

# ***Analysis of the Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania***

**Independent Report prepared for the Brighton Council on the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania***

March 2012

This Report was prepared by Brian Dollery on behalf of New England Education and Research Proprietary Limited for the Brighton Council. This Report was produced for the Brighton Council as a strictly independent Report. The opinions expressed in the Report are thus exclusively the views of Brian Dollery and do not necessarily coincide with the views of the Brighton Council or any other body. The information provided in this Report may be reproduced in whole or in part for media review, quotation in literature, or non-commercial purposes, subject to the inclusion of acknowledgement of the source and provided no commercial use or sale of the material occurs.

## **Contacts:**

### **Professor Brian Dollery**

Telephone: 02 67732500

Email: [bdollery@une.edu.au](mailto:bdollery@une.edu.au)

### **Ron Sanderson**

General Manager

Brighton Council

Telephone: [03 6268 7000](tel:0362687000)

Email: [Ron@brighton.tas.gov.au](mailto:Ron@brighton.tas.gov.au)

## EXECUTIVE SUMMARY

- The Panel responsible for considering how best to improve local government in the Southern Tasmania council area produced a Final Report entitled *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (‘Munro Report’), which recommended the formation of a Greater Hobart Council comprised of the Brighton, Clarence, Glenorchy, Hobart and Kingborough local authorities.
- This report provides a critical assessment of both the key recommendations contained in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* as well as its reasoning and its evidential basis.
- This report finds the Panel erred badly in its assessment of the four models of local government outlined in its Discussion Paper *Towards Improved Local Government in Southern Tasmania: A Review of Structural Reform Options*, primarily because it failed to consider the substantial literature on structural reform in local government, including empirical evidence on scale economies in local government and empirical evidence on the observed outcomes of local government amalgamations in other local government jurisdictions in Australia and abroad. In particular, the Panel appeared unaware that (a) council mergers seldom reap cost savings and often result in higher cost structures (b) scale and scope economies exist in only some local government functions and (c) most of the possible gains attendant upon council size can be achieved through shared services and other forms of inter-council collaboration.
- This report considers the relative efficiency of the Brighton Council in comparison with all other Tasmanian local authorities. It demonstrates that, in the overall Tasmanian local government context, it is striking that in terms of rates per capita, expenditure per capita and FTE per 100 persons Brighton Council is easily the best performed local authority in Tasmania. This report concludes that it is difficult to explain why these facts were ignored in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*.
- The report also considers the relative efficiency of the Brighton Council in comparison with other councils in the proposed Greater Hobart Council (i.e. Brighton, Clarence, Glenorchy, Hobart and Kingborough). It finds that just as Brighton was easily the best

performed council on a state-wide basis, so too it is the best performed of its Greater Hobart cohort on almost every available indicator and, in some cases, the difference between Brighton and its Greater Hobart compatriot councils is striking.

- Section 4 evaluates the Panel’s ‘Case for Change’ in Chapter 6 of the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, in which the Panel set out five main arguments. A common theme in each case was the lack of any supporting evidence to buttress its arguments.
- Firstly, the Panel argued that a Greater Hobart Council could play a decisive role in fostering economic growth in Tasmania. However, the general proposition that a single large capital city municipality is a precondition for more vigorous economic growth not only has no empirical support, but it also defies observed experience in other Australian states.
- Secondly, the Panel argued that both the Hobart metropolitan area and its hinterland require ‘a vision, plans and key projects’. While this contention is entirely plausible, it does not follow that a single metropolitan local government is necessary for planning and coordination of this kind to occur. This can readily be demonstrated by reference to other metropolitan areas richly blessed with historical and natural assets, such as London and greater Montreal, which do not have a single local government. Indeed, in Recommendation 13 the Panel itself proposed that the STCA could take on this role.
- Thirdly, the Panel argued that (a) ‘a strong local government system is required in Tasmania’; (b) ‘it would look very different to the system that is in place now’; and (c) ‘it would look more like the Queensland local government system, which is arguably the strongest in Australia’. However, these claims are flawed since (i) had the Panel considered post-amalgamation Queensland local government, it would have discovered the transformation costs were prohibitive (around \$184.71 million), still recurring and a matter of concern for the Queensland Treasury; (ii) the Panel would have discovered that the new representational structures in Queensland are expensive and a Greater Hobart Council would be a Category 7 Council in Queensland with 12 elected councillors (each paid \$102,862 plus \$2,370 ‘amalgamation allowance’), a Deputy Mayor (paid \$116, 577 plus \$2,650 ‘amalgamation allowance’), and a Mayor (paid \$171,436 plus \$3,800 ‘amalgamation allowance’), not including other substantial direct costs (vehicles,

administrative assistants, etc.); and (iii) the Panel would have learned that no scholarly evaluation of the post-amalgamation operational efficiency of Queensland local government had yet been undertaken and there is thus no evidence to support claims that its performance has improved.

