

Reinforcing

Local

Government

A Report Commissioned
by the
Local Government Managers Australia
South Australia

Table of Contents

Executive Summary	ii
Introduction	1
Section 1 Background and context	3
1.1 New South Wales	3
1.2 Victoria	4
1.3 Queensland	4
1.4 South Australia	5
1.5 Western Australia	7
1.6 Tasmania	8
Section 2 Consideration of existing and proposed Local Government models	10
Section 3 The circumstances of South Australia	14
3.1 The development of Local Government in South Australia	14
3.2 The need for reform in South Australia	15
3.3 Specific reforms	18
3.4 Options for reforms	19
3.5 Governance	21
Section 4 Case studies	27
4.1 New Zealand	27
4.2 Western Australia	29
4.3 Applying the NZ and WA models to South Australia	33
4.4 Clare and Gilbert Valleys Council	36
4.5 Steps forward for the rest of South Australia	38
Section 5 Conclusions / Recommendations	45
5.1 The problem	45
5.2 Recommended solution	46
Bibliography	48

Executive Summary

This Report was commissioned by the Local Government Managers Australia with funding approved by the Local Government Research and Development Scheme. It offers an inquiry into a perceived decline in the level of community engagement with Local Government and proposes a new model of governance designed to revitalise the relationship between local authorities and their residents.

After an assessment of recent legislative and administrative changes in all the Australian States, it considers a range of proposed reform models. One of the key findings is that there has been a consistent pattern of amalgamations that have left most Australian jurisdictions with a smaller number of larger Councils. In some cases, however, these changes have exacerbated the declining level of community engagement and there appear to be no examples where it is clear that these amalgamations have enhanced community engagement. Having undertaken this initial review, the Report then details the specific circumstances of Local Government in South Australia and makes a case for reform. This is done in the context of a critical assessment of existing governance arrangements.

Two case studies (from New Zealand and Western Australia) are utilised to outline possible reforms. Recent initiatives in NZ and proposals in WA are consistent with the directions championed in the literature. Here it is argued that amalgamations can be defended on the grounds of efficiency and economy of scale—but only when any consolidation into larger discrete units is balanced by the promotion of viable small scale community Boards. Moreover, in any amalgamation there must be a clear distribution of responsibility for policy setting and implementation between these two levels.

This Report proposes that a number of Regional Authorities be formed. These would either consist of existing large Councils or would be created by the federation of a number of smaller (in terms of population) existing Councils. Under these, a number of Community Boards would be established. Regional Authorities would form the principal Local Government agencies and the concentration of staffing

and broad policy setting at this level will ensure that the financial benefits of scale would apply. Within each of these, elected Community Boards would be established and they would provide a forum for local representation and a means by which broader Regional level policy debates could be influenced. Community Boards would also have the authority to shape and refine broad policy matters to ensure that they reflect the interests and needs of the local community.

In keeping with the terms of the brief, the Report does not offer detailed and final structures. Rather it suggests a model to inform debates. The exact final distribution of responsibilities, as well as the number and size of the Regional Authorities and Community Boards, could not be determined without detailed further study. However, the tenor of the reforms proposed in this Report should be seen as the basis for any discussion over the means to generate a more efficient and streamlined Local Government tier in South Australia. If reform along these lines is implemented it should generate a renewed interest in and enthusiasm for civic engagement at the both Regional and community levels. These proposed reforms to governance offer a combination of better Local Government as well as Local Government that is more responsive to the interests and concerns of the rate-payers and residents of South Australia.

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Introduction

Aims and objectives

This report has been prepared on behalf of the Local Government Managers Association Australia and was supported by funding approved under the Local Government Research and Development Scheme. It examines current governance practices at Local Government level and proposes a model of reform. It is concerned with assessing the extent and the consequences of falling levels of public engagement with Local Government authorities and ways that this decline in interaction can be reversed.

Using some limited case studies drawn from New Zealand and Western Australia, the report considers a range of approaches taken to bridge the 'gap' between the suppliers of local services (Local Government authorities) and the consumers of those services (communities). It recognises that there are low participation rates in Local Government. These include low 'direct participation' (standing for elected office and similar roles) as well as low 'indirect participation' (including voting, expressing views, involvement in activities).

The report surveys some responses to this phenomenon elsewhere in Australia and overseas. These include concrete structural changes (for example contentious amalgamations in some jurisdictions) as well as re-conceptions of the role and structure of Local Government. Reforms to the organisational arrangements within the Local Government sector and between different tiers of government have been a frequent response to the lack of civic engagement as well as economic sustainability. Drawing from the case studies and research papers, this report considers the specific

circumstances of Local Government in South Australia and suggests a new model designed to promote more frequent and more productive forms of engagement between Local Government authorities and their local communities. The model proposed recognises the particular constraints that will face reform in South Australia. In other words, it argues for limited organisational and administrative change, rather than making a case for a complicated and contentious process of amalgamations or similar extensive (and probably expensive) reforms. In this respect, this Report takes a different approach from that taken by other inquiries into the problem of declining local engagement (see LGA and Government of SA 2008) *Community Engagement Handbook*). The organisational reforms proposed in this Report have been devised in a way that will complement any more general engagement initiatives under deliberation, yet they should have clear merits when considered on their own.

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The report is divided into five principal sections. The first deals with the background and context of Local Government arrangements in South Australia and other Australian States. The second offers a literature review and an abstract consideration of possible models. The third considers the existing circumstances of Local Government in South Australia and makes the case for reform. The fourth offers some case studies and applies these to the South Australian context. The fifth section contains conclusions and recommendations. This is followed by a bibliography.

SECTION 1

Background and Context

The structure and the arrangements of Local Governments in Australia have undergone significant changes in the past 25 years. A series of reforms primarily aimed at the consolidation of many Councils into a smaller number of larger administrative bodies can be found in each of the Australian States. While there has not been a consistent trend of decline in numbers, most jurisdictions have sought to achieve economies of scale and efficiencies in operations by pursuing an amalgamation strategy and moving to a smaller number of larger Councils. Table 1 shows the extent of these changes while more detailed information on each of the States follows.

Table 1. Changes in the numbers of Local Government Authorities

	1910	1991	2007
State			
NSW	324	176	152
VIC	206	210	79
QLD	164	134	157
SA	175	122	68
WA	147	138	142
TAS	51	46	29

Source: adapted and updated from 'Local Government Reform Report', Queensland Government

1.1 New South Wales

Local Government is recognised by section 51 of the *NSW Constitution* (1975). It states that:

- (1) There shall continue to be a system of local government for the State under which duly elected or duly appointed local government bodies are constituted with responsibilities for acting for the better government of those parts of the State that are from time to time subject to that system of local government.
- (2) The manner in which local government bodies are constituted and the nature and extent of their powers, authorities, duties

and functions shall be as determined by or in accordance with laws of the Legislature.

The overall number of Local Government authorities in NSW has seen only a slight decrease in the past 20 years. More recent Local Government reform initiatives in NSW are designed to 'Promote Better Practice' through an improvement in the 'viability and sustainability of councils'. These reforms offer a review process with the explicit goals of 'good governance and ethical conduct principles', an 'early intervention' option for Councils 'experiencing operating problems' and a process to 'share innovation and good practice in local government' (New South Wales Government, Department of Local Government).

1.2 Victoria

Local Government is recognised under section 74A of the Victorian *Constitution Act* (1975). It states that:

- (1) 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.

The 210 existing Councils were dissolved in 1993. Initially replaced with appointed commissioners on a short-term basis, these were eventually replaced by 79 newly formed elected Councils (Galligan 1998). The rationale for reform in Victoria was seen to be greater efficiencies in infrastructure as well as 'significant rate cuts ... [and] minimum standards for compulsory competitive tendering' (World Bank).

