

# Putting the 'local' back into local government in New South Wales

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Environmental planners need local government that is effective and equitable as well as efficient in how it delivers services to its 'owners'. Without local government that is effective and equitable, we are unlikely to have the support of 'the people' for either plan-making or development control. However, the way in which population is distributed geographically in Australia makes it very difficult for local government generally to be effective and equitable as well as efficient. All too often local councils are responsible for areas and/or populations that make these impossible because the councils are either too large or too small to relate to the individual places and people with which they are concerned. This note suggests a way in which local government could overcome this problem.

## The state of local government in New South Wales

From my dealings with a number of local councils across New South Wales I wonder increasingly whether local government in this state is able to carry out the tasks with which it is charged. Indeed, it appears to me that an appreciable number of councils, not confined to those responsible for very large areas with very small populations, may be in danger of collapse because they are unable to do their jobs properly.

I see many reasons for this. In no particular order these include:

- growing expectations in state government for councils to shoulder more tasks without commensurate provision of resources. Planners in local councils will be aware of their growing responsibilities for regulation and monitoring and implementation of PlanFirst will add to these greatly.
- continuing demands from the state government for what is spoken of as 'more efficiency' in councils, which have led to widespread reductions in council staff complements (cf data in the annual *NSW Department of Local Government Comparative Information on NSW Local Councils*)
- continuing uncertainties in councils about their income from year to year particularly because of rate capping, notwithstanding that the states have achieved considerable certainty about a substantial part of their funding as a result of their getting the proceeds from the GST.

## This is a matter for concern

The parlous state of local government is endangering the nature and survival of the one tier of government in Australia which

- has a real potential to be responsive to the needs of individual places and people because its officers are located within the areas and amongst the people it administers
- may be able to offer more effective and equitable field delivery of many community and environmental services because its offices and other facilities are essentially local
- may be able to promote involvement and a sense of ownership amongst its 'owners' (who are, of course, the local residents) because it is relatively 'close' in its operations to the owners.

People need to be involved with and have a sense of ownership of their governments not just because these are hallmarks of both participatory democracy and representative democracy but because these things help to promote efficient, effective and equitable delivery of services by governments. The further that governments are removed from the areas and people which they administer, the less do their 'owners' know about their workings and the less will people be bothered to work with them.

Planners in councils know all too well how developers evade or avoid councils' processes of environmental management, including development control! This situation brings local government into disrepute. The patent inability of councils to carry out the tasks with which they have been charged for lack of resources of councils exacerbates this disrepute. This leads to widespread assertions by both residents and outsiders that councils are 'inefficient', though I suspect that few people understand the concept of economic efficiency (or can apply it to government organisations) and what they really mean is that councils don't always do their bidding.

### **Why cannot councils always provide services?**

I do not propose to debate here the question of whether councils are inefficient (or ineffective or inequitable) in providing services). My observations, and my reading of the *Comparative Information* data referred to above, suggest that councils generally are far from being inefficient and that they deliver a remarkable range and quality of services to their 'owners' at very small cost. Many who assert 'inefficiencies' appears to be outsiders with their own agendas for less government or for dealings with fewer councils.

Notwithstanding, the *Comparative Information* data does indicate that there are councils whose performance might be described as 'inefficient' or otherwise 'unsatisfactory'. Sometimes this may be because they are too small in terms of corporate resources such as staff or income or because the small populations or large areas they serve cause diseconomies of small scale. Sometimes though it may be because the large populations they serve require bureaucracies which inhibit effective communication between councillors, staff and residents, leading to diseconomies of large scale.

This suggests that we should be looking for ways to increase the size of smaller councils (such as the twenty that are responsible for half the area of NSW) to the point where they have critical masses and related economies of larger scale. It suggests that we need also to find ways in which the service delivery of other councils that service populations larger than in many nation-states (such as the twenty with over 100,000 people that service half of the population of NSW) can be improved. The adjective 'local' is a misnomer for both kinds of councils.

### **Ways of strengthening councils**

Local government in Australia is essentially a creature of state governments, delivering services (which might be characterised as 'roads, rubbish collections, reserve management and regulation of development', the 'four Rs') that have been delegated to them under State legislation. Traditionally, councils' activities have been confined to the local government areas that have been allocated to them, though this has been changing with outsourcing and task-sharing by councils.

The conventional approach of state governments to the problems of councils has been to focus on the small councils, ignoring the 'super councils', encouraging amalgamation of local government areas (LGAs) in the belief that large councils are necessarily more efficient for delivering the 'fours Rs' than small councils.

However, the evidence in support of this belief is less than certain. Amalgamation of LGAs can increase unit-costs of servicing for councils which have to address the different needs of individual communities and localities. It can increase these costs where councils have to move staff and equipment over large distances. It can also lead to loss of rapport between communities and councils when people become remote from their councils.

