

## Local Government Referendum

*Giving Canberra more power over local government will weaken Australian democracy*

On 9 May 2013, the Gillard government announced a referendum for 14 September 2013 that would amend Section 96 of the Commonwealth Constitution. The new Section 96 will read (changes are underlined):

### ***Section 96 Financial assistance to States and local government bodies***

*During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, the Parliament may grant financial assistance to any State, or to any local government body formed by a law of a State, on such terms and conditions as the Parliament thinks fit.*

### **This change to the Constitution is unnecessary and dangerous. If passed it will:**

- Enable the federal government to micromanage local communities
- Concentrate power in Canberra and reduce democratic control of councils by ratepayers
- Undermine state governments and weaken the Constitution's system of checks and balances

### **Background**

#### **This is the third attempt to include local government in the Constitution**

- The Whitlam government in May 1974 held a referendum to give the federal government powers to borrow money for, and to make grants directly to, any local government body. 53% of voters voted 'No', and a majority of voters in all states except NSW voted 'No'.
- The Hawke government in September 1988, held a referendum to symbolically recognise local government in the Constitution. 66% of voters voted 'No', and a majority of voters in every state voted 'No'.

#### **Why a referendum now?**

- In September 2010 Julia Gillard promised the Greens, Andrew Wilkie MP, Tony Windsor MP, and Rob Oakeshott MP that her government would hold a referendum to recognise local government in the Constitution.

#### **What are the arguments for a referendum?**

##### **Supporters of the referendum argue that:**

- Because two recent High Court cases (*Pape v Commissioner of Taxation, 2009* and *Williams v Commonwealth, 2012*) effectively held that some methods the federal government uses to fund local government are unconstitutional, it is argued that a change to the Constitution is required to guarantee the federal government's power over local government.
- Local government, as the third tier of government in Australia should be symbolically recognised in the Constitution.

### **Why local government recognition is dangerous**

#### **Bad for local government**

- Local councils will have imposed upon them any terms and conditions that federal politicians and bureaucrats decide in exchange for federal funding.
- Decision-making on local issues by local government will be replaced by a one-size-fits-all approach dictated by Canberra. Urban planning, building approvals, even rubbish collection could be decided by federal politicians and bureaucrats.

#### **Bad for democracy and accountability**

- Local government will become accountable to Canberra bureaucrats - not ratepayers.

#### **Destroys the checks and balances of the Constitution**

- The federal government will use its financial power to fund local governments to do the things that state governments now do. This will weaken state governments that are a counterweight against the centralising power of the federal government.

#### **Consequences if the referendum is defeated**

- Very few. This year local government will receive approximately \$2.6 billion from the federal government. The federal government will still be able to fund local government, but on the condition that the money is paid via state governments, as is currently allowed by the Constitution, and as has happened since the 1920s.