

# **Australian Local Government Association Annual Report 2002-03**

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## **President's Report**

The period covered by this report – 2002-03 – has been one of strategic lobbying and positioning for local government in advance of some critical decisions that will be made in the months that follow.

These decisions will cover a range of issues, the most important of which include:

- the future of the \$1.2 billion Roads to Recovery program;
- the report of the Federal Parliamentary Inquiry into Cost-Shifting and the subsequent response by the Federal Government; and
- the White Paper on the 'AusLink' integrated land transport plan.

The Roads to Recovery program will conclude in June 2005 unless renewed by the Federal Government. Lobbying initiatives included a parliamentary breakfast for 35 federal politicians, direct meetings, letters and the creation of a dedicated Renew R2R campaign website. The case for renewal was significantly boosted by the launch in May 2003 by ALGA and the Transport Minister, John Anderson, of the review of the R2R program.

Importantly, the review found that the R2R program reduced the rate of decline in the condition of local roads. However, to maintain the asset at its current level of service, the program needed to be not only continued, but at twice its current level. Local roads would revert to their pre-R2R rate of decline at the end of the program in 2005 if this important program was not continued.

While R2R has been held up as a great achievement of the Federal Government, its renewal is by no means certain. Local government fought hard to win R2R. We will have to fight hard to keep it.

There were a number of parliamentary inquiries conducted during the year of issues of interest to local government. Few, however, could be as important as the inquiry into cost-shifting. The inquiry took evidence around the country and in May 2003 produced a provocative discussion paper promoting options for changes to the way the Commonwealth funds local government. Some of these options were welcome – some were not.

ALGA subsequently put forward a further submission on cost shifting which advocated a five-point plan, the central feature of which was an intergovernmental agreement on service delivery with appropriate compliance provisions together with a move to provide local government with a fair share of national taxation revenue.

ALGA pressed its case in a number of forums. For example, we initiated a face to face meeting between state association presidents and the cost-shifting inquiry committee members in June 2003, participated in roundtables with the committee and held informal discussions with key committee members throughout the year.

The committee's report is expected late in 2003 with a Federal Government response to follow. It is anticipated that a package of measures would subsequently be taken to Cabinet for consideration.

In November 2002, the Minister for Transport released the much anticipated Green Paper on the AusLink integrated land transport plan. ALGA consequently lodged a strong submission and, while welcoming the principles underpinning AusLink, also voiced our concerns in a number of important forums during the year. There are both opportunities and threats for local government in the development of AusLink. The final White Paper is expected before the end of 2003.

During the year, the ALGA Executive developed and endorsed a strategic plan for 2003-05. This sets out our objectives for the coming three years and focuses the energies of both Executive and the Secretariat in seven key areas, namely:

1. Strengthening local government finances
2. Sustaining local roads and transport infrastructure
3. Improving local environmental outcomes
4. Enhancing regional equity and regional development
5. Meeting community needs
6. Connecting local governments
7. Collaborating with other governments

As President, I have also pursued a number of other issues of concern to local government, including the shortage of doctors and other health professionals in regional and outer metropolitan areas, the growing role of local government in addressing community safety, the importance of managing and assisting the growth of small and home-based businesses and the need for greater support for local government's important role in emergency management.

In the year ahead, ALGA will increasingly focus on councils in metropolitan areas, with an emphasis on sustainable cities, housing, transport and social issues.

The ALGA Executive has worked well together over the past year and I am pleased that our associations and ALGA are collaborating effectively on a growing number of issues to secure the best possible outcomes for local government.

The year was also marked by a highly successful National General Assembly held in Alice Springs to mark the Year of the Outback. General Assembly was attended by the Prime Minister, and the Leader of the Opposition, the Deputy Prime Minister, the Minister for Local Government and more than 900 delegates.

The Deputy Prime Minister, Mr Anderson, was also in Kalgoorlie in late June 2003 to give the keynote address at the National Local Roads Congress, another successful event that also attracted a record number of participants.

The coming 12 to 18 months will be critical for local government on a range of important issues. Our biggest challenge is to secure a fair funding deal for local government from the Australian Government. At the very least, the cost-shifting inquiry has produced a growing awareness among federal parliamentarians that local government is under sustained financial pressure. We must work hard to turn that awareness into results. ALGA will continue to lobby to secure the best possible outcomes for local government and the communities we serve. I look forward to reporting our success to members over the year ahead.

