Introduction

This brief emerges from the Ideas Lab: Amalgamation event. It addresses the issues backgrounding the debate, and suggests future research directions into various aspects of the local government reforms proposed by the state government.

Incentives to amalgamate

The Fit for the Future package offers direct financial incentives—from a pool of $258m—to metropolitan councils who agree to amalgamate.

While many of the arguments for and against amalgamation have centred on the generation of economies of scale and scope in local government, neither the Fit for the Future ‘blueprint’ nor the Revitalising Local Government report isolates these economies as the dominant factor underpinning amalgamation. Indeed, the Chair of the Independent Local Government Review Panel, Professor Graham Sansom, co-authored a previous report that states:

An enduring theme is the perception that municipal consolidation will result in gains through economies of scale. Our review of the literature makes it clear there is insufficient robust research to support this proposition.

(Sansom et al, Consolidation in local government: a fresh look’ 39)

The Fit for the Future Blueprint emphasises the duplication of regulatory frameworks, varying service levels, expensive financing and a lack of political heft as factors prompting amalgamation. Revitalising Local Government points toward the lack of skilled personnel, reliance on federal assistance grants, the need for increased strategic and political capacity, and ‘efficiencies and economies of scale’ to argue for amalgamations.

Research opportunities

While there has been sustained discussion of the economies of scale argument for amalgamation, other arguments have not received the same scrutiny. For both those in favour and for those against amalgamation, it is important that the questions concerning service levels, skills shortages and the coordination of the various levels of government are addressed. This can be accomplished through qualitative research into resident expectations of service delivery and LG employment profiling and projections of labour force requirements.

Further, there has been little research into residents’ responses to proposed amalgamation. Research such as this may assist councils in communicating with their constituents.
**What is local?**

In the context of determining local boundaries, Revitalising Local Government suggests that preserving local identity should be a consideration in any boundary redefinitions—but immediately suggests that ‘other mechanisms available to maintain local identity should be taken into account’ (76), among them ‘place management’.

The implicit argument is that the larger council areas become, the more reliant LGs will be on community boards and other ‘grass roots’ representative structures to respond to community concerns. However, while the report states that ‘place management’ is ‘well-understood’ (78), there is little to suggest that it is well-understood across the NSW LGs.

Fit for the future does not explicitly endorse Revitalising Local Government’s recommendation that community boards be established; however, it does endorse—and proposes $5.3m funding for—the establishment of regional Joint Organisations among metropolitan Sydney councils. The Joint Organisations will, in essence, provide a platform for collaboration and negotiation on regional strategic priorities identified through individual council’s planning processes.

Councils may face a double articulation: between smaller community ‘place-management’ structures and large, strategic Joint Organisations.

**Research opportunities**

Given that many of the Councils in Western Sydney are of such a size that micro-community representation is already an emerging issue, a best practice guide to place management—one that suggests formal structures for community participation in local government processes—might be prepared.

While there has been public analysis of various possible changes to local representative bodies, there has been little consideration of local governance systems: the way in which LGs are connected to and negotiate with other civic and governance bodies both down and upstream. An analysis of local civic and governance systems, with a particular focus on how democratic representation and strategic coherence are balanced within the local system, may be useful in informing LG’s response to the reforms.
What should local government be?

Fit for the Future is only one part of the entire local government reform suite being undertaken by the NSW government. Recently completed and pending reports include a review of the Local Government Act, an IPART review of council regulations, a local government infrastructure audit, the TCorp financial sustainability report and a review of the NSW planning system.

Collectively, these reforms will have a wide ranging impact on the local government sector.

The Taskforce examining changes to the Local Government Act makes no specific recommendations concerning the roles of councillors and Mayors—but does suggest that the Act should be redrafted to be less prescriptive, and that the roles and responsibilities of councillors and mayors should be reformed to align with the recommendations of the ILGRP report. However, the ILGRP report, in summary, endorses better defined roles and responsibilities, better councillor development mechanisms, and better ad hoc financial support, but doesn’t depart significantly from the governance model currently in use.

Research opportunities

Given that the demands on council governance will grow—with increasing populations and increasing accountability and transparency—a review of alternative governance models and their possible impact on local government operations would be useful in informing Fit for the Future planning.

The range of proposed reforms across the government sector is likely to be administratively burdensome and challenging to implement. Research examining the collective impact of the proposed reforms and suggesting management procedures to minimise any impact on the local government sector may be welcome.
Summary | Research opportunities

- Residents’ expectations of service delivery
- Residents’ views on amalgamation and communication strategies
- LG labour force profile and projections
- Place management best practice guide
- Review of local civic and governance systems
- Alternative council governance models
- Cost benefit analysis of the collective impact of LG reforms
- Alternative service delivery models

Contact

Professor Scott Holmes
Deputy Vice-Chancellor Research and Development
Office of the Deputy Vice-Chancellor Research and Development
Locked Bag 1797
Penrith NSW 2751

e scott.holmes@uws.edu.au
p 02 9678 7303