National and international trends in local government and their relevance to Tasmania

FUTURE OF LOCAL GOVERNMENT
REVIEW BACKGROUND RESEARCH
PAPER NO. 2

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ACKNOWLEDGEMENT OF COUNTRY

The University of Tasmania pays its respects to elders past and present, and to the Tasmanian Aboriginal community that continues to care for Country. We acknowledge the profound effect of colonial settlement on this Country and seek to work alongside Tasmanian Aboriginal communities, respecting their deep wisdom and knowledge as we do so.

The palawa/pakana people belong to one of the world's oldest living cultures, continually resident on this Country for at least 40,000 years. We acknowledge this history with deep respect, along with the associated wisdom, traditions, and complex cultural and political activities and practices that continue to the present.

The University of Tasmania also recognises a history of truth that acknowledges the impacts of invasion and colonisation upon Aboriginal people, resulting in forcible removal from their lands, and profound consequences for the livelihoods of generations since.

The University of Tasmania stands for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history, and continued efforts to realise Aboriginal justice and rights, paving the way for a strong future.

ACKNOWLEDGEMENTS

The TPE has been established to enable the University of Tasmania to make timely and informed contributions to key policy debates occurring in Tasmania, thus making a positive contribution to the future of our state and its people.

This report provides a comparative analysis of local government systems and recent reforms in other jurisdictions to identify key trends of relevance to the Future of Local Government Review.

The TPE is grateful to colleagues across the University who have contributed to this report

For more information on the TPE please go to www.utas.edu.au/tpe

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KEY FINDINGS

Local governments around the world play an important but evolving role representing and supporting local communities.

Beyond a common focus on providing infrastructure and delivering services to promote community development and wellbeing, systems of local government vary significantly depending on the particular political circumstances and the specific needs and priorities of the communities they serve.

This *Background Paper* for Tasmania's *Future of Local Government Review* identifies and summarises key trends in local government reform in Australia and internationally.

The overarching aim of the paper is to identify key factors shaping local government in other jurisdictions and, having identified lessons from elsewhere, consider how such experiences might inform local government reform in Tasmania.

The roles and services provided by local government might be changing but providing local, democratic representation remains an enduring and increasingly important function, especially in regional communities.

The range of services offered by local government in Australia is relatively modest by international standards, with total spending across the sector as a percentage of GDP only one third of the OECD average. Local authorities in other countries play a greater role in the provision of education, policing, and health services whereas in Australia these sectors are largely the preserve of the state, territory, and Commonwealth governments.

Despite this significant variation in the origins, organisation, and scope of local government internationally, a number of important trends can be identified.

The overarching theme from international research and numerous policy reviews and reports is that local government will play an increasing role in addressing the broad range of issues which demand distinctive place-based and community-focused responses. For example, the Interim Report of New Zealand's Review into the Future of Local Government found the future wellbeing of communities depends in part on local government's capacity to collaborate with others to deliver programs to promote prosperous, sustainable, and inclusive communities.

Whereas traditionally local government has managed local infrastructure and provided 'services to property', there is growing recognition that it is becoming focused on providing services to people and communities. This is especially important when it comes to complex social or environmental challenges that require a coordinated approach tailored to local needs and circumstances.

This does not mean that significant policy responsibilities will be delegated solely to local government, but rather local government is likely to become a central partner alongside other tiers of government and other organisations in an evolving system of local and regional governance.

A second implication of this trend, combined with local government's enduring quest to achieve financial and operational sustainability, is that largescale infrastructure and complex and expensive services are increasingly being managed and delivered at a regional or state level, albeit with local input.

Reflecting these international dynamics, the Report identifies five broad trends in local government reform of relevance to Tasmania:

- enhancing efficiency, centralisation, and economies of scale;
- improving governance, conduct, transparency, and accountability;
- promoting community development, wellbeing, and 'place-shaping' roles;
- providing local representation and regional governance; and
- supporting sustainability, climate action, and environmental stewardship.

Consideration of the changing nature of local government, including national and international reform trends identified in this report, will provide important context for the Future of Local Government Review, but it is not a case of transferring practice from one jurisdiction to another. Effective reform will build upon the strengths of local government in Tasmania and reflect the specific characteristics and priorities of the wider community.

A proactive, consultative, and future-focused reform process can deliver a stronger and more effective local government better able to promote community wellbeing.

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INTRODUCTION AND AIMS

Local governments around the world vary enormously. Perhaps the single definitive feature of local government, among what is otherwise an extremely diverse array of systems and organisations, is that it is 'closest to the people' – there are no governments operating at a smaller scale.[1] Beyond this most basic common feature, however, local governments around the world differ in their size, functions, institutional forms, and governance practices while delivering a wide range of services via a variety of funding models. Despite this variation, most do share a set of core roles and functions and deliver key local services to support long-term community wellbeing.

This second background research paper prepared for the *Future of Local Government Review* (*FLGR*) analyses recent trends in local government across Australia and in comparable international jurisdictions with a view to assessing their relevance to the future of local government in Tasmania. The research is designed to provide comparative insights into the future roles, functions, and design of local government as well as into the processes most likely to deliver effective reform.

The paper begins with a brief comparison between Tasmania's system of local government and those of the other Australian states and territories (excluding the ACT, where functions of local government are discharged by the territory government). The second section provides a broader comparative perspective, putting the Tasmanian and Australian systems into an international context with reference to relevant local government systems abroad. Case studies offering insights into the future of local government in Tasmania are also provided here, including New Zealand, Canada, France, and Ireland.

The paper concludes with a summary of the five key trends in local government reform that were identified in the comparative analysis.

Having built a national and international evidence base and described these five emerging trends in local government reform, the paper concludes with an assessment of their relevance to the future of local government in Tasmania.

Five key trends in local government reform:

- Centralisation, efficiency, and economies of scale;
- Governance, conduct, transparency, and accountability;
- Community development, wellbeing, and 'place-shaping' roles;
- Representation and regional governance; and
- Sustainability, climate change, and environmental stewardship.

Tasmania's system of local government has evolved gradually over the course of nearly two centuries,[2] shaped by local history and circumstances as well as the changing political priorities of successive Tasmanian governments. While there are strong parallels with systems of local government found in the other Australian states and the Northern Territory, each jurisdiction has developed its own distinctive features. The analysis begins with a snapshot of how Tasmanian local government compares nationally and internationally in terms of its size, funding and the functions and services it delivers.

1.1 Variation in local government across Australia: A snapshot

The size of local government

Relative to the rest of Australia, Tasmanian councils are small, both in terms of population and area. Tasmania has the third highest number of LGAs per capita in the country – 5.36 per 100,000 persons (18,650 people per council area on average), which is similar to Western Australia and fewer per head of population than the Northern Territory (Figure 1). While small by Australian standards, however, the size of Tasmanian councils is not unusual internationally, with an average LGA population similar to that of municipalities in Belgium and far larger than in France, Spain, Germany, or Switzerland, for example.

At around 4.2 local governments per 10,000 km² (an average size of 2,380 km²), Tasmania also has more councils for its land area than any other Australian state or territory and around six times more than the national average (roughly 0.7 per 10,000 km²). This is at least partly related to Tasmania's small geographic size – less than one third of the land area of the next smallest state (Victoria) – and its regionally dispersed population. As a result, Tasmania's mean council size is not skewed by a small number of very large and sparsely populated rural LGAs, as is the case in most other states and territories.

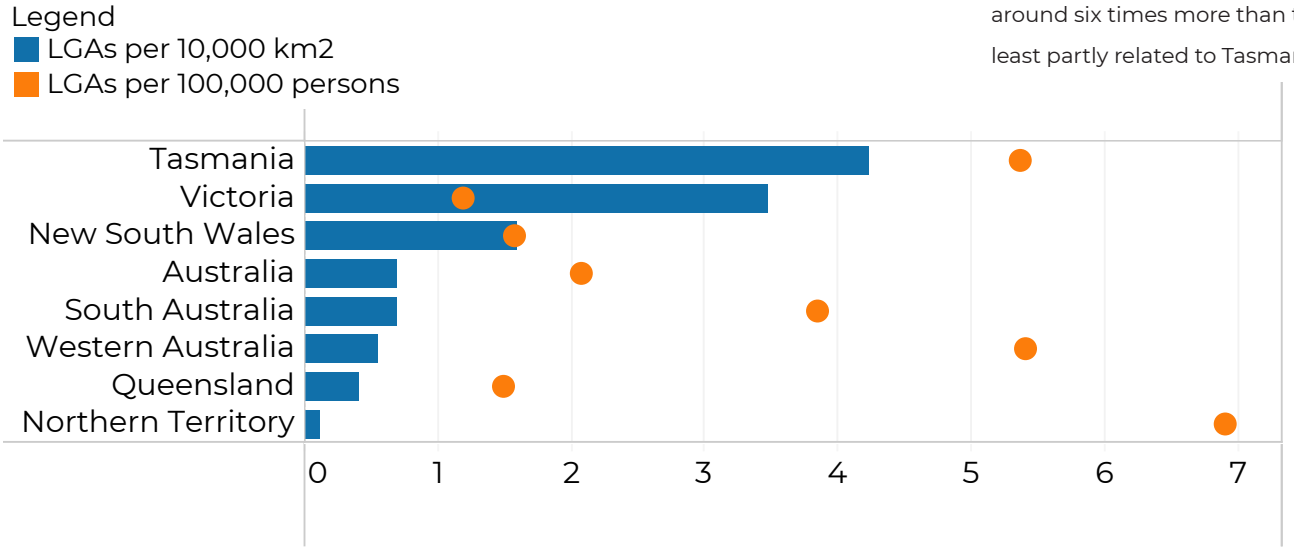


Figure 1: Councils across Australian states and the Northern Territory per 10,000 square kilometres and 100,000 persons, 2022

Local government expenditure and revenue

Tasmanian councils receive a greater proportion of their revenue (14%) from grants and subsidies than the national average (10%) but have on average lower rates per capita than any other state.[3] They also spend roughly 7.5% less per capita than the national average (this may reflect the recent consolidation of water and sewerage assets and responsibilities, which remain council responsibility in most other Australian jurisdictions). As of 2019-20, roads account for the highest share of this expenditure, at around 25%, followed by recreation and culture (19.6%); general administration (19.2%); waste management and environment (15%); planning and community amenities (9.5%); other non-roads expenditure (6.7%); health, housing, and welfare (3.7%); and law, order, and public safety (1.5%).

On average, Tasmanian council rates are lower per capita than any other state and spending per capita is 7.5 % below the national average

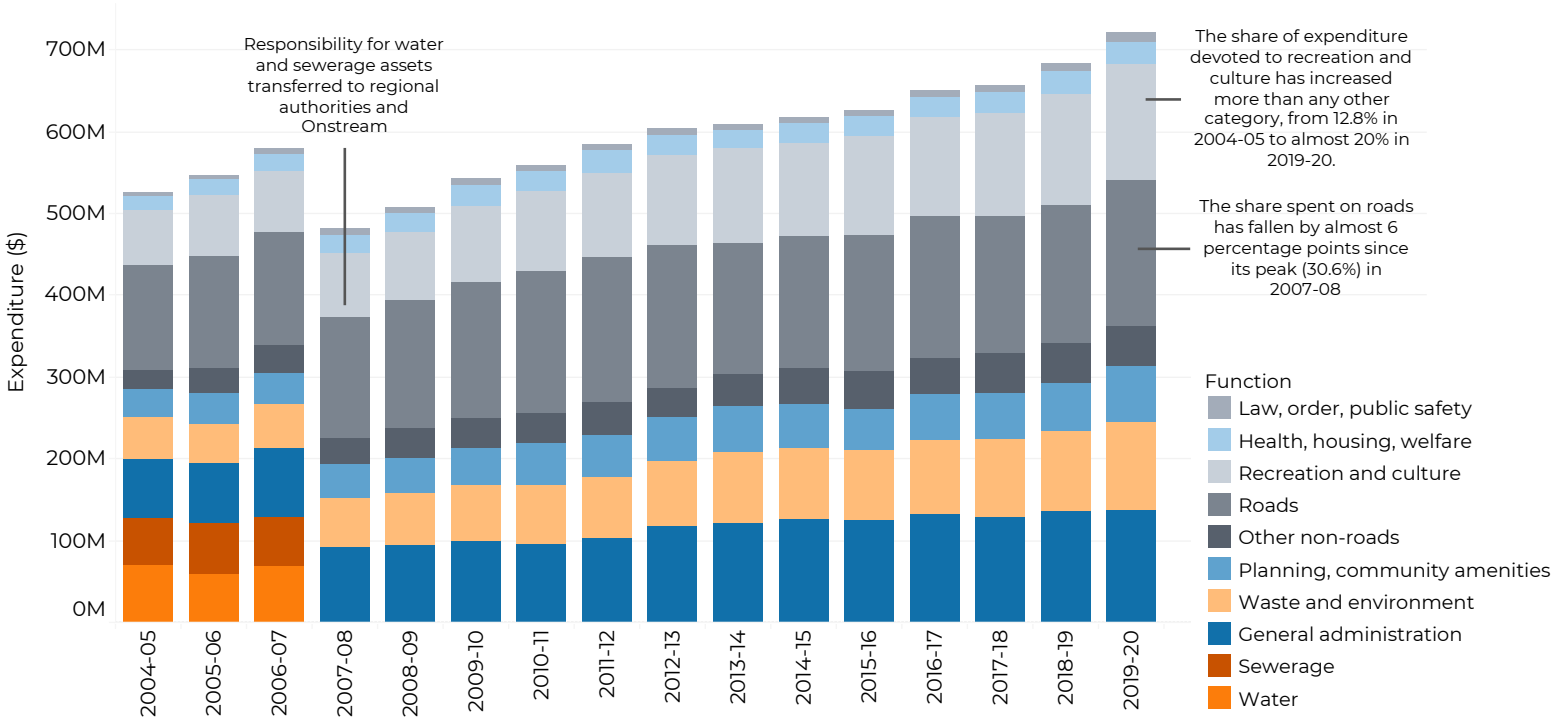


Figure 2: Local government expenditure by function, 2004-05 to 2019-20, Tasmania (data source: ABS 2022)

Compared to the national average and most other states and territories, Tasmania's expenditure mix is fairly typical. Tasmania is on the lower end of total council expenditure per capita, but close to the national average on most individual functions except transport, for which it ranks equal second with Queensland behind Western Australia. As in other Australian jurisdictions, spending by Tasmanian councils on recreation and cultural services has increased significantly in recent years.

