

Australia's Third Sphere of Government

*Brian Dollery and Neil Marshall (eds), **Australian Local Government: Reform and Renewal**, Macmillan Education Australia, Melbourne, 1997*

*Reviewed by **Chris Bell***

AS a relative newcomer to local government from a research background, I relished this opportunity to review a book dealing with the issues and controversies surrounding reform in the sector. Local government has turned out to be a mixture: atomised industry with attendant employment and corporate governance concerns; a community advocate with a culture of grass-roots activism; and a participant in some of the institutions of government striving for greater recognition as the third sphere of government in the Australian federation.

Local government is experiencing an apparently unparalleled period of change and self-examination. The editors of the publication under review have brought together a collection of essays seeking 'to document the sweeping changes which are occurring in the local government sector and place them in the wider context of the transformation of the Australian economy'. They recognise that this is a challenging task given the 'paucity of material on the metamorphosis of Australian local government and the idiosyncratic dispersion of existing sources' (p. vii).

The contributions are organised into three parts: structure and processes; reform and renewal; and the future. The first part gives an overview of the institutional basis of local government as a self-standing entity, its relationship with the other spheres of government, its management ethos and its governing legislation. For these themes in particular, the genesis of the publication during the period of the establishment of the Coalition Government and after the more predictable patterns and relationships of the Labor administrations was unfortunate. Several authors alluded to the possibility of a change of direction under a new federal government; some of their conclusions have had to be relegated to the class of might-have-beens.

Neil Marshall's introductory article embodies an optimistic assessment of local government as a player in the federal compact based on observations of growing confidence, increasing representation in national decision-making forums and the crowning achievement of an Accord in 1995 with the Commonwealth. He could not, of course, have foreseen that by the time of the collection's publication in February 1997, the Accord would have become completely irrelevant to Commonwealth policy and its replacement effectively abandoned. As well, over the intervening period, a National Commission of Audit questioned the need for a 'direct' financial relationship between the Commonwealth and local government; the Council of Australian Governments, incorporating local government, seems increasingly unlikely to continue as a peak intergovernmental forum; and the Building Better

Cities and Regional Development programs have become victims of a prevailing mood of fiscal rectitude.

To me, having experienced at first hand only a period of relative decline in relations with the Commonwealth, the optimism of the authors could appear misplaced. Were their assessments merely a reflection of better times for local government, they might have shown what can be achieved in the 'right' environment. But the real question for local government is whether effective intergovernmental relations can ever improve in the long run through the vagaries of the political cycle.

Ralph Chapman, in his contribution on intergovernmental relations, argues that the role and sophistication of local government will improve in the federal system. He claims that the Accord was not about funding, which would have been ephemeral, but about the growing confidence of local government. He identifies national constitutional recognition as the critical element in the process of assured legitimacy and relevance: a view enthusiastically advocated by most people involved in local government.

Ed Wensing provides an alternative perspective on the kind of lasting change needed to make local government less dependent on the vagaries of politics. For him, greater influence and relevance have come from the grass roots, through the interaction of measures such as the now ubiquitous general competence powers which increase autonomy and flexibility, with councils playing the role of integrated managers in their local areas. He argues that councils have been able to 'assume a stronger leadership role in local affairs, accept additional or modified functions and be more proactive in relations with State or Commonwealth agencies' (p. 102).

Also in the first part of the book, Judy McNeill explores the history of local government from humble and mixed beginnings and traces its development as the third sphere of government. Her analysis of the plethora of complex functions it performs is vitiated by a paucity of data. The Australian Bureau of Statistics data enumerate, in the finest detail, outlays on functions such as public order and safety, welfare and housing, and community development, each of which may include at the local government level up to ten individual services, none of which predominates. The Australian Local Government Association continues to press for consistent and meaningful data on the basis of which the exact contribution and focus of local government can be assessed. These numbers would surely highlight local government's contribution to national and regional goals, for example in environmental programs or community care, assisting local government's claim as a true federal participant in these areas.

The second part of the book contains assessments of the various reform drives. It is interesting that few of the current reform themes included are internally driven. The contribution on 'reforms' in community and cultural participation fits awkwardly into the list, which should have included environmental management.

Of the reforms affecting local government, the most controversial and disruptive for councils have been amalgamations and competition policy. Chris Aulich's contribution on the latter is in my view the most original and valuable in the collection. He presents a useful survey of the issues and classifies the theories underlying the

different types of competitive reforms and their likely outcomes, including their chances of increasing the efficiency or effectiveness of service delivery. His discussion of policies applying to local government under national competition policy (NCP) and competitive tendering makes it clear that local government has over many years embraced competitive reforms in the normal course of events and as a consequence of attempts to improve services and/or reduce their cost of delivery. Aulich argues that compulsory competitive tendering (CCT), as mandated in Victoria and under consideration elsewhere, is a not entirely logical or desirable variant of contracting practices already well-established in local government. The chapter also serves to dispel the persistent (especially in Victoria) belief that CCT is either a response to or the ultimate expression of NCP.

Anne Vince's contribution on amalgamations is less focused on theory and principles than is Aulich's. The relevant points are nevertheless brought out in the case studies of Victoria, Tasmania, Western Australia and New Zealand. It has always been clear that the Victorian amalgamations, and the events which led up to them, were more a political response to the likelihood of resistance to reform whose gains have been exaggerated to balance the high costs. Vince concludes that 'the Victorian experience is also evidence that poorly planned, hastily executed amalgamations which do not involve intense consultation with councillors, staff and communities of amalgamating councils can result in long-term organisational problems which adversely affect service delivery' (p. 160). The account of the Tasmanian experience points to the administrative success of amalgamations conducted in the opposite manner to Victoria's: with consultation, certainty and transparency. But in neither case, nor in Western Australia or New Zealand, can it be shown that amalgamation, whether forcibly or 'organically' achieved, results in *better* local government in any sense of the word.

The lone contribution in part three of the collection, by Peter Self on the future of local government, brings together many of the strands of the earlier authors and views the various changes in a broad context. Two themes emerge from this treatment. One is that there is the potential for much to be lost were local government required increasingly to emulate the State and federal spheres in drives for efficiency and small government, especially where local government remains local and sensitive to community needs. The other is that the current crop of reforms may not be the greatest forces for change in local government in the longer term: they are likely to be easily surpassed by the demands of demographics and the scope of future roles and responsibilities.

Local government clearly displays a great diversity of forms and functions. The editors have met the challenge of finding contributions with a linking theme and appealing to a lay readership.

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