

Victorian  
State-Local Government  
**Agreement**



# THE VICTORIAN STATE-LOCAL GOVERNMENT AGREEMENT

## Establishing Principles to Guide State-Local Government Relations on Local Government Matters

Signed by:



**The Hon Dr Denis Napthine, MP**

Premier of Victoria



**The Hon Tim Bull, MLA**

Minister for Local Government



**Cr Bill McArthur**

President of the Municipal Association of Victoria  
on behalf of local government in Victoria

on the 10th day of September 2014

# PREAMBLE

1. The Premier and the Minister for Local Government on behalf of the Victorian Government, and the President, Municipal Association of Victoria, on behalf of the Victorian local government (the Parties) enter into this Victorian State-Local Government Agreement to strengthen state–local government relations by building a collaborative working relationship between state and local government and improving communication and consultation.
2. The Victorian Government recognises in Part 2A of the *Victorian Constitution Act 1975*, that local government is ‘a distinct and essential tier of government consisting of democratically elected Councils having the functions and powers that the Parliament considers are necessary to ensure the peace, order and good government of each municipal district’.
3. The Parties agree:
  - i. to give effect to the *Inter-Governmental Agreement Establishing Principles Guiding Inter-Governmental Relations on Local Government Matters* (IGA) by entering into the *Victorian State–Local Government Agreement (VSLGA)*; and
  - ii. the VSLGA will serve as the basis for continuing relations between state and local government in Victoria, and does not depend on the continued operation of the IGA.

# PART 1

## APPLICATION OF THE VSLGA

4. The VSLGA applies to state and local government in Victoria.
5. The VSLGA applies to arrangements where the State:
  - i. intends for local government to administer or enforce new or revised primary legislation or regulation, or act as an agent and deliver services on its behalf
  - ii. is, or intends to, partner with local government to deliver programs
  - iii. is, or intends to, fund local government to deliver a program
  - iv. may be affected by the relationship between the Commonwealth Government and local government.
6. The VSLGA is not a legally binding agreement, however, it is an agreement negotiated and entered into in good faith by the parties and shall be respected accordingly.

# PART 2

## OBJECTIVE

7. The objective of the VSLGA is to encourage the conduct of positive and productive relations between state and local government by committing to improved and sustained levels of communication, consultation and cooperation.
8. State and local government are committed to progressing social, economic and environmental outcomes for Victoria's communities by:
  - i. improving coordination and strategic planning of government services and functions at the local level;
  - ii. strengthening the capacity of local government to provide services and functions;
  - iii. promoting greater transparency and accountability between state and local government; and
  - iv. fostering a culture of continuous improvement to enhance the performance of both levels of government.

# PART 3

## AGREED PRINCIPLES

9. For the benefit of Victorian communities, the Parties agree that the following principles should guide state-local government relations:
  - i. Relations between state and local government should be conducted in a spirit of mutual respect with an emphasis on improving communication and cooperation.
  - ii. Local government is accountable to its local communities and its operational autonomy is recognised and supported.
  - iii. The Victorian Government is accountable to the people of Victoria and its state-wide obligations are recognised.
  - iv. The diversity of local government's financial capacity and the Victorian Government's fiscal position should be mutually recognised.
  - v. The transparency of the financial relations between state and local government should be improved to enhance decision making. The Victorian Government commits to reporting its financial relationships with local government in its annual Budget.
  - vi. The use of intergovernmental agreements should be promoted to ensure that roles and responsibilities are clearly articulated and full financial considerations are made.
  - vii. State and local government recognise the value in seeking the support of the other when making representations to the Commonwealth Government that have implications for another level of government.
  - viii. Local government recognises that it is responsible for significant community assets and commits to sound public governance through good financial and asset management reporting.
  - ix. Collaboration and cooperation of local governments with each other to support initiatives such as regional or sub-regional development should be encouraged.



# PART 4

## IMPLEMENTATION OF THE VSLGA

10. Where the Victorian Government intends for local government to administer or enforce new primary legislation, or new or revised regulation, the relevant lead department shall, subject to exceptional circumstances, consult with local government in accordance with the Victorian Guide to Regulation. In doing so, the relevant department shall consider the impacts of the regulation on local governments, including any cost and resource impacts on local governments of administering the regulation.
11. The State commits to consultation other than in exceptional circumstances with local government on any material change to funding agreements that impact on local government. It recognises the importance of the resources available to, and the capability of local government, to effectively administer and enforce state regulation.
12. In acting to meet the objectives and principles of the VSLGA, state and local government, and local government peak bodies agree to:
  - i. Continue to work in partnership to deliver an agreed annual workplan.
  - ii. The introduction and application of a new Cabinet process to assess local government impacts of policy, as appropriate, to ensure consistent consideration and appropriate processes for consultation with local government on issues that may impact on local government.
  - iii. Respect the diversity of views from within local government as represented by the sector and the local government peak bodies.
  - iv. Continue to streamline state regulatory and reporting requirements on local government.
  - v. Implement an agreed program of work around streamlining of the administrative processes associated with funding administration between both levels of government, and the introduction of streamlined and simplified agreed standard funding agreements between state and local government.
  - vi. Demonstrate continuous improvement in service delivery and productivity gains in local government, as illustrated by the annual results of the local government performance reporting framework.
13. A range of mechanisms for state-local government engagement will be maintained in a register of working committees and plans required to be developed by councils for each Portfolio to support the VSLGA. This will illustrate the way each Portfolio Minister is working more closely with local government.
14. In the interests of strategic planning and effective resource allocation, local government will consult the Victorian Government before entering into any agreement with the Commonwealth Government that may affect state government.

# PART 5

## EVALUATION AND REVIEW

15. The Victorian Government will monitor the implementation of the VSLGA and evaluate its performance on a regular basis. Accordingly the Parties agree to:
  - i. Annually maintain and review a register of working committees and plans required to be developed by councils for each Portfolio to support the VSLGA.
  - ii. The Minister for Local Government will seek six-monthly written feedback from the Municipal Association of Victoria, Victorian Local Governance Association and Local Government Professionals Inc. regarding successes and failures of parties to work in accordance with the VSLGA.
  - iii. The Minister for Local Government to meet individually with the Municipal Association of Victoria, Victorian Local Governance Association and Local Government Professionals Inc on a quarterly basis regarding successes and failures of parties to work in accordance with the VSLGA.
  - iv. The Minister for Local Government writing annually to Cabinet colleagues reminding them of their obligation to adhere to the VSLGA.