RANDALL:

Emma Chalmers.

QUESTION:

Hi Councillor. Emma Chalmers from *The Courier Mail*. You mentioned in your address that councils wanted more money from the Commonwealth, effectively from the tax base and yet you're saying that you don't want Commonwealth intervention in areas of planning. How do you reconcile those two things, on the one hand saying that you want the money, and on the other hand saying that you don't want anything imposed on you from the Commonwealth.

GEOFF LAKE:

Well, we support Commonwealth interest and involvement in cities and planning but we don't want them to come down to the micro and start telling us how a planning application on the ground should be assessed. I think the formula that the

prime minister is articulating on health is relevant and applicable to our interests in planning and the other things that are inherently things of a community interest and a local government concern. He talks about in health, federal funding but local control. We say to him, we will sign up to targets, we will sign up to reforms but we don't want to have these reforms prescriptively delivered to us from above, and particularly where those reforms equate to stripping out community involvement from planning, as many of the reforms that are currently being discussed through the COAG process do.

We don't want that kind of micro managing. And we continue to put those arguments in COAG and as I said, if we don't get the traction through those intergovernmental forums we will look to other options, such as introducing hopefully the view of the community and encouraging them to express their view in the context of either an election or in general through public comment.

KEN RANDALL:

How would you describe your reception at COAG?

GEOFF LAKE:

Well I've been to I think five COAG meetings now since I became president and well, let's be honest, a lot of the discussions at COAG are not always, doesn't always have local government right in the centre of them. They tend to be discussions between the federal government and the states. But I found at each of those COAG meetings there's been at least a couple of areas where there is a very clear

level of interest and contribution for local government to make, and I've tried to make that contribution. And I've got to say the prime minister and the premiers and the chief ministers are very receptive, very welcoming of me. We have dinner the night before COAG meetings and I'm included in that. The prime minister sends one of those big white cars to pick me up from the airport which I don't think my predecessor got so I'm very grateful for that. So I'm treated as a fair dinkum member of the team. But I understand that local government has its place. We have a contribution to make on some issues but not every issue.

KEN RANDALL:

Pleased to hear it. Steven Johnson has the next question.

QUESTION:

Hello it's Steven Johnson from Australian Associated Press. Geoff, 17 minutes into your speech you talked about how you want the reform of the way consumption tax is handed out to the different layers of government. So I mean as it is now we have the Commonwealth Grant Commissions and the states are always bickering to get their share of the GST carve-up. Are you saying that local government should now be included in the Commonwealth Grants Commission with a GST carve-up and how do you anticipate that local government is going to compete with the states to get their bigger share of the GST funding when there is already enough argy bargy as it is right now.

GEOFF LAKE:

I didn't say that local government seeks a share of GST but I did say that money raised through income tax or the GST is a more suitable way of paying for people services than property taxation which is essentially how local government has to pay for people services at the moment. So we're calling for reform of how the tax dollar is distributed across government. The federal government collects most tax in this country, state government I think is dependant on about 50 per cent of its revenue coming from the federal government. Local government is far more self-sufficient I guess than state government. We collect more of our own revenue than the states do.

We will leave to the states and to the Commonwealth the detail around how local government could be better funded. We ultimately don't mind but what we are saying very clearly is that general taxation revenue, be it consumption tax or be it income tax, or be it any of those other sources, company tax, those are the sources that ought to be paying for people services, and that is the money that communities across the country desperately require so they can access the sort of services that they've got a right to have delivered at the local level.

KEN RANDALL:

Question from Laurie Wilson.

QUESTION:

Laurie Wilson from A-PAC, Councillor Lake. You said that the talent in planning, in answering your first question exists in local government, not in state

government and I think implicit in your speech was the suggestion that there's a lot of talent that resides there too in terms of services, delivery of services. I'm sure that a lot of your members, perhaps all of them look on in amazement as the horror after horror emerges over the insulation programme, the delivery of that, the schools building programme. If local government had been more actively engaged, more involved if you're involved at all in fact, in the delivery of those programmes, do you think that we might have avoided some of those problems?

