

President' s Introduction notes:

*[NB: presented in the absence of the President by LGA Vice President, Mayor John Rich]*

Firstly can I welcome you to this LGA President's Forum convened to assist us in the process of responding to the recommendations of the Independent Inquiry into the Financial Sustainability of Local Government.

It's great to see the number of you here today and the depth of interest in the issues raised by the inquiry report.

Before I talk a little bit about the inquiry findings and process I wanted to take a minute to remind us why we commissioned the first ever such inquiry to be commissioned by Local Government in Australia's history.

A number of people have said to me – “that was about the rates debate on talk-back radio last year wasn't it?” And I have to say that it's true that the severity of the attack on Local Government by at least two talkback radio programs last year contributed to the decision to seek Council support for the concept of independent inquiry. The media continues to play an important role in a democracy and while it is often a “blunt instrument,” there were legitimate issues raised in that debate for us to deal with.

The LGA State Executive Committee responded to the rates debate with a 9 point plan in which the inquiry was only one proposal. On its own I don't think the rates debate would have triggered the need for the inquiry.

Significantly for Councils, what the LGA State Executive Committee also recognised however was that there were signs of a crisis of confidence in Local Government at the State level triggered by the rates debate. We saw not only media but a number of Members of Parliament and other stakeholders starting to raise questions – and clearly they were not willing to accept the answers of the LGA or Councils. While we are aware that State/Local relations have changed dramatically in SA since 1990, others have not kept up with these changes. The current Minister's willingness to express

confidence in Local Government left a central vacuum which we had not yet been able to fill.

The purpose of the inquiry therefore can be seen primarily as a mechanism to restore confidence in the Local Government system. To do so we set terms of reference which were designed to identify the real challenges that our communities face through pressures on Local Government and not “furphies” put forward by MPs wanting to look important or by commentators dealing in mythical stereotypes.

In December and January this year the LGA finalised terms of reference designed to do just that and in February, commissioned Mr Bill Cossey, Ms Juliet Brown and Mr Wayne Jackson with support from Access Economics to undertake the inquiry.

Standing here today – and without pre-judging any of the recommendations we will debate later today – I am pleased to say that the inquiry has delivered. And I believe it has delivered in a way which goes well beyond what we expected.

In the two weeks since the release of the final report, I have heard many reactions from people within and outside of Local Government, but I have not heard one person say: “they’ve got it wrong” or “they are on the wrong tram.”

I believe they have given us a vehicle to restore confidence in the Local Government system both in a simple sense with media, Government and Parliament but also in a longer-term sense with our communities.

The inquiry has told us in relatively easy to understand economic terms what we know to be the case:

- We all have huge infrastructure challenges;
- We do not have the revenue to meet all the reasonable demands of our communities;
- Total rates growth has lagged well behind the tax growth of other governments;
- We are not fairly treated by other governments in funding or the management of roles and responsibilities;

- And we are not as on top of these issues as we think we are when we sit down annually to make budget and rates decisions.

These are the issues we put forward during the rates debate and in our submissions to the inquiry – and they are true even for those Councils which currently may look sustainable.

And a very independent and robust inquiry has told us – perhaps in harsh economic language – exactly that – we are not financially sustainable as a sector.

Importantly the inquiry has noted that we are not all the same. Not every Council is in the same situation and we need to remember this when we apply general messages and programs.

However the inquiry has been absolutely frank and said it is not convinced that even those Councils which do look sustainable, have the right policies in place to lock in sustainability – we have a lot of work to do ourselves to get our systems in order.

I'm not going to go into the report or recommendations in detail. If you have not already read a copy, you can view or print it off the internet and we have extracts today for you of the key findings from Volume 1 and the recommendations are in the table which was sent in advance.

Can I remind you that we in Local Government commissioned this report – that means that this is not driven by intergovernmental politics – there is no hidden agenda to distract from State politics or to generate some advantage for a political party.

However it also means that there is an onus on us to receive the recommendations and to respond to each and every one of them. I have made that commitment that we will and today is the first step in that process.

Your challenge today is to help identify for us the key issues, the recommendations we need to support whole heartedly, those for which you might have some concerns, and those we may want to reject.

Can I encourage you to focus today on principles rather than wording. We have Norman Waterhouse looking at legal issues and will focus more detail on wording in preparation of reports for the State Executive Committee to look at later this month and for the AGM in October.

There are 62 recommendations if we become too bogged down today on words we may not get to the end of the list.

Some Councils have become vitally interested in the board's assessment of Council sustainability and the precision of the projections made. Can I urge you today again, to raise issues of principle but I want to keep the focus on directions and on principles not on issues of how current our data is or whether there are flaws in our data or whether one Council is more sustainable than another.

Understanding individual Council positions is important and Wendy will make more comment about this issue and what the LGA is doing with Access Economics on this issue.

Can I also say that there will be some very significant resourcing questions – for both the LGA and Councils, but particularly the LGA given so many recommendations suggest additional activities for your LGA. We don't need to worry too much about those today but the LGA State Executive Committee will be giving very close consideration to those issues when we meet later this month.

We will be treating the issues raised very seriously and I should highlight to you that we have provided some additional recommendations for you to consider today. They are on the last page of the documentation sent to Councils and available today.

I would like to draw your attention to one in which we are proposing, and seeking your views on, the concept of appointing a task force to oversee the implementation of the recommendations which we decide to support. I believe such an approach will give an appropriate profile to the work and to create some accountability in the process.

So to summarise, we want your views on the recommendations today, please focus on principles not the detail, and I promise in return that the LGA State Executive Committee will take on board what you have to say in considering recommendations to the AGM.

As your President there is one other task I would like to do and that is to publicly thank and to introduce the Chairman of the Inquiry Board, Mr Bill Cossey.

Bill, I would like to place on the record that I think you have done an outstanding job with your colleagues Juliet and Wayne on the board and Alan Tregilgas from Access Economics in this inquiry. I think you have begun that process of restoring confidence in Local Government at the State level and at the same time given us a few things to be going on with.

I appreciate the way you have listened to Councils and others, formed independent views and been frank about them and how you have dealt sensitively and patiently with the media.

Thank you for the effort you have made and could I now ask you to make a presentation regarding the findings and recommendations of the report.