- Fourthly, the Panel argued substantial cost savings and efficiency gains would flow from a Greater Hobart Council, including ‘between \$5 million to \$15 million’ from proactive maintenance and ‘savings in the order of \$7 million to \$9 million’ from strategic procurement. However, the Panel did not demonstrate how these calculations were made nor did it bother to examine the relevant literature. This literature demonstrates that extravagant claims from proponents of council merger programs are seldom realized. Moreover, it showed that there are no empirical grounds for anticipating substantial financial benefits to flow from amalgamation.
- Finally, the Panel argued that a Greater Hobart Council would exhibit numerous other advantages. However, it failed to recognize that establishing an agency to advocate, coordinate and plan for the Hobart metropolitan area did not require amalgamation and its very own Recommendation 13 proposed that ‘the STCA take on the responsibility for formulating and coordinating strategies for the region as a whole, that focus on the Greater Hobart and rural hinterland relationships in areas such as economic development, tourism, niche production and marketing’!
- This report ends in Section 5 by arguing that metropolitan-wide area advocacy, coordination and planning could be undertaken by a metropolitan body, such as the STCA, empowered to act in a metropolitan-wide role. It did not require amalgamation.

## **1. Introduction**

Using funding provided under the Commonwealth Local Government Reform Fund, the STCA appointed an Independent Panel on 12th April 2011 to review local government structure in the STCA regional area. In its deliberations, the Independent Panel *inter alia* considered the results of two surveys (i.e. a community survey as well as a councillor and general manager survey), research material and submissions from interested parties. It also engaged in extensive community consultation. In late August 2011, the Panel prepared an options paper entitled *Towards Improved Local Government in Southern Tasmania: A Review of Structural Reform Options* (STCA, 2011, Appendix C) (reproduced in Appendix C of *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*), which set out four alternative policy options for public discussion and comment. In Recommendation 1 of its final report *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, the Panel argued for the implementation of its third option in the form of a Greater Hobart Council: Recommendation 1 held that ‘the present cities of Hobart, Glenorchy and urban Clarence (with Richmond and surrounds moving into the Sorell Council area), the urban part of Kingborough excluding the Channel and Bruny Island (which would be incorporated into Huon Valley) be merged with Brighton to form a single council, to be named the City of Greater Hobart’. In addition, it proposed that ‘wards be introduced at least for the first term of the Greater Hobart Council’ and that ‘the STCA should call a meeting of two representatives of each council in metropolitan Hobart to discuss the core recommendations of this report and the transition towards a Greater Hobart Council’.

As a local government entity drastically affected by the recommendations contained in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, the Brighton Council commissioned an examination of the deliberations in this document. The present report represents the outcome of an independent assessment of the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*.

This report is divided into four main parts. Section 2 provides a synoptic outline of the Munro Report. Section 3 places the Brighton Council in the comparative context of (a) all Tasmanian local councils and (b) local councils in the proposed new Greater Hobart Council and

demonstrates that the Brighton Council is the best performed not only in all Tasmania, but also in the Greater Hobart council area. Section 4 contains an evaluation of the Panel's 'Case for Change' set out in Chapter 6 of the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*. The report ends in Section 5 with some brief concluding comments and an endorsement of the need for a metropolitan body, such as the STCA, to be empowered to act in a metropolitan-wide role in advocacy, coordination, planning, and other functions.

## **2. Synoptic Outline of Munro Report**

In *Towards Improved Local Government in Southern Tasmania*, the Panel detailed the objectives of its Review, which hinged on the urgent need 'to improve local government in Southern Tasmania'. According to this document, the review process was focused on seven objectives: To secure a 'more resilient and productive Tasmanian economy'; to improve 'advocacy and representation of the Region'; to achieve a 'simple and clear system of governance'; to improve efficiency'; to eliminate 'duplication'; to 'save money'; and to improve 'community engagement'.

