Chapter 78

Australian Local Government Perspectives on Contemporary Structural Reform

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ABSTRACT

This chapter examines the municipal merger programs in the different Australian state and territory local government systems. In particular, it considers whether the amalgamation policies have met the claims made about their efficacy by advocates of amalgamation. The chapter outlines the characteristics of Australian local councils in comparative perspective, briefly describes the major problems confronting Australian local government, provides a synoptic account of the extant literature on structural reform in local government, and summarises Australian municipal merger programs. It then considers their impact as seen through the prism of a host of public inquiries into local government in the different states, as well as the scholarly literature. The chapter concludes with some comparative analysis of Australian merger programs with similar policies in other countries.

INTRODUCTION

Australian local government plays a vital role not only as a key element in the democratic structure of the country, but also as a substantial economic entity in its own right. As the third tier of government in the Australian federation, local government raises in excess of AU $10 billion in revenue, employs more than 170,000 people across seven different state and territory local government systems, and provides an essential range of local services underpinning national wellbeing (Department of Regional Australia,

Local Government, Arts and Sport, 2010, pp. 3-4). However, despite its central importance, local government has always been the "poor cousin" of its more august national and state counterparts in terms of the scholarly attention which it has attracted. This is disappointing for various reasons, not least because local government across all states and territories faces daunting problems which require urgent attention.

At least three factors have combined to place contemporary Australian local government in an invidious position. In the first place, inexorable and intensifying financial pressures mean that the *status quo* simply cannot be sustained indefinitely. Given these monetary pressures, it is no exaggeration to stress that existing arrangements have only been maintained at the cost of steadily depreciating physical infrastructure (Byrnes, Dollery, Crase & Simmons, 2008; Dollery, Kortt & Grant, 2013).

Second, changes in the respective enabling acts of the different Australian local government systems have witnessed significant expansion in the role of local government and growing complexity in its relationships with state and federal governments (Dollery, Wallis & Allan, 2006). Moreover, differences in the functions and responsibilities of the various state and territory municipal systems have widened over time, and the state government oversight mechanisms are now often quite dissimilar, severely diminishing the prospects of a uniform national approach to local governance (Dollery, O'Keefe & Crase, 2010). An uneven devolution of additional functions to local government within and between the different states and territories further complicates an already incoherent network of intergovernmental relations.

Third, Australian state and territory governments remain concerned over the operational efficiency of municipalities, particularly small regional, rural and remote councils (Dollery & Crase, 2004; Dollery, Grant & Kortt, 2012). This concern has engendered a heavy emphasis on compulsory council amalgamation as the primary engine in the drive for more cost-effective local services. Thus, during the 1990s, South Australia, Tasmania and Victoria all underwent episodes of compulsory consolidation of differing degrees of intensity. Similarly, over the past decade, forced amalgamation has occurred in New South Wales, Queensland and the Northern Territory. Only Western Australia has remained untouched by forced mergers, despite concerted efforts by the Western Australian Government over the past several years. As a consequence, the number of local authorities in Australia has decreased from 1,067 to 556 (a fall of 48 per cent) between 1910 and 2012. With 40,118 residents on average, Australian councils are now the fourth biggest in the developed world (Callanan, Murphy & Quinlivan, 2013).

This chapter examines the Australian municipal merger programs in the different state and territory local government systems and considers whether these programs have met the claims made about their efficacy by advocates of amalgamation. In particular, the authors set out the characteristics of Australian local councils in comparative perspective, briefly describe the major problems confronting Australian local government, provide a synoptic account of the extant literature on structural reform in local government, summarise Australian municipal merger programs, and then consider their impact as seen through the prism of a host of public inquiries into local government in the different states, as well as the scholarly literature. The chapter concludes with some comparative analysis of Australian merger programs with similar policies in other countries.

THEORETICAL FOUNDATIONS OF AUSTRALIAN MUNICIPAL MERGERS

Exponents of municipal mergers in Australian local government almost invariably base their advocacy of amalgamation on the claim that 'bigger is better' in local government. In essence, it is argued that council consolidation is the most efficacious means of enhancing the operational efficiency of local

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