1.3 Queensland

Local Government is recognised by section 70 of the *Constitution of Queensland* (2001). It states that:

- (1) There must be a system of local government in Queensland.

(2) The system consists of a number of local governments.

In 2007 the Queensland Government determined that it would embark on a series of significant reforms to Local Government. The Premier defended the need for reform by arguing that

It is time [Queensland] had the most appropriate local government system to deliver services and infrastructure to Queenslanders in the 21st Century. A new system of more financially secure councils will be better placed to meet the local needs and expectations of all Queensland communities. (Local Government Reform Report, Queensland Government)

The key factors influencing reform included

- The need for stronger finance and a stronger resource base
- Better economies of scale
- Better service delivery
- Promotion of regional economic development
- Better planning outcomes
- Closer alignment of communities of interest

A Government Commission (consisting of 7 members) was then charged with:

- Redrawing boundaries to 'provide a robust, efficient and sustainable local government system for Queensland'
- Locating common communities of interest into a single local government area
- The internal representative arrangements (wards, numbers of councillors etc.
- Determining the names of the new local government areas (Local Government Reform Report, Queensland Government)

1.4 South Australia

A system of Local Government is recognised under section 64A of the *South Australian Constitution* (1934). The section states that:

- (1) There shall continue to be a system of local government in this State under which elected local governing bodies are constituted with such powers as the Parliament considers necessary for the better government of those areas of the State that are from time to time subject to that system of

local government.

- (2) The manner in which local governing bodies are constituted, and the nature and extent of their powers, functions, duties and responsibilities shall be determined by or under Acts of the Parliament from time to time in force.
- (3) No Bill by virtue of which this State would cease to have a system of local government that conforms with subsection (1) of this section shall be presented to the Governor for assent unless the Bill has been passed by an absolute majority of the members of each House of Parliament.

There have been several periods of Local Government reform in South Australia. From a peak of 196 local authorities in 1925, the numbers were steadily reduced. In the 1930s a Royal Commission recommended amalgamations, as did subsequent inquiries in the 1970s (Robbins 1986: 403-406). In the 1980s a Local Government Advisory Commission reported on further amalgamation proposals (Doherty 1995: 62; Local Government Boundary Reform Board: 7). The most significant recent reform took place in the 1990s. The Ministerial Advisory Group appointed by the Government recommended 'tough, forthright, direct and revolutionary' measures (*Advertiser*, 27 July 1995). The Government implemented parts of the report and contentiously, despite some considerable local opposition, imposed a round of Council amalgamations. The Report of the Local Government Boundary Reform Board argued that

By amalgamations of whole councils, the structural reform initiative facilitated the creation of councils generally larger in size and scope, to enable them to:

- more adequately and effectively fulfil their statutory obligations
- increase their capacity to contribute to local and regional economic and community development
- expand community and service delivery provision.

(Local Government Boundary Reform Board: i)

This was consistent with the State Government's Local Government reform agenda that stressed stronger Local Government, more efficient delivery of services, contribution to better economic

development outcomes and a better relationship between Local Government and other government tiers (Local Government Boundary Reform Board: 9).

1.5 Western Australia

The *Western Australian Constitution* (1889) recognises Local Government under section 52. It states that:

- (1) The Legislature shall maintain a system of local governing bodies elected and constituted in such manner as the Legislature may from time to time provide.
- (2) the Legislature may from time to time provide being such powers as the Legislature considers necessary for the better government of the area in respect of which the body is constituted.

The Western Australian Minister for Local Government and Regional Development initiated an inquiry into Local Government Structural and Electoral Reform in Western Australia in October 2005. An issues paper was released, public submissions were called for and public hearings were conducted. In addition, existing Local Governments were surveyed about resource sharing and co-operative arrangements. (Department of Local Government and Regional Development, WA). Among other findings, the inquiry concluded that some Local Government areas:

- faced severe demographic pressures that threatened community sustainability;
- faced staff recruitment and employment pressures that threatened organisational sustainability;
- found that there was insufficient revenue to meet operational costs and to provide appropriate long term infrastructure funding needs.

Key recommendations included:

- amalgamation of some local governments;
- structural reform;
- reform of organisational arrangements, management and the

reporting of their financial position.

In response to this report the WA government has proposed to accept some of the recommendations relating to electoral reform, but has chosen not to compel amalgamations. Rather, it will ‘provide support to local governments considering voluntary amalgamation and resource sharing through the Connecting Local Governments Initiative’ (Ravlich 2007).

Recognising the political imperative of reform, the Western Australian Local Government Association (WALGA) commissioned a report into the sustainability of Local Government in WA in late 2005. This report proposed reforms to establish closer collaboration and association of existing Local Government authorities on a regional based model. There is further discussion of this proposal in Section 4.2 of this Report.

1.6 Tasmania

Section 45A of the Tasmanian *Constitution Act* (1934) establishes a system of Local Government. The section states that:

- (1) There shall be in Tasmania a system of local government with municipal councils elected in such manner as Parliament may from time to time provide.
- (2) Each municipality shall have such powers as Parliament may from time to time provide, being such powers as Parliament considers necessary for the welfare and good government of the area in respect of which the municipality is constituted.

Between 1990 and 1993 the number of discrete local authorities was reduced from 46 to 29. A later study suggested that the amalgamations generated greater efficiencies—but did not sacrifice the important considerations of communities of interest. When further reforms were proposed later in the 1990s, they met greater resistance. It was concluded that ‘the success of amalgamation and reform in local government [was] ... strongly influenced by the degree of local government involvement and support in the reform

process, [these are] lessons that have wider application' (Haward & Zwart 2000: 34).

In summary, Local Government in each state has, over the last decades, undergone a significant reform in terms of structure and responsibility. As creatures of statute, their constitutional position remains vulnerable. Despite evidence of community support, they remain subject to the whim of parliamentary authority.

SECTION 2

Consideration of existing and proposed Local Government models

As with many aspects of the complex federal institutional structure in Australia, there are many aspects of Local Government that mark it as distinct when compared to the dominant models in other parts of the world. As the ‘third tier’ of government in Australia, Local Government is concentrated much more on the immediate local concerns of the residents and rate-payers and less on broader service provision than is the case elsewhere. Accordingly, in contrast to, for example, Local Government in many parts of Europe, there is a flat structure and there are no hierarchical layers in Local Government.

This means that many of the policy matters that are ‘local’ responsibilities elsewhere, such as the local provision of health, education, and policing, in Australia fall to the State and Territory governments. Local Government in Australia concerns itself more with ‘services to property’ matters such as local planning, street maintenance, parks, and with the provision of libraries and similar amenities. This ‘more limited’ set of responsibilities means that some of the arguments about economies of scale are less powerful in Australia than they are elsewhere.

Nevertheless, it is clear from Section 1 above that the broad thrust of Local Government reform in Australia has been concentrated on amalgamations. Across Australia the case for a smaller number of larger administrations has been built on claims that, in terms of both geography and population, a larger core base would lead to economies in scale in the provision of services and infrastructure.

Against this is the frequently stated goal of maintaining ‘communities of interest’ with the new boundaries. There is, in

theory, no practical limit to the size of Local Government administrative regions, but there is a tension between maximising size in order to generate efficiencies and limiting enlargement in order to secure a real and meaningful sense of community of interest.

It is easy to see that a Local Government authority that had responsibility for a population of just over 1 500 and an area of just over 1 square kilometre (Peppermint Grove, WA) would have a very different relationship with its ratepayers than one with a population of nearly 1 000 000 (Brisbane City Council, Qld.) or a land area of 380 000 square kilometres (East Pilbarra, WA).

Finding the balance between these extremes and ensuring the efficient provision of services while sustaining the engagement of residents has been the goal of most reform exercises.

