



**LEADER OF THE OPPOSITION
THE HON. MALCOLM TURNBULL MP
FEDERAL MEMBER FOR WENTWORTH**

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**TRANSCRIPT OF THE HON. MALCOLM TURNBULL MP
ADDRESS TO THE NATIONAL GENERAL ASSEMBLY OF LOCAL
GOVERNMENTS
CONVENTION CENTRE, CANBERRA**

E&OE.....

Thank you very much Geoff. Look it's great to be here with the board of the Australian Local Government Association and also all the mayors and shire presidents and delegates.

Now, Lyndon Johnson, President Johnson once said that "When the burdens of the presidency seem unusually heavy, I always remind myself it could be worse. I could be a mayor."

Having experienced the life of a lord mayor second hand through my wife Lucy and having been a minister and now Leader of the Opposition, I think I have to agree with Lyndon Johnson – being a mayor is a very tough job. So it's a great honour to be among so many distinguished mayors and councillors and presidents. Thank you for inviting me to speak at your annual assembly.

No matter what level of government we operate in, our motivation and our objective as elected officials remains the same: to serve the Australian public as best we can.

I was very pleased to address your constitutional summit in Melbourne late last year. At that time, I made the point that as local government leaders you are as close if not closer than any of us in public life to the people we represent and the issues of most concern to them. And there is no doubt that when it comes to service delivery, the community is best served by a level of government that can be the most responsive to its needs.

Local government's contribution to the national economy is substantial. I understand that the 565 local government authorities employ over 160,000 people with an annual expenditure of around 2 per cent of GDP or \$23 billion and that you have a very sizeable pool of assets worth around \$212 billion.

In that context, the importance of local government and its rightful place in our society and the economy is assured and indisputable. Your role in serving our local communities should be commended and you will always find support from the Coalition.

PARTNERSHIPS

To fully realise our potential as a strong and prosperous nation however, there needs to be a strong partnership between the different levels of government. Good government is about partnerships –

partnerships between the three levels of government; partnerships between government and the community; and partnerships between the government, business and industry.

I want to say at the outset that the Coalition is firmly committed to building a new stronger partnership between federal and local governments across Australia. While recognition and clear lines of communication are important objectives, the overriding focus should be on outcomes – outcomes that build prosperity across the nation; outcomes that make the community work better; and fundamentally, outcomes that benefit our constituents, Australians, everyday Australians that need our support and our help.

I also recognise that state and territory governments need to come to the table. There must be stronger complementary investment from these governments and the cost-shifting onto your budgets at the local government level must be stopped and wound back wherever possible.

One of our most crucial responsibilities as elected officials is to ensure that taxpayer resources are allocated and utilised to the best effect for our constituencies. This means ensuring that the benefits of any proposal clearly outweigh the cost. It means that our priorities must be spot on. Basically, it means we need to get the biggest bang for our buck. Now I expect that our new partnership would be based on these principles and promote greater accountability and transparency.

CONSTITUTIONAL AMENDMENT

Now before I move onto the themes of this Assembly this year, I would quickly like to touch on the issue of a Constitutional amendment to recognise local government. The Liberal and National Parties will continue to work closely with you as we devise a pathway to recognition that may be of most value to Australians and of the most interest and appeal to them.

Speaking from personal experience, I can assure you that Constitutional reform is not easy. People say that being Leader of the Opposition is the hardest job in the country. I suggest they should try taking on major constitutional reform to a referendum.

Now that doesn't mean we should shy away from the debate – quite the opposite. But as we continue our policy development together, can I make this point when it comes to amending the Constitution: the simpler, the better. I can't emphasise enough that we should focus on the practical outcome of any proposed amendment, rather than any symbolic gesture.

In this case, the practical outcome would be to enhance the ways in which the Commonwealth Government can work more closely with local government across Australia. That is the outcome and that is the test. Would any proposal going forward to the Australian people be sure to create a better, easier, more functional working relationship between our tiers of government?

Once we have established that answer, then we will be in a much better position to address the important issue of constitutional amendment and the purpose it would have in improving the daily lives of our fellow Australians.

So again I look forward to an ongoing dialogue with you on this issue. I know my colleagues Warren Truss and Scott Morrison will welcome that and be part of it. Scott has made it very clear to the Australian Local Government Association that our doors are always open to you and we recognise the need to work closely together on a vast range of matters including proposed constitutional reform.

FINANCING

Local governments around the country are facing increasing financial pressure as their role expands and diversifies. The lack of direct revenue raising opportunities also contributes to the challenges you face in this situation. I know that some councils have also suffered quite heavily in recent times from the performance of

foreign investments, along with exchange rate movements. And I am also well aware that economic contraction and rising unemployment impacts directly on councils' revenue base.

