

MEDIA RELEASE

Wednesday, 15 June 2011

Hands off Our Corporations

It would seem that a negotiated outcome has no standing when it gets hot in the parliamentary kitchen.

Local Government Association President, Mayor Barry Easter said when the State Government announced that it would introduce water and sewerage reform in the State, it did so behind closed doors and exempted the owners of the assets from the process.

“It took almost twelve months of haggling to even get into the process. The State Government had a view that the assets held by councils on behalf of their local communities should be brought under State Government control without compensation and be run in the same way as Hydro, Aurora and Transend. Councils argued that local communities had paid for the assets and that any future returns that flow from those assets should flow back to those very communities that had paid for the assets rather than being lost into State Treasury coffers,” Mayor Easter said

“Local Government argued that there had been a history of cooperation at the regional level and while not in favour or agreeing with the broad need for the reform proposed, advocated for a regional structure to ensure that the transition would be a smooth one for employees, communities and councils themselves.”

“The corporations have been in existence for less than two years and the pricing issues related to the provision come directly as a basis of the State Government’s reform principles – not because of councils. A regulated pricing regime that has a base 10% increase year on year for three years was not an idea dreamed up by councils, it was a requirement of the former Treasurer in concert with the pricing regulator. And if councils are responsible for the rising costs of water and sewerage then it must also be true that the previous lack of investment by the State Government is the reason power bills are set to increase by 11%,” he said.

“The proposition by the Opposition that \$20 million in savings will be possible from collapsing the three regional organisations into a single statewide entity is whimsical. These corporations are still in the start-up phase and while efficiencies are no doubt possible, throwing out numbers without detail as to their justification is inappropriate and unnecessary. It sends a message to the community that one corporation will suddenly make prices cheaper. This is short-sighted and mischievous. With all the problems in the economy at the moment, it is typical that when it all gets too hard, Local Government becomes the whipping boy. The regulatory structure put in place by the State Government dictates higher prices. This is a regulatory system that was neglected for years and has shifted to ‘best practice’ and is requiring investment at a speed previously unimagined,” Mayor Easter said.

“Local Government entered into a negotiation with the State Government to bring about a reform process that could be effectively implemented. We did this in good faith and with much suffering. Now we are faced with a tit for tat point scoring exercise by the State Government and the Opposition without being offered the opportunity to participate – again!”

“The major structural issues associated with the corporations have resulted from the State Government’s requirements of the initial model, not those of Local Government. We have advocated for change with the State Government and the House of Assembly Select Committee and believe that there are opportunities to improve the current operations. But we must have the opportunity for input and not be left of the outside of the process. This State cannot afford this type of bickering and a cooperative approach is the only way to achieve a sensible and sustainable outcome,” he said.

Ends....

For interviews, please contact LGAT President Barry Easter on 0408 334 936.