Chapter 1

Introduction

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1.1 Introduction

As the third layer of government in the Australian federation, local government contributes more than $10 billion in taxation, employs in excess of 170,000 people across seven different State and Territory systems, and provides an essential range of local services vital to national wellbeing (Commonwealth of Australia 2013). However, notwithstanding its significance, local government has always been the poor cousin of its national and State counterparts in terms of the scholarly examination which it has attracted. This is unfortunate, not least because local government faces formidable problems which require resolution (Dollery, Kortt and Grant 2013). This book is a step towards remedying the traditional neglect of local government in Australia.

Australian local government is beset with difficult problems. In essence, three primary forces have served to place contemporary local government in an unviable position. First, intensifying financial imposts on local authorities means that the status quo in local government simply cannot be sustained indefinitely (Worthington and Dollery 2000; Dollery, Crase and Byrnes 2006). Indeed, it is clear that existing fiscal arrangements have only been maintained at the cost of progressively depreciating physical infrastructure (Dollery, Kortt and Grant 2013). Secondly, Australian State and Territory governments remain concerned about the operational efficiency of local councils, particularly small regional, rural and remote councils (Dollery, Grant and Kortt 2012). Finally, changes in the respective enabling Acts of the different Australian local government systems have significantly expanded the role of local government and increased the complexity of its relationships with State and federal governments (Dollery, Wallis and Allan 2006). This has resulted in differences in the functions and responsibilities of the various State and Territory systems, diminishing the prospects for a uniform national approach to local government (Dollery, O’Keefe and Crase 2010). Furthermore, uneven devolution of additional functions to local government in the different States and Territories further complicates an already disjointed pattern of intergovernmental relations.
In an effort to address these problems, Australian local government has experienced ongoing reform which shows little signs of abating. In this respect, Australian local government has much in common with that of many other developed countries (see, for instance, Denters and Rose 2005; Faulk and Hicks 2011). A useful analytical prism with which to contemplate local government reform has been provided by Joseph Garcea and Edward LeSage (2005) in their pioneering *Municipal Reform in Canada*, which identified five distinct dimensions of local government reform programs: structural reforms; jurisdictional reforms; functional reforms; financial reforms; and ‘internal governance and management’ reforms. This conceptual taxonomy can also be applied to local government reform programs in other countries, including Australia, even if the range and mix of local service provision differs markedly from the Canadian case.

Almost all Australian local government systems have undergone comprehensive episodes of reform that have embraced the five elements contained in the Garcea and LeSage (2005) typology. While Australian local government policy makers have deployed varying policy tools (Dollery, Kortt and Grant 2013), structural change through forced municipal mergers has been the major instrument of reform in most Australian State and Territory local government systems, with the sole exception of Western Australia.

As a result of compulsory council consolidation, over the period 1910 to 2008 the number of municipalities has decreased from 1067 to 680, a 36 per cent decrease, notwithstanding a fivefold population increase from 4,425,083 to 20,209,993 people over the same period (Grant, Dollery and Crase 2009). This has seen the average size of Australian councils grow from 4147 to 40,118 residents per council, the fourth largest in the advanced world behind Britain, Denmark and New Zealand (Callanan, Murphy and Quinlivan 2012).

Under the influence of New Public Management (NPM), and in unison with their counterparts in other countries, Australian advocates of council mergers characteristically argue that ‘bigger is better’ in local government, usually premised on purported relationships between council size and council performance, such as ‘bigger is cheaper’, ‘bigger is more efficient’, ‘bigger is more viable’ (Sancton 2011), and most recently ‘bigger improves strategic capacity’. State and Territory governments which introduce council amalgamation programs habitually claim that larger local councils will produce cost savings, improve productivity, enhance local service provision, supplement administrative and technical capacity, lift strategic management, stimulate more effective lobbying with higher tiers of government, and improve financial sustainability (Lago-Penas and Martinez-Vazquez 2013).
INTRODUCTION

These controversial claims have ignited an ongoing debate in the scholarly literature (see, for example, Boyne 1998; Oakerson 1999; Bish 2000; Dollery, Kortt and Grant 2013). Notwithstanding the ubiquity of municipal mergers in the real-world reform programs, the empirical literature is far from supportive (see, for instance, Dollery and Robotti 2008; Lagopenas and Martinez-Vazquez 2013). Despite the continuing controversy surrounding council amalgamation, typically centred on proposed State and Territory merger programs recommended by public inquiries (Dollery, Grant and Kortt 2012), Australian policy makers have pressed on regardless with forced mergers, as currently exemplified in the NSW Government’s Fit for the Future reform program which may herald a radical program of municipal mergers, this time focusing largely on local authorities in the Greater Sydney region.