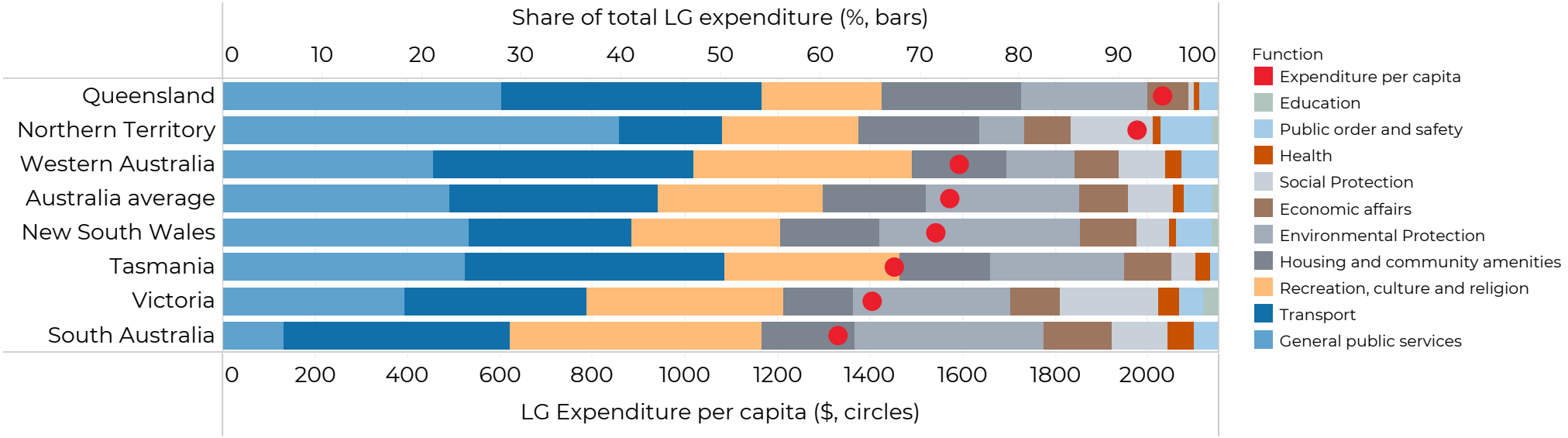


Figure 3: Local government expenditure by function and per capita, 2019-20, in Australian states and the Northern Territory (data source: ABS 2022)

The level and sources of Tasmanian councils' revenue are also largely typical, though they do receive a higher share of grant funding on average than all other systems except the Northern Territory and lower revenue per capita than all but South Australia (see figure 4). Sources of councils' revenues - particularly the share of grant income - are highly variable across the state, with small councils like Central Highlands receiving almost 60% of their revenue from financial assistance grants while in others, like Hobart City Council, this figure is less than 4 % (see History of Local Government).

The percentage of overall revenue that Tasmanian councils receive from rates (taxation) is above the national average at 48.3%, though that average is skewed by the comparatively small share of rates in the revenue mix of NSW councils (a result of that state's rate-capping system) and the Northern Territory.

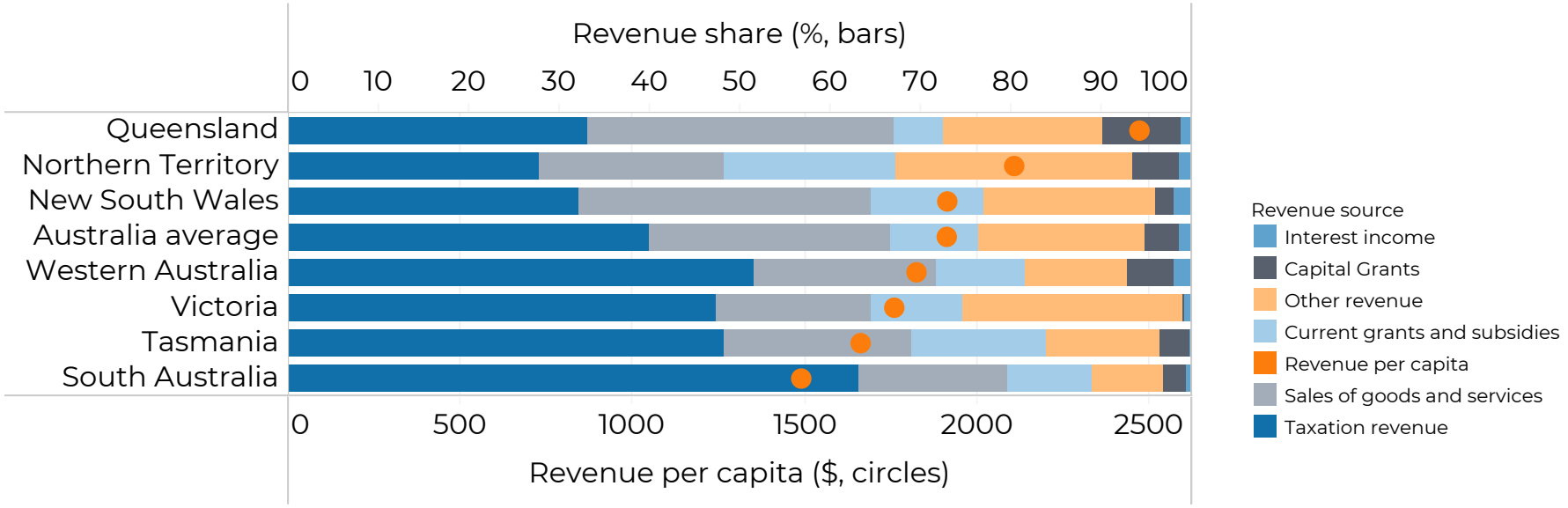


Figure 4: Local government revenue by source and per capita, 2019-20, in Australian states and the Northern Territory (data source: ABS 2022)

How local government in Tasmania compares: Key insights

- On average, Tasmanian councils are smaller in terms of both population and land area than on the mainland. Only Western Australia and the Northern Territory have more councils per head of population.
- Average council rates per capita in Tasmania are the lowest in the federation, and council spending per capita is approximately 7.5% below the national average.
- The spending per function of Tasmanian councils is largely consistent with national averages.
- Although Tasmanian councils receive a greater share of financial assistance grant revenue than the national average, they still generate more own-source revenue than is standard in most OECD countries.

2.1 Council expenditure and revenue in comparative context

The Australian system of local government comprises 537 councils responsible for municipal areas varying in population from just a few hundred people to more than 1.25 million. Some of these areas cover hundreds of thousands of square kilometres and others are compact city suburbs. The Shire of Peppermint Grove in outer suburban Perth, for example, is Australia's smallest LGA at just 1.1 km². The largest (East Pilbara, also in Western Australia) covers almost 380,000 km².

In 2019-20, Australian local governments combined received roughly $49 billion in revenue including transfers. While councils play an important role in Australia's system of government, its expenditure is among the lowest in the OECD as a proportion of general government expenditure, at roughly 5.7%. Likewise, as a proportion of GDP, Australian local government expenditure is small relative even to other OECD federations (see Figure 5 below).

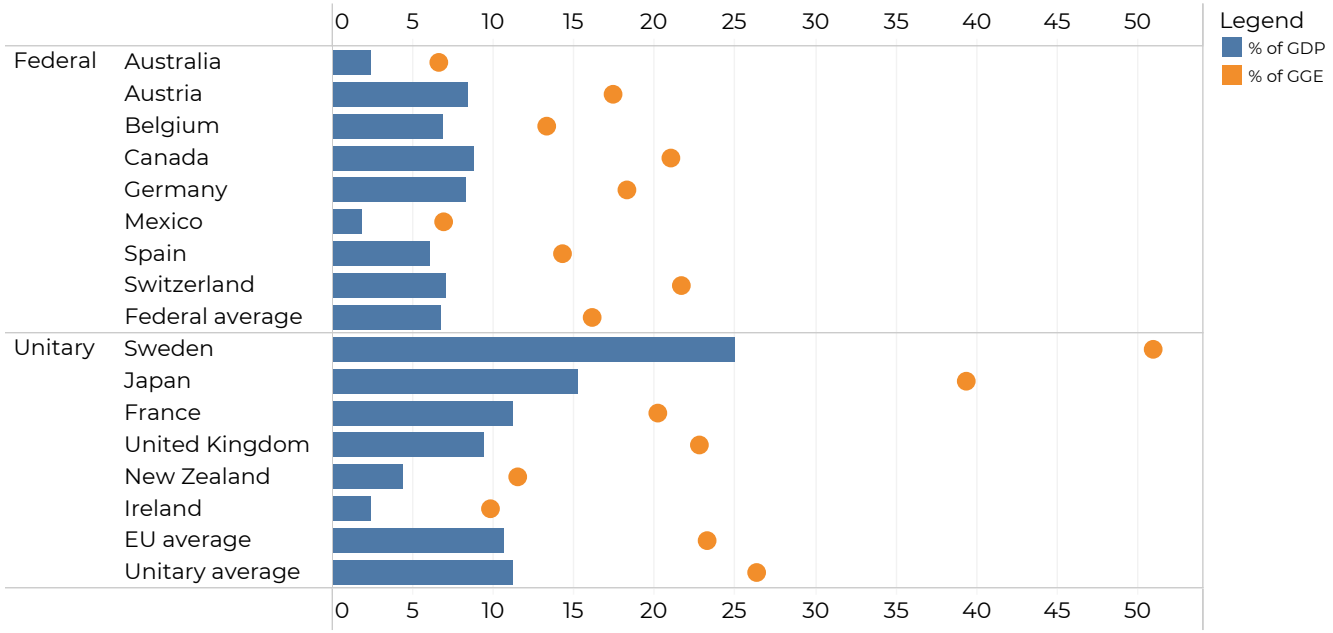


Figure 5: Municipal expenditure as a share of general government expenditure and GDP, 2019, in selected federal and unitary jurisdictions (data source: OECD 2022)

Local government expenditure in Australia is the second lowest (as a percentage of total spending) in the OECD and less than half of comparable federations

In addition to the small size of their expenditure relative to other tiers of government and other local government systems around the world, Australian councils are for the most part responsible for different functions and categories of expenditure too. Local governments in Australia lack constitutional recognition and are instead fundamentally 'creatures of statute' established by state and territory legislation, which in all jurisdictions confines them to a range of competencies that is among the narrowest of any developed country.[4]

Specifically, Australian local governments spend far less on core social services like education, social welfare and health than the OECD average (as these are mostly the responsibility of other tiers of government in Australia). In this regard, the categories of expenditure and functions of Australian local government are most similar to those of the Spanish or New Zealand systems (Figure 5 below).

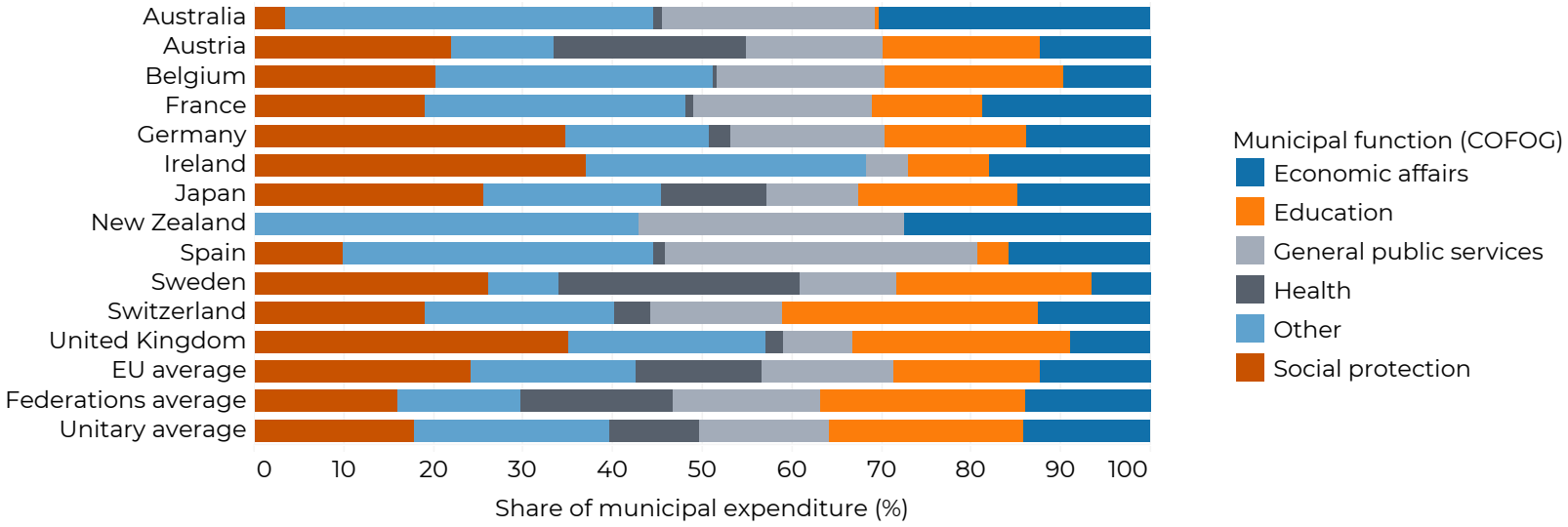


Figure 5: Municipal expenditure by function, 2019-20, in key jurisdictions (data source: OECD 2022)

The distribution of expenditure by Australian local governments outlined in Figures 6 and 7 also reflects their smaller revenue share relative to the Commonwealth and state or territory governments, who have far greater responsibilities for traditional social services. The assignment of these responsibilities almost exclusively to higher tiers of government in Australia is relatively unusual by OECD standards, even compared with many unitary systems.

Perhaps surprisingly, Australian councils do generate a high share of own-source revenue by comparison with other OECD federations, with grants accounting for a smaller share of their overall revenues than all except Switzerland (see Figure 6 below). The proportion of this revenue from taxes (mostly rates) is comparable to other similar jurisdictions, though Australian local governments generate a relatively large share of fee revenue (29%) from sources like utilities, parking, or other fees for services (though this is skewed slightly by rate-capping in some jurisdictions, especially NSW).

This relatively high reliance on fees for own-source revenue is also a product of Australian councils' quite narrow tax bases. Where some systems (France, Spain, Japan, or Switzerland, for instance) generate a significant share of tax income from a wide range of different tax bases, Australian and British local governments rely almost exclusively upon forms of property taxation. These property taxes, known as 'rates' in Australia, are commonly capped or regulated in other ways by most state governments, anlthough not in Tasmania. There is also an own-source revenue divide between urban and more regional councils, with the former more populous LGAs able to bring in more than their less populous counterparts.

As illustrated in the chart below, rates comprise roughly 38% of Australian local government revenues on average, with grants and subsidies (29%) and tariffs and fees (29%) accounting for most of the remainder.