GEOFF LAKE:

It's hard to comment directly on what's happened with the housing insulation scheme, but one thing I think I can say with some confidence is that local government's core business, in fact, everything that we do is about service delivery and it's about implementation on the ground.

So the competitive advantage of local government over the other two levels of government is that we have the ability to roll things out in a way that Canberra will never have in local communities and also in a way that state governments perhaps to a greater extent than Canberra but certainly compared to us also don't have through every nook and cranny of every community across the country. We certainly, I think have a contribution to play, when it comes to the roll out of difficult new areas of service delivery.

But I come back to the whole central point of the thesis I've tried to express today. Local Government

is chronically under-funded, it's under-resourced. It's a logical service delivery vehicle for the Australian system of government, but it can't fulfil those sorts of roles on current policy settings.

It needs reform. It needs rejuvenation and with that rejuvenation, there is significant possibility for better service delivery in Australia.

TONY MELVILLE:

Tony Melville, Director of the National Press Club. This question is about funding as well. A lot of councils lost a lot of money during the GFC. You're talking about sources of funding for local councils, but through some bad investments, particularly in organisations like Lehman Brothers they lost that money. Now yesterday they won the High Court right to sue Lehman Brothers overseas. I was interested in your response to that.

But perhaps also, how councils can reduce the risk of being exposed to such losses in the future. What sort of steps are being taken?

GEOFF LAKE:

Well, I guess the steps they could take is stick to AAA investment rated products, which I understand the Lehman's one was at the time.

Look, this is a difficult area. I believe that public institutions managing public money need to be very careful and probably conservative in how they invest public funds. And certainly there's an obligation on local government where it has lost

money through investments that have failed, to pursue every possible legal avenue to try and claw some of that money back.

And the great thing as I understand it by the High Court's determination yesterday, is that there are some avenues open to the very small number of councils that have been hit hard by investments during the global financial crisis.

And they should be congratulated for asserting the rights of their ratepayers to try and claw that money back.

But I think the message out of all of this is - well, I mean there's issues around rating agencies. I mean, a AAA rated investment product should not fail. There needs to be answers there.

This is an issue I don't think with public administration, this is to do with rating agencies, and I suspect it will be a long time into the future before we see another sort of mammoth failure in such highly rated investment products, as a result of the experience of the last couple of years going forward, and that's a good thing.

QUESTION:

Just another question, since you raised the economic stimulus issues before, there was a question about it before. I had a visit some time last year from an association of councils from south east Queensland.

And they were saying - they were noting that Kevin Rudd was saying we need our economic stimulus to be rolled out quickly, we need shovel ready projects.

These guys said we've got lots and lots of shovel ready projects, why don't you just fund them instead of schools or at least give us a chunk of the money. Do they - was that a phenomenon that was around - that you observe is a national phenomenon? That is, that if the Government had chosen to, it could have put its stimulus money - instead of being into schools or insulation - directly into councils to roll out infrastructure - economic infrastructure?

GEOFF LAKE:

Yeah, and the Commonwealth put a billion dollars into councils and I think if you were to look at all of the components of the public spending under the stimulus package, the billion dollars spent by Local Government probably stands out as the component that has worked the best.

Compare it to schools, compare it to social housing, compare it to the ill-fated housing insulation scheme, it's been a very different story with Local Government.

Almost every council across the country has met delivery time lines, has met deadlines, and the best part of it all is that local councils have had complete control over the sorts of projects that they've been funding and delivering in their local communities.

This hasn't been a faceless bureaucrat in Canberra - no offence to our friends in the local government department - who have determined which projects ought to be implemented at the local level.

Councils have come up with those. They've been funded through federal money and it's a great model for how further investment into community infrastructure should go in the future.

So if Kevin Rudd wants to get some more money out the door or perhaps some of those areas that haven't quite been able to spend their money on time, he's only got to pick up the phone to local government and we'll help him out.