Councillor Mike Montgomery  
President

## **Chief Executive's Report**

ALGA continued to consolidate its activities during 2002-03, tightly focussing on the core priorities set by Executive. The key role of ALGA is to represent and promote local government at the national level, to lobby for better outcomes and commitments from the Australian Government and to participate in and defend local government's interests on a range of intergovernmental decision making bodies, the most important of which is the Council of Australian Governments.

ALGA Executive members now represent local government on some 12 ministerial councils, either as full members or as actively engaged observers.

While participation in these councils and the plethora of standing committees and associated working groups has added to the workload of ALGA's small secretariat, it has also enabled local government to have an effective say in a very broad range of issues that impact on local government, from planning and insurance to natural resources and the environment, food standards regulation to culture, citizenship and regional development.

ALGA also participated in a number of important conferences and summits during the year, bringing a local government perspective to a diverse range of

audiences concerned with, for example, transport, regional development, small business, aviation and airports, health care, security and engineering.

ALGA's own conferences – the 2002 National General Assembly of Local Government in Alice Springs, held in November, and the 2003 National Local Roads Congress held in late June/early July in Kalgoorlie were both highly successful in terms of participation and outcomes, with record numbers of delegates in attendance despite their remote locations.

In April 2003, ALGA also hosted, with the assistance of the NSW Local Government and Shires Associations, the inaugural congress of the International Union of Local Authorities Asia-Pacific, held in Sydney. Themed 'Local Government Leading Sustainable Communities', the congress was the first major international conference on sustainability for local government in Australia since the World Summit on Sustainable Development. This important international forum represented a significant opportunity to progress work and thinking on sustainability in our region.

The 2002 State of the Regions Report, developed in partnership with National Economics, was launched at a nationally televised address at Canberra's National Press Club in October.

The report continues to be an influential and useful tool, providing detailed data and analysis of trends across Australia. ALGA's definition of regions includes urban and metropolitan areas, which ensures the report is of value to all local government authorities.

During the year, ALGA undertook a range of lobbying activities to support core campaigns and objectives, many of which have been mentioned in the President's Report. These lobbying initiatives will be intensified over the coming 12 months as several key issues come to a head and the Federal election draws closer.

A number of submissions to support our campaigns were also developed during 2002-03. These included submissions on:

- 2003-04 Federal Budget
- Cost-shifting inquiry (three submissions in total)
- AusLink
- Senate tax inquiry
- General Agreement on Trade in Services (GATS)
- Regional business development
- Public liability insurance
- Fuel tax

Our most important advocacy campaign focuses on the overall level of funding for local government provided by the Australian Government. Our goal is firmly focused on increasing the quantum of funding for local government and changing the methodology for revenue sharing from the archaic system of financial assistance grants to a fixed percentage of national

taxation revenue. As an interim measure, we called for an amount equivalent to 5% of GST revenue in our 2003-04 Federal Budget submission.

Opportunities for change may come with the release later in 2003 of the House of Representatives inquiry on cost-shifting. The committee undertaking this report has consulted extensively with local government and, though their terms of reference call for recommendations to be framed within existing Commonwealth outlays, there appears to be a genuine understanding of the severe pressures faced by councils across the country.

ALGA has spent much time on the cost-shifting inquiry and we await the committee's report, expected during the latter part of 2003, with great interest.

Much time was also devoted to our quest to secure renewal of the Roads to Recovery program – a campaign that will continue to gather momentum into 2004.

While the 2003-04 Federal Budget was – as expected – lean for most Australians, there were some wins for local government, particularly on environment and regional health issues. For example, we secured the renewal of the Environment Resource Officer Program and our calls for additional medical students and GP training positions were met, almost in full.

ALGA was also pleased that, after raising our concerns about the potential impact on local communities of the General Agreement of Trade in Services, the Australian Government announced that it would not be making any offers in the areas of public health, public education or the provision of water and waste water services under the current round of WTO trade negotiations.