These objectives were subsequently reduced to two in *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (2011, p.7):

1. 'Maximise the financial sustainability of the Southern Tasmanian local government sector to support continued provision of services to its communities over the long term by promoting more effective service delivery and increasing collaboration within the sector'.
2. 'Develop viable, sustainable models for future local government reform in Australian jurisdictions'.

*Towards Improved Local Government in Southern Tasmania* argued that significant improvement could be achieved in five main areas: 'Opportunities to strengthen the governance processes of councils and to provide stronger advocacy for Hobart and the Region'; improvements in the efficiency and effectiveness of council service delivery; 'opportunities to better engage citizens in the processes of local government and to enable the expression of local identity in the many parts of the Region'; 'techniques for developing more integrated and

streamlined customer service across the spheres of government’; and ‘the potential for regional structures to contribute to the objectives set for this Review’.

The four policy options proposed in *Towards Improved Local Government in Southern Tasmania* were as follows:

**Option 1:** ‘Maintaining the *status quo* in relation to the number of local governments and their current boundaries, but seeking to improve performance through a concentration on the formation of stronger regional bodies and shared services’.

**Option 2:** ‘Forming a single local council for the whole of the region’.

**Option 3:** ‘Amalgamating all metropolitan councils into a single Greater Hobart Council, while leaving the rural councils largely untouched’.

**Option 4:** The creation of Eastern Shore and Western Shore Councils’ in Hobart, as well as merging ‘rural councils into three new local government areas’.

*Towards Improved Local Government in Southern Tasmania* was distributed to stakeholders and made available to the public. Moreover, the four options proposed were advertised in *The Mercury* and around 260 submissions were received. The Panel (2011, p.16) summarized the general thrust of submissions as follows:

‘Very few submissions (just 24 or 9.4%) expressed a preference for the maintenance of the status quo, or for the first option outlined in the options paper. Ten, or 9.7%, of submissions known to have been urban, and six, or 12%, of rural submissions preferred the status quo. 67.5% (173 by number) of submissions indicated a preference for either a single regional council (option 2), or for the Greater Hobart option (option 3), with many preferring to see some attempt at rural amalgamations as identified in option 4 as well. 73, or 70.9%, of submissions known to have been from urban areas expressed such preferences, compared with 29 or 58% of submissions from known rural areas preferring these options’.

In October 2011, the Panel published its Final Report *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* which assessed the four options and set out thirteen recommendations for implementing structural reform in the STCA region. In

its assessment of the four policy options, the Panel presented various arguments regarding their suitability. We will briefly summarize the views of the Panel option by option.

**Option 1:** The Panel rejected Option 1 (i.e. *status quo* with more emphasis on shared services and stronger regional bodies) on four grounds:

1. For the STCA group of councils the ‘real opportunities’ lay in ‘stronger integrated governance and strategic planning, which require much more than just a cooperative framework between councils’;
2. ‘Long term and sustainable models of service provision are unlikely to be possible, especially for more complex and politically sensitive areas, through agreements across councils’;
3. ‘Cooperative arrangements across council boundaries inevitably require the establishment of administrative arrangements that develop their own bureaucracies that are not directly accountable to the community, which is not a principle of strong long term democratic accountability’;
4. While the Panel conceded that ‘resource sharing that operates on a contractual basis can be effective (that is, where a council is able to piggy back off existing contracts, or staffing resources, in other councils)’, and it anticipated ‘rural councils being able to do this with urban councils in particular, but only if it is financially advantageous to do so’, the Panel contended that ‘for such arrangements, which would oblige larger urban councils to support rural councils through their resources and contracts, to be effective, they need to be mandated’.

It is a matter of regret that the Panel adduced neither empirical nor conceptual evidence in support of these assertions.