Australian councils are more financially self-sufficient and less dependent on grants than local government in most OECD countries

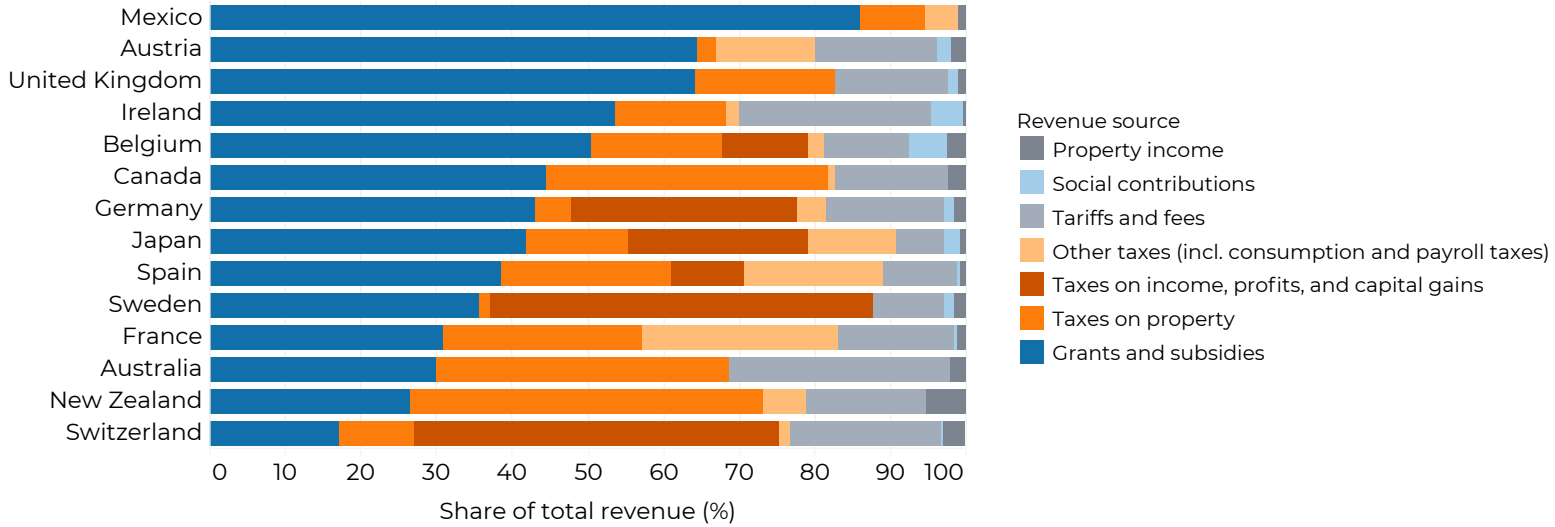


Figure 6: Municipal revenue shares by source in selected jurisdictions (data source: OECD 2022)

Local governments across the globe also vary considerably in size. In some countries, the system comprises a small number of municipal areas of relatively large population size (such as in the United Kingdom, the Republic of Ireland, or Japan); while in others, a larger number of smaller units is the norm (as is the case in Switzerland, Austria, or Spain). Most systems lie somewhere in between, exhibiting a mix of a small number of dense and populous urban municipalities and a much larger number of sparsely-populated rural ones. France is an extreme example – the least populous of its almost 35,000 inhabited municipalities[5] have fewer than ten residents while its most populous (Paris) is home to 2.16 million.

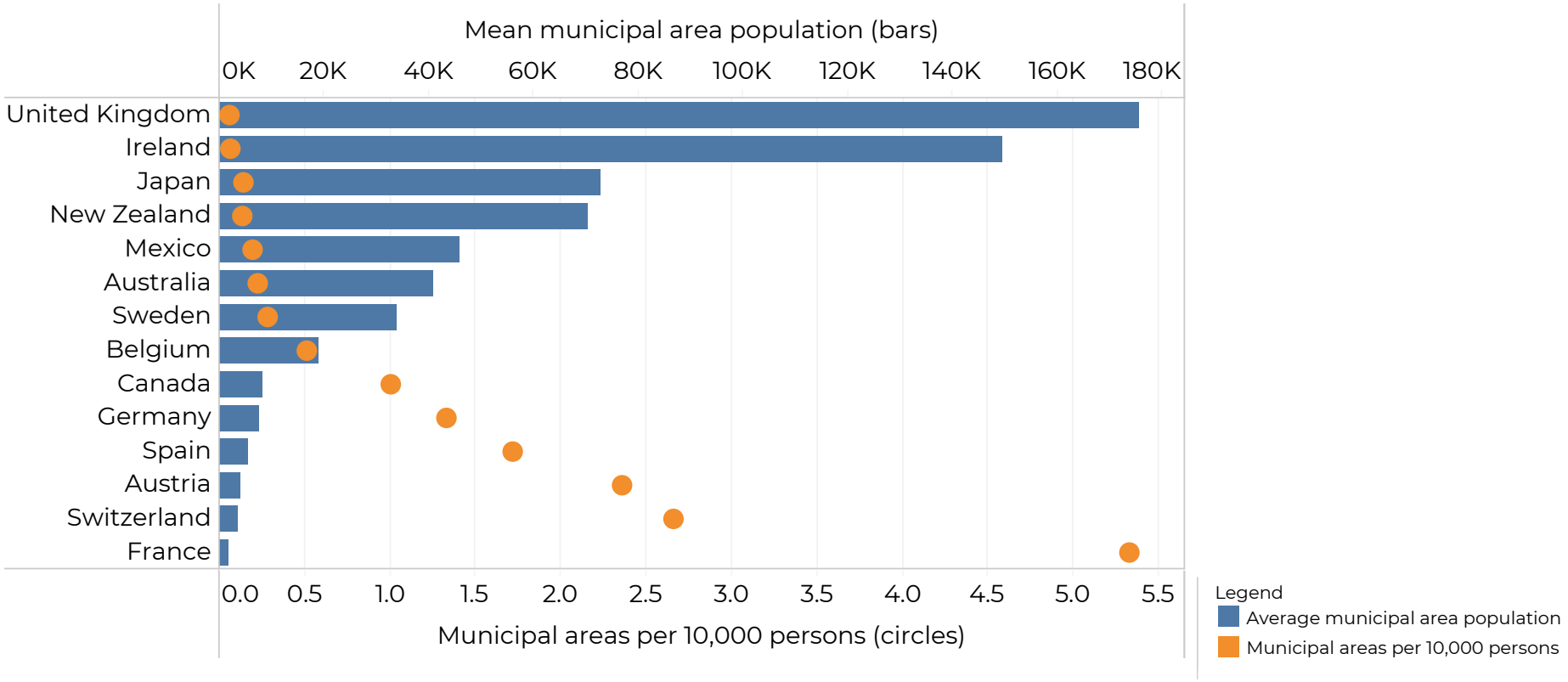


Figure 7: Mean population or municipal areas and number per 10,000 persons, 2019, in selected jurisdictions (data source: OECD 2022)

2.2 Categorising local government systems

The wide variety of local government systems around the world can in part be explained by the different political traditions and institutional foundations that shape local government in particular countries. Key points of variation in the structure and governance include the powers of mayors relative to councils and administrators or general managers, as well as the relationship between local government and higher levels of government.

The summary of international models of local government presented below is relevant to the Tasmanian review because it highlights both the different ways in which local government can be organised and the common challenges and issues that confront all systems. One specific insight of note is that the method of electing and the political power of mayors varies widely across systems and has a significant bearing on the operation of local government.

The international literature broadly identifies three models to describe the role of local government in the wider political system as well as the significant variation observed in the role and authority of mayors.

Models of local government

1. *Napoleonic* or *Franco* model

Under the *Franco* model, local governments typically enjoy constitutional status and an array of defined responsibilities but are heavily dependent on higher tiers to resource and regulate service provision. In this sense, rather than true local self-government, municipalities function as community advocates akin to community boards that steward local identities and make representation to higher tiers on behalf of local actors and issues.

2. *Anglo* model

Under the *Anglo* model, local governments are more frequently 'creatures of statute', without constitutional recognition but often with a relatively high degree of autonomy granted by legislation. This group is typically characterised by a comparative independence in its day-to-day operations and direct responsibility for a core group of functions. However, *Anglo*-type local government is vulnerable to top-down reform and is typically dependent on higher tiers of government for resources.

3. *North* and *Middle European* model

This is, in many respects, simply a more powerful and autonomous variant of the *Anglo* model, characterised by considerable devolution, strong revenue raising powers, and significant expenditure responsibilities. It is the closest of the three to genuine local or regional 'self-government'.[6]

Typologies on the role and power of mayors

A second and complementary typology of local government focusses on the role of mayors and the power of administrators relative to elected officials:

1. *Strong Mayor* model

At one end of this spectrum is the *strong mayor* model, in which a directly elected mayor has full legal carriage of, and control over, executive and other council functions.

2. *Committee Leader* model

Under this model, one person is clearly a council or municipality's political leader, but their responsibilities are shared with committees, other elected officials, and administrators.

3. *Collective* model

Under this model, the mayor presides over a body of other representatives with more or less equal formal power which is vested in the whole body. Mayors in this type of system are often indirectly elected.

4. The *Council-Manager* model

The *council-manager* form is where all major functions of the local government are in the hands of a professional administrative staff headed by a CEO or general manager, with mayors playing a largely ceremonial or strategic role akin to a non-executive director.[7]

	Franco type	Anglo type	North-middle European type
Strong mayor	France, Greece, Italy, Portugal, Spain	England (directly elected mayors)	Germany, Austria
Committee leader			Denmark, Sweden
Collective	Belgium	Australia, New Zealand, England (indirectly elected mayors)	Netherlands, Switzerland
Council-manager		Ireland	

Table 1: The relationship between roles of local government and mayoral functions (Table adapted from Heinelt and Hlepas 2007, see also Mouritzen and Svara 2002, Hesse and Sharpe 1991)

Categorising local government systems: Implications for Tasmania

Australian local governments broadly conform with the *Anglo* model, and their 'horizontal' structure (relationship of mayors to councils and councils to administrative staff) resembles the collective form in most key respects, but with some variation across the country. For example, the profile, mandate, and political power of mayors within systems where they are directly elected (such as Tasmania) places these jurisdictions slightly closer to something resembling a committee leader model than states where mayors are indirectly elected (parts of NSW, for example).

While this does not impact upon council business in most functional areas, directly elected mayors are arguably more effective political advocates and more empowered local leaders due to their stronger electoral mandates. Interestingly, there is also some preliminary evidence from the United Kingdom suggesting that direct election of mayors is associated with weaker party-politicisation of councils and lower levels of party influence in council elections.[8]

There are some areas in which the powers of councillors are more constrained than others. Tasmanian councils, like most of the other Australian state and territory systems, operate within a 'general competence' legislative framework that provides them with relatively broad policy latitude in most areas. And in terms of rate setting, Tasmanian councils have more latitude than their mainland counterparts who are subject to rate-capping. In some specific areas, however, and in particular when acting as planning authorities, local governments are much more constrained, playing a largely technocratic role that in some ways resembles the council-manager form.

The Australian system, but particularly the Tasmanian one, may be increasingly resembling the *Franco* type in one respect. Research on local government in western Europe has shown that it is common for elected officials in systems of the *Franco* type to 'colonise' higher tiers of government, advocating for local or municipal political issues and agendas in regional or state legislative bodies.[9] Much has been made recently of the idea that aspiring Australian state or federal politicians increasingly use local government as a 'stepping stone' to seeking election at other levels. In Tasmania, the historically very close ties between local government and Tasmania's Legislative Council and the movement from the former to the latter are atypical nationally, resembling this interesting tendency in *Franco*-type systems.

2.3 Overview of recent Australian local government reform initiatives

The institutional and historical foundations of local government in different countries continue to have a significant impact on their roles and functions. Yet despite these distinctive national models and traditions, the sector both nationally and beyond has been subject to significant change, and local government reform has been a near-constant feature of the sector both in Australia and abroad.

While emphasis of local government reform has shifted over time, some clear and consistent themes emerge which are discussed at greater length in Part 3. The outlines, aims, and main features of recent initiatives (focussing on the past two decades) in the Australian context are summarised in the table below while more detailed accounts of the reform process in the Australian states is provided in Appendix 1.

Table 2: Recent local government reform in Australia

Jurisdiction	Recent reform efforts	Objectives(s)	Outcomes
New South Wales	In 2012, as part of the 'Destination 2036' agenda, the NSW Fit for the Future reforms aimed to reduce council numbers from 152 to 112 based on financial performance and sustainability data assessed by the Independent Pricing and Regulatory Tribunal (IPART).	Financial efficiency improvements, boundary changes.	While the government had intended to draft a new act, changes were instead made by amending the existing Local Government Act 1993. Some boundary changes were achieved but most were eventually abandoned due to community opposition and legal challenges. to community opposition and legal challenges.
	More recently, and in parallel with the state's boundary reform agenda, the NSW government updated its Model Code of Conduct for Local Governments in NSW and undertook a series of code of conduct reviews into individual councils.	Governance, accountability, behaviour and compliance changes	Code of Conduct reviews have seen a tightening of disciplinary action to be taken against misbehaviour, with the Division of Local Government given powers to investigate allegations of misconduct.
Victoria	Victoria's most recent major reform has been the Local Government Act Review (2015 to 2020), which was notable in part for its exhaustive consultation process.	Updated legislation, governance, responsiveness and accountability.	Notable reform outcomes have included rate-capping in line with inflation; establishment of the 'Know Your Council' website to give citizens performance information about their councils together with a consolidated performance reporting framework; and a strengthened councillor conduct framework.
Northern Territory	In 2018, the Territory Government introduced a new bill into Parliament to replace the Local Government Act 2008. The bill was intended to support local democracy, transparency, and financial accountability, and strengthen local decision making by improving working relationships amongst councils, local authorities, and communities.	Legislative changes, transparency and accountability	The new Act provides early support for councils experiencing financial administration difficulties; enhanced transparency through provision of various registers; a requirement to include details of CEO/GM salaries and remuneration in annual reports; provisions that increase involvement from local authorities on budgets; and the establishment of an independent panel to review ward boundaries and representation.

Jurisdiction	Recent reform efforts	Objectives(s)	Outcomes
Queensland	Queensland underwent an extensive boundary review process through the mid-2000s via the newly established Local Government Reform Commission.	Boundary changes	A program of compulsory amalgamations reduced council numbers from 156 to 72. The Newman LNP government, elected in 2012, invited affected councils to de-amalgamate, which four of the new units did.
	In 2017, the Palaszczuk Labor government announced a rolling program of governance and accountability reforms following CCC investigations that led to serious criminal charges being laid against a number of councillors and local government employees.	Governance, accountability, behaviour and compliance changes	Numerous changes were made to electoral and campaign finance rules, conflict-of-interest rules, and transparency/disclosure rules, including real-time disclosure of donations over $500. A new councillor code of conduct was developed, and the Office of the Independent Assessor was established to handle complaints about councillor conduct.
Western Australia	WA has embarked upon several LG reform projects in recent years. The Local Government Reform Program, from 2009-11, sought to amalgamate small LGAs, reduce councillor numbers, and encourage a greater emphasis on long-term strategic planning.	Boundary changes, financial efficiency and sustainability	The Reform Committee's report recommended a suite of compulsory amalgamations, but the state government opted instead for voluntary mergers. Only two were achieved: Geraldton-Greenough and Mullewa in 2011, and Narrogin Town and Narrogin Shire in 2015.
	This first effort was accompanied by the Metropolitan Local Government Review (2011-12), which aimed to reduce the number of small LGAs in Perth.	Boundary changes, governance and accountability	The Review determined that 30 councils was too many for the Perth area and suggested consolidating them into 10-12 LGAs. However, amidst opposition from ratepayers, the metropolitan municipal reform agenda was abandoned. The sole boundary change achieved by the review was an expansion of the City of Perth including land occupied by UWA and Kings Park
	A key recommendation of the 2009-11 Reform Program was the replacement of the Local Government Act 2009 with new legislation, which led to the establishment of the Local Government Act Review in 2017.	Repeal and replace existing legislation, governance and accountability changes	The Review's ambition to repeal and replace the Local Government Act 1995 has not yet been achieved, and several changes have instead been made by amendment. These include: a new gifts framework for councillors; mandatory online inductions and training; changes to the Standards Panel; and various transparency and disclosure changes. Reform coming out of this Review is ongoing
South Australia	South Australia has recently conducted a Local Government Reform Program (2018-2020). Proposals for change were included in the Statutes Amendment (Local Government Review) Bill 2020, focussing on four areas: councillor conduct and behaviour, financial accountability, efficiency and transparency, and simplifying regulation.	Financial sustainability and efficiency, behaviour and compliance changes	While the Local Government Reform Program recommended amalgamation of councils, the Government ruled out any forced mergers, instead declaring that it would be supportive of any voluntary amalgamations. Governance and accountability/behaviour changes were made, however, including limits on councillor numbers; independent assessment of any proposed rate increases; limits on CEO/GM remuneration; revised conflict-of-interest rules and behavioural standards; and the establishment of a Behavioural Standards Panel to investigate councillor conduct issues.