QUESTION:

Hi Councillor. Just onto a slightly different topic. There's a growth summit happening in Brisbane today being run by the State Government and among other things they're discussing how the city is going to deal with a population of four million, which is double Brisbane's current population.

Kevin Rudd's come out and said that he supports a big Australia. So I'm interested to know that seeing as local government is the area that is really going to feel the strain of this, but also in some respects perhaps the benefit from things like infrastructure charges and rates, do you support a big Australia and what do you think we need to do to plan for it.

GEOFF LAKE:

Well, first of all I congratulate Premier Bligh by taking up the initiative that local government has been championing for some time in Queensland. The Queensland Local Government Association, the City of Brisbane and the other councils that make up the South East Queensland group, they've been talking about the need for a population plan in that part of the world for more than five years now.

And it's great that the State Government has finally come on board and they're giving it the attention that it deserves.

As far as my own view, I think population growth is great for the economic vitality and the social vitality of communities. It's obvious I think in the cities. You only have to walk around the streets of Melbourne - it's a very different place to what it was 20 or so years ago. I can just remember that far back.

But more so, walk around the streets of Mildura or Shepparton, where large numbers of Afghani refugees have settled in those communities, and what it's done to those communities has been quite magnificent.

The communities is united, it functions well and it's also been a real boost to regional locations that can do with a bit of extra population growth.

So my personal view is population growth is not something to be too worried about. It needs to be properly managed. I think the example being set by the councils in the south east corner of Queensland, is a terrific example of where - forget amalgamation.

Encourage Local Government to get together on a regional basis, to begin the dialogue as has happened in that area through the leadership of Campbell Newman.

That shows you what is capable in a more regional based approach, rather than going down that murky road of council amalgamations.

QUESTION:

Hi again, Stephen from AAP. You were talking earlier in your speech about what could happen. You're saying councils under the institution aren't recognised and if some other obscure academic goes to the High Court and challenges council funding, they'll all go...

GEOFF LAKE:

There's a few of them around.

QUESTION:

...it will be Armageddon. I was really worried when I heard all that. Then you called for a thing called a referendum, but in Australia very few referendums ever get the support of most states in Australia.

We've had the 1967 one on recognising the indigenous people, we've had the 1946 referendum

on giving Canberra the power for Federal income tax.

So that's a challenge. How are we going to run a referendum campaign to get the majority of the states to support the idea of making councils constitutional, considering that most people think that then that may lead to higher rates. People are already adverse to higher taxes so you have a big odds against you already. How would you counter those?

GEOFF LAKE:

Well, in the interests of full disclosure, I better let you know that a question dealing with Local Government has been tried before, in fact on two occasions, 1974 and 1988 and spectacular failure on both occasions.

So we start with the challenge ahead of us. However, I think the thing that's different this time is that it simply makes sense. You said the concern might be in communities that constitutional change of the sort that we seek - of the kind that we seek - could lead to higher rates.

Well, in fact it's the exact opposite is true. If we don't have constitutional change and we have a nuff-nuff academic who comes in and challenges the current arrangement, if he can cobble together legal standing to do so, then we have a situation where Local Government can't deliver the same

services that it delivered last year to their communities.

The impact is either you strip those services out or more likely - because these aren't just discretionary services. These are essential services provided to local communities. It's the poor old ratepayer that has their rate bill loaded up quite significantly to cover that shortfall.

So when we talk about constitutional change, we're not talking about anything earth shattering. We're not tinkering with state sovereignty. State Governments will still be able to come in and sack councils if they wish. They'll still be able to abolish councils, change Local Government.

But what will happen is there will be a straightforward means for the Federal Government to do what it has been doing for the last 35 odd years, and that is, pass funds from its level to Local Government.

I don't think that's particularly complicated. I don't think it's controversial. Yes, it will be hard to get it up at referendum because referendums always are, but I think Local Government with its presence in every single community across the country, is in a pretty good position to give it a red hot go.