As Haward and Zwart (2000: 37-38) point out, engagement and participation in the processes of Local Government by the local community are essential. They see representation through the democratic process of voting as one of the key measures of success in Local Government reform. Citing a paper on Council amalgamations in Tasmania (Chapman 2005), they argue that the recognition of local Councils as legitimate governing bodies depends upon the proper representation of local community views.

The implication of this is that larger Councils formed by amalgamation may work against the objective of promoting greater levels of participatory engagement. It may be that simply combining Local Government authorities into larger bodies does not give the best outcome. In participatory terms, the whole may be less than the sum of its parts.

Set against the broad consensus that bigger is better (subject to the maintenance of community interest and democratic engagement through representation) there is an alternative view that challenges the arguments over amalgamation primarily for efficiency's sake. This view argues that the gains can be achieved without threatening the 'vibrancy of local democracy and ... [reducing] participation by the citizenry (Dollery and Johnson 2005: 73). For example, Dollery and Johnson argue that there are a number of alternatives to simple enlargement that can offer the same benefits without reducing the levels of democratic engagement. These include resource sharing, sharing of administrative and service centre functions (possibly overseen by joint Boards), and reducing operational responsibility (through contracting out of activities to State Government agencies) without sacrificing political autonomy and accountability over the mix of services.

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They also propose a Regional Organisations of Councils (ROCs) that are voluntary associations of neighbouring or nearby Councils. Under the model proposed by Dollery and Johnson, the Regional Organisations would consist of a small number of representatives (elected and administrative) of each member Council. The ROCs are to be a forum for the sharing of ideas and initiatives, for the development of some common policy, better co-ordination and rationalisation of activities, and offer a better capacity to lobby other levels of government with a more powerful voice. At the same time there are the undeniable economies of scale that come with shared resources and the common purchasing of goods. Critically, this is delivered through an 'umbrella' regional organisation that does not diminish the responsiveness and accountability that comes from a smaller representative authority.

When assessing any model of reform of Local Government in South Australia there are two key considerations to keep in mind. The first is the benefit of economic savings that come with enhanced size, the other is the essential need to sustain and improve the vital aspects of local engagement and democratic participation that is frequently found in smaller, more concentrated local associations.

It may be that a model that draws from either a formal grouping (a Regional Authority) or a looser informal regional forum can provide both outcomes.

SECTION 3

The Circumstances of South Australia

3.1 The Development of Local Government in South Australia

Local authorities were established and operating before South Australia was granted responsible government in 1857. In 1840, the City of Adelaide was granted an elected Common Council with the power to levy rates, and other local authorities followed over time. By the 1870s, the general structure of the modern system of Local Government was in place. In the early years, the functions of Local Government were surprisingly wide—including public health, welfare, water supply and licensing.

By the 1950s, the sector had grown to include 143 Councils, with populations ranging from 400 to 57 000. However, as one observer pointed out (Reid 1960: 401), this growth had become fragmented, unplanned, and with

[u]nfortunate consequences ... wide variations in the standards of services ... differences in revenues available ... a lack of co-ordination with consequent inefficiency ... extreme parochial interest [dominated] ... poor prestige of many local governing bodies arising directly from their financial inability to cope ... piecemeal administration, lack of inter-authority co-ordination, councillors of less than desirable quality and permanent personnel falling far short of even the minimum standard of competence.

He continued with a prescient challenge:

That amalgamation might better this state of affairs is probable; that it would make them worse is unlikely ... it is hard to believe that amalgamation would not bring all-round improvement.

This proposal was eventually carried through in the 1990s and, by 1998, the number of local authorities was reduced to 73, and to 68 by 2007. The amalgamations were on a voluntary basis, guided by a State Board, but involved considerable concern.

Change was essential, and the amalgamations and their effects have produced significant improvements in the sector. Before this process, many Councils were miniscule in terms of population and resources, dominated by parochialism, organised and run by (usually) well-meaning amateurs, (especially in the elective component where some members had not faced an electoral challenge for a generation), with an embryonic corporate sector headed by a Town Clerk whose role was usually constrained to administration.

This scenario has been transformed by the amalgamations, by a commitment to a new professional and managerial approach in both the corporate and elective sectors, and by the rapid development of a new range of functions, roles and activities. Most Councils today have the size for efficiency, effectiveness, and for building a better financial base. Some have populations equivalent to four State electorates. Further, a transformed corporate sector, under the authority of a Chief Executive Officer (CEO), has produced a new expertise and a professionalism equivalent to the quality of the State public sector. There are still some very small Councils, and many of these are feeling the pressures exerted by the modern political and economic environment as well as increased service expectations by rate-payers and residents.

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3.2 The need for reform in South Australia

In the past 30 years, Local Government in South Australia has been transformed. In the 1970s, it was a minor player in the life of most people, defined as ‘rubbish, roads and rates’, and its internal governance was simple. In 2008, Local Government has become a major component in the economy, quality of life, physical environment and development within its area. Further, the Councils

have become professional. The budgets of local Councils, especially in the large, metropolitan Councils, have grown exponentially. The roles and functions of Local Government encompass most areas of the lives of their residents.

At the same time, Local Government and Local Governance face some weaknesses and problems. In summary:

Constitutional

In terms of its status and authority, even of its existence, Local Government is in limbo. It is not recognised in the Australian *Constitution*, and therefore has no protection or status/authority in the federal system, and no formal access to commonwealth funding. The 1988 Constitutional Commission recommended recognition of Local Government in the Australian *Constitution*. Local Government should continue to make this case and to press for Constitutional recognition. This recognition should contain a ‘mandate’ on behalf of Local Government equivalent to that in the South African Constitution.

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The national or a provincial government may not compromise or impede a municipality’s ability or right to exercise its powers or perform its functions.

The national government or provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers, and to perform their functions (South African Constitution: Chapter 7 § 151(4)).

The South Australian *Constitution* protects only the existence of the sector. Importantly, that protection can be abolished by a vote of the South Australian Parliament. The State *Constitution* makes no other mention of Local Government. The *Local Government Act* 1999 establishes the status, authority and powers of Local Government. This Act can be amended by a simple Act of parliament.

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Financial

The financial base of Local Government is limited to rates, charges, fines etc. It can request and receive grants from the Commonwealth and State governments. Cost shifting continues unabated, despite a report to the Commonwealth government (Hawker 2003) that it should stop. There needs to be a guarantee that any functions transferred should carry the necessary finances.

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Structural

The population of metropolitan local Councils varies from large, such as Onkaparinga, Marion, Tea Tree Gully, and Salisbury, to small such as Walkerville, Prospect, and Adelaide. Issues of economies of scale, effectiveness, efficiency, and quality of representation, arise. In the large Councils, and especially in those which have an election-at-large system, local communities and local interests may be overwhelmed. In Councils with wards, the 'local' is sometimes disproportionately dominant in policy-making, to the detriment of the needs of the whole area and population.

Autonomy

Local Councils in South Australia are essentially 'creatures' of the State Parliament—in practice, of the State government. Their 'constitution' is the *Local Government Act 1999*. Their authority is delegated, specified by the Act and, under section 36 of the Act 'General Powers and capacities they have a 'general competence' to govern. Such powers are subject to over-arching State and Commonwealth laws. However, in practice their autonomy is limited within statutory boundaries.

Governance: Community Involvement

The turnout at elections for Local Government elections is low and is rarely above 30 per cent in metropolitan areas. On occasions

when there is a divisive issue in the local community, this may rise to 40-50 per cent. Further, there is evidence that most people are not connected to, interested in, or active in their local Council.

Inter-Government Relations

Under the current legislative arrangements, the relationship between Local Government and State Statutory Authorities is complex and unwieldy. One of the factors contributing to this is the inevitable overlap that occurs. First, Statutory Authorities have some legislative responsibility for matters that are best left to Local Government. Second, those policy areas that are best dealt with by Statutory Authorities frequently involve two or more local Councils with a resulting conflict in policy and its application.