2.4 International case studies

Systems of local government vary significantly, with their respective roles and organisation reflecting specific historical circumstances, political cultures and practices, and the priorities of the communities they represent. The brief case studies presented below provide more detailed insights into the organisation of local government in four countries whose systems offer lessons for, or insight into, Tasmanian local government reform. They highlight the range of models and approaches that are used to provide local representation and services as well recent reform agendas and processes.

France

French local government at a glance

- France's almost 35,000 local governments vary enormously in population with an average of around 1855 per commune.
- French local governments derive roughly a quarter of their revenue from land taxes as well as approximately another 25% from an eclectic 'grab bag' of other local taxes on goods and services.
- While some local council amalgamations have been achieved in reform efforts, this has not been at the scale that had been intended.

The structure of local government in France

Despite its unitary and centralised system (all sub-central governments combined account for only around 20% of public expenditure), France is one of the few countries in the OECD with four tiers of government:

- the national/central government;
- 18 regional authorities (*régions*);
- 101 state/provincial governments (*départements*); and
- almost 35,000 local governments (*communes*)

Just over 40% of all municipal governments in the European Union are in France. The enormous range in population of the communes, and their very small median size (86% contain fewer than 2000 inhabitants, and just 1% have more than 20,000), means that France's smallest 20,000 communes contain just 8% of its entire population.

The largest source of local government revenue in France is taxation, with property taxes accounting for around half of all *commune* tax revenue. This property tax revenue is supplemented by an unusually wide array of local taxes on various goods and services, including specific taxes on alcohol, mineral water, funerals, tobacco and matches, fuel, mining, electricity, heating, water consumption, meat, pollution, and insurance policies, to name just a select few.

Recent reform and key trends

Over the past two decades, several efforts at the national level have been made to reform French local government. The most significant of these have been attempts to encourage structural reform, including amalgamation and fiscal consolidation. Between 1999 and 2010, a voluntary service and resource sharing scheme (supported by financial incentives) saw around 95% of the *communes* enter into Intermunicipal Community (IC) arrangements with one or more of their neighbours. The 1800 municipalities that had not joined an IC by 2010 were forced to do so via national legislation.

More recently, further reforms have sought to amalgamate many smaller *communes* with the aim of achieving a minimum size for municipalities of 5000 inhabitants. Since 2012, more than 750 new communes have been created by merging two or more neighbouring municipalities, reducing the overall number by around 1730. However, many of the new units are considerably smaller than the government's population target.

Also, the sheer number of French municipalities means that even though around 2500 communes have engaged with the voluntary merger process, this still represents only a very small portion of the total number and suggests that wide-ranging structural reform remains very difficult to achieve.

Local government in France: Lessons for Tasmania

- Many of the barriers to local government amalgamation in France (councillor and staff self-interest, high up-front transition costs, and widespread community concern over potential loss of local representation and identity) have also been experienced in Tasmania. In response to this issue, and reflecting the very small average size of French local governments, the national government has intervened to mandate participation in 'Intermunicipal Community' agreements, which are formalised and systematic resource and service sharing arrangements among several municipalities.
- One long-standing object of French local government reform relevant to Tasmania is its focus on metropolitan governance via *communauté urbaine* ('urban community') structures, which are compulsory associations of urban and suburban municipalities with special administrative status that provide integrated and holistic local governance in larger cities.
- Since the 1960s, successive French governments have combined all greater city regions with more than 500,000 inhabitants (except for Paris) into urban communities. These structures do not replace existing municipalities; rather, a number of councillors from the relevant municipalities are delegated to the urban community authority along with functional responsibilities affecting the region at large. Politically, this has enabled a level of integrated metropolitan governance that is able to transcend the parochialism and resistance to structural reform typical of French local government, and offers one potential model for city or regional governance in Tasmania (and Greater Hobart in particular).

New Zealand

Local government in New Zealand at a glance

- Despite its unitary system of government (as opposed to a federation), New Zealand has a system of regional councils and local authorities with some strong similarities to local government in Tasmania.
- New Zealand is mid-way through a comprehensive Review into the Future of Local Government which aims to establish a system of local governance that is sustainable and flexible enough to enable communities to respond to the challenges they will face over the next 30 years.
- The Review highlights numerous challenges facing local government in addition to new and important roles in promoting local collaboration and governance to improve community wellbeing, respond to climate change, and support the Treaty of Waitangi partnership.

The structure of local government in New Zealand

The foundations of New Zealand's current system of local government were established in 1989, before which there was an ad hoc system of around 250 municipalities and almost 850 single-purpose local authorities. The 1989 reforms were shaped by the then dominant 'New Public Management' approach and focused on improving technical efficiency and service delivery. While the 1989 reforms did improve the efficiency of local government, the sector has become increasingly subordinate to national government and has often lacked the scale, expertise, and resources to meet community needs.[10]

New Zealand is an example of a unitary country in which a comprehensive system of regional and local governance structures has been established to compensate for the absence of a formal middle tier of government, such as that which exists in federal systems like Australia's.

The functions of local government in New Zealand are currently divided between two tiers, comprising 11 Regional Councils and 61 separate Territorial Local Authorities plus six Unitary Councils, which combine local and regional functions (see Figure 8). The boundaries of regional councils were designed to capture the entire area of a small number of territorial authorities, but some Local Authorities span more than one regional council.

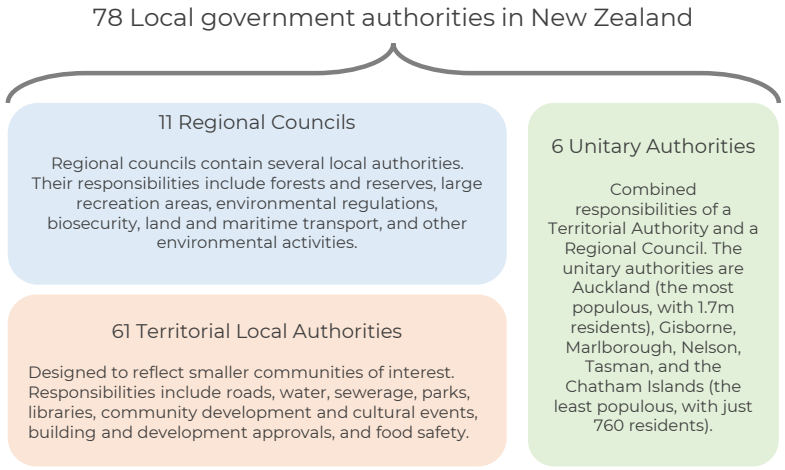


Figure 8: New Zealand's local government units

Recent reforms and key trends

The New Zealand system of local government has been subject to incremental reform over the past three decades (see Figure 9). As in Tasmania and many other jurisdictions, attempts to amalgamate Local Authorities have generally met with community opposition, and the management of water and sewerage services has become a significant issue. In contrast to water and sewage reform in Tasmania, the 'Three Waters' reform agenda in New Zealand is yet to be completed.[11]

Local governance refers to the broader system which determines who makes decisions which influence community wellbeing, how they are made and who decision makers are accountable to. Local government, as a formal entity established by law, is central to this process but it will also involve a wider range of decision makers.

Reflecting the challenges of water and sewerage reforms, and amid growing recognition that local government was facing a number of other significant structural challenges, the current two-year review is examining how New Zealand's system of local democracy and governance will need to evolve over the coming 30 years to improve community wellbeing. A number of the review's aims and observations are of specific relevance to Tasmania:

- simplifying the legislative basis and clarifying the role and accountability of local government while addressing mistrust and conflict between local and central levels of government;
- developing a system of local government that is more representative and engages with a more diverse cross-section of community members and with the Māori community in particular; and
- ensuring that the resources available to local government are sufficient to maintain financial sustainability and to meet current and future community needs.

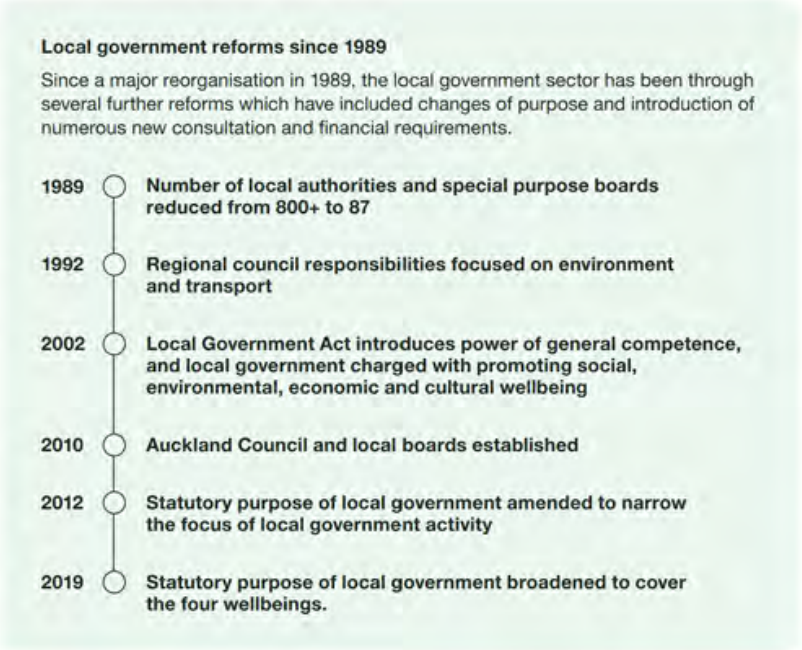


Figure 9: 'Raising the Platform' reform timeline (Image source: New Zealand Government)

Emerging reform priorities reflecting these emphases include deepening intergovernmental partnerships to tackle complex social challenges (poverty, unemployment, housing stress), improving council governance, centralising capital-intensive functions, and enhancing local democratic engagement.

Local government and indigenous/First Nations communities

Under the current *Local Government Act 2002*, local authorities have a range of responsibilities to involve Māori in decision making. There has been widespread recognition that these provisions have not been adequate in the past and at times have resembled box-ticking exercises.[12] As mentioned above, the current review is investigating ways to more effectively embody the Waitangi Partnership between local government and Māori, after observing that "devolution of powers to local authorities without appropriate safeguards has harmed Māori communities".[13]

The review is specifically looking at ways to increase Māori representation, including wider adoption of Māori ward systems, decision making, governance, and resource management at the local government level as well as investigating statutory protections for fresh water and the natural environment.

Local government in New Zealand: Lessons for Tasmania

- Until a major overhaul in 1989, local government in New Zealand was not dissimilar to the Tasmanian system prior to the *Local Government Act 1993*. A key point of difference in the present-day New Zealand system, however, has been the assignment of most natural resource management tasks to a new regional tier that sits above the local authorities. These larger organisations remove the need for inter-municipal collaboration on environmental and strategic planning issues that extend beyond the borders of individual council areas and provide one potential model for more effective, consistent, and integrated local management of natural and built environments.
- There is clear alignment between the scope and aims of New Zealand's current Local Government Review and the Tasmanian process, creating opportunities for sharing insights and lessons.
- The most recent round of local government reform in New Zealand is exploring ways to represent Māori communities more effectively, including by the creation of Māori wards for the purpose of local government elections. The NZ government's approach to enhancing First Nations' voices and representation in local government provides potential models for the Tasmanian government to consider as part of the current exploration of First Nations' representation via the *Pathway to Truth Telling and Treaty* process.

Canada 

Local government in Canada at a glance

- The structure and origins of Canadian local government are similar to the Australian system, and largely reflect Canada's British settlement and political institutions, geography, and federal system.
- The continued process of decentralisation in the Canadian federation, including local government, has been atypical compared with other OECD federations.
- Municipal governments are more varied across the Canadian federation relative to Australia and are roughly twice the size in terms of expenditure as a percentage of GDP, with shared responsibility for core social services including policing, education, and transport in many regions.

The structure of local government in Canada

While there is wide variation across the federation, Canadian local governments are typically responsible for a much wider range of core social services than is the case in Australia, though these are often delivered in partnership with other tiers. Local authorities in Canada have sole responsibility for many typical local government functions like water supply, local sports and recreation facilities, sewerage, waste, cemeteries, and town planning. However, they also play an important role in provision of policing and other emergency services, hospitals, consumer protection, museums, libraries, national parks, economic and community development, and healthcare (among other things) in partnership with the central and provincial governments. Some local governments also play discretionary roles in social welfare, public housing, transport (including small regional airports), and utilities.[14]

Accordingly, they also account for a much higher share of expenditure than Australian local governments (20.6% of general government expenditure, 8.4% of GDP). This is all the more striking considering their small size. The average population of Canada's 3805 municipalities is just 8205 people which means that, as is the case in the French system, a large number of comparatively small local authorities have significant functional and expenditure responsibilities. As a result, and while they raise an almost identical share of revenue from property taxation to Australian councils, they are considerably more dependent on grants.

Recent reform and key trends

Local government reform in Canada in recent decades has been more evolutionary than revolutionary and has attracted scant political or academic attention. This is largely attributable to highly contested and adversarial relationships between some provinces and the national government, particularly regarding equalisation grants. The resulting lack of scholarship pertaining to local government has been characterised as a 'black hole in the study of Canadian politics' by comparison.[15]

Nevertheless, a direct result of fraught intergovernmental financial relationships has been a long-term (and highly atypical, at least among federations) trend of devolution in Canadian government, and this has impacted local government as well. In the context of functional and fiscal devolution, and considering their small average size, a key trend in Canadian local government reform has been a move towards elaborate, albeit often informal, systems of regional governance that support horizontal coordination and resource-sharing among neighbouring municipalities.[16] As in Australia, Canadian communities, especially rural and regional ones, value local municipal representation and have traditionally opposed attempts by the provinces to amalgamate or rationalise local government.[17] One recent exception has been New Brunswick – the Canadian

Province that in many ways most closely resembles Tasmania – where an ongoing structural and boundary reform initiative will reduce the number of municipalities from 340 to 90, consisting of 78 local governments plus 12 'rural districts'.[18]

Decentralisation notwithstanding, and despite general public acceptance of the reform process, the outcome largely retains the features, functions, and population size typical of Canadian local government at large, with many small municipalities (fewer than 1000 people) and a large number of entities overall compared to the OECD average.

Local government and indigenous/First Nations communities

Finally, and though there is no statutory or constitutional obligation to do so, several Canadian provinces and many individual local governments have developed structures to recognise and facilitate local governance for First Nations communities.

