

## IS BIG BETTER? Reflections on size in local government.

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I've just been having a close look at tables in the NSW Department of Local Government's (DLG's) *Comparative Information on New South Wales Local Government Councils, 1996/97*. To my surprise it appears that the NSW local councils which ranked largest in NSW in terms of resident population and operating expenses (ie the ones in the top decile) generally were amongst the slowest in resolving development (and, to a lesser extent, building) applications. Most of these councils were not among the councils with the highest five-year average population growths. Many of these councils were among the councils with the highest rates (per residential assessment) but not among the councils with the highest revenues per population, which was reflected in often-low ratios of staff (measured as full-time equivalents) to population. Conversely, it seems that many smaller but growing councils in both Sydney and beyond were actually quite effective in resolving applications and, apparently, better resourced to do so.

I have also been looking recently at data in my *Encarta* encyclopaedia on local government in Australia and the other members of the OECD. Again to my surprise it appears not only that almost every country in this rich nations' club has three (sometimes four) levels of government but also that local governments in almost all of these twenty five countries serve smaller populations, on average, than do their Australian and New Zealand counterparts. Even the United States has nearly three times the number of local governments one might have expected in comparison with NSW! To some extent this appears to reflect histories of devolution of power and responsibilities, upwards in most OECD countries instead of the devolution downwards in Australia and New Zealand. Interestingly, most OECD countries seem to match local governments to communities rather than to territories, as appears from the widespread use of the term 'commune' (rather than, say, our 'shire' or 'municipality') for their lowest level of government.

What do these data suggest about the case, often proposed, that local councils should be fewer and larger? What do they suggest about the argument that 'big is better' in local government?

Firstly, they underline the fact that it simply is not meaningful to make generalisations of the kind which drove local government re-formation in New Zealand and Victoria without empirical evidence on the optimal sizes of local governments. Local governments differ widely both within and between jurisdictions as to what is expected of them and as to the details of their biophysical and settlement geographies. Differences of these kinds are reflected in the data from the DLG and conflicting evidence on the savings to be achieved by amalgamations.

Secondly, they cast doubts on some of the arguments for economies of scale as a means of achieving 'efficiency' in local government. Of course there are savings to be made out of economies of large scale (though not all of these savings require amalgamations of local government areas). However, significant *diseconomies* can also be associated with large local governments, particularly in the *quality* of outputs (something that is seldom reflected

in accountants' bottom lines). What happens to the quality of planning when large governments seek to save by limiting employment of professionally-qualified staff?

Thirdly, they raise concerns about the effectiveness of large local governments. Large local governments tend to separate people, both physically and organisationally, from the staff and elected representatives who make up local governments – which can improve the quality of, say, planning outputs in a technical sense while reducing the commitment of the people to them. Large local governments tend also to isolate elected representatives, staff and people from each other – which can lead to loss of information, loss of morale and, ultimately, loss of confidence in government.

Fourthly, they beg questions about the purpose of governance itself. Abraham Lincoln argued that the kernel of freedom lay in government 'of the people, by the people, and for the people'. Governments at the local level, both as agents of central governments and in delivering local services, are closest to the people. If 'the people' are distanced by large local governments from direct involvement in political processes then we endanger both freedom and democracy.

Of course, it must be acknowledged that very small local governments are likely to be both inefficient and ineffective in delivering outcomes. Very small local governments may also be particularly prone to 'sins' such as parochialism, pump priming, nepotism and poor judgements in decision-making, particularly in the absence of professional staff, and these are things which also strike at the heart of democracy. But, who would suggest that these sins are confined to small and local governments? If optimal economies of scale are achieved by a local government servicing 50,000 people, as has been suggested, who is to say that a local government servicing 100,000 will be any more efficient than one servicing 25,000?

In pondering these matters I am led to an uncomfortable feeling that some who argue here for bigger (and fewer) local governments may be unwitting captives to vested interests which have very little concern for the interests of 'the people'. Indeed, on the evidence above of what happens in local government in other affluent democracies, I wonder whether we in Australia and New Zealand are in danger of being duped!

The organisation and management of local government – including relationships between local and central governments – has a direct bearing on the quality of environmental management (including environmental planning). We as planners in NSW should be involved with the debates about this, especially when the outcomes of these debates are related to things such as the current reviews of Parts III and IV of our *Environmental Planning and Assessment Act*.

So: is big better (in local government)?