The model proposed in this Report assumes that the relations between Legislative Councils and State Statutory Authorities will continue at the peak local Government level.

3.3 Specific Reforms

Following the amalgamations of the 1990s, and further population growth, the large Councils have the opportunity to make policies which apply to populations encompassing four or more State electorates. They are, in any real sense of the word, regional authorities. On the other hand, the small and very small metropolitan Councils are 'local' in every sense. Their policies are directed to a small population which has a defined sense of community, and hence the policies may not reflect the requirements and needs of the larger region in which they exist.

There are 18 Local Governments in the metropolitan area. This means there is significant duplication and overlap. The activities and responsibilities of the Councils would be better if these were reconceived on the basis of a smaller number of larger 'regional' Council areas. From this would come significant economies of scale,

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the possibility of decreasing conflicting policy-making in regions incorporating small existing Councils, and the potential for greater efficiency and effectiveness. Significantly, this could be done without threatening local participation and in a way that should rejuvenate the level of 'local' participation.

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Of the existing 20 Councils in the broad metropolitan area, seven currently have the level of population which could justify them as 'regional': Onkaparinga (158 000), Salisbury (121 000), Port Adelaide/Enfield (104 000), Charles Sturt (103 000), Tea Tree Gully (100 000), Marion (80 000), Playford (76 000).

Mitcham (62 000), West Torrens (53 000), Campbelltown (46 000), Burnside (42 000), Unley (36 000), Holdfast Bay (34 000), Norwood, Payneham, St Peters (34 000), together have a population that would justify three or four 'regional' Authorities.

The Councils of Prospect (19 000), Adelaide (27 000), and Walkerville (7 000), even combined, would only marginally satisfy 'regional' status.

3.4 Options for Reform

The various discussions and debates about further reform in the metropolitan area have included a number of proposals, which can be condensed to four options:

Option 1. The 'Brisbane model', involving the creation of one Council for the metropolitan area.

Option 2. Divide the metropolitan area into four Councils: East, West, North and South.

Option 3. Form four metropolitan Councils, but excise the City of Adelaide and the parklands as a 'special' area, to be administered by a Board of three elected and three appointed by the Parliament, the Chair to be drawn from the latter with a deliberative and a casting vote.

Option 4. Amalgamate the small metropolitan Councils into populations of approximately 100-150 000, and restructure to seven / eight regional Councils.

Each option would allow for regional policy making, in terms of issues which are applicable to the whole region. These could include many of the roles and functions of existing Local Governments, but they also could include functions currently carried out by State governments (for example, aspects of natural resource management) which could be transferred to the regional authority, with, of course, the requisite finances. But there are two negative aspects to these options.

First, all four options would involve amalgamations of existing Councils, including some which resisted the process in the earlier wave. Hence this is likely to involve considerable disquiet.

Second, none of the options contains any means to counter a tendency, in large-population Councils, whether existing or new 'regional' groupings, for the more local or discrete communities of interest to be 'swamped', and their specific interests ignored. Such communities must have a (strengthened) voice, especially in their own area of local interest. Hence, there would be the need to balance the more positive components of a regional structure with the opportunity for communities of interest within the regions to have legitimacy, a degree of autonomy in the application of regional policies, and a means to build on the sense of 'local community'. That is, a core part of any reform should ensure that mechanisms exist for local decision-making in regard to specific policies which affect the local community of interest. This should be achieved by the creation of a formal alternative tier of representation or association, without any amalgamations.

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3.5 Governance

There are two key components of governance in Local Government. One concerns the structures and processes within a Council, the inter-relationships of the elected membership and the government and corporate sectors. The second, the prime focus of this report, is the quality of governance within the wider Local Government area: in other words, the nature of the relationships between the Council and the residents.

This second aspect contains a number of components. These include: the extent to which a Council considers itself responsible to the residents, and has incorporated processes and structures which optimise this; the extent to which a Council represents the rate-payers and residents in its decision-making; the extent to which there are efficient and effective processes of communication from a Council to the residents, and equally efficient and effective processes for the residents to communicate with a Council; the extent to which structures and processes exist which facilitate the identification by a Council of matters of public concern; and the extent to which differing requirements and desires by various sub-sections of the community are represented.

In the case of small local Councils (for example, those in small country towns in the 1970s) these components existed at a high level. The populations were small, most of the residents knew each other, knew their local councillors, and there was a strong community of interest. Further, the roles and responsibilities of Councils were much less complex than is the case today. Following the amalgamation process in the 1990s, these 'assets' for quality governance have changed radically. Many rural Councils encompass larger populations and a number of different small towns, often with differing communities of interest. The scale and scope of Council

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activities have similarly grown in the years since the 1990s.

In the metropolitan area, some Councils have a population of over 100 000, and contain a wide disparity of communities of interest. There are also a few very small Councils, and these are more usually based on a single community of interest. Walkerville with 7 000 residents is a classic case. There are pressures for the amalgamation process to continue, and for Councils to be larger, especially across the wider metropolitan area.

The large Councils, such as Charles Sturt, Onkaparinga, Port Adelaide Enfield, and Tea Tree Gully, contain varying numbers of discrete communities which have different characteristics, and may have different communities of interest and different problems. Only if there are structures and processes already in place providing the optimum degree of representation and responsibility to each community, and to the Council population as a whole, can the Council claim to have the optimum quality of governance. Similar arguments could be applied to any proposal for formal amalgamation of such rural Councils such as Barossa, Berri Barmera, Renmark Paringa, and Loxton Waikerie, which also contain local communities of interest.

Only if there are structures and processes already in place providing the optimum degree of representation and responsibility to each community, and to the Council population as a whole, can the Council claim to have the optimum quality of governance

One measure of the quality of governance is the level of turnout at elections, indicating the extent to which eligible voters have sufficient interest, motivation, and commitment to decide to inter-relate with their Council at this most basic level. One study in the 1990s (Jaensch 1990) found a clear inverse relationship between the size of the Council and the level of turnout. The overall turnout at Local Government elections appears to have reached a plateau. On the other hand, when controversial issues are involved, such as zoning, heritage matters, speed limits on local roads, and the like,

the turnout at the subsequent election rises significantly. It seems that voters are willing to become involved at the basic level of voting if there is an issue which galvanises them.

Local Government structures and boundaries need to incorporate a stronger focus on how the level of engagement of residents can be improved. This report proposes that this could be achieved by a focus on the local/parochial community level of Local Government, and on the representation of and from this level, which may have become the ‘forgotten component’ in the process of amalgamations and professionalisation. Importantly, this can be achieved without losing the efficiencies and economies of scale that larger groupings can deliver.

Local Government structures and boundaries need to incorporate a stronger focus on how the level of engagement of residents can be improved ... by a focus on the local/parochial community level of Local Government

During the amalgamation process, the numbers of elected members were reduced. One result has been that the ‘quantity’ of local/parochial representation has also been reduced. With this, there is the possibility that the local, parochial ‘voices’ were no longer able to be heard as strongly as before. It is reasonable to assume that if local rate-payers and residents feel that they have a lesser ‘voice’ in their local affairs, they may feel alienated from those affairs, and have a reduced commitment to the local Council.

It is reasonable to assume that if local citizens feel that they have a lesser ‘voice’ in their local affairs, they may feel alienated from those affairs, and have a reduced commitment to the local council

Ward representation does provide one means to allow the local/parochial ‘voices’ to be heard. But in the larger, amalgamated Councils, this ward representation is a small minority of the total representatives. Further, Councils which have moved to election at large offer no guarantee that each significant local/parochial community will have its own ‘voice’, let alone its own representative(s).

The residents in local Council areas need to feel that they and their views are represented in their local Council. Further,

local/parochial communities of interest need to feel that their specific interests, especially if they differ from the other communities in the Council area, are represented in their Council. Unless there is this feeling, it is unlikely that the residents will develop a positive, supportive, and active relationship with their Council. As a consequence, it is unlikely that there will be the optimal quality of governance.