The Deputy Prime Minister, Mr Anderson, also gave us some welcome commitments when he address the National Local Roads Congress, namely that:

1. The Commonwealth's existing *Roads to Recovery* Program (R2R), the *Black Spot* Program and *Financial Assistance Grants* will be quarantined from the *AusLink* Program:
2. ALGA should be a full signatory to the forthcoming Intergovernmental Agreement on land transport- an historic first for local government; and
3. The Australian Government will initiate discussions on a local government capacity-building program for best practice data collection and asset management.

Generally, our relationship with the Australian Government has been good, with ready access to ministers in key portfolios. Our relationship with the Opposition has also been healthy. We were pleased, for example, to have participated in a wide ranging informal dialogue with a key Labor caucus committee in December 2002.

Despite some significant staff changes at ALGA during 2002-03, the secretariat is in good shape, with an increasingly strong focus on core strategic issues, improved communications (particularly through ALGA News

and an enhanced website), new alliances with like-minded organisations and a sharper approach to our key campaigns.

We will continue to build on these attributes as we face an even more challenging and exciting time in the coming year.

Ian Chalmers  
Chief Executive

## **Significant Events 2002-03**

- July: ALGA National Local Roads Congress, Toowoomba  
ALGA lodges first submission to cost-shifting inquiry
- August: ALGA leads delegation to World Summit on Sustainable Development, Johannesburg, convenes meeting of Local Government Leaders at the Summit
- September: ALGA gives evidence to cost-shifting inquiry  
Transport ministers, ALGA meet to discuss AusLink proposal
- October: National Press Club launch of State of the Regions Report 2002
- November: ALGA Regional Cooperation and Development Forum  
PM opens National General Assembly of Local Government, Alice Springs  
Cr Mike Montgomery elected President, replacing Cr John Ross who stepped down after three terms  
ALGA responds with caution to release of AusLink Green Paper  
ALGA, state and federal ministers agree on public liability insurance reform package
- December: ALGA attends COAG meeting – issues include insurance reform package, drought, water reform, handguns, ageing population
- January: ALGA meets Deputy PM to discuss AusLink concerns  
ALGA steps up road funding campaign
- February: ALGA lodges submissions on Federal Budget and AusLink

ALGA lodges second submission of cost-shifting and announces 5-point plan

Controversial discussion paper released by cost-shifting inquiry

March: ALGA lodges further submission to cost-shifting inquiry addressing issues raised in discussion paper

ALGA attends water property rights round table, addresses home-based business summit

April: Inaugural congress of the International Union of Local Authorities Asia-Pacific, Sydney

ALGA pursues insurance concerns at ministerial meeting in Perth

May: ALGA Executive adopts strategic plan

ALGA, Deputy PM release Roads to Recovery Review

Local government roundtable with Wilson Tuckey

Lean Federal Budget delivered

June: Parliamentary Breakfast – Renew Roads to Recovery Campaign

ALGA's National Local Roads Congress, Kalgoorlie

## **Directors of the Association 2002-03**

### **ALGA Directors**

The names and particulars of the directors of the Company in office at any time during or since the end of the financial year are:

#### **President**

Cr Mike MONTGOMERY

Past President - Shires Association of New South Wales  
(Director since 31 May 2002)

#### **Senior Vice President**

Cr Brad MATHESON      President - Municipal  
Association of Victoria  
(Director since 4  
April 1997)

**Junior Vice President**

Cr Paul BELL      Vice President - Local  
Government  
Association of  
Queensland  
(Director since 5  
September 2000)

**Directors**

Cr Max AMBER      President - Local  
Government  
Association of South  
Australia  
(Director since 22  
October 2002)

Ald Cecil BLACK      President - Local  
Government  
Association of the  
Northern  
Territory  
(Director since 6  
November 2002)

Mr Simon CORBELL      ACT Minister for  
Health and Planning  
(Director since 28  
November 2001)

Ald Dave ELLIOTT      Past President - Local  
Government  
Association of the  
Northern  
Territory  
(Director from 21  
September 2000 to 6  
November 2002)

Cr Gibson FARMER      Vice President - Local  
Government  
Association of the  
Northern  
Territory  
(Director since 6  
November 2002)

Myr Brian HURN      Past President - Local

Government  
Association of South  
Australia  
(Director since 6  
November 2002)

Cr Robert LEGGE Vice President - Local  
Government  
Association of  
Tasmania  
(Director since 31  
May 2002)