This includes the recognition of First Nations communities as municipalities, often with specific extra powers or increased latitude for distinctive local indigenous self-government, regional agreements among First Nations groups and neighbouring municipalities, and in some provinces even treaties between municipalities and local First Nations residents.[19]

Local government in Canada: Lessons for Tasmania

- In Canada, different formal and/or informal collaboration and resource- or service-arrangements occur in different provinces. In Ontario, for example, voluntary shared service agreements are initiated by councils themselves and are usually bilateral rather than consisting of more complex agreements. These agreements concern planning, utilities, waste management, road maintenance, and also emergency services due to the need for continuity of services across boundaries. In British Columbia, formal Regional Districts cover the whole district. Each Regional District has its own administration to plan and deliver services, including aspects of housing, health, and transportation as well as core municipal services.[20]
- Canada's approach to integrating First Nations governance practices in its structures of local government, like New Zealand's, may offer potential models for consideration via the Tasmanian Pathway to Truth Telling and Treaty process. In Canada, local government has become a vehicle not only for recognising First Nations sovereignty over or certain regions or resources, but also for enabling self-government and even treaty.

Ireland 

Local government in Ireland at a glance

- Irish local governments are, at least compared to their OECD peers, relatively populous with an average of around 160,000 residents per municipal area. However, like Australia, the sector accounts for a small share of overall government expenditure. Irish councils and mayors themselves are also quite constrained relative to administrators and general managers. They are also highly dependent on grant revenue.
- The Irish local government sector was radically reformed in 2014. The number of municipalities was reduced from 114 to 31 and some functions (including responsibility for water and sewerage) were centralised.

The structure of local government in Ireland

The system of local government institutions in the Republic of Ireland is, at least by comparison to others in Europe and the British Isles, of a constrained and limited nature. Despite gaining constitutional recognition in 1999, Irish local government, like Australia, accounts for a small percentage of overall government expenditure (roughly 8.4%, or 4% of GDP) and performs a relatively narrow range of functions.

Despite Ireland's minimalist approach to local government, many individual councils, as well as small regional groupings of councils, have developed novel ways of supporting regional identity, community development, and local democratic engagement. Relative to the Australian system, Irish local councils have large memberships, ranging between 18 and 63 councillors.

The principal functions for which Irish local authorities are responsible include planning and building approvals, housing, roads, environmental protection, and recreation facilities. Following a wide-ranging reform agenda enacted in 2014, they were given further responsibilities in planning and economic and community development. These functions are funded primarily via grants and subsidies from the central government. Local authorities raise only around 40% of their own revenue, mostly from fees, tariffs, and property taxation, and therefore rely heavily on grants.

A further unusual feature of Irish local governance is the weak role of elected officials relative to chief executive officers, making it an example of the council-manager type (see p.16 above). This means that, although councils play an important legislative and policy making role, most day-to-day operations of the council are carried out very independently by an unelected executive and administrative staff.

Given the relative weakness of Irish mayors (who are indirectly elected, have little formal power, and serve one-year terms), this means that as well as their administrative functions, chief executives have considerably greater public leadership responsibilities and political profiles than in most other systems. By contrast, and rather than fulfilling the role of a true political executive, mayors in the Irish system play a more symbolic or ceremonial role than in more devolved or decentralised systems.

Recent reform and key trends

As noted above, the Irish local government system underwent major structural reform in 2014, when the number of local authorities was reduced from 114 to 31. These reforms also removed eight regional authorities that acted as intermediaries between the central and local governments, replacing them with indirectly elected 'regional assemblies'. The local authorities themselves were also subdivided into 95 municipal districts, which function somewhat like wards in the sense that under this system councillors simultaneously represent a local authority and a smaller municipal district.

Local government in Ireland: Lessons for Tasmania

- The Irish system is, at least in terms of expenditure and responsibilities, one of the most similar to Australian and Tasmanian local government.
- In 2014, Ireland embarked upon a large program of structural reform which, as in Tasmania, included centralisation of water and sewerage responsibilities into a single national utilities entity (Irish Water). The number of councils was reduced by more than two-thirds and subsequent research has shown that while some efficiency gains were achieved, they were not universal and related more to the consolidation of specific local government functions than of the local authorities themselves. In particular, economies of scale were achieved for the provision of water and sewerage and for roads, two of the sector's most capital-intensive responsibilities.
- While the Irish reforms achieved economies of scale for some of the new units, it did not for others, suggesting to some that consolidation or amalgamation on a case-by-case basis (as opposed to systematic overhauls) is likely a more appropriate method for securing efficiencies in similar jurisdictions.[21]

Table 3: Local government information for selected jurisdictions

Jurisdiction	Number of local government areas	Average, most, and least populous municipality	Expenditure (% of GGE and GDP)	Revenue sources	Powers and governance
Australia	537 local government areas (0.22 per 10,000 persons)	Most populous: 1.25m (Brisbane City Council) Least populous: 64 (Maralinga Tjarutja) Average: 41,000	5.7% of GGE 2.3% of GDP	Grants and subsidies: 29.8% Tariffs and fees: 29.1% Property income: 2.6% Social contributions: N/A Taxes: 38.85%	*Anglo* vertical relations, *collective* mayor-council (horizontal) relations
France	34,836 *communes* (5.325 per 10,000 persons)	Most populous: 2.16m (Paris) Least populous: 1 (Rochefourchat)[22] Average: 1855	20.1% of GGE 11.2% of GDP	Grants and subsidies: 30.8% Tariffs and fees: 15.4% Property income: 1.16% Social contributions: 0.31% Taxes: 52.23%	*Franco* vertical relations, *Strong Mayor* horizontal relations
New Zealand	67 territorial authorities, 11 regional councils, and 6 unitary councils 0.1318 per 10,000 persons)	Most populous: 1.7m (Auckland) Least populous: 780 (Chatham Islands) Average: 76,450	11.5% of GGE 4.4% of GDP	Grants and subsidies: 26.4% Tariffs and fees: 16.05% Property income: 5.14% Social contributions: N/A Taxes: 52.34%	*Anglo* vertical relations, *collective* mayor-council (horizontal) relations
Ireland	31 councils (0.062 per 10,000 persons)	Most populous: 527,612 (Dublin) Least populous: 31,800 (Leitrim County) Average: 160,000	9.8% of GGE 4% of GDP	Grants and subsidies: 53.5% Tariffs and fees: 25.45% Property income: 0.31% Social contributions: 4.2% Taxes: 16.48%	*Anglo* vertical relations, *council-manager* horizontal relations
Canada	3805 municipalities (1 per 10,000 persons)	Most populous: 2.8m (Toronto) Least populous: 5 (Tilt Cove)[23] Average: 8205	20.6% of GGE 8.4% of GDP	Grants and subsidies: 44.5% Tariffs and fees: 14.9% Property income: 2.27% Social contributions: N/A Taxes: 38.33%	*Anglo* vertical relations, *Committee leader* horizontal relations

PART 3: TRENDS AND RECENT REFORM DEVELOPMENTS

The comparative analysis presented in Part 2 reveals five key trends of relevance to the future direction of local government in Tasmania. Some of these trends were identified in the History of Local Government in Tasmania (see Background Paper 1), recently published by the Future of Local Government Review, and others have been identified through research conducted for this paper. This final section summarises these trends, the subsequent reforms that have resulted in other jurisdictions, and their relevance to the future of local government in Tasmania.

3.1 Centralisation, efficiency, and economies of scale

The evolution of local government in recent decades has been characterised by recurrent efforts to reduce the number of councils, standardise or rationalise their functions, and improve their financial sustainability by achieving economies of scale.

The trend towards fiscal and functional centralisation has been a near-universal feature of local and sub-national government reform around the world. With a small number of notable exceptions - such as Canada (see case study above) - the focus of political power, decision making, and revenue raising has moved 'upwards', away from local government and towards higher tiers.[24] Importantly, this general tendency towards centralisation is not unique to local government either and is evident in most federal systems including Australia's.[25]

While pushes to amalgamate smaller councils and centralise or standardise key functions and services hitherto provided by local governments have primarily been driven by the need to ensure financial sustainability and achieve sufficient scale to deliver quality services, the agenda in many jurisdictions has been reinforced by urbanisation.

In almost all OECD countries, metropolitan centres have experienced much stronger population growth in recent decades relative to regional or remote communities, leading to a gradual concentration of population and economic activity within larger urban centres. In many cases, including in Tasmania, regional communities have experienced population decline, creating infrastructure challenges in urban centres and sustainability and service delivery challenges in rural and regional communities.

The growing social, demographic, and economic divides between urban and rural communities have had significant implications for the role and organisation of local government.

However, long-established international trends toward centralising local service provision and rationalising local governments to achieve economies of scale have been contested and subjected to a range of debates and critiques:

- political opposition to structural reform, especially in the absence of support from councillors or local government staff and communities;[26]
- international academic surveys of whether rationalisation has delivered efficiency dividends or better services;[27] and
- normative concerns that the increased focus on efficiency has come at the expense of local democracy and decision making.[28]

While much of the established literature on local government reform (especially structural reform) has characterised the values of local democracy and enhancing efficiency as in constant tension,[29] more innovative analysis of the future role of local government is moving beyond this dichotomy by identifying new and distinctive roles for local government. The emerging emphasis here is on supporting localism where there are clear benefits to be gained from differentiated, place-based approaches while also capitalising on scale efficiencies where centralisation and a standardised approach to service provision are advantageous.

Key pillars of these new and emerging roles for local government include representing and advocating for local communities and coordinating responses to local challenges and priorities (see 3.2 below). The broader agenda of local government in promoting community development and wellbeing is the subject of a separate background paper being prepared for the Future of Local Government Review.

The history of the efficiency agenda in Australia and beyond

Attempts to achieve mergers between councils – whether voluntary or forced – were a centrepiece of local government reform across Australia from the early-1990s to the mid-2010s. However, appetite for forced mergers in particular has waned in recent years, likely due to the political risks associated with opposition from existing councils and communities.[30] This was certainly the case in Queensland, where opposition to mergers was such that the Liberal National Party in 2012 successfully campaigned on an agenda of allowing affected councils to de-amalgamate.

In Western Australia, numerous planned mergers (2011-2013) were voted down in elector polls and eventually abandoned altogether, while in NSW the Government abandoned a comprehensive program of forced mergers in 2017 following council and community backlash and legal challenges. Analysts have argued that the NSW Government failed to make an effective case for the amalgamations, including robust engagement and detailed evidence of the benefits, before attempting the reforms.[31]

In Tasmania, a range of feasibility studies into amalgamation and shared services models over the last decade have identified financial and strategic benefits although these have either been ignored or deemed insufficient to justify reform by some of the councils involved.[32]

Beyond Australia, local government amalgamation has also been met with significant political resistance,[33] although the case study analysis presented above provided examples of successful reforms such as those underway in New Brunswick, Canada, and France. A wholesale amalgamation process was successfully completed in New Zealand in 1989, with 230 units of local government reduced to 74 territorial local authorities.

The national and international evidence suggests that amalgamating and rationalising local government is challenging because local governments themselves are effective political actors and often have an interest in preserving the status quo. Communities, especially in smaller regional settings, are also keen to preserve their local governments and the representation, services and employment they provide.

In terms of the reform process, international research suggests that prospects of achieving amalgamation will be enhanced if there is a clear commitment to the following principles:[34]

- collaboration and co-design with existing local government and community stakeholders;
- building an independent, evidence-based case for amalgamation including the design of new boundaries and administrative structures;
- ensuring the new entity will be financially sustainable and can offer improved services and representation;
- facilitating an informed referendum of affected residents; and
- support from state or national governments during the transition period to ensure affected communities benefit.

Evidence of cost savings and service improvement from amalgamation and centralisation

The second important feature of the international debate about local government amalgamations concerns whether council mergers have indeed delivered better outcomes. Specifically, the national and international evidence on the financial benefits of amalgamations is mixed. Outcomes are largely contingent on the circumstances of specifics cases, with Boyle (2016) providing a survey of the international literature and Aulich (2011) a summary of the Australian research.

The evidence of achieving efficiency gains or delivering improved services following council amalgamations or the centralisation of service delivery might be mixed, but well designed and implemented reforms can deliver better outcomes for communities. The emphasis of recent international reform efforts is on more nuanced and sophisticated approaches to structural reform that seek to:

- establish creative ways to break the assumed nexus between retaining local representation and identity and having all services delivered at the local, individual council level;
- consider ways to pursue consolidation in those service areas where localism is not important (or where the net potential benefits are too significant to be ignored), so that any efficiency dividend realised can then be reinvested into those services where local does 'matter' and add value;
- look beyond a narrow focus on 'cost savings' to consider the broader merits of service consolidation options such as strategic planning, regional coordination and enhancing workforce capability and professionalism; and
- consider changes to administrative/representative boundaries in conjunction with shared services models rather than see them as mutually exclusive alternative options with a shared services agenda being pursued when the politics of amalgamations are too difficult.

The shared services agenda

Political opposition to local government amalgamations, combined with mixed evidence regarding its financial benefits, has led to a greater focus - both in Australia and abroad - on achieving efficiencies and enhancing capability through regional service platforms, shared service arrangements, outsourcing, and state-wide purchasing agreements.[35] While the 'shared services' agenda has often been seen as an alternative to amalgamation and other forms of rationalisation, as noted above, innovative shared services models can complement structural and boundary reforms.

More effective and enduring resource sharing models are based on formal agreements supported by higher tiers of government

In Canada, voluntary shared services arrangements are common. Some are formal and others informal, with different systems occurring in different provinces. The agreements cover services such as health, planning, utilities, waste management, road maintenance, transportation, and also emergency services due to the need for continuity of services across boundaries.[36]

International reviews[37] of models of cooperation and coordination between local governments have identified many and varied examples of shared service models designed to enhance the operational capacity of small municipalities without undermining their role in supporting local democracy and development.[38] While many resource-sharing models are based on informal cooperation between local governments, the evidence suggests that the more enduring and effective examples are supported by formal agreements and resourcing from higher tiers of government.

This shift towards shared services models as an approach that can achieve economies of scale while preserving elements of community-level accountability highlights the increasingly important role of local government in representing communities in new models of regional governance and service delivery (discussed in greater detail in 3.4).

Local evidence and implications for Tasmania

The experience of reform in other Australian and international jurisdictions, combined with local evidence, highlights a number of potential implications associated with this trend in Tasmania. Broadly speaking, policy responses associated with the centralisation and efficiency agenda (both in Tasmania and elsewhere) have generally followed one of three paths:

From 2010 to 2020, the combined populations of Tasmania's ten least populous LGAs shrunk by 2.35%, while its ten most populous grew by 7%

- amalgamation (forced or voluntary);
- shared services or regional cooperation arrangements; and
- tightened financial reporting or auditing frameworks to encourage efficient use of resources.

Evidence for the case underlying these approaches in Tasmania is mixed. While it is true that Tasmanian councils are small by Australian standards (though they are on average more populous than their counterparts in Queensland and the Northern Territory), their size and average population are not unusual internationally. Similarly, rural and regional councils in Tasmania, like Australia as a whole, rely more heavily on financial assistance grants than larger urban councils, but still generate considerably more own-source revenue than municipalities in almost all other OECD federations.[39]

Tasmania's smaller than average council size compared to other Australian jurisdictions is largely a result it being the most decentralised state in Australia, which is one rationale for devolved representation and place-based service delivery via smaller regional or local governments. While this may explain the emergence and evolution of Tasmania's local government system over time into its current form, it is also true that the state has not been immune to the above-noted trend toward urbanisation. If already-small rural and regional LGAs continue to experience population decline, this will inevitably have structural implications.