When in Government we set about the task of strengthening the direct Commonwealth contribution to your budgets. The result was an increase in Financial Assistance Grants from \$1.16 billion in 1996 to \$1.77 billion in 2007. We remain conscious of the importance of these grants to councils, enabling you to get on with your core responsibilities to ratepayers.

Any new funding must be predictable and timely. Last November, the Prime Minister trumpeted additional funding for new projects when he addressed local government representatives in Parliament House. We all remember his words, given with great emphasis for the benefit of the media. Funding, he said, was available immediately: 'by immediate, I mean immediate. It means now. It's ready to go now', he said.

It took persistent questioning by the Coalition in the Senate Estimates process for the truth to emerge publicly. Mr Rudd's 'now' does not actually mean what everyone else thinks it means. The first of these payments to councils was in fact at the end of February 2009. It signals poor administration. It betrays government actions where the rhetoric is not matched by the reality and it turns expectation into a degree of disappointment.

COST SHIFTING AND DUPLICATION

Let me turn now to cost-shifting. This remains a particular concern to the Coalition. During the previous term of Coalition Government, a Parliamentary Committee chaired by David Hawker drew attention to a massive cost to the community arising from duplication and lack of co-ordination between governments – a cost estimated to exceed \$20 billion a year. Now that's a lot of money that we can never afford to waste, least so at this time when we're facing a staggering debt bill running up to more than \$300 billion in gross terms.

In government, we set in train some early dialogue between the three levels of government to find solutions to this waste. Despite some progress being made, there's still much more to be done. The Coalition recognises a continuing need for Commonwealth, states and local government to focus intensely on the cost-shifting by states onto councils, and move to protect councils' income streams.

In particular, I see a need for a much firmer assurance that federal funding to councils is completely allocated to the tasks for which it is earmarked, without blindside grabs from other stakeholders trying to effectively re-allocate to themselves funding which isn't theirs.

Efforts to reduce and ultimately eliminate cost-shifting by the states onto local government will be a major focus for the Coalition's new partnership with you. You have a right to expect that funding to you from the Commonwealth will be fully available for the purposes for which it is intended.

INFRASTRUCTURE

I'd now like to move onto infrastructure. As I mentioned before, the Coalition strongly believes that the benefits of any policy proposal should clearly exceed its costs. And that's what will make our nation stronger. Since the 1980s, all Australian Governments of both persuasions and at all levels have shown a commitment to the idea of cost-benefit analysis and rigorous policy analysis.

But unfortunately, with the Rudd Government, there is a growing chasm between the rhetoric of what certain programs we are told will achieve and what is actually delivered. In fact, it is becoming increasingly difficult to believe Mr Rudd when so much of the public discourse is engulfed in spin.

We remember Mr Rudd in 2007 as the 'economic conservative' and indeed in that year, in the election year, he expressly promised an 'evidence-based' and rigorous analysis of Commonwealth policies. Well, we all

now know Mr. Rudd's commitment to rigorous and responsible analysis of new policies has turned out to be just as unfounded as his claims to be an economic conservative. There have been many failures of this Government to make important policy decisions with the benefit of serious analysis. But today, I'll just focus on infrastructure.

In the 2008 Budget, the Government observed, and I quote, that: "...efficient public infrastructure investment requires ...decision making based on thorough and rigorous cost-benefit analysis....a commitment to transparency at all stages."

Since then, the Government has made a succession of decisions about infrastructure investments, worth an amount fast approaching \$100 billion over the next decade, without any analysis to speak of, let alone the "thorough and rigorous cost-benefit analysis" which is clearly required for good decision making.

When you strip away the sloganeering about 'nation-building' it quickly becomes apparent that only a small share of what Labor is selling as 'infrastructure' in fact equates to the traditional way the term is used – to denote spending on assets that directly add to the productive capacity of the economy.

There is no doubt that spending \$15 billion on primary school assembly halls and libraries, \$4 billion on roof insulation and solar panels, and \$6 billion on 'social housing' will create some jobs. It could hardly do otherwise. But how much will it add to the nation's longer-term economic potential? We simply don't know because any cost-benefit analysis undertaken by Infrastructure Australia will remain confidential, even for projects where there is no private money involved.

Now the Coalition did not object to the \$300 million in payments to local government announced on the 18th of November last year. We were of course concerned that you were told one thing – namely that funding was immediate – but the outcome was quite different with the first of any of the payments made more than three months thereafter.