Against this background, this book provides a number of different perspectives on Australian local government reform from the different Australian State and Territory local government systems. While all kinds of reform in the Garcea and LeSage (2005) typology are considered, discussion centres largely on structural reform through forced amalgamation since this has been the dominant mode of reform over the past two decades.

1.2 Outline of the book

This book comprises 12 chapters written by contributors who have distinguished themselves as policy makers, practitioners or scholars of local government in Australia. The methodological approach employed in the design of the book is to harness the perspectives of experts from all seven Australian local government jurisdictions in an effort to provide a holistic appreciation of the nature of local government reform in the Australian federation.

Chapter 2 by Ron Sanderson and Stewart Wardlaw focuses on structural reform in Tasmanian local government from the 1996 Nixon Inquiry to the present day. Discussion is divided into eight main parts. Section 2.2 considers the Nixon Inquiry. The Kentish Council merger is discussed in section 2.3 and the Break O’Day and Glamorgan-Spring Bay structural reform episodes are dealt with in section 2.4. Section 2.5 assesses the principles emerging from the Local Government Board’s Voluntary Mergers Report. Section 2.6 tackles the ill-fated 2011 Munro Report. Section 2.7 concentrates on the ongoing Role of Local Government Project reform process. Section 2.8 briefly evaluates the controversial Tasmanian water and sewerage reforms. Chapter 2 ends in section 2.9 with succinct comments on
the Tasmanian Minister for Planning and Local Government’s Voluntary Amalgamations Program announced in late 2014.

Chapter 3 by Dr Andrew Johnson investigates intergovernmental relations in South Australia between local government and the SA Government. Discussion is divided into seven main parts. Section 3.2 gives a brief overview of local government in South Australia in order to set the background to many of the reforms undertaken in the last three decades. Section 3.3 outlines the relationship between local government and the SA Government, its constitutional and legislative standing, areas of cooperation and areas of discontent. Section 3.4 examines the boundary reforms that occurred in the 1990s concluding with the voluntary reduction of council numbers from 118 to 68. Section 3.5 considers reforms introduced as a result of the 2005 sustainability review into local government in South Australia. Section 3.6 discusses current reforms being considered which will affect the local sector, both those being initiated from within the sector and those being considered by the SA Government. Section 3.7 looks at the relationship between local government and the SA Government. Chapter 3 ends in section 3.8 with some brief concluding remarks concerning the various reforms that have occurred in South Australia over the last three decades.

Chapter 4 by John Truman considers financial reform in New South Wales local government. Discussion is divided into four main parts. Section 4.2 briefly reviews the meaning of sustainability and establishes the case for the reform. Section 4.3 considers the history of the key reform initiatives within New South Wales and outcomes achieved in increasing the capacity of councils to provide desired services from their infrastructure to their communities. Section 4.4 extends this analysis by considering the way forward to address infrastructure backlog. Chapter 4 ends with brief concluding remarks in section 4.5.

Chapter 5 by Stephen Goode deals with structural reform in Western Australia. Discussion is divided into four main parts. Section 5.2 sketches the history of structural change in Western Australia over the past three decades, focusing on the recent Perth council mergers process, which was extremely complicated and divisive. Section 5.3 considers the poll provisions in the Local Government Act 1995 (WA), whereas section 5.4 discusses the most recent local government reform process, which concentrated on structural reform in the Greater Perth region. Chapter 5 ends with some brief concluding remarks in section 5.5.