Cr Lynn MASON President - Local  
Government  
Association of  
Tasmania  
(Director since 12  
June 2000)

Myr Johanne McLUSKEY Past President - Local  
Government  
Association of South  
Australia  
(Director from 13  
December 2001 to 22  
October 2002)

Cr Ian MICKEL Past President -  
Western Australia  
Local Government  
Association  
(Director from 6  
December 2000 to 6  
November 2002)

Cr Bill MITCHELL Deputy President -  
Western Australia  
Local Government  
Association  
(Director since 6  
November 2002)

Cr Rae PERRY Councillor - Municipal  
Association of Victoria  
(Director since 6  
November 2002)

Cr Noel PLAYFORD President - Local  
Government  
Association of  
Queensland

	(Director since 12 June 2000)
Cr Clive ROBERTSON	President - Western Australian Local Government Association (Director since 6 December 2000)
Cr John ROSS	Delegate - Local Government Association of South Australia (Director from 15 November 1995 to 6 November 2002)
Cr Peter WATTS	Delegate - Municipal Association of Victoria (Director from 26 November 1997 to 6 November 2002)
Mr Bill WOOD	ACT Minister for Urban Services, Housing and Community Services (Director since 28 November 2001)
Cr Peter WOODS	President – Local Government Association of New South Wales (Director since 14 November 1991)
Mr Charles YUNUPINGU	Past Vice President - Local Government Association of the Northern Territory (Director from 25 October 2001 to 6 November 2002)

## **Financial Report 2002-03**

### **STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002	2001
	\$	\$	\$
<b>INCOME</b>			
Subscriptions	1,400,000	1,340,319	1,261,344
Other Income	737,052	559,509	380,938
<b>TOTAL INCOME</b>	<u>2,137,052</u>	<u>1,899,828</u>	<u>1,642,282</u>
<b>EXPENSES</b>			
Executive Management	148,038	137,476	137,854
Public Affairs	37,942	34,560	25,247
International	98,750	116,227	111,286
Policy Programs	266,292	136,049	147,095
Finance and Administration	1,272,844	1,158,031	1,149,250
<b>TOTAL EXPENSES</b>	<u>1,823,866</u>	<u>1,582,343</u>	<u>1,570,732</u>
<b>SURPLUS</b>	<u>313,186</u>	<u>317,485</u>	<u>71,550</u>

**STATEMENT OF FINANCIAL  
POSITION  
AS AT 30 JUNE 2003**

	2003	2002	2001
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash	103,720	332,169	3,136,288
Receivables	344,280	238,989	854,163
Other Financial Assets	3,616,484	3,250,742	416,934
<b>Total Current Assets</b>	<u>4,064,484</u>	<u>3,821,900</u>	<u>4,407,385</u>
<b>NON-CURRENT ASSETS</b>			
Other Financial Assets	-	296,501	282,976
Property, Plant and Equipment	1,026,716	1,012,966	765,664
<b>Total Non-Current Assets</b>	<u>1,026,716</u>	<u>1,309,467</u>	<u>1,048,640</u>
<b>TOTAL ASSETS</b>	<u>5,091,200</u>	<u>5,131,367</u>	<u>5,456,025</u>
<b>CURRENT LIABILITIES</b>			
Creditors and Borrowings	2,751,096	3,113,985	3,954,608
Provisions	84,769	68,720	40,339
<b>Total Current Liabilities</b>	<u>2,835,865</u>	<u>3,182,705</u>	<u>3,994,947</u>
<b>NON CURRENT LIABILITIES</b>			
Creditors and Borrowings	-	6,512	13,963
Provisions	-	-	22,451
<b>Total Non-Current Liabilities</b>	<u>-</u>	<u>6,512</u>	<u>36,414</u>

<b>TOTAL LIABILITIES</b>	<u>2,835,865</u>	<u>3,189,217</u>	<u>4,031,361</u>
<b>NET ASSETS</b>	<u>2,255,335</u>	<u>1,942,150</u>	<u>1,424,664</u>
<b>ASSOCIATION FUNDS</b>			
Unallocated funds	1,905,335	1,592,150	1,074,664
Building refurbishment	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
<b>TOTAL ASSOCIATION FUNDS</b>	<u>2,255,335</u>	<u>1,942,150</u>	<u>1,424,664</u>