**Option 2:** The Panel rejected Option 2 (i.e. a single Southern Tasmanian council) for four chief reasons:

1. A single large amalgamated council would forcibly ‘combine council areas with little real community of interest’ and would thus be ‘inappropriate’. Since ‘effective amalgamations can only proceed on a “like with like” basis that distinguishes between urban and rural areas’, it would be unlikely to succeed’;

2. A single merged council was not politically feasible because ‘such a council would be of a size in the context of Tasmania that would rival the State Government’ and therefore ‘would be unlikely to be considered appropriate by Parliament’;
3. Problems associated with ‘communication and travel in rural areas for such a council would be significant’ and this would substantially increase the ‘costs of governance’;
4. The less ‘radical’ Option 3 would in any event encompass the same benefits as Option 2.

Once again the Panel provided no empirical or conceptual evidence in support of these arguments.

**Option 3:** The Panel accepted Option 3 (i.e. a Greater Hobart Council and no change in the adjacent rural areas) on a fourfold rationale:

1. A metropolitan Hobart council would be more effective than its constituent parts in its advocacy for the region with the Tasmanian and Commonwealth Governments;
2. Improved ‘strategic planning and integration of projects and services across the metropolitan area’ would result;
3. A metropolitan Hobart council would yield ‘greater potential to achieve the very best professional and political representation to service the needs of Hobart’;
4. Under a metropolitan Hobart council, significant ‘cost and efficiency gains’ would flow from a ‘more professional council administration and an increase in the skills of local politicians’.

The case in favour of change to Option 3 was presented in Chapter 6 of *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*. We shall assess these arguments separately in Section 4 of this Report.

**Option 4:** The Panel rejected Option 4 (i.e. ‘eastern and western shores and rural mergers’). It argued against an Eastern Shore Council and a Western Shore Council separation on three grounds:

1. ‘A merger between Clarence and Brighton on the eastern shore and Hobart, Glenorchy and Kingborough on the western shore, would not achieve a great deal in terms of financial benefits for the disruption involved’.

2. Indeed, a division of this kind would rule out the ‘many benefits’ derived from Option 3.
3. Very ‘little public support’ existed for a divide of this kind.

No supporting evidence was presented by the Panel.

Similarly, the Panel rejected the rural mergers associated with Option 4 for the following reasons:

1. There should be a ‘separate and targeted review of the special needs of rural councils’ since ‘simple mergers may not solve their longer term needs’ and even exacerbate existing problems.
2. A local government reform program ‘should be considered in stages’ and, in any event, the ‘most significant gains initially will be found in metropolitan Hobart, with potential flow-on opportunities for rural councils becoming evident as a consequence of this change’.

No supporting evidence for these claims was offered by the Panel.

Against the background of having accepted Option 3 as the best method of tackling structural reform in the Southern Tasmania local government region, in its *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, the Panel set forth thirteen recommendations:

**Recommendation 1: Greater Hobart** proposed that ‘the present cities of Hobart, Glenorchy and urban Clarence (with Richmond and surrounds moving into the Sorell Council area), the urban part Kingborough excluding the Channel and Bruny Island (which would be incorporated into Huon Valley) be merged with Brighton to form a single council, to be named the City of Greater Hobart’. Furthermore, it proposed that ‘wards be introduced at least for the first term of the Greater Hobart Council’ and that ‘the STCA should call a meeting of two representatives of each council in metropolitan Hobart to discuss the core recommendations of this report and the transition towards a Greater Hobart Council’.

**Recommendation 2: City of Greater Hobart Act** proposed that ‘a City of Greater Hobart Act be developed that recognises the city as a capital city, identifies the powers of the mayor and council, and the obligations the city has to support rural councils through its resources and contracts’.

**Recommendation 3: Non-metropolitan councils** proposed that ‘apart from consequential boundary adjustments as a result of the formation of a Greater Hobart Council, no further boundary adjustments or amalgamations are promoted in the nonmetropolitan area at this stage, but that a review of the special needs of these councils and appropriate reform options be undertaken’. It further recommended that the distribution of Financial Assistance Grants (FAGs) within the region be considered to assist these councils towards long-term reform and greater sustainability’, a recommendation linked to recommendation 12.

**Recommendation 4: Timing of amalgamations and boundary changes** proposed that ‘the structural changes proposed in this report are implemented as from the commencement of the new council terms following the next local government elections in October 2013, with those elections to be based on the newly structured councils’.

**Recommendation 5: Transition committee** proposed that ‘a transition committee, comprising two councillors from each of Brighton, Clarence, Glenorchy, Hobart and Kingborough Councils, be established to oversee the transition to the new Greater Hobart Council’.