It is interesting to observe that countries such as Canada and the United States, where local government has similar responsibilities to that in Australia have many more local councils than we do because of their concerns to maintain local democracy. Perhaps the 'economies' that come from enlarged LGAs are achieved for state governments and large corporations rather than for the local 'owners' of our councils?

There is another way of strengthening councils that does not necessarily involve boundary adjustments to LGAs or removing councils from the communities and localities that they serve. This involves expanding the range and/or depth of services that they deliver to their areas and people.

This is the practice in most European OECD countries, which also have many more local councils pro rata to population than we have in Australia but where the numbers of local councils appear to be supportable because the councils have a wider range of responsibilities than here. It is the practice also in the United Kingdom, and to a lesser extent in New Zealand, where three levels of local government in both cases enable devolution of service delivery by central governments to councils that are large enough to deliver services efficiently but locally enough to deliver services effectively and equitably.

In the United Kingdom county councils run public schools, hospitals and police services and are responsible for many of the policy matters in environmental management and planning that are carried by states in Australia. At a lower level district council manage the on-site delivery of services such as inspections, works, welfare, public housing and industrial estates. As a result, the central governments in London, Edinburgh, Cardiff and Belfast do not have the extensive network of agency offices that both federal and state governments have in Australia.

In New Zealand, although the responsibilities of district councils are similar to those in Australia there is a greater delegation to them of functions and power by the central government to local government. Regional councils do not have the same depth of responsibilities as British county councils but they are responsible for things such as soil and water conservation, civil defence, waste disposal and environmental management/planning policy and oversight. These mean that New Zealand too does not have a network of state agency offices at local and regional levels comparable to those of Australia. It also means that the offices of many central government departments in Wellington are significantly smaller than for their Australian, especially state, counterparts because the central government departments are concerned more with policy and monitoring than with actual delivery

### **Ways of extending council responsibilities**

This discussion raises the interesting possibility that many state and commonwealth services could be provided by councils under delegation without changes to the structure of LGAs.

Many state and some commonwealth government departments have local offices which are concerned essentially with on-the-ground delivery ('field delivery') of state or federal services notably environmental and community services. Other 'central' government services are delivered through local outlets such as public schools and hospitals which are more-or-less directly administered by central governments without much involvement of local communities. Often there is overlap in the delivery of eg environmental and community services between the three tiers of government

Transferring responsibility for local delivery of services to local councils should lead to savings overall in government outlays (or more funds for better services). By increasing the size of the budgets of smaller councils it should enable economies of larger scale within these councils, with the same positive outcomes.

At the same time as savings might be achieved there would be benefits for governance in bringing responsibilities for service delivery closer to the people: removing service delivery from the direct control of Sydney and broadening the responsibilities of councils should increase a sense of local ownership and involvement.

As an example in the area of environmental management, in NSW if councils were to have primary responsibility for the present field functions of the National Parks and wildlife Service, Environmental Protection Authority and Department of Land and Water Conservation there would be a much greater integration and coordination of service delivery in the field, than now as well as rationalisation of overlapping functions. Obviously policy-making and general oversight would remain with a central

agency such as New Zealand's small Ministry for Environment (which has only three field offices). This would be entirely consistent with the proposals of *PlanFirst*.

### **Some problems**

The idea of councils in Australia running schools, hospitals and public housing and having the primary role in local delivery of environmental and community services and even in such things as agricultural inspections and economic development is rather radical. A considerable cultural change would be involved, a change not easily made in a country where metropolitan primacy (ie the majority of Australians living in metropolitan urban areas) tends to promote centralisation of government activity.

There would be practical difficulties such as ensuring that the service delivery by councils is adequately funded. It should not be beyond the ability of central governments to calculate the present unit costs of service delivery and to pass on to Councils the funds now used for these perhaps as tied grants to councils, either individually or - for services that have to be delivered at a regional rather than local level - to groups of councils who can organise partnerships for the delivery of these services

Obviously there would be a need, as there is now, to reduce the size of LGAs whose populations are so large and whose administrations are so complex that they cannot cope efficiently or effectively or equitably with their present tasks or relate in meaningful ways to numerous local communities for which they are now responsible.

There would also be the possible problem that the state and federal governments might not agree about the services to the state governments could determine independently which of their services should be delegated.

### **Conclusion**

Notwithstanding the potential problems envisaged the idea of delegating central government service delivery to councils appears to have potentials for more efficient service delivery and to bring responsibilities for service delivery closer to the people.

The idea is not without precedents. Even in Australia it is possible to find examples where councils have taken on new central government services individually (eg motor registry services) and where local councils have taken on other central services in regional partnerships such as within the Regional organisations of Councils.

Overseas, it might be argued that the greater roles in service delivery for local governments within most OECD countries, with more levels and, pro rata, more local councils than in Australia, makes for much stronger democracies than here.

Local government in Australia is the creature of state governments and receives much of its funding from state and commonwealth governments. It should not be beyond the ken of politicians to find ways decentralise their service delivery as well as to decentralising the delivery of many state and commonwealth environmental and community services to local councils quite simply in the interests of better governance.