Chapter 6 by Gabrielle Walsh examines structural reform of Queensland local government over the past three decades, paying particular attention to amalgamation and de-amalgamation. Discussion is divided into four
main parts. Section 6.2 provides a brief overview of structural reform of Queensland local governments. Section 6.3 concentrates on the 2008 amalgamation of Queensland local governments and section 6.4 examines the subsequent de-amalgamation of four forcibly amalgamated local governments. Chapter 6 ends with some brief concluding remarks in section 6.5.

Chapter 7 by Ian Tiley considers the Clarence Valley Council (CVC) in northern New South Wales, which is the product of a 2004 NSW Government-imposed amalgamation of four general-purpose and two special-purpose county councils. Discussion is divided into five main parts. Section 7.2 briefly describes the historic evolution of the CVC. Section 7.3 considers the economic consequences of the forced council amalgamation, while section 7.4 examines the local democratic impacts and responses to the merger. The comparative performance of the CVC against other Category Four councils in New South Wales is considered in section 7.5. Chapter 7 ends with some brief concluding remarks in section 7.6.

Chapter 8 by Thomas Michel examines the 2008 Northern Territory reform program. Discussion is divided into four main parts. Section 8.2 considers the 2008 Northern Territory regionalisation process which saw radical council consolidation occur. Section 8.3 considers the establishment of the shires in the Northern Territory. Section 8.4 analyses the 2008 reform in terms of its effects on intergovernmental relations. Chapter 8 ends in section 8.5 with some brief concluding remarks.

Chapter 9, by former New South Wales Local Government Minister Don Page, examines the rationale, genesis and evolution of the current New South Wales Fit for the Future reform program. Discussion is divided into four main parts. In section 9.2 Don Page reviews the NSW local government reform process and its primary components during his period as minister from 2011 to 2014. Section 9.3 reflects on some of the rationale for the reform measures and section 9.4 considers the final report and major recommendations of the Independent Local Government Review Panel. Chapter 9 ends in section 9.5 with consideration of the NSW Government's response to the Independent Local Government Review Panel through its September 2014 Fit for the Future package.

Chapter 10 by Michael Kortt and Joe Wallis considers the Kennett Government's radical reform program in the 1990s, which fundamentally altered the Victorian local government landscape and set the scene for later local government reforms in the other Australian jurisdictions. Discussion is divided into four main parts. Section 10.2 provides an overview of the rationale for structural reform in Australian local government. Section 10.3 reviews the radical program implemented by the Kennett Government during the 1990s. Section 10.4 considers the broader policy lessons that can
be drawn from the Victorian amalgamation experience. Chapter 10 ends with some brief concluding remarks in section 10.5.

Chapter 11 by Brian Bell advances a Council of Mayors model as the basis for Regional Joint Organisations in New South Wales local government as an alternative to the municipal mergers proposed under the Fit for the Future package. Discussion is divided into five main parts. Section 11.2 briefly considers council collaboration in local government. Section 11.3 provides a synoptic account of the debate on local government reform in New South Wales. Section 11.4 presents a new ‘way forward’ for New South Wales local government based on regional collaboration. Section 11.5 presents the Hunter Councils model as the institutional basis for regional collaboration between local authorities. Chapter 11 ends with some concluding comments in section 11.6.

The book concludes with Chapter 12 by Chris Aulich which considers ‘symbolic recognition’, ‘institutional recognition’ and ‘financial recognition’ in contemporary Australian local government. Discussion is divided into four main parts. Section 12.2 deals with the question of formal ‘constitutional recognition’ and traces the development of this notion from the debates which preceded the enactment of the Australian Constitution in 1901 to the more recent attempts at constitutional recognition initiated by the Gillard Government. Section 12.3 discusses ‘institutional recognition’ of local government as an integral sphere of government activity in the Australian polity. Section 12.4 examines financial sustainability and the difficulties faced by many local councils in Australia, in part because of the constitutional and legal limits to local government capacity to raise its own revenues. Chapter 12 concludes in section 12.5 where it is suggested that the current weak position of local government is in part the result of fragmented leadership in the sector, a matter that needs to be addressed if local government is to be better able to define its role, purpose and guiding principles for the 21st century.

References