Nevertheless, the recent history of structural and boundary reform (both forced and voluntary) suggests that community opposition remains a significant impediment to achieving economies of scale via amalgamation.[40]

Of course, such reform is not impossible and in many cases is desirable, especially if a best-practice approach is adopted. As we have noted, similar structural overhauls have recently been undertaken successfully in Ireland (2014) and more recently in New Brunswick, Canada.

It is also true that while the evidence on the benefits of amalgamations is mixed, well-designed reforms can deliver sufficient economies of scale, savings and efficiencies. Research has shown that the 1993 reforms in Tasmania, for instance, did achieve financial sustainability improvements for some of the new units, though not all.[41]

The evidence also shows, however, that the quantum of savings that can be achieved via amalgamation or shared services varies significantly across councils and functions. For example, research conducted in Tasmania in the early-2010s found that the largest efficiency dividends on offer from economies of scale in Tasmanian local government were from very capital-intensive functions like provision of water and sewerage services,[42] which have since been consolidated and centralised.

For these reasons, it has become increasingly common for local governments to instead seek economies of scale via shared services arrangements, outsourcing, or corporatisation rather than amalgamations. While all Tasmanian local governments already participate in such arrangements to some degree, there is wide variation in their formality and effectiveness, and relatively scant evidence measuring and comparing the efficiencies on offer from different models.

Finally, it is important to note that while achieving financial savings via efficiency measures or enhanced economies of scale has historically been the main driver of council mergers and shared services arrangements, there is a growing emphasis internationally on the wider benefits of such reforms. These include improved or expanded service provision, the ability for councils to undertake large or capital-intensive projects in their communities and to improve capacity for long-term strategic and settlement planning. Above all, such reforms can enhance capability through improved systems and increasing council's capacity to recruit, support and retain high-quality professional staff, thereby enhancing local government's strategic capacity and long-term role in regional governance.[43]

3.2 Governance, conduct, transparency, and accountability

Local government frequently finds itself the focus of public concern surrounding issues of integrity, probity, professionalism, and accountability in Australian politics.[44] Given the size of the local government sector in Australia – 537 councils, thousands of councillors, and almost 200,000 employees – it is almost inevitable that cases of misconduct and maladministration will occur. Sansom observes that public awareness and concern is largely because so much of local government business is conducted in public. Another contributing factor could be the fact that many councillors have only limited experience in public life, illustrating the importance of training for councillors and councillor candidates.

It is important to note that concerns about governance and conduct in Australian local government also apply to other tiers of government, with public opinion research suggesting that citizen trust and satisfaction with the probity and competence of elected local officials is actually higher than for their state or territory and Commonwealth counterparts.[45]

Nevertheless, legitimate questions over councillor behaviour, codes of conduct, independent investigative bodies, donations and disclosure, corruption, and other forms of misconduct do arise, and the need to address such issues has figured prominently in recent reviews or reforms by Australian state and territory governments.

The history of the governance reform agenda in other jurisdictions

In the past two decades, local government reviews and reform initiatives in almost every Australian state and the Northern Territory have sought to improve conduct, transparency, behaviour, and professionalism in local government.

Most jurisdictions (Tas, NSW, Vic, QLD, WA, SA) have either introduced or updated state-wide local government codes of conduct and most have also established mechanisms for independent oversight, often with powers to investigate misconduct and impose penalties. Some of these reforms have been undertaken after concerns have been raised that too many minor, low-level behavioural complaints consume too much attention, with insufficient mechanisms to deal with more serious conduct breaches.[46] The introduction of compulsory training for council candidates and/or newly elected councillors in some states is a further mechanism to support better behaviour and compliance, which has been welcomed in some quarters as a more positive and proactive approach to dealing with issues of conduct.[47] Nevertheless, at this stage there is little systematic evidence bearing on whether such reforms are resulting in improved conduct and compliance.

In addition, several recent reform efforts have introduced measures to strengthen local governments' accountability and transparency. Victoria has led the charge on supporting the interface between councils and communities, with all four-yearly council plans required to include engagement policies and the development of the 'Know Your Council' website to provide performance information about councils.

Western Australia has also made changes to local government election processes in an effort to produce more representative results, including tightened rules to ensure that only legitimate residents and business owners vote; the direct election of mayors in larger councils; introduction of preferential voting; and new rules on elected numbers of members on councils (based on the populations they represent).

Registers of members' interests have been enhanced, with those in the Northern

Territory and WA now published online. WA requires council meetings to be recorded and made available online. Queensland has focused attention on tightening up donation rules following the 'Operation Belcarra' Crime and Corruption Commission investigation, introducing a requirement for real-time political donation disclosure, mandatory disclosure of all donations above $500, and transparent candidate bank accounts.

Similar issues and initiatives have occurred in New Zealand. The *Local Government Act 2002* requires each local government to have a code of conduct. Concern has been expressed in some quarters that codes may at times have been used inappropriately or vexatiously by some actors for political gain,[48] but work is ongoing via the current review to increase public trust and confidence in local authorities.[49]

Local evidence and implications for Tasmanian perspective

While the Tasmanian local government sector has experienced high-profile cases of misconduct, there is little evidence to suggest that the problems are systemic. There is also little specific evidence or analysis on whether unethical conduct, conflicts of interest, or behaviour breaches are a more significant problem in Tasmanian local government than in other Australian states and territories at a local or state level.

Nevertheless, and while not representative of the sector as a whole, recent and well-publicised conduct issues – iincluding those that resulted in Boards of Inquiry into the Glenorchy City and Huon Valley councils – have the potential to damage public trust in local government.

For these reasons, conduct, transparency, and accountability have understandably been a focus of recent reform initiatives in Tasmania, including the introduction of the enforceable Local Government Code of Conduct in 2016. Further changes have been recommended as part of the state government's Review of Tasmania's Local Government Legislation Framework. These include, but are not limited to:

- legislating good governance and financial management principles;
- introducing capability requirements for elected members, including understanding meeting procedures and financial statements, ethical decision-making, and budget preparation;
- establishing minimum standards of behaviour for council staff, including general managers;
- mandating electronic recording of council meetings;
- simplifying and clarifying conflict of interest rules;
- strengthening the information-gathering powers of the Director of Local Government;
- introducing powers for the state government to appoint Financial Controllers to councils with demonstrated financial challenges;
- providing the minister with the power to dismiss individual councillors or whole councils; and
- introducing a local government performance reporting framework.[50]

While these proposals and others could conceivably lead to increases in complaints or breaches as a result of tightened rules, there is little evidence relating to the long-term impact of this reform trend on professionalism and conduct itself in local government in Tasmania or elsewhere. There is, however, evidence that some specific measures, notably codes of conduct, are ineffective in influencing ethical decision making among public sector workers in other settings.[51]

3.3 Community development, wellbeing, and 'place-shaping' roles

Arguably the most significant emerging trend in the recent history of local government in Australia and internationally is the shift over time from a narrow and transactional range of 'services to property' towards more expansive 'services to people'.

This rise in council activity in the shaping of community identity, representing local interests in regional, state, or national forums, and coordinating community responses to an expanding range of challenges and opportunities is an increasingly important role for local government. Many of these new areas of local government service provision are bespoke or specific place-based responses to unique local conditions or community needs. In other words, while a core suite of 'traditional' council services are delivered with relative uniformity (at least among councils of similar size and resources), many of these newer or emerging areas of council activity are highly tailored, focusing on issues where a coordinated place-based response is required.

This point was emphasised in the Interim Report of New Zealand's Review of the Future of Local Government, which highlighted the importance of community coordination and leadership when responding to complex social challenges such as child poverty, unemployment, mental health and homelessness.[52]

The idea of place-shaping, which sees councils as stewards of local identity and regional community development, was popularised by the 2005 Lyons Inquiry into Local Government in the UK and encompasses a number of different but complementary elements. Specifically, the Lyons Inquiry found that the strategic 'place-shaping' role of local government might encompass:

- building and shaping local identity;
- representing the community, including in discussions and debates with organisations and parts of government at local, regional, and national levels;
- regulating harmful and disruptive behaviours;
- maintaining the cohesiveness of the community and supporting debate within the community, ensuring smaller voices are heard;
- helping to resolve disagreements, such as over how to prioritise resources between services and areas, or where new housing and development should be located;
- working to make the local economy more successful, to support the creation of new businesses and jobs in the area, including through making the area attractive to new investment and skilled workers, and helping to manage economic change;
- understanding local needs and preferences and making sure that the right services are provided to local people through a variety of arrangements including collective purchasing, commissioning from suppliers in the public, private and voluntary sectors, contracts or partnerships, and direct delivery; and
- working with other bodies to respond to complex challenges such as dealing with natural disasters and other emergencies.[53]

While local government delivers a core suite of 'traditional' services, many newer or emerging areas of local government activity are highly tailored, focussing on issues where a coordinated place-based response is required

Given the breadth and complexity of this topic, it will be analysed in greater detail in the Future of Local Government Review's next background paper to be published in June 2022.

3.4 Representation and regional governance

There is growing recognition that many of the complex challenges facing communities require collaboration across a range of governments and organisations (see 3.3 above). Place-based collaboration can involve cooperation between councils and community organisations to deliver regional programs or partnerships between federal, state, and local governments to ensure that state and national programs are attuned to local needs. It can also entail the establishment of intermediate 'regional' governance organisations that sit above local governments and deliver functions impacting the entire area, as is the case in New Zealand and Canada.

This shift from a model in which there is a clear demarcation between the roles and functions of different levels of government to a system of regional 'governance' characterised by cooperation to design and deliver local programs that address community priorities has a number of implications for the future of local government.

The history of regional governance in other jurisdictions

Regional governance is hardly new and has been evident across a range of OECD countries since the 1970s. In Australia, the Whitlam Government's New Regionalism agenda resulted in a specific focus and funding for a range of regional development programs.[54] In Canada, an elaborate system of regional organisations has evolved to support and coordinate municipal governments and provide a diverse range of services at a regional scale (see Canada case study above).[55]

The importance of developing a system of local governance in which the many organisations that contribute to local wellbeing can work together more effectively to address future challenges is a central objective of the Review into the Future of Local Government currently underway in New Zealand.[56]

This trend towards local governance is evident in Tasmania and nationally. The Cradle Coast Authority, the Southern Tasmanian Councils Association, and the Northern Tasmania Development Corporation are examples of entities established by local governments to coordinate and support economic and community development on a regional scale. 'City Deals' represent another example of regional governance based on horizontal and vertical partnerships between all three levels of government and communities to create more productive and liveable cities.

State Governments across the federation are also actively promoting regional coordination, decision-making, and shared-services arrangements via support for regional collaborations among neighbouring councils. NSW has formalised this approach with a Joint Organisation Framework that underpins a system of 13 Joint Organisations (JOs) (s.400). The Western Australian Local Government Review Panel proposed expanding its system of regional cooperation, by improving regional cooperation between local governments in their formal planning activities and strengthening resource and service delivery sharing arrangements between local governments.[57]

Local government, with its formal role in representing local communities and stewarding their development, has an important part to play in emerging forms of local governance. This includes three distinct but related functions including community voice and representation, facilitating community collaboration and engagement, and advocating for communities at regional, state, and national levels.

1. *Community representation and engagement*

Local government has a long-established, formal role in representing community interests to other tiers of the federation. Traditionally, elected officials have used their mandate in relation to council level decision making but increasingly are using this

mandate and their formal authority to represent community interests in regional governance structures and other place-based programs as well.

New Zealand's Future of Local Government Review has found that despite being 'closest to the people', local governments have consistently failed to engage with and represent the diverse groups and interests in present-day New Zealand, with the failure of local government to respond to the needs of the Māori community of particular concern.

2. *Facilitating collaboration*

In addition to representing communities, local government can play a key role in facilitating and supporting community engagement and collaboration. Within the emerging literature on place-making and collective impact there is growing recognition of the vitally important role played by 'anchor' or 'enabling' institutions which have the following characteristics and capabilities:[58]

- an established and enduring role in regional communities;
- deep and widely acknowledged connection and partnerships within communities and the broader array of actors involved in local governance;
- legitimacy and political authority within a community;
- resources, administrative systems, and capabilities to support and sustain regional collaboration; and
- effective and respected leadership.

While other actors, such as established and respected community sector organisations or specific regional organisations, can successfully act as anchor institutions in regional governance. There is broad-based recognition that local government, either individually or in partnership with others, are well placed to act in this increasingly important role.

3. *Community advocacy*

Beyond formal representative roles in regional governance, local councils can also represent their communities, such as by acting as advocates on issues of importance to their constituents. This is a way for councils to exert influence in spheres that would normally be outside their purview - both in terms of jurisdiction and policy domains - to further extend their role as representatives of their electors.

Councils may feel the need to advocate for causes based on community expectations, identity, cultural capital and histories, and/or their own institutional culture, practices, and values.[59] These causes may be broad issues - such as tackling climate change - or focused on particular projects - for example, lobbying higher tiers of government for infrastructure or transports projects or, conversely, advocating against such projects.

In terms of advocating for climate action, local councils across the country have played an active role. For example, 96 local governments across Australia have declared a climate emergency over the past two years. While such declarations may seem symbolic, such acts of community advocacy may well be the precursor to more substantive policy action.[60]

In terms of economic development, the G21 group of councils in Victoria - which includes Greater Geelong City Council and four other rural/coastal councils - have been successfully advocating after the demise of the local automotive manufacturing industry,

"The overall evidence from New Zealand is that local decision making is not as democratic as it should be and that some sectors of the community cannot make their voices heard" (NZ Review)

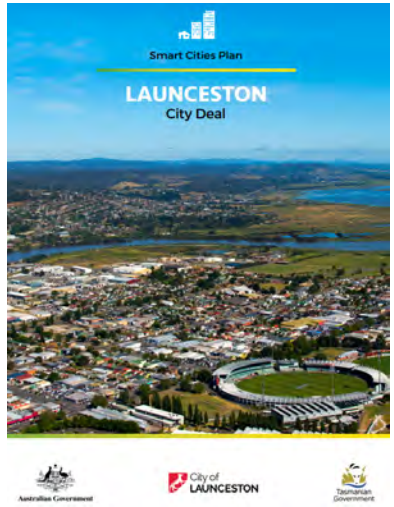
Local evidence and the Tasmanian perspective

While their level of formality and sophistication varies, all Tasmanian councils are already engaged in regional governance arrangements to at least some degree, mostly via four main structures:

- The state contains three explicitly regional groupings of councils: the Cradle Coast Authority, the Northern Tasmania Development Corporation, and the Southern Tasmanian Councils Authority. These organisations coordinate joint action among member councils on various issues of shared concern, as well as lobbying or advocating to the state and federal governments on the councils' behalf.
- City Deals (infrastructure and economic development partnerships between local and state governments and the Commonwealth) are the second major type of regional governance and development vehicle in Tasmania. Both Launceston (2017) and Hobart (2019, involving Clarence, Glenorchy, Hobart, and Kingborough) have entered into City Deal partnerships that jointly fund major infrastructure and urban renewal projects.
- The third vehicle coordinating collaboration between local governments, other organisations, and other tiers of government is Regional Development Australia.
- The four Greater Hobart councils coordinate various strategic planning, settlement, liveability, transport, and urban renewal projects and decisions via the *Greater Hobart Act 2019*. As a step towards integrated metropolitan governance for the state's capital, the Greater Hobart Act framework facilitates the implementation of an overarching development, settlement, and strategic planning process overseen by a committee of mayors and relevant state government ministers supported by an advisory group of managers and administrators.