The residents in local Council areas need to feel that they and their views are represented in their local Council

Such residents within communities of interest need to be offered structures and processes which include a real opportunity for the local/parochial voice not only to be heard, but also to be effective. This is not to say that the local voices should rule. However, it is to say that the local/parochial ‘voice’ should have a legitimate place in local Council affairs—especially in relation to those matters that are of direct importance to them—through formal structures and processes.

Ward-based elected members have two prime responsibilities: to represent the interests of their ward, and to be part of the broader decision-making of the Council in relation to the population as a whole. These two functions inter-relate, to an extent depending on the issue and on the major focus of the member. But the elected representatives have no formal processes by which they can establish the interests of the residents in their ward. For most members, the relationship with the residents is more often a matter of complaints which are brought to them. Some members may canvass their residents, but this is not the optimal means to establish what local/parochial issues might be.

Establishing a formal means of communication from the local/parochial residents to their elected Members, whether through the Members or directly to the Council, would allow the local

a formal means of communication from the local/parochial residents to their

community of interest to clarify and express its interest. If the residents are provided with a 'Community Board', preferably elected by the local/parochial residents which, through its activities, can provide the residents with a focus for their specific interests, then there is the possibility for an increased involvement of residents in their local affairs. Such 'Boards' would be established within and from identifiable communities of interest within Council boundaries.

elected Members, whether through the Members or directly to the Council, would allow the local community of interest to clarify and express its interest

There is, therefore, the potential for a different type of engagement of residents with their local Council, based on their local community of interest. This has the potential to increase the level of involvement of the residents in local Council affairs, and through this to increase the quality of local governance.

potential for a different type of engagement of residents with their local Council, based on their local community of interest ... potential to increase the level of involvement ... and ... to increase the quality of local governance

Two options can be explained by a case study of the South East region. Currently there are seven local Councils for the area from Keith to Mt Gambier, with a population of approximately 65 000. One option is amalgamation into one new Council. This would provide for efficiency of scale, but it also could lead to a smothering or loss of local communities of interest. A second option is confederation as a 'Regional Association'. This would see the continuation of discrete Councils, but with the establishment of a supra-Council body which would have the responsibility for regional and over-arching policy-making.

The establishment of a South East Regional Authority as a confederation of existing Councils (on a more formal basis than the existing SELGA) would encompass a number of communities of interest, centred on the towns of Keith, Bordertown, Kingston, Robe, Naracoorte, Lucindale, Robe, Penola, Millicent and the city of Mt Gambier. This area contains significantly different communities

of interest, which would be recognised if necessary by restructuring the boundaries. Each town within the area would have its own elected 'Board', which would be the first focus for residents in terms of their local/parochial interests. The Regional Authority would have the responsibility for region-wide policies. The local/parochial 'Community Boards' would have the responsibility for administering these policies in the light of local interests. Further, the 'Boards' would have the responsibility of communicating matters from their areas to the Regional Authority.

That is, there would be the opportunity for regional policies to be applied and administered, taking into account local interests and desires. For example, the Regional Authorities would set the broad parameters for the provision of recreation areas throughout the region, but local Councils / committees would have the opportunity to develop their local parks and playgrounds in terms of local wishes.

This could have a major effect in the level of participation of the residents in their local decision-making processes. The opportunity to have a real input into developments in their area of community of interest should encourage further interest and activity among the residents and a higher level of participation in decision-making.

Regional Authorities would set the broad parameters for the provision of recreation areas throughout the region, but local councils / committees would have the opportunity to develop their local parks and playgrounds in terms of local wishes

SECTION 4

Case Studies

4.1 New Zealand

In the last 20 years, Local Government in New Zealand saw two major waves of reform.

The Local Government Act was amended in 1989 with a radical restructure of Local Government. The existing 850 local authorities were reduced to 86, creating larger units of government. At the same time, there was a realisation that there needed to be a balance between more efficiency and economies of scale through larger size, and the potential for the 'local' in Local Government to be compromised.

As a result, the Act established three 'levels' of administration. It established new regional Councils with elected Mayors as the presiding officers. The regional Councils had the responsibility of establishing policies on region-wide issues, including the environment, public transport and parks and gardens. The task of the elected regional councillors was to set the policies and to monitor the performance of the CEO.

The second 'level' was based to a large degree on the existing structure of Local Government. City/District Councils were established, usually on the basis of existing Councils.

The Act created a third elected 'level': community Boards/Trusts. These were planned to reflect local environment and activities, to be a link between the various community organizations/interest groups and the City/District Councils and Regional Council. They were provided with some delegated authority from the Councils.

As a case study, the 30 Local Governments in the Auckland metropolitan area were transformed into one Regional Council; a second ‘level’ of four City Councils and three District Councils; and Community Boards/Trusts.

These changes were concerned with the structure of Local Government, and were an attempt to rationalise the kaleidoscope of Local Governments in the nation, to produce more efficiency and effectiveness and, in the formation of Community Boards, a stronger voice for the local, community interests.

The 2002 Act retained the structure of government, but included a new focus on governance.

The transformation of structures of government in 1989 was built on a continuation of the traditional lines of authority in New Zealand. The focus on governance in 2002 had the objective to ‘empower communities to participate in decision-making’ (Thomas and Memon 2007: 172).

This had two threads. First, empowerment would (it was hoped) increase the level of turnout in Local Government elections through the positive effects of an increased potential for participation in local affairs. Second, it involved the ‘replacement of a highly prescriptive statute with a general empowering clause (a power of general competence for local authorities to give greater flexibility to respond to community needs)’ (Thomas and Memon 2007: 172).

The Act was prescriptive, but in ways which had the potential to maximise local involvement and participation. For example, it included the ‘requirement for each Council to facilitate the identification of desired social, economic, environmental and

These changes were concerned with the structure of local government, and were an attempt to rationalise the kaleidoscope of Local Governments ... to produce more efficiency and effectiveness and ... a stronger voice for the local, community interests

cultural community outcomes'. This process would centrally involve the Community Boards, and hence activate the local communities.

The 2002 Act can be 'characterised as bringing better management, accountability and clarity to the system of local government' (Thomas and Memon 2007: 182). But, while the combination of 1989 and 2002 Acts has transformed the structures of Local Government, and has the potential to achieve these improvements in governance, one problem remains: neither has 'empowered local government with a mandate to act as a branch of government in its own right' (Thomas and Memon 2007: 182).

The issues of autonomy and legitimacy remained, despite the emphasis on governance as well as government in the 2002 Act. The formation of a 'three-level' structure was designed to produce a balance between Regional and City/District policy-making, and the interests of the smaller communities. It included the potential for a flow 'upwards' of community desires to the policy-making City/District and Regional Councils, and the potential for the administration of broad policies to be administered at the community level in the light of different community interests and desires.

However, in rejecting the inclusion of a general competence clause, the New Zealand reforms maintained Local Government's subservience to the central government.

4.2 Western Australia

As discussed above in Section 1.5, the Western Australian State Government is considering extensive reforms to the Local Government arrangements and, in 2005, called for public submissions. One of the most detailed plans has come from the

Western Australian Local Government Association (WALGA). In a substantial paper they propose a model using regional associations to achieve the efficiencies in operations and the reforms of governance required by the State Government (WALGA 2008).

The WALGA report starts with the premise that unless local authorities themselves initiate reform, then the State Government will intervene and will mandate reforms. Accordingly, the report makes a case for the better delivery of services on a sustainable basis. In doing this it identifies the ‘constituents’ or the rate paying local communities as the prime stakeholders whose interests should be protected. The report found that the existing arrangements have produced a system in which there were:

- deficiencies in the capacity of local government to assess, plan and renew infrastructure;
- concerns over the generation and management of funding;
- disagreements about the appropriate level of government to deliver services; and
- concerns that local government was unable to attract appropriate elected officers and sufficient employees with requisite skills (WALGA 2008: 23-24).

