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Deputy Prime Minister
Minister for Infrastructure and Regional Development

LOCAL GOVERNMENT ASSOCIATION OF SOUTH AUSTRALIA

2013 CONFERENCE – ‘TRANSITIONS’

Adelaide Entertainment Centre

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Thank you very much David [O’Lauchlan President, Local Government Association of South Australia] and Felicity-Ann [Lewis President, ALGA], Members of Parliament past and present.

INTRODUCTION

Good afternoon ladies and gentlemen and thank you for your warm welcome.

It is a great pleasure to have the opportunity to speak at this important local government event so soon after becoming Minister for Infrastructure and Regional Development – renewing my association with local government both as Councillor and Minister.

As many of you know, I served as a councillor in the Shire of Kingaroy for 14 years. I have a passion for Local Government, and I understand very well the critical role that it plays in making our nation stronger.

My colleague, Assistant Minister for Infrastructure and Regional Development, the Hon Jamie Briggs, is of course a South Australian and I am sure he will make certain that the needs of local government in this state are well understood when key decisions are made.

South Australia’s Local Government Association is a leader in the innovation and reform that is essential for the future of strong and active Australian local government – I am glad to be with a group of people who are as equally committed to local government’s future as I am.

TRANSITIONS: NEW GOVERNMENT– NEW VISION

Your conference’s theme of Transitions is very timely given the challenges faced by all governments – and particularly local governments – in positioning their constituencies for the future.

It is also a theme that the new Coalition Government can relate to. We too are looking to transition away from the limitations of the past to implement a new vision for local and regional communities – one in which all parts of Australia can fulfil their potential.

There will certainly be challenges in implementing this vision.

As your Expert Panel concluded last year: “there is no pot of gold, so we have to look at ways where we can work smarter and more efficiently.

The Coalition Government is committed to helping local communities pursue and seize ambitious opportunities.

Our vision is based on driving real competitive advantages and productivity improvements through public and private investment.

Delivering on this commitment involves improving social and community infrastructure, supporting small business and entrepreneurship, and expanding access to education, health and other essential services regardless of where people live.

OPEN FOR BUSINESS

As the Prime Minister has said - Australia is once again open for business – and at every level of business from local to global marketplaces.

This means having a stable government that carefully manages the issues, works logically and predictably through its decisions – not on the basis of a 6 o'clock news headline of overblown rhetoric.

This means investing in the infrastructure – the roads, bridges, highways and railways – that move our goods to market.

It means providing targeted support for research and development, and for export assistance – to help generate new ideas and make good businesses even stronger.

At the international level, it also means driving our free trade agreement negotiations with key export partners such as China, Japan and Korea.

Australia could be the first significant agricultural producer to conclude a comprehensive free trade agreement with Japan, giving our exporters a sharp commercial edge.

With its important agricultural sector, South Australians and our farmers understand that the nation cannot afford to miss the opportunity to build on our comparative advantages in food production for the Asian market.

And local governments in South Australia and across the country play a critical role in creating enabling environments for a stronger economy – particularly through regulatory practices that foster business opportunities.

Local government must be 'open for business' too, if our nation is to restore confidence and encourage investment.

NATIONAL INVESTMENT IN INFRASTRUCTURE

Now, we all know that modern infrastructure in all its forms is essential for Australia's economy – and for the future of our cities and our regions.

This Coalition Government will invest in the infrastructure that Australia needs.

Revitalising the national highway and road system is central to our infrastructure investment effort, and involves investments in major projects all around the country.

We have guaranteed \$5.64 billion to fund the duplication of the Pacific Highway from Sydney to the Queensland border, to be completed within the decade.

We are embarking on the biggest works program ever undertaken on the Bruce Highway, committing to an \$8.5 billion package with the Queensland Government to boost capacity, reduce flooding and improve safety on the most treacherous road in the country.

We have also committed \$615 million to the Swan Valley Bypass.

Our infrastructure commitments do not of course end with roads – we will invest where we can make a positive difference.

That is why we are investing \$300 million in the vital Inland Rail line which, when complete, will link the Brisbane to Melbourne via central west New South Wales and Toowoomba.

Here in South Australia we have committed to progressing a vital transport link for Adelaide – the upgrade of the North South Corridor within the next 10 years.

This will honour the \$500 million commitment the Government made during the election to upgrade the Darlington Interchange.

We have asked the South Australian Government to develop a comprehensive business case for implementing the Darlington project by Christmas – and we expect that construction will commence as soon as possible.

We have also asked South Australia to continue with the planning for the Torrens Road to Torrens River project, using the \$20 million in Australian Government funding that has already been provided. We will work closely with South Australia to ensure that this important project is also completed within the next 10 years.

