

# VICTORIAN STATE-LOCAL GOVERNMENT AGREEMENT



# AN AGREEMENT ESTABLISHING PRINCIPLES TO GUIDE STATE-LOCAL GOVERNMENT RELATIONS ON LOCAL GOVERNMENT MATTERS

Signed by:



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Hon Richard Wynne MP  
Minister for Local Government  
on behalf of the State Government of Victoria

on the Fourteenth day of May 2008



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Cr Dick Gross  
President of the Municipal Association of Victoria  
on behalf of local government in Victoria

on the Fourteenth day of May 2008



## PREAMBLE

1. The Minister for Local Government on behalf of the Victorian Government and the President of the Municipal Association of Victoria on behalf of Victorian Councils (the Parties) enter into this agreement (the VSLGA) 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 – OBJECTIVE

4. The objective of the VSLGA is to progress social, economic and environmental outcomes for Victoria's communities by:
  - i) improving communication and consultation between state and local government;
  - ii) improving coordination and strategic planning of government services and functions at the local level;
  - iii) strengthening the capacity of local government to provide services and functions at the local level;
  - iv) promoting greater transparency and accountability between state and local government; and
  - v) fostering a culture of continuous improvement to enhance the performance of local government.

## PART 2 – AGREED PRINCIPLES

5. For the benefit of Victorian communities, the Parties agree that the following principles, which are consistent with the principles outlined in the IGA, 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.

## PART 3 – APPLICATION OF THE VSLGA

6. The VSLGA applies to state and local government in Victoria.
7. The VSLGA applies to arrangements where local government is delivering a program with funding from the Victorian Government, where state and local government partner to deliver programs and where local government acts as an agent and delivers services on behalf of state government, or where the relationship between the Commonwealth Government and local government may affect state government.
8. In accordance with Part II of the IGA, the VSLGA does not override, or detract from, or add to any legislation or commitments entered into as part of existing arrangements between local government and other spheres of government.
9. The VSLGA is not a legally binding agreement.

## PART 4 – ENABLING MECHANISMS FOR VICTORIAN GOVERNMENT DEPARTMENTS AND LOCAL GOVERNMENT

10. In acting to meet the objectives and principles of the VSLGA, and in giving effect to Parts III and IV of the IGA, state and local government agree to:
  - i) consult the *Negotiating Guidelines for State–Local Government Funding Agreements* when establishing service agreements between state government departments and local government;
  - ii) consult the *Communication and Consultation Guidelines for State–Local Government Engagement*; and
  - iii) local government demonstrating continuous improvement in service delivery and productivity gains in agreement with the Victorian State–Local Government Group.
11. 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.
12. 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 Section 4.6 of the *Victorian Guide to Regulation* ('Consultation with local government').

## PART 5 – EVALUATION AND REVIEW

13. To review the progress of the implementation of the VSLGA, the Parties agree to establish the Victorian State–Local Government Group, comprising the Minister for Local Government, the President of the Municipal Association of Victoria and other parties as agreed.
14. The Victorian State–Local Government Group is a mechanism through which state and local government can together, in a spirit of mutual respect, tackle some of the significant, complex and challenging issues.
15. The Victorian State–Local Government Group will monitor the implementation of the VSLGA and evaluate its performance on an annual basis.

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