WALGA’s proposed responses assume that the consumers of services are less bothered by which level of government is the provider than they are by the need for efficient and timely service provision that is achieved on a stable and sustainable basis.

In their consideration of best models, the authors of the WALGA report accept that some structural reform is needed and that all too frequently it has been assumed that the best and easiest response has been to generate larger local authorities through forced amalgamation. However, the report makes the point that there is often a tension between effective and engaged democratic representation and larger authorities as the danger with the ‘bigger is better’ approach is that ‘localised democratic governance’ can be

unless local authorities themselves initiate reform, then the State Government will intervene and will mandate reforms

the [WALGA] report makes the point that there is often a tension between effective and engaged democratic representation and larger authorities as the danger with the ‘bigger is better’ approach is that ‘localised democratic governance’ can be easily lost

easily lost (WALGA 2008: 137). This means that Local Government has often been confronted with two unwanted options. The first is stasis with all the attendant problems of inefficiencies and the frequent duplication of services provided on an *ad hoc* basis. The second is amalgamation into larger and less cohesive jurisdictions with greater gaps between the interest of the local communities and the actions of the authority: this phenomenon has often been described in other jurisdictions as a ‘democratic deficit’.

In an effort to avoid both these outcomes (and drawing from Dollery and Johnson’s work - see Section 2 above), the WALGA report discusses a proposed regional system of greater collaboration between Councils that will provide for greater efficiencies of scale while simultaneously allowing for the delivery of services by the smallest practical unit of government that reflects the particular interests of small communities of interest. In this way it is expected that the ‘relevance’ of Local Government to its local community can be demonstrated. In turn, the prospects of improved and more efficient service delivery tailored to meet the demands of each local community should generate greater community engagement through both direct participation (standing for election and membership of local groups) and indirect engagement in the democratic processes (voting).

greater collaboration between councils that will provide for greater efficiencies of scale while ... allowing for the delivery of services by the smallest practical unit of government

The Regional Model developed in the paper suggests a staged process of reform (WALGA 2008: 177-86). It suggests 17 specific geographic associations (12 in rural WA and 5 in metropolitan Perth). It argues that the first stage of change should be concerned with the evaluation of existing services, responsibilities and assets. This would be undertaken by Regional Local Governments that are made up of the representatives of the existing authorities within each region. The second stage involves greater allocation and

distribution of services at the regional level. It envisages a 'gradual increase in the number and range of services and functions delivered through regional and state-wide arrangements' (WALGA 2008: 183). By the end of the reform process it is expected that different Regional associations will have developed different models that are specific to their own particular circumstances, but that some of the measures of success in this process will include the following:

- Local Governments, some having undergone voluntary amalgamation during the course of the transition, made up of 5 or 6 highly skilled and remunerated Councillors.
- Regional Local Governments, made up of delegates/representatives of the Local Governments participating in the regional grouping. It is proposed that there be one delegate/representative from each Local Government and that again they be adequately skilled and remunerated for their role.
- Significant change in WALGA's governance systems and representational arrangements to reflect the new accountabilities required by the Regional Model.
- A mix of local, regional and state-wide service platforms in place.
- A new range of institutional frameworks to support the remodelled Local Government sector which may include ... the following:
 - A Local Government Independent Assistance Commission to offer a full range of advisory and support services to the sector.
 - A Local Government Finance Authority to support the financial needs of Local Government, including the management and funding of infrastructure through regional mechanisms.
 - A Local Government Standards Office to create and oversee standards of performance within Local Government (WALGA 2008: 184-85).

In sum, the proposed reforms for WA offer a model designed to maintain and strengthen local community engagement and participation in Local Government while avoiding the dangers of

maintain and strengthen local community engagement and participation ... while avoiding ... duplication, *ad hoc* policy development and inefficiencies due to scale

duplication, *ad hoc* policy development and inefficiencies due to scale. The Regional model is expected to rejuvenate the delivery and sustainability of services and do so in a way that genuinely reflects the interests and concerns of particular local communities of interest.

4.3 Applying the NZ and WA models to South Australia

The New Zealand case study and the proposed initiatives in WA raise important issues for reform of the South Australian system of Local Government. The changes to the structure of Local Government that have been introduced in NZ and recommended in WA warrant serious consideration. The formation of regional bodies in South Australia, either by translating the existing status of large-population metropolitan Councils to regional authorities, or by the confederation of smaller Councils to form new regional authorities, would bring potential efficiencies of scale into the system. In South Australia this could be achieved by establishing a small number of rural and metropolitan Regional Authorities.

At the same time, it is of paramount importance that the involvement, views and engagement of the local level is not only retained, but enhanced and strengthened. In this respect the maintenance (or in some cases the creation) of the smaller, more local bodies, as described in the NZ and WA case studies, is essential. In the case of existing large Councils that become Regional Authorities in their own right, this would require the creation of Community Boards along similar lines to those developed in the New Zealand model. These would be based on identifiable communities of interest using a combination of socio-economic, geographic and other similar measures. The number of Community Boards in each Regional Authority would reflect the number of distinct communities of interest. In those cases where the Regional

Authority is created as a confederation of existing local Councils, it is likely that the initial basis of the Community Boards would be the existing Council areas or, in some cases, those that reflect the communities based on the pre-1990s amalgamations.

Each Board would be elected, and would have two essential functions. It would have delegated authority to make decisions over components of the local community, and administer general policies established by the Regional Authority, in the light of the interests and needs of the local area. Second, it would be a conduit from the community to the Regional Authorities.

In this model, current Councils would retain their existence and their independence of action on community issues (as Community Boards) and would be supplemented by such new Community Boards as the degree of community of interest justifies. It also balances responsibility for regional policy-making with appropriate and specific local administration. Further, as the local focus is not lost—and in some respects is enhanced—within the larger structure there is a stronger potential for a revitalisation of local community interaction.

Accordingly, under this model there would be a strong regional based authority that would have responsibility for large scale matters. The existing local authorities, or the newly created community boards, would continue to have responsibility for monitoring and recommending action concerning appropriate local matters. To be explicit, staffing and related workforce would remain under the purview of the Regional Authority. The Local Community Board would be expected to contribute to policy setting as it relates to their own specific area, but would not be responsible for the direct employment of any staff. An indicative division of some of the most significant responsibilities might look like this:

as the local focus is not lost ... there is ... potential for a revitalisation of local community interaction

a strong regional based authority ... would have responsibility for large scale matters [while] ... existing local authorities, or ... community boards, would continue to have responsibility for monitoring and recommending action concerning appropriate local matters

Regional		Issue		Community
Principal road through-routes both to and within commercial centres	←	Transport	→	Local and domestic roads, street furniture and lighting, local parking regulations
Large scale community amenities, principal parks, swimming pools, coordination of libraries	←	Recreation	→	Local playgrounds, small scale sporting facilities, local reserves, provision of local library services
drainage and storm-water control, wetlands development, and rubbish, recycling and waste management	←	Environment matters	→	Litter control, graffiti, local public toilets, local landscaping
Consideration of proposed developments with a potential environmental impact that covers the region - and formulation of overarching development policies	←	Development	→	Consideration and approval of local domestic planning applications

Different communities would have different priorities for their local amenities (small parks, playgrounds etc.), for the immediate matters of streetscape maintenance, local parking regulations and local community centres and heritage issues, and for specific local community development issues.