KEN RANDALL:

Well, let's leave the media questions for a moment and here's one from Lachlan McIntosh.

QUESTION:

Thanks very much. Councillor, Lachlan McIntosh. I'm with AgStewardship of which ALGA is a partner. It's a reclaiming and recycling organisation for rural chemicals and the containers, and we actually pick up about two million drums a year and pick up some chemicals, which local government is left with doing.

And I think it's in the area where the heavy lifting is, and as you say like rubbish is no longer rubbish, it's now recycling. It's now a new product. And while it can be dealt with locally, it has to be processed nationally. It has to be removed nationally.

So councils while left with, I guess, the business at the farm end and the farmers and the chemical companies are paying and contributing to this, they're part of the thing. The community at general benefits from the clean up.

How do you translate? I mean, you talk about broadening the services into regional and then into state. It seems to me that the three levels of government make it very difficult for local government to actually recycle the product.

Where E-waste for instance, which is thousands of televisions out there as well as drums, but there needs to be a national approach to saying we're going to fund this nationally to make it happen.

You're left with the hard work but you also need to talk to a bigger audience about what has to be done. The game has changed. Rubbish just doesn't get lift in the pit in time any more. You've got to open that door. How can you open the door to doing more nationally as well as picking up stuff locally?

GEOFF LAKE:

Well, I think we've got a great opportunity with our involvement in inter-governmental decision making forums, the ministerial councils. These are - that is the classic issue that those forums are set up to achieve, and we're on the environment ministerial council and those are the sort of issues actually that are being discussed at the moment.

And it's a logical issue for local government, not just to participate in the debate but actually lead the debate and lead the agenda. Because I think you're right, government in this country can't exist over the next 50 years in the same way that it's just always existed.

There are massive efficiencies out there to be found and the way to find those efficiencies is not through governments acting with a ring fence around themselves and in isolation from what other levels of government are doing, but it's through collaboration.

It's through working together and it's through being prepared to look at things from a fresh perspective and not necessarily argue or maintain that

something must be done a certain way, because it's always been done that way or perhaps it may be done better by a different level.

They're the sorts of challenges and the sort of debates that modern local government in 2010, is fairly keen to play a part in.

KEN RANDALL:

Let's have a final question from Alan Yates.

QUESTION:

Hi Geoff, Alan Yates. I'm with the Australian Automobile Association today. Congratulations on the success that local governments had in the funding and interaction with the Rudd Government over the past few years.

I'm curious in this election year what you think will be the priorities in your election campaign - campaigning - over and above your rights at home. And I'm wondering whether or not road safety and safer roads are an important part of your election strategy.

GEOFF LAKE:

Well, there's no bigger issue for local government on the expenditure side than local roads. Typically roads account for about 30 per cent of local government spending at a national level. For a rural council it's more than 50 per cent of their individual budget.

I find people don't know this, but councils actually manage, run and build 80 per cent of the entire road

length across the country. Like we think - I think of state government and federal government as being in charge of the roads.

They're only in charge of a very small bit and probably the cheaper bit. We face huge problems maintaining local roads. We're looking to the Henry Tax Review for some outcomes in that area, and we're also asking the state and federal governments for increased assistance.

Climate change we're active in. We need more assistance at the local level, targeted or built up from a federal level but targeted locally for helping communities deal with things like sea level rise and also natural disaster mitigation, bush fires etc in rural areas.

And then of course there's the issues I talked about, which are more funding for local government, commitments to pursue a referendum at some stage during the next parliamentary term.

And also as you mentioned and alluded to, a commitment around community involvement in planning.

KEN RANDALL:

Thank you very much. Geoff Lake, thank you very much for joining us for this past hour. It might have been a bit late in having a formal local government representative talk to us, so here's a membership

card. You can come back again and tell us how it's going fairly shortly. Thank you again.

GEOFF LAKE:

Thank you.

* * **END** * *