LOCAL ROADS

Local communities need safe and efficient local roads to keep them connected with each other and with services and markets.

This audience does not need reminding how ageing road infrastructure is a major challenge for local governments, particularly rural and regional councils.

That is why we created the Roads to Recovery and Black Spots programmes – to address the deplorable condition of many local roads and streets, especially in regional communities.

We are very proud of these programmes – they are practical solutions that have made our roads safer and more efficient.

They will be complemented by our new commitment to invest \$300 million to upgrade the nation's deteriorating bridges under our new Bridges Renewal programme – both international and national experience shows that bridges are frequently neglected infrastructure assets.

Australia's 30,000 local bridges are vital in connecting people within communities – but substantial upgrades are often beyond the financial resources of local governments. We want to work with local government to help fix these problems by providing up to 50% of the cost of building the replacement bridges so often required.

We recognise that these upgrades are essential for both economic and safety reasons – and the Bridges Renewal Programme will provide very practical help to local governments.

POSITIVE ROLES FOR LOCAL GOVERNMENTS

We are committed to cutting red and green tape and streamlining approvals processes – easing the regulatory burden on everyone and making it easier and more affordable to go into business, and stay in the game.

Small businesses employ seven million of Australia's 11.5 million workers, which is why they are so important to Australians, particularly in the regions.

We will cut red tape by \$1 billion a year and review the Competition and Consumer Act to make sure that trading is fair and small businesses are not disadvantaged.

This will encourage small business growth in regional Australia.

But strong regional businesses are not enough on their own.

Australia's regions need the infrastructure and services that support vibrant local communities and drive local economic development.

And this requires good leadership from all spheres of government.

In this respect I noted with great interest the recent finding of a paper commissioned by the Association.

This paper, written by South Australia's Centre for Economic Studies, found that two-thirds of new investments in local and regional economies comes from existing local businesses and start-ups by local people.[1]

Wealth – like many other things – begins at home.

I think this finding underlines the need for local government leaders to look closely at opportunities in your local communities and deliver the policies and practices that encourage investment, innovation and confidence.

NATIONAL STRONGER REGIONS FUND

I now come to the local component of the Government's vision.

The Government recognises that regional Australia makes a significant contribution to our nation, and that many regions are facing challenges.

We will be working to address these challenges with practical solutions.

We will help regional Australia to seize opportunities to strengthen local economies and ensure our regions get a fair share of the nation's prosperity.

I know first-hand about the real problems being faced in regional Australia — how many communities are falling behind the standards taken for granted in the cities.

Our National Stronger Regions Fund is designed to build social and economic infrastructure missing in the regions.

These projects will make regional communities a place where more people choose to live as they pursue opportunities for themselves and their families. Areas with high unemployment and below average socio economic circumstances will have high priority in funding from this program.

The Fund will allow councils and community groups to apply for grants between \$20,000 and \$10 million, to meet up to half the cost of community projects.

The Fund will have an initial allocation of \$200 million each year commencing in 2015, and at least \$1 billion over five years. In the interim, we will be delivering on almost 100 projects worth about \$300 million which we announced during the recent election campaign.

Meanwhile, I am also examining the projects announced by the previous government through its RDA Fund. Of course, we will honour all contracts signed by the previous government, whether we consider the projects to be good or not so good. That amounts to some \$425 million.

We are considering arrangements for those RDAF projects without a contract in place before the election in the context of both available funds and the most effective way to deliver the National Stronger Regions Fund.

The Government recognises that local councils and community groups are the foundations of regional areas and it intends to work closely with these groups to build stronger cohesive communities and give our regions the recognition they deserve.

In the meantime we will deliver on our commitments under the Community Development Grants Programme including of course those within South Australia.

These include a grant of \$5 million to the Kauri Parade Sporting and Community Precinct in Holdfast Bay; a grant of \$200,000 to the Seaton Ramblers Football Club; a grant of \$7.5 million to the Campbelltown Leisure Centre; and a grant of \$35,000 to the Weigal Oval in Plympton.

All but \$35 million of the \$952 million Labor allocated to RDAF until 2018 has been allocated - \$350 in just a few weeks million during or just before the election campaign. Most of the funding for Labor's RDA Fund was to come from the mining tax, but as you know the mining tax has raised very little money and we are committed to abolishing this tax.

The projects are therefore unfunded.

We will honour all of our own election promises but we are not tied to the promises made by our opponents. And no one would seriously expect us to be.

Remember what Labor did with our Regional Partnerships and Sustainable Regions projects when we lost office in 2007. Even though Labor was left with a budget surplus and money in the bank, they axed the lot.