As you're also no doubt aware, the Coalition opposed the second stimulus package as simply too big and too wasteful with its cash splashes to people overseas, deceased people and apparently even to people's pets. Now, we've said that we would have contemplated a smaller and much better targeted package to deliver genuine economic stimulus and value for the amount of money being spent. That is, getting the biggest bang for our buck, for your buck.

The importance of local government, as the tier of government so close to the requirements, to the daily requirements of Australians, is not to be overlooked in generating stimulus measures. The decisions of councillors in their local council chambers are ones that really count to taxpayers and ratepayers. And that is why the Coalition recognised when it boosted direct payments to councils by way of Financial Assistance Grants throughout our 12 years in government. And that's why your infrastructure works – however funded – are an important part of our ongoing economic development.

It's the view of the Coalition that we need to be on a constant watch for ways to deliver even better value for each and every precious dollar that goes into works across your regions. There's a case for all three levels of government to engage together in a comprehensive reform program – reform that means you get your funding when you're told it will be coming, improved, more efficient planning and approval processes, less business regulation and red tape, and enhancing transparency in decision-making processes.

Every dollar counts. You know that and we understand that. It is critically important that infrastructure spending delivers value for money. It's a concern that my Parliamentary team and I have expressed on the floor of Parliament in recent weeks but sadly it's an objective missing from a Labor Government here in Canberra intent on building debt and splashing the cash now with little or no regard for the nation's long term economic interests.

Now you can be certain that the next Coalition Government will work in partnership with you, and also engage our state and territory governments, in a bid to realise the efficiencies that are there for the taking, to deliver infrastructure in a far more efficient, less wasteful manner than the approach we see today from this Government.

Just think what could have been spent on local government infrastructure if the Rudd Government did not so recklessly throw around \$23 billion in cash splashes for questionable benefit overall to the economy. What improvements to roads in your region could have been realised if the education infrastructure debacle was managed better. It is now emerging that the significant problems with the 'building the education revolution' are a result of a lack of cost benefit analysis before the program began.

Where is the cost-benefit analysis and policy rigour that was so emphatically promised to us in last year's Budget by the Federal Government? Now this is a prime example of how public money can be wasted – by plunging into huge public spending programs for political purposes with little consideration of how it will benefit the long term economic interests of Australia.

THE EMISSIONS TRADING SCHEME

Now finally, since one of the themes of your Assembly this year is climate change, I want to briefly touch on the proposed emissions trading scheme where once again there has been an appalling lack of transparency and disclosure over its impact on our economy. Whatever is legislated at the federal level, local government will continue to play an essential role in mitigation and adaptation to climate change.

The emissions trading scheme, so-called Carbon Pollution Reduction Scheme, is a far reaching regulatory system that will require detailed legislation. But despite the enormous implications to our economy of their proposed ETS, the Government still has not undertaken a cost-benefit analysis of its proposal and reasonable alternatives.

The Green Paper, the White Paper and the Regulation Impact Statement that accompanies the bills introduced last month do not contain any analysis that would allow a reader to conclude that the Government has considered a range of feasible policies and then selected the one which provides the greatest net benefit for the community. Indeed, no reader could be confident that there actually is a net benefit from the Government's policy.

Incredibly, despite the fact that the proposed ETS is arguably the most important single policy-driven change to our economy ever, there has apparently been no official modelling of its transitional impact on regions, industries or firms whatsoever. Nor has there been any public analysis of the costs and benefits of this particular ETS as an abatement measure compared to other ETS designs or non-ETS policies.

THE CONSEQUENCES

Now what do all these poor policy decisions mean for the average Australian and for local governments? What it means is that we will all have to pay the price for Mr Rudd's reckless spending. Resources will be shifted from higher value public and private uses to lower value public uses. This is at the heart of our concern about rising Government debt levels. As debt rises inexorably to pay for this Government's poor spending decisions, Australia's future economic development is harmed. Since November 2007, this Government has taken decisions to increase spending by \$124 billion – two thirds of the \$188 billion of debt, net debt, we'll accumulate by 2012/2013 according to the Budget.

CONCLUSION

Now is an exciting time, however, for local governments. You're experiencing an unprecedented expansion of your role and responsibilities and your contribution will be crucial as we travel down the road to recovery from this economic downturn. I and my team acknowledge the contribution you make and understand that

you need recognition and financial certainty. I reiterate my commitment to build a new stronger partnership between the federal and local governments across Australia when we are returned to government.

Ladies and gentlemen, I appreciate not only the chance to be with you today, but in particular an ongoing and very constructive relationship with our side of politics. We welcome your ongoing feedback and ideas as we seek to work with you to build a productive and sound financial future for local government in our nation.

Thank you very much.

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