While these structures are certainly valuable and are expanding over time, to date they only facilitate collaboration and cooperation across a relatively narrow range of council functions. They also rely on consistent and committed engagement from member councils, which do not all have equal resources, capacity, or personnel to contribute. Furthermore, regional governance arrangements of the opt-in, voluntary type operating in Tasmania may not be capable of entirely overcoming the collective action problems that incentivise inter-council competition for rates bases and other resources.

Finally, the international trend towards integrated regional governance for cities and urban areas, often described as metropolitan governance, highlights the potential coordination, strategic planning, and settlement problems that can arise from having several municipal areas within one larger and otherwise coherent urban agglomeration. While the so-called 'Australian model' of metropolitan governance sees state governments playing a greater role in development, infrastructure, and transport planning responsibilities in large cities,[62] the trend internationally has been towards greater local government consolidation and collaboration in cities.[63]



3.5 Sustainability, climate change, and environmental stewardship

Tasmania is committed to climate action and developing a comprehensive sustainability framework to promote long-term community wellbeing. Given that promoting sustainability and preparing for climate change requires collaboration and coordination at a local level, there is growing recognition, both in Australia and beyond, that local governments will play an increasingly important role in environmental management, promoting sustainability, and responding to climate change.

Councils' connections, networks, and local knowledge, combined with their responsibility for settlement planning, asset management, and emergency response functions, mean that they are well-placed to promote sustainability and facilitate community-level climate change mitigation, preparedness, and adaptation. The United Nations International Panel on Climate Change (IPCC) argues these crucial roles are highly context-dependent and place-based, making them a natural fit for local government action.[64] In terms of adaptation, the local government role will comprise:

- developing climate change adaptation plans;
- encouraging climate-positive behaviour change in communities;
- supporting residents to be aware of and prepared for local climate and natural disaster risks;
- ensuring local and traditional knowledge are incorporated into adaptation planning and policy;
- playing an anchoring role in community responses to increasingly frequent extreme weather events;
- ensuring future infrastructure and assets are climate-resilient (and retrofitting current infrastructure and assets where possible);
- supporting environmental management projects with an eye to adaptation, such as employing nature-based solutions where possible; and
- collaborating with other councils and with state and territory governments to manage regional climate impacts and risks.[65]

In addition, councils are well-placed to drive effective and sustainable natural resource management practices. Developing a 'circular economy' and establishing local supply chains is increasingly recognised as a way to mitigate climate change, improve supply-chain security, and promote local employment and sustainable economic development.

Local governments can promote the circular economy through:

- purposeful design of the built environment;
- tracking use, reuse, and recycling of products and materials;
- coordinating and facilitating partnerships with private entities who have innovative solutions;
- developing local supply chains;
- leading by example and developing public procurement policies that adopt sustainable targets;
- advocating on behalf of local communities and collaborating with state and national government to develop consistent circular economy strategies; and
- supporting widespread behaviour change in communities, including raising awareness of the impacts of 'habitual choices' on environmental and social systems.[66]

Lastly, as stewards of public spaces, including parks and parklands, councils will play an increasingly important role in conservation. The recent 2022 IPCC report emphasises that local government must play a key role in both mitigation and adaptation strategies through its land-use planning and development, and environmental management responsibilities.

Local climate and sustainability governance in other jurisdictions

Local governments across Australia are playing a more significant role in promoting sustainability and climate action at a local level alongside long-established environmental management functions.

This may come in the form of advocacy on climate change, such as councils declaring climate emergencies, leading by example to develop their own net-zero plans,[67] or even developing community batteries to store renewable energy, such as in the North Fitzroy battery trial currently being established by Yarra City Council.[68]

Local land-use planning is one of the most impactful vehicles for council- and community-level climate adaptation. Creating and maintaining green spaces will become more important in a warming climate, contributing both to carbon storage and also keeping cities and communities cooler during heatwaves. The City of Melbourne's Urban Forest Strategy is viewed as a benchmark urban greening initiative in this space.

Further afield, New Zealand's local government sector is co-leading the Climate Change Project with the central government. This project aims to develop:

- an evidence base to support a comprehensive framework for risk reduction and/or retreat.
- a comprehensive adaptation plan for New Zealand.
- a local government view on emission reduction targets and how to achieve these for New Zealand.

Local governments in other systems are likewise becoming increasingly active participants in climate change mitigation, preparedness, and adaptation. Some notable examples include:

- **Canada**: a group of local governments in British Columbia (BC) developed a voluntary Climate Action Charter committing members to meet agreed climate action milestones and have also developed local carbon taxes. Since 2007, 187 of BC's 190 municipalities have signed on to the charter.[69]
- **The Netherlands**: many Dutch councils have taken critical enabling and facilitation roles in support of various community-level climate adaptation initiatives, with a particular emphasis on local flood preparation and response, via the Climate Adaptation city Deal platform.[70]
- **Japan**: many local governments in Japan have consistently adopted more ambitious emissions abatement and climate change adaptation strategies than prefectural or central governments, with many adopting net-zero emissions targets and coordinating on adaptation planning via groups such as the Japan Climate Initiative and the International Council for Local Environmental Initiatives.

Circular economy ideas are likewise gaining traction within local governments around the world. The concept of the 'circular economy' refers to highly-localised production and consumption models that minimise waste and pollution via reuse, recycling, and sharing of resources.[71] Many councils across Australia are already at the forefront of educating communities about recycling. Increasingly, councils are also collecting food waste via 'FOGO' (food organics, garden organics) programs. At least 223 local governments around Australia now have a FOGO collection, to transform the waste into a useful resource for agricultural and council purposes.

Local evidence and the Tasmanian perspective

Tasmanian councils that have long been involved in waste and natural resource management are increasingly focused on climate change mitigation and adaptation. Many are developing plans to achieve net-zero emissions and/or reduce absolute emissions and support their communities to adapt to a warming climate. For Tasmania, climate will see bushfires become more frequent and more intense, fuelled by hotter and drier summers. Sea-level rise and coastal erosion will also increase. Several Tasmanian suburbs are at particular risk from rising sea levels and coastal erosion, including Lauderdale, Opossum Bay, Howrah, Sandy Bay, and Kingston Beach.

Many councils are collaborating to support each other in preparing for the effects of climate change. For example, the City of Hobart led the Regional Councils Climate Adaptation project, which supported the development of climate adaptation plans for all 12 of the southern Tasmanian councils, along with the Regional Climate Adaptation Strategy.

Tasmanian councils have also been able to contribute to initiatives such as:

- the Smarter Fleets Program, which has supported nine councils to prepare to transition vehicle fleets to electric;
- investing in the Home Energy Audit Toolkit, to help community members to understand how they use energy; and
- applying for ChargeSmart grants to support the installation of electric vehicle charging stations.

Finally, Tasmanian councils have a critical long-standing role in waste management. The development of a Tasmanian Waste Action Plan will see this role continue to evolve and achieve greater consistency across the State. Individual councils are taking the initiative too, with increasing numbers of Tasmanian LGAs providing a FOGO collection. The ongoing development of a Tasmanian Sustainability Strategy, in response to the PESRAC Final Report, will provide a further opportunity for sustainable principles and practices to be embedded at all levels of government, including local government.

Tasmanian councils are also leading the way in preventing waste from being created. The City of Hobart was the first city in Australia to ban single-use plastic takeaway food packaging, in an effort to reduce the amount of plastic going to landfill. Other Tasmanian councils are also taking steps to reduce plastic in landfill, banning single-use plastics at their events and supporting other event organisers to implement recycling and waste diversion programs.[72]

The evidence suggests that local government in Tasmanian will play an important and growing role in local natural resource management and sustainability initiatives in the future and will be at the front line of community climate action. While the sector is already playing an important role in these areas, it is important to acknowledge that the overall contribution of the sector is highly variable and dependent on available resourcing.

CONCLUSION

The comparative analysis presented in this paper reveals some of the ways in which Tasmania's system of local government is different or unusual, but also many in which it is typical.

As in most places, Tasmanian local governments deliver a core range of local services alongside an emerging and increasingly important set of community development, local identity, and wellbeing roles. Unlike many other systems, however, Tasmanian councils and Australian local government in general are relatively constrained in their executive powers, revenue raising capabilities, tax bases, and expenditure. They are also responsible for a considerably narrower range of core social services than is standard in most OECD countries. It is important to note, however, that Tasmanian local government exhibits enormous variation internally. Even in this regard, however, it is much like many of its comparators around the world. While the averages and systemic comparisons presented in this report are revealing, they should be understood in the context of considerable disparities between large, populous urban or metropolitan councils on one hand and very small or sparsely populated rural ones on the other.

Despite this wide variation, this paper has found that that local governments around the world face common challenges and are evolving largely according to common trends.

First, with a very small number of exceptions (such as Canada and Italy), local government around the world has experienced considerable centralisation and consolidation. The number of local government units in almost all relevant jurisdictions has been falling for several decades, and the range of services they provide has been narrowing. Second, local government reform initiatives in Tasmania as well as in other jurisdictions have increasingly focussed on addressing issues of councillor conduct, professionalism, and transparency. Third, local governments are becoming active and involved stewards of community identity. Evidence for the growth of local government 'place-shaping' functions can be seen in Tasmania and around Australia in the ever-increasing share of council budgets spent on arts and recreation and community development. Fourth, it is becoming increasingly common for local governments around the world to engage (sometimes by choice, sometimes not) in larger joint structures of regional governance. These include shared services arrangements and joint organisations or authorities as well as vehicles like city deals in Tasmania. Finally, local governments are almost universally emerging as active and important players in climate change adaptation, sustainability, and broader environmental stewardship or conservation.

The cumulative result of all of these changes is that some functions that may once have had a strong rationale for local democratic representation and differentiated place-based delivery are gradually being centralised. At the same time, however, new priorities are emerging. Local governments in Australia and around the world are pioneering new areas of government activity, as well as engaging more proactively in ones that may formerly have been the domain of other tiers. The implications of this ongoing shift for local democratic representation and service delivery, with a particular emphasis on the critical and evolving shift towards local 'place-shaping', are explored in the third background research paper being prepared for the Future of Local Government Review by the University of Tasmania.

END NOTES

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New South Wales

Local government in New South Wales operates under the *Local Government Act 1993* (NSW). The Act allows local councils to "provide goods, services and facilities, and carry out activities, appropriate to the current and future needs within its local community and of the wider public, subject to this Act, the regulations and any other law" (s.24). This means that each council is able to decide what services it provides, in consultation with its community. Some services are provided on a user pays basis while others are funded through rates on landowners and grants (https://www.yourcouncil.nsw.gov.au/nsw-overview/services/). Each local government area in NSW is managed by a council that is voted in by residents of that area. Some LGAs are divided into wards for election purposes. In some NSW areas, voters directly elect mayors, whilst in others mayors are chosen by the elected councillors.

Recent reform efforts

On the back of legislated amalgamations in the 2000s, the NSW Government kicked off another round of reviews in 2012 linked to the Destination 2036 Action Plan, under the auspices of the Local Government Acts Taskforce and the Independent Local Government Review Panel. The Taskforce was implemented to develop new legislation to replace the *Local Government Act 1993* and the *City of Sydney Act 1988*. The Review Panel was tasked with investigating governance model options, structural arrangements and boundary changes, investigating options to enhance regional collaboration, examining the revenue system, and identifying functions that are local or state responsibilities (https://web.archive.org/web/20150209125204/http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Revitalising%20Local%20Government%20-%20ILGRP%20Final%20Report%20-%20October%202013.pdf). These reform efforts saw the NSW Government establish a methodology for assessing council financial sustainability, and then asking councils to submit performance data, which were assessed by the Independent Pricing and Regulatory Tribunal (IPART). On receipt of the data, the Government concluded that council numbers should be reduced from 152 to 112. More recently, a number of reviews of the local government Code of Conduct have been undertaken, with the latest announced in November 2021.

Reform Outcomes

The intention of the Taskforce was to create a new act, but amendments to existing legislation were subsequently made instead via the *Local Government Amendment Act 2019*. Amendments were of a minimal nature, largely concerned with specific issues related to extending the current rates path freeze for a further 12 months and matters regarding the administration of the 2020 elections.

Meanwhile, most of the proposed announced changes to boundaries were eventually abandoned in response to legal challenges and community opposition. The community response had been mixed at best. Indeed, Professor Graham Sansom, the Government's expert advisor on the Panel, was scathing of the merger proposals claiming that "there has not been enough work to provide an adequate justification for these proposals" and that he was awaiting more details of the assessment process (https://www.smh.com.au/national/nsw/council-mergers-expert-adviser-graham-sansom-slams-merger-proposals-20151219-glrg0o.html). Mayors and councillors of councils that were to be merged felt that the mergers were decided on despite the fact that no one in the communities wanted them, with one declaring that 'democracy is dead in New South Wales' (ibid.). After a number of legal challenges to the mergers, the Premier announced the State would abandon plans to force mergers affecting 14 Sydney-based councils and others in country areas and conceded that "she should perhaps have listened to councils and voters earlier in the process" (https://www.theaustralian.com.au/nation/politics/nsw-premier-gladys-

berejiklian-backflips-on-mergers/news-story/51f887152e7c91259d68c011e1f37133).

Down the track, in 2018, the Government addressed its preference for scale in a different manner by establishing formalised voluntary joint collaborations between councils, underpinned by a new amendment to the Act. There are currently 13 Joint Organisations through NSW with most, but not all, NSW councils currently belonging to a Joint Organisation. In 2021, the Office of Local Government commissioned a review of the Joint Organisation framework, with a view to ensuring the effectiveness of the framework, so that JOs can deliver their core functions. The review findings were supportive of the framework but included some recommendations for improvement (https://www.olg.nsw.gov.au/programs-and-initiatives/joint-organisations/).

The series of Code of Conduct reviews have seen a tightening of disciplinary action to be taken against misbehaviour, with the Division of Local Government given powers to investigate allegations of misconduct. Typically, the reviews involve calls for submissions, the release of discussion papers and further consultation. The recently announced review of the Code of Conduct has received support from some in the local government sector, with recognition that the systems, processes and conduct policies need to be clearly defined (https://coastcommunitynews.com.au/central-coast/news/2021/06/independent-review-to-examine-penalties-for-councillors-breaching-code-of-conduct/). Media and the Opposition have focused on the cost of Code of Conduct complaints, supporting the review of processes for making code of conduct complaints (https://www.dailytelegraph.com.au/news/nsw/15m-in-council-code-of-conduct-complaints-search-your-lga/news-story/b4074e7a0a70948bfa6f46b5ea98260f; https://www.theleader.com.au/story/7526145/the-cost-of-code-of-conduct-complaints/).