Labor recklessly announced RDA projects all over the country in the lead up to and during the federal election, in the full knowledge that they would never deliver them. Almost 1,000 projects were added to the RDA list in the last few weeks of the former government – most without having gone through any assessment process, none contracted and hundreds not even announced.

It is a disappointment that so many people across the country had their genuine hopes built up - only to be dashed by what was a Labor con.

I know that most of the projects were worthy and some will have to be funded some way and I am looking at what may be available for the future.

Unlike the previous government's phantom funding based on a flawed and failed mining tax, our \$1 billion National Stronger Regions Fund is fully funded and accounted for as part of the Budget.

The National Stronger Regions Fund will support jobs and help build the social and community infrastructure so important to modern life, including community facilities and local services. The funding is guaranteed and as the national economy improves, we expect more funds will be allocated to and leveraged from the National Stronger Regions Fund.

The Government recognises that local councils and community groups are the foundations of regional areas and we intend to work closely with these groups through the National Stronger Regions Fund to create dynamic, stable, secure and viable communities across Australia.

LOCAL ENGAGEMENT

Meaningful engagement with communities is intrinsic to how this Government will operate – and we support a committee-based network of community leaders to help maintain communication links between the local community and the federal and state governments.

I know that some of you are seeking some insight into the future of the current Regional Development Australia network and the Government's plans for its future and I can assure you we are considering the current arrangements and how the RDA structure aligns with our vision for regional Australia.

Some RDAs have a good reputation and seem to be working well – others have been invisible in their communities, have delivered little leadership or vision and have low morale. Some are contracted, some are not. Some are well supported by their states, some get nothing. Some states have competing structures, others cooperate with their RDAs.

And I have noted the resolution carried at the last ALGA Conference calling for the return of the former Area Consultative Committees.

I want to emphasise that we recognise that local councils, businesses and community groups are the backbone of regional areas and we intend to work closely with these sectors to build stronger regional economies and cohesive communities.

CONSTITUTIONAL RECOGNITION OF LOCAL GOVERNMENT

I want to say, finally, a few words about the botched referendum on constitutional recognition of local government.

It has left local government in limbo and I know that many of you have concerns about the future of joint federal and local government programmes, especially Roads to Recovery.

The Government is not aware of any specific proposed challenge in the High Court to the Roads to Recovery Program. Further, we are confident about the constitutionality of our Roads to Recovery and other payments to local government and we will vigorously defend their validity if challenged.

The Coalition remains a strong supporter of providing direct funding to local governments through the Roads to Recovery program and the Financial Assistance Grants and we will continue to make the payments in the traditional way.

Nonetheless, the High Court's decision in *Pape v the Commissioner of Taxation* in 2009, the current Williams case and several other cases, raise uncertainties about the legality of a wide range of Commonwealth payments, including to local government. I remind you that Brian Pape lost his case and local government was not even mentioned in the judgements – but some of the commentary in that case and by the new High Court in the Williams case has raised potential issues.

The previous government's response to these concerns of local government was so badly handled that the proposed local government recognition referendum was doomed from the outset.

§ The Speigleman report said that the case was not made.

§ The AEC said there was not enough time.

§ ALGA said it did not want it done in conjunction with the federal election.

At the last minute the Labor government gave the go ahead for the referendum.

Several states were opposed to the referendum in principle, and supporting states were shaken when questions were raised about the wording of the proposed question – after it was too late to change. It was supposed to be just a couple of words but it turned into a complicated paragraph.

Then came the funding debacle with the previous government deciding to fund the Yes case to the tune of \$10 million, but only provide \$500 for the No case. It was a decision that deeply offended Australians sense of fair play.

Finally the government called the election too early to allow the referendum to proceed.

It is clear most states would have opposed the referendum.

In Australia, referenda usually fail, including two previous referenda on local government. So there must be overwhelming public support and an irrefutable urgency before the voters will say yes these days.

I have always personally been a strong supporter of the constitutional recognition of local government. But after the bad taste left in everyone's mouths, now is not the time to raise the referendum question again. The new government has no plans to put the issue back on the agenda.

I am informed that local government spent about \$3.5 million on its preparation for the referendum. I have had discussions with ALGA and can inform you that it is the government's intention that local government is not out of pocket as a result of the referendum debacle.

CONCLUSION

Thank you for the opportunity to engage with you today – and I hope I have imparted a sense of how important the role of local government is to the Government's vision for Australia.

We have made a commitment to engage meaningfully, invest seriously and make local communities a genuine part of the national conversation.

It's a commitment for which I would welcome your help and support – to help generate the new and compelling ideas that will strengthen local government into the future.

Thank you very much.