The effect of this model would be that regional bodies would set the broad parameters of policy and ensure internal and external integration and coordination, but local authorities would apply specific and tailored actions appropriate their own community. To illustrate this with examples, the broad policy, funding and management of libraries would be developed at the regional level—but smaller local authorities would determine the specific detail of such matters as the opening hours and the other subsidiary services co-located with the local library. Similarly, with parks and gardens,

regional bodies would set the broad parameters of policy and ensure internal and external integration and coordination, ... local authorities would apply specific and tailored actions appropriate their own community

the regional body would have responsibility for ensuring there was an even spread and equal access to significant open spaces. These include the substantial parks with large-scale amenities, such as swimming pools and areas and facilities suitable for team sports (football, cricket etc). The local authorities would plan, provide and administer the smaller local neighbourhood parks (including for example the provision of play equipment and the determination of areas set aside for passive and active recreation, dogs etc.) and would be responsible for the maintenance of these.

To reiterate, the division proposed above has been proposed simply to illustrate the way that responsibilities might fall. If the principles of the Regional Authority and Community Board model are endorsed, then further research would be required to reach a clear agreement on where existing Council activities should best lie. However, such an (illustrative) arrangement shows the way that local authorities can generate the efficiencies and economies of scale together with the benefits of broad planning. At the same time the proposed structure keeps 'local' concerns at a close and accessible level and promotes increased involvement and participation of local communities through their local authority to shape their own immediate environment. In other words, maintaining the local focus within a larger less coherent body will increase interest and engagement with local affairs.

local authorities can generate the efficiencies and economies of scale ... with the benefits of broad planning... the proposed structure keeps 'local' concerns at a close and accessible level and promotes increased involvement and participation of local communities

4.4 Clare and Gilbert Valleys Council

This report recommends that the model which has been applied in the Clare and Gilbert Valleys Council should be examined closely by Local Government throughout the State. It provides a small scale example of the two-tiered structure proposed in this report. The model was devised and implemented by CEO Mark Goldstone in the

past five years, and appears to have achieved major success. The following is a summary description; it is recommended that a detailed study of the Council structures and processes be carried out.

The Council abolished the existing ward structure, and moved to election at large. The re-structure involved the formation of 14 Community Committees, based on the towns in the area. These Committees are separate entities from the Council, but have very close relations with the Council. The Council provides some resources and funding for each committee. But neither the Council nor the elected Members of Council have any on-going formal role in the operation of the Committees.

The role of the Committees includes the identification of local issues in their areas, proposals for solutions, and communications with the Council. There is an annual workshop held, with all Committees and the Council in attendance. This meeting provides a formal process for Committees to discuss local issues and propose actions, to present their agendas for action to the Council, including requests for funding. These workshops are also a means for the 'at large' Members to become informed about local affairs. It should be stressed that these Members have no formal involvement in the Committees and their activities. Essentially, the workshops can be defined as the Council receiving a report from the local Committees including 'what they want the Council to do'. The Council has appointed a Community Coordinator whose role is to assist and advise the Committees, and to be a resource person. The Committees are incorporated bodies, with insurance issues 'covered' by the Council.

The role of the Committees includes the identification of local issues in their areas, proposals for solutions, and communications with the Council

The Committees have a small grant from the Council to enable

them to carry out asset maintenance using a ‘self-help’ and local approach. Reports suggest that this is producing better and more efficient local asset maintenance than was achieved under the Council-wide system. Further, there is evidence that the new structures and processes based on Community Committees have significantly increased the level of engagement of the local residents.

this is producing better and more efficient local asset maintenance than was achieved under the Council-wide system

4.5 Steps forward for the rest of South Australia

The initiatives of the Clare and Gilbert Valleys Council can point the way to a similar process of the creation of regions in the country areas. At present, there are 47 country Councils and Roxby Downs, which is in a transition phase. These Councils vary in population from 23 000 in Mt Gambier to 980 in Orroroo/Carrieton. Many contain a large area and a low population. Further amalgamations, especially in the sparsely populated areas, would create massive areas that would be unwelcome and unwieldy. On the other hand, the ‘regional/local’ structure offers positive advantages. Consider South Australia’s country areas divided into, say, seven regions. These would encompass the Eyre Peninsula, ‘Iron Triangle’, Far North, Mid North/Yorke Peninsula, Riverland/Murray Land, Fleurieu/Kangaroo Island, and South East. Each would elect a Regional Authority, with responsibility for the whole region.

Community Committees have significantly increased the ... engagement of the local residents

Elected District Councils or Community Boards would be maintained or formed where the population justifies them. These elected bodies would be established on the same basis as those in the metropolitan area: where there is an identifiable community of interest. The towns within a region would be a logical base.

This ‘two-level’ structure offers positive advantages. At the political level, the formation of Regional Authorities would establish

entities which would be able to exercise considerable political clout in relations with the State government and parliament. The metropolitan Regional Authorities especially would have a population equivalent to that of five or six House of Assembly electorates. That is, their broad policy-making authority would be of real substance. As the rhetoric of the State government increasingly uses the term ‘partnership’ in relation to Local Government, the size of the Regional Authorities would better reflect the rhetoric. There would be an increased opportunity for Local Government to have a real voice within the State’s political system and processes.

establish entities which would be able to exercise considerable political clout in relations with the State government and parliament

Second, the formation of Community Boards would allow for ‘local’ interests and opinions to be better articulated at the local level. These Boards would have a two-way function. They would transmit the interests of the local communities to the Regional Authorities for consideration in terms of broader policy-making. At the same time, once a Regional Authority has devised a general policy, the Community Boards could administer this in terms of the local interests. The policy would be prescribed, but the application could be tailored to wishes of the local population.

policy would be prescribed, but the application would have the opportunity to be tailored to wishes of the local population

Third, the ‘two-level’ structure offers the potential for better governance and increased participation in Local Government. The Community Boards would be centrally involved in their local communities, focussing on matters of concern to that local community. It might be expected that this would involve more people more closely with their Community Board and, through it, with the broader and larger Local Government.

That is, the structure has the potential to increase the quality of governance. The formation of Community Boards, fully involved in administration of policies in terms of the interests of the local

the structure has the potential to increase the quality of governance

community, would necessarily require a strong interaction between the boards, their elected members, and the community. This should result in wider participation and greater levels of engagement.

result in wider participation and greater levels of engagement

The Regional Authorities may be directly elected, or consist of nominees from the relevant Councils or boards. If the former, the members would be based on democratic representation of the rate-payers and residents, and would be able to take a regional overview without direct links to the ‘member’ Councils. If the latter, there would be direct representation of the ‘member’ Councils, which may result in parochialism. The direct election process would offer the community a further opportunity to be involved in the affairs of their region.

It might also improve the level of trust from the community in their Local Government. If the level of involvement is increased, and the rate-payers and residents have the opportunity to interact with their own *local* Board, focussing on their interests, then democratic governance may improve. This would go a long way towards closing the so-called ‘democratic deficit’.

go a long way towards closing the so-called ‘democratic deficit’

The division of roles and functions between the two ‘levels’ would, to some degree, be a matter of discussion at the time of the creation of Community Boards, and would be modified as structures are bedded in. In essence, Boards will have the function of clearing houses for local issues, concerns, and interests. Their prime role would be to provide a formal means of interaction within local communities, and a formal means to communicate with the Regional Authority.

This would not require the establishment of a new bureaucracy. The functions of the Boards would be carried out by

not require the establishment of a new bureaucracy

elected members, through an elected chairperson, who would have the formal responsibility of communicating with the Regional Authority. Each Region would establish a small secretariat, of two people at most, who would attend Board meetings, maintain records, and be the formal conduit to the Regional Authority.

The Community Boards would not have their own work-force or staff. Any work which results from proposals from the Boards will be under the rubric of general policies established by the Region, and will be carried out by the Region. Hence there will not be any increase in employment, or in staff. The input from the Boards will involve minor, 'local' variations to the regional policy.