**Recommendation 6: Committee for Hobart** proposed that ‘a Committee for Hobart be established from the business, environment, social, arts, [and] tourism sectors to build a vision for the Greater Hobart area’.

**Recommendation 7: Three year reform program** proposed that ‘Southern Tasmanian councils work with the State Government on implementing a three-year reform program’. The reform program would include reform in the following areas: governance, community and customer engagement, planning, asset management and capital works, strategic procurement and service delivery.

**Recommendation 8: Financial management and sustainability** proposed that ‘a review of the distribution of Financial Assistance Grants and roads funding be undertaken in the light of the special needs of non-metropolitan councils’. Moreover, it also proposed ‘that a review of financial management policies of Southern Tasmanian councils be undertaken with a view to appropriate financial management principles and practices being adopted’.

**Recommendation 9: Period of office for mayors and councillors** proposed that ‘the Local Government Act be changed to provide for the popular election of mayors for a four year term, for full council elections every four years, and a removal of the requirement for mayors to have previously served in local government’.

**Recommendation 10: Compulsory voting** proposed that ‘the State Government introduce compulsory voting for local government elections’.

**Recommendation 11: Local government skills** proposed that ‘the STCA develop a skills development strategy for staff and elected members of Southern Tasmanian councils’.

**Recommendation 12: Community engagement** proposed that ‘the STCA take steps to introduce a training program for elected officials and council staff in community engagement strategies as a basis for continued improvement in this regard in the newly structured councils’.

**Recommendation 13: STCA responsibilities** proposed that ‘the STCA take on the responsibility for formulating and coordinating strategies for the region as a whole, that focus on the Greater Hobart and rural hinterland relationships in areas such as economic development, tourism, niche production and marketing’.

It is immediately apparent that while some of these Recommendations pertain directly and exclusively to the Southern Tasmanian councils in the greater Hobart area, others have a state-wide significance. For instance, at least three recommendations seek state government intervention which would have state-wide repercussions. Thus Recommendation 8 ‘Financial management and sustainability’ calls for a review of Financial Assistance Grants and roads funding. Similarly, Recommendation 9 ‘Period of office for mayors and councillors’ seeks

changes to the Local Government Act to allow for the direct election of council mayors for four year terms, full council elections every four years, and no requirement for mayors to have formerly served in local government. In a similar vein, Recommendation 10 ‘Compulsory voting’ calls for compulsory voting in Tasmanian local government elections.

Other recommendations take the form of ‘motherhood’ sentiments which have general bearing on local government systems everywhere and no particular significance for Southern Tasmanian councils, with or without any form of structural reform. For example, Recommendation 11 ‘Local government skills’ seeks human capital improvements through a ‘skills development strategy for staff and elected members’, a ubiquitous theme in local government everywhere. Along analogous lines, Recommendation 12 ‘Community engagement’ desires ‘a training program for elected officials and council staff in community engagement strategies’, a common enough strategy in local government.

Only seven of the thirteen recommendations (i.e. Recommendations 1, 2, 3, 4, 5, 6 and 13) are directly or indirectly related to actual structural reform in Southern Tasmanian local government. Of these, at least two were only tangentially concerned with structural reform *per se* and could be implemented independently of any structural reform. For example, Recommendation 6 ‘Committee for Hobart’ has no necessary link to structural reform at all. Similarly, Recommendation 13 (‘STCA responsibilities’) deals with planning and coordination within and between the Greater Hobart area and its rural hinterland.

### 3. Brighton Council in Context

It is useful to consider the Brighton Council not only in the context of Southern Tasmania, as occurred in *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, but also in the broader context of Tasmania as a whole.

#### 3.1 Population, land area, population density and road length

An overview of council characteristics in terms of population, land area, population density, and road length is reported in Table 1.

**Table 1: Overview of Tasmanian Council Characteristics, 2009-10**

City/ Municipality	Council	Population	Land Area (sq-km)	Pop. Density (pers./sq-km)	Road Length (km)
<b>Northern</b>					
Municipality	Break O'Day	6,514	3,521	1.85	548
Municipality	Dorset	7,355	3,223	2.28	739
Municipality	Flinders	900	1,994	0.45	385
Municipality	George Town	6,892	653	10.55	273
City	Launceston	65,826	1,411	46.65	738
Municipality	Meander Valley	19,694	3,320	5.93	849
Municipality	Northern Midlands	12,654	5,126	2.47	975
Municipality	West Tamar	22,476	690	32.57	456
	<b>Total</b>	<b>142,311</b>	<b>19,938</b>	<b>7.14</b>	<b>4,963</b>
<b>North West</b>					
City	Burnie	19,892	610	32.61	346
Municipality	Central Coast	21,747	931	23.36	664
Municipality	Circular Head	8,263	4,891	1.69	769
City	Devonport	25,551	111	230.19	269
Municipality	Kentish	6,286	1,155	5.44	452
Municipality	King Island	1,683	1,094	1.54	436
Municipality	Latrobe	10,020	600	16.70	287
Municipality	Waratah-Wynyard	14,096	3,526	4.00	535

Municipality	West Coast	5,251	9,575	0.55	195
	<b>Total</b>	<b>112,789</b>	<b>22,493</b>	<b>5.01</b>	<b>3,953</b>
<b>Southern</b>					
Municipality	Brighton	16,358	171	95.66	171
Municipality	Central Highlands	2,322	7,976	0.29	752
City	Clarence	52,935	377	140.41	460
Municipality	Derwent Valley	10,118	4,104	2.47	330
Municipality	Glamorgan Spring Bay	4,507	2,522	1.79	353
City	Glenorchy	44,716	120	372.63	310
City	Hobart	50,078	78	642.03	325
Municipality	Huon Valley	15,372	5,498	2.80	706
Municipality	Kingborough	34,171	719	47.53	537
Municipality	Sorell	13,407	583	23.00	404
Municipality	Southern Midlands	6,146	2,611	2.35	803
Municipality	Tasman	2,413	659	3.66	257
	<b>Total</b>	<b>252,543</b>	<b>25,418</b>	<b>10</b>	<b>5,408</b>
	Tasmanian	507,643	67,849	7	14,331

Source: Australian Bureau of Statistics (ABS) *Regional Population Growth, Cat. No. 32180.0: Tasmanian State Grants Commission Annual Report for 2011-12*

With respect to population, the Southern region constitutes 49.75 per cent of Tasmania's population. In terms of land area, the Southern region accounts for 37 per cent of Tasmania's land area in square kilometres. By way of comparison, the North West and Northern regions account for 33 per cent and 29 per cent of Tasmania's land area in square kilometres, respectively. With regard to population density (i.e. the population divided by the land area in kilometres squared), the Southern region has population density of 10 persons per square kilometre. In contrast, the North West region has a population density of 5 persons per square kilometre while the Northern region has a population density of 7 persons per square kilometre. The Southern region, which comprises 37 per cent of Tasmania's total land area, is responsible for 38 per cent of the total Tasmania road length in kilometres.

### 3.2 Tasmanian Council Income

Details of council characteristics in terms of rates income, total income, rates per capita, and rates as a percentage of total income are reported in Table 2. On average, 51 per cent of total income for all Tasmania councils is sourced from local rates, which equates to \$671 per capita. In Southern Tasmania, local rates account for, on average, 50 per cent of total income (\$677 per capita). At one extreme, the South Midlands Council receives 38.3 per cent of its total income from rates (\$557 per capita), and at the other extreme, the Tasman Council receives 59 per cent of its total income from rates (\$1,387 per capita). Hobart City Council has higher rates per capita than the other city councils, high operating expenses per capita and a high concentration of commercial property. By contrast, Brighton Council has notably low rates per capita, derived from its unique Brighton Fair Rating System (based on a differential flat rate methodology with rate increases limited to a CPI ceiling), as well as its operational efficiency. With respect to the rest of Tasmania, in the Northern region, local rates constitute, on average, 54 per cent of total income, which equates to \$647 per capita, whereas the North West region, on average, receives 49 per cent of its total income from rates (\$690 per capita).

**Table 2: Local government areas by population, rates and total incomes, 2009-10**

Council	Population	Rates Income \$000's	Total Income \$000's	Rates income per capita \$	Rates income as a % of total
<b>Northern</b>					
Break O'Day	6,514	5,862	10,030	900	58.4%
Dorset	7,355	5,365	11,826	729	45.4%
Flinders	900	1,041	3,846	1,157	27.1%
George Town	6,892	5,681	9