Victoria

Local government in Victoria is underpinned by the *Local Government Act 2020*, which states the role of a Council is to provide 'good governance in its municipal district for the benefit and wellbeing of the municipal community' (s8). Councils in Victoria have the autonomy to provide services for their communities, and are able to enact local laws. Currently, City of Melbourne is the only local council with a directly elected mayor. Some LGAs are divided into wards for the purposes of voting. Voting is compulsory in Victoria and now occurs on the same day every four years.

Recent reform efforts

Recent major reform was achieved out of the Local Government Act Review (2015 to 2020). This Review is notable for its exhaustive consultation process. The process has included:

- Stage 1: Discussion paper released; 348 submissions received; 10 community fora; six technical working groups; meetings with peak associations including ratepayers' associations; further background papers released
- Stage 2: The directions paper, *Act for the Future – Directions for a new Local Government Act*, released; 333 submissions received; 18 community fora
- Stage 3: Targeted consultation comprising seven technical working groups; meetings with peak ratepayer groups; meetings with key stakeholders; meetings with council peak organisations and newly elected councillors
- Stage 4: Exposure draft of new Local Government Bill released with opportunity for feedback to be received before Bill introduced into Parliament
- Stage 5: A Policy Reform Proposal Paper, on six key reforms, was released publicly for feedback; 429 responses were received.

The Government hoped that the review would result in: improved local responsiveness through the removal of much of the previous legislation that results in discouraging council responsiveness; increased 'democratic' accountability; and councils being safer workplaces (Kairouz, Second Reading Speech, https://hansard.parliament.vic.gov.au/isysquery/73153292-7777-42c2-8193-c3a79edba2d6/23/doc/).

Reform outcomes

New elements introduced during the reform process included: rate-capping in line with inflation; the establishment of the Know Your Council website to give citizens performance information about their councils; and the strengthening of the councillor conduct framework (Kairouz, ibid.). The new *Local Government Act 2020* is a largely rewritten and principles-based act. The five principles are: 1. Community Engagement; 2. Strategic Planning; 3. Financial Management; 4. Public Transparency; 5. Service Performance. The new provisions of the act include the following: a requirement for all councils to develop four year council plans with certain mandated features including community engagement when developing them; a requirement for all council administrations to have an independent complaints mechanism; ministerial appointment of a Municipal Monitor to enable Government to monitor compliance, establishing a trigger for further intervention if required; establishment of provisions to suspend councillors who compromise their council's ability to deliver good governance; giving councils the power to establish their own beneficial enterprises; supporting opportunities for collaboration between councils; requirement for councils to develop engagement policies, public transparency policies, and community visions; introduction of legal protections against sexual harassment, including disqualification of offenders (see Victoria (2020). *Local Government Act 2020*, Authorised Version incorporating amendments as at 1 December 2021).

Queensland

Queensland councils' responsibilities and powers are outlined in the *Local Government Act 2009*, except for Brisbane City Council, which is governed by the *City of Brisbane Act 2010*.

Recent reform efforts

Queensland underwent extensive review and change in the 2000s under the Premiership of Peter Beattie, with the creation of the Local Government Reform Commission and controversial compulsory amalgamation of 156 down to 72 councils, underpinned by legislation. This process saw the federal Howard Government threaten to intervene and subsequently fund plebiscites on the change. While voting in the plebiscites was voluntary, they did return a mostly overwhelming no to the mergers (https://www.aec.gov.au/Elections/referendums/Advisory_Referendums/qld_council_2007/results.htm). When the Liberal National Party won office in 2012, the State Government invited amalgamated councils who wished to de-amalgamate to do so. Subsequently, four of these new entities de-amalgamated.

After such a tumultuous reform experience, further reform was not attempted again until 2017, when the Annastacia Palaszczuk Government embarked on its 'rolling reform agenda' (https://www.statedevelopment.qld.gov.au/local-government/local-government-reform/background). This reform arose out of CCC investigations which led to serious criminal charges being laid against a number of councillors and local government employees and aimed to overhaul councillor behaviour, including the acceptance of election donations (https://www.dlgrma.qld.gov.au/newsletters-and-brochures/bulletin-03-18).

Reform outcomes

The CCC had found, in its Belcarra report, that good government requires elections to be held on a level playing field, with equal participation available to all. It also found

that there is a need for complete transparency about councillors, how their campaigns are funded, their interests and affiliations, and their relationship with other candidates. Following consultation with mayors, councillors and stakeholders, the Government proposed key changes prior to legislation being drafted (https://www.statedevelopment.qld.gov.au/local-government/local-government-reform/stage-2-reforms). Further changes were again made in 2020, after feedback from the local government sector and also with the aim to align local government with requirements applying to State Members of Parliament (https://www.statedevelopment.qld.gov.au/local-government/local-government-reform/accountability-and-integrity-act).

In May 2017 it became mandatory that real-time election donations be disclosed and that all election donation limit greater than $500 be disclosed (https://www.dlgrma.qld.gov.au/newsletters-and-brochures/bulletin-11-17). One year later, the Belcarra Report made recommendations to reduce the risk of corruption and to improve equity, transparency, integrity and accountability in local government elections and decision-making. Implemented out of this report was a prohibition of donations from property developers and a strengthening of the declaration of conflicts of interest processes (https://www.dlgrma.qld.gov.au/newsletters-and-brochures/bulletin-03-18). Further, councillors charged with a disqualifying offence are now automatically suspended from office and additional powers are available to the State Government to intervene if it is in the public interest.

In December 2018 a new councillor complaints framework was implemented which included:

- A new uniform code of conduct for Queensland councillors including standards of behaviour for councillors
- Requiring all declaration of offices to include that they will be abide by the new code of conduct
- New annual reporting requirements, including the requirement to report on inappropriate conduct (https://www.dlgrma.qld.gov.au/newsletters-and-brochures/bulletin-11-18)
- Creation of the Office of the Independent Assessor

The reform outcomes impacted local government elections, councillor conduct and conflicts of interest, gifts and donations, meeting procedures, accountability and transparency, right to information, and governance changes regarding the relationships of CEOs/GMs to mayors and councillors. One year later, in October 2019, further Belcarra reforms were implemented including mandatory training for councillor candidates and transparent candidate bank accounts and financial returns (https://www.statedevelopment.qld.gov.au/local-government/local-government-reform/stage-2-reforms).

More changes occurred in 2020 after feedback from the local government sector on conflict of interest requirements and registers of interests with the passing of the *Electoral and Other Legislation (Accountability, Integrity and Other Matters) Amendment Act 2020*. Changes came into effect including a new register of interests and a system for regulating political advisors (https://www.statedevelopment.qld.gov.au/local-government/local-government-reform/accountability-and-integrity-act).

Western Australia

Local governments in WA are regulated by the *Local Government Act 1995*. Ordinary local elections are held every two years on the third Saturday in October, while councillors are elected for a term of up to four years (https://www.dlgsc.wa.gov.au/local-government/local-governments/council-elections). Mayors or presidents may be elected by the members of the council for two years, or by electors of the district for four years (nb. 'mayor' is the title given to the chief elected officer of a city or town council, 'president' is the title given to the chief elected officer of a shire council) (https://www.dlgsc.wa.gov.au/local-government/local-governments/council-elections/an-introduction-to-local-government).

Recent reform efforts

There has been no shortage of reform effort in Western Australian in recent years. The Local Government Reform Program was conducted in 2009 to 2011. It sought to: Undertake further amalgamation, where appropriate and possible; reduce the number of councillors to between six and nine per council; encourage a greater focus on regional long-term planning through formalised regional groupings; and strengthen the ability of local governments to deliver services to their communities (ACELG 2013). A Reform Committee was appointed to support the process. The Committee delivered a report in 2010 with local government reform forums held in 2010 and 2011.

Related to this reform program was the Metropolitan Local Government Review, 2011 to 2012. This was launched to recommend appropriate boundaries and governance models specifically for local councils in Perth. A Panel was appointed and two Advisory Groups formed. Community consultation then ensued with state and local governments, stakeholder organisations, and the wider community. The panel released an issues paper in 2011 and a draft findings paper the following year.

One of the recommendations of the Reform Program had been that the *Local Government Act 1995* be replaced with a mechanism that would allow more regular review of LGA boundaries. In 2017 a new reform effort was begun, with the Local Government Act Review. A new round of community consultation was begun, with a stakeholder reference group formed. A survey was produced and written submissions were accepted. A panel of experts was formed and it delivered its recommendations in a final report in 2020 (https://www.dlgsc.wa.gov.au/department/publications/publication/local-government-review-panel-final-report).

Reform outcomes

The Reform Committee found that the previous voluntary amalgamation efforts had not yet achieved the scale required, and recommended that the Minister consider options for targeted State Government intervention, including recommending particular LGAs to amalgamate. In response, the State Government offered two options to councils: for those interested in reform but who had been unable to agree on amalgamation it offered Regional Transition Groups; and Regional Collaboration Groups for councils who wanted to work together on shared services arrangements but were too distantly located to amalgamate. Both programs were voluntary. Only two mergers were achieved – Geraldton-Greenough and Mullewa in 2011 and Narrogin (Town) and Narrogin (Shire) eventually in 2015. Other amalgamation proposals were rejected by electors. As of 2013, 21 councils were involved in four Regional Collaboration Groups (ACELG 2013). By 2019, 43 councils formed part of 8 Regional Councils (WALGA (2019). Cooperation & Shared Services, June 2019).

The Metropolitan Local Government Review found that 30 councils was too many for the Perth area and suggested that 10 to 12 councils would be preferable. However, when ratepayers voted against the proposed amalgamations, the metropolitan municipal

reform agenda was abandoned. The proposed changes were very controversial and there was concern about the cost of the mergers (President of WA Local Government Association stated cost was about $5 million per merger in other states https://www.abc.net.au/news/2013-06-28/council-mergers-feature/4788254). The sole change to come out of the review was that the City of Perth boundaries were increased to take in some notable precincts such as land occupied by UWA and Kings Park, in recognition of the capabilities of that council (https://www.abc.net.au/news/2016-02-25/city-of-perth-bill-passes-state-parliament/7201242).

A number of years later, the Local Government Act Review led to a two-stage implementation approach . The majority of stage 1 priority reforms were put in place with the passage of the *Local Government Legislation Amendment Act 2019*, including:

- s new gift framework for councillors
- s mandatory online induction for all candidates
- universal training for councillors
- changes to the Standards Panel
- easier community access to information to provide greater transparency.

In November 2021 a reform package was announced by the WA Government (https://www.mediastatements.wa.gov.au/Pages/McGowan/2021/11/Major-local-government-reforms-released-for-public-consultation.aspx).

The reform package is based on six major themes:

- earlier intervention, effective regulation and stronger penalties;
- reducing red tape, increasing consistency and simplicity;
- greater transparency and accountability;
- stronger local democracy and community engagement;
- clear roles and responsibilities; and
- improved financial management and reporting.

And the Government is supporting further actions to be implemented such as:

- the establishment of a Local Government inspector, supported by specialist independent monitors
- a Conduct Panel to replace the Standards Panel
- penalties strengthened to ensure better standards of compliance and behaviour
- transparency measures, such as recording of council meetings and making available online, new online registers
- changes to strengthen democracy and facilitate more community engagement, such as direct election of mayors in larger councils, introduction of preferential voting, new rules outlining numbers of elected members on councils (based on the populations they represent)
- rules tightened to ensure only legitimate residents and businesses are able to vote
- mandatory caretaker period for all local govts

So far, reactions are mixed with some Mayors welcoming reduction in red tape and cautiously welcoming of other changes. The Sterling Mayor was concerned that the State Government-appointed, un-elected watchdog would see centralisation to the State Govt with some other changes further removing community from grassroots government (https://www.perthnow.com.au/local-news/north/local-government-reforms-wa-mayors-react-to-proposed-changes-to-council-c-4507712).

Implementation of this second stage is ongoing.

South Australia

Almost all aspects of local council in South Australia are regulated by the *Local Government Act 1999* or the other state Acts that reference local government. Council elections are held every four years with approximately 30% of eligible voters taking part (which is consistent with voter turnout in voluntary elections on other states) (https://www.lga.sa.gov.au/sa-councils/about-local-government/localgovernmentreform).

Recent reform efforts

The Local Government Reform program (2018-2020) was begun with a 'call for ideas', followed by the release of a discussion paper. There was then engagement on the proposals outlined in the paper before a draft bill, Statues Amendment (Local Government Review) Bill 2020, was introduced into State Parliament. The Bill was intended to change many fundamental aspects of local government with a focus on four reforms areas (Department of Planning, Transport and Infrastructure Government of South Australia (2019). Reforming Local Government in South Australia: Discussion Paper, August 2019):

- stronger council member capacity and better conduct
- lower costs and enhanced financial accountability
- efficient and transparent local government representation
- simpler regulation.

Reform outcomes

While the Local Government Reform Program recommended amalgamation of councils, the Government ruled out any forced mergers, instead declaring that it would be supportive of any voluntary amalgamations. The Minister did suggest that the concept of

community boards, as recommended in the review, could go some way to allay concerns about representation (https://www.abc.net.au/news/2020-08-08/push-renewed-to-amalgamate-west-australian-local-governments/12535886). The legislation was passed in 2021, amending the existing Act. Key changes included:

- a limit on councillor numbers (12 per council)
- limits on CEO/GM remuneration
- revisions to conflict-of-interest rules and new governance/behaviour standards
- establishment of a 'Behavioural Standards Panel' to investigate council member conduct issues
- compulsion for councils to provide financial information to the Essential Services Commission (ESC) for assessment of proposed rate rises

Northern Territory

The *Local Government Act 2008* of the Northern Territory underpins the system of local government, which is made up of nine regional councils, three shire councils and five municipal councils. Councils are largely classified into these groups according to their degree of urbanisation, geographical area, population and legislation. A challenge for all local councils across the NT is to provide services and infrastructure appropriate to growth, particularly in urban areas. In an attempt to address this issue, the NT Grants Commission has introduced a Regional Centre Recognition expenditure category in its methodology 'to acknowledge the financial drains on municipal councils caused by this urban drift" (https://www.lgant.asn.au/local-government/charateristics-of-our-councils/).

Recent reform efforts

In 2018, the Territory Government introduced a new bill into Parliament to replace the 2008 Act, after 'extensive consultation'. The new bill intended to support democracy, transparency and financial accountability and strengthen local decision making by improving working relationships amongst councils, local authorities and their communities. The bill was referred to the Social Policy Scrutiny Committee for clarification regarding the operation of a number of clauses. After conducting its inquiry, the Committee was satisfied with the bill and recommended it be passed (https://territorystories.nt.gov.au/10070/768762/0/0). It subsequently passed Parliament, replacing the 2008 Act and came into force on the 1st January, 2022.

Outcomes

The new Act provides for early support for councils experiencing financial administration difficulties, enhanced transparency through provision of various registers, a requirement to include details of CEO salaries and remuneration in annual reports, provisions that increase involvement from local authorities on budgets, service delivery, funding and cemeteries and provision for an independent panel to review ward boundaries and representation (https://territorystories.nt.gov.au/10070/773423/0/0; https://newsroom.nt.gov.au/article?id=31804).