Community Boards would not have their own work-force or staff

Within existing large Councils which become regions, the existing workforce will not have any increased load. Within the confederated Regional Authorities, there will be the potential for efficiencies within both the staff and workforce. The small existing Councils which confederate will become Community Boards, and will therefore not require the same level of staffing, infrastructure and workforce. The Regional Authority will become the single 'employer', with potential significant economies.

potential for efficiencies within both the staff and workforce

It needs to be stressed that the proposal does not introduce a new level of administration, staff, and workforce. The Community Boards are not 'sovereign' authorities with the responsibility of carrying though the work required in their local areas. They are a formal means of communication from the community to the Regional Authority, which will carry out the work.

In the existing large Councils which will take on the status of a Regional Authority, the existing 'central office' will remain, and continue to carry out its present functions. There will be very minor

changes, such as the formation of a small Board secretariat. Hence the potential for significantly increased levels of communication, interaction, and community involvement will be achieved ‘without pain’.

In the cases of existing small Councils confederating, there will need to be more significant changes. In the initial phase, the confederated Regional Authority will be formed by representatives from the member Councils, and will have the authority to set policies for the region. The existing small Councils will remain in place, but as Community Boards, assuming that the existing Mayors will be nominated to the regional Authority. This will involve the establishment of an administrative component within the Regional Authority, the personnel for which could be drawn from the existing small Councils. There would therefore be considerable economies of administrative staff. The general workforce would probably remain the same in number. There would be the potential for changes in the usage of the existing small Council infrastructure. Once the confederated Authority is established, there would be the possibility for a second phase - the establishment of an elected Regional Authority in the same format as those established by the large Councils.

To varying degrees, the existing Councils have developed a range of shared services. The proposal for the formation of Regional Authorities extends and formalizes this into Regional service structures and processes. In doing this, there is the potential for increased efficiency and economy of scale, especially within the confederated regions. The input from the Community Boards would continue, and even strengthen, the local community input, and hence the community involvement.

potential for
increased
efficiency and
economy of scale

Applying this model to South Australia should include the incorporation of elements which are either absent, or not sufficiently developed, in the NZ and WA models. First, Local Government reform in South Australia should be accompanied by, and preferably preceded by, recognition in the *Australian Constitution*, with a guarantee of existence, status and authority. Similar components should be incorporated into the *State Constitution* and Act. Second, the 2002 NZ Act provided the Local Government sector with a slightly increased autonomy from the central government. The WA proposals foreshadow legislation to improve the integrity and transparency of Local Government financial planning and processes. The Regional and Community structures have a degree of freedom of action not available prior to 2002. Reform in South Australia would require the State Government to be willing to modify the existing prescriptive approach of the current *Local Government Act* to incorporate at least a similar autonomy with appropriate integrity and transparency safeguards.

Local Government reform in SA should be accompanied by, and preferably preceded by, recognition in the *Australian Constitution*, with a guarantee of existence, status and authority

Third, there should be serious consideration about taking this limited autonomy to a 'general competence' level, allowing Local Governments to decide the breadth of their roles and functions beyond the prescriptions in the *Local Government Act*. This would be a radical change in the relationship of local and State government, and it would have funding implications. As one NZ analyst put it:

The fundamental question ... is whether local government is to be autonomous, or central government's agent. While it would prefer the former, with very clear local accountability, this means it would need to look beyond the narrow funding basis of rates; some central funding would imply more resources, but greater control and mixed accountability (Palmer 1998: 2).

The confederation of Local Government into regional structures would bring economies of scale, and would allow Local Government to relate with State government more as a partner, but there must also be a means to empower 'local' communities to retain their character, and have the right to be seen as legitimate within the political system (see Welch 2002: 448). The two-level structure offers a possible solution to this. Further, it would help to avoid the problem of subservience seen in the NZ reforms (see 4.1 above)

allow Local Government to relate with State government more as a partner

empower 'local' communities to retain their character

In terms of process, the three-step model contained in the WA Report offers a useful transition process for South Australia. Rather than a significant and sweeping change being imposed upon the sector in a single act, the progressive embracing of the reforms would allow the gradual adoption of reforms. In this way 'exemplar' Regional Authorities would be able to demonstrate the dual benefits of the federal structure: efficiencies of scale with enhanced local engagement.

SECTION 5

Conclusions / Recommendations**5.1 The Problem**

This report was commissioned following concern over the quality of governance and representation in Local Government in South Australia. There is evidence that local communities and local voices have been overwhelmed, especially in those Councils with large populations. As a result of this perceived ‘distance’ between the local authorities and the community, the level of involvement and direct participation in local affairs has been diminished. This trend in South Australia, the alienation of citizens and voters from the agencies of government, is consistent with broader patterns at all levels of government in democracies in many other parts of the world. This has become known as a ‘democratic deficit’.

In this context, this report has examined the current Local Government arrangements in South Australia and has assessed these against a range of reforms that have been considered and implemented elsewhere in Australia. It also included two, more detailed, case studies of recent initiatives (in the case of New Zealand) and recent proposals (in the case of Western Australia). Across all these there is a consistent tension: the effort to generate economies of scale through the establishment and administration of large authorities on the one hand, and the consequent loss of local voices and representation of community interests on the other. Evidence considered in this report suggests that the fall in direct local involvement is principally because the transition to larger authorities has meant that decision-making has become more remote and less accessible to rate-payers and to local community members.

a consistent tension: ... to generate economies of scale through the establishment and administration of large authorities on the one hand, and the consequent loss of local voices and representation of community interests on the other

5.2 Recommended solution

This report makes a number of general proposals to inform consideration of Local Government reform in South Australia. It also offers a new model through a series of specific proposals. Through this, the goal has been to reinforce the *local* in Local Government. A reinvigorated community will increase the level of interest, participation and involvement in Local Government affairs. Even some modest steps towards this target will strengthen the quality of governance in South Australia's local authorities.

modest steps ...
will strengthen
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local authorities

This report proposes a modified configuration for Local Government. This will involve the establishment of a two level structure: Regional Authorities at the first and Local Councils or Community Boards at the second.

1. Regional Authorities (RA) make up the first level. These would be constituted either by re-designating some existing large Councils (such as Onkaparinga, Marion and Tea Tree Gully) as an RA or would be created by bringing a number of smaller existing Councils into a confederation. Each RA would have a population of approximately 100 000-150 000.
2. The second level will be the existing Local Council or a newly established Community Board (CB). Several of these will exist within each of the RAs. In all cases the CBs would be based on local communities of interest. Where the existing large local Councils have been re-designated as RAs, the new CBs may be either earlier (pre-1990s) local Council areas or smaller local neighbourhoods with clear and self-defined shared interests. In the case of the newly confederated groups of currently existing Councils the CBs will consist of one of:
 - a) a current small local Council;

- b) where appropriate, those Council areas that existed prior to the amalgamations of the 1990s;
- c) newly defined smaller local neighbourhoods with clear and self-defined shared interests.

Such an arrangement will produce a better balance between economies of scale created by large and well-co-ordinated authorities and the immediate concerns of local communities of interest. It is expected that this configuration will encourage the potential for an enhanced level of participation, involvement and engagement at all levels of the new system.

Under the model proposed in this report, the currently poorly defined relationship between Statutory Authorities and Local Government may become more efficient due to the reduced number of local authorities. Relations between Local Government and state Statutory Authorities, alluded to in Section 3.2, will not involve the new Community Boards. Such relations will remain a matter between peak Local Council authorities and the State Government.

Elsewhere in the Report other possible reforms to local government are canvassed. These include constitutional recognition, together with related Commonwealth and State legislative reforms (including better financial relations between local government, and Federal and State governments). Taken together, the structure proposed above should generate an increased level of involvement by citizens in a way that increases the quality of governance. Further, it will make both direct and indirect participation more attractive. In this way, the danger that the local voice will be marginalised by reforms that are either imposed from elsewhere or as a consequence of distant large local authorities is considerably diminished. Through the reforms proposed here, citizens will perceive that their Local Government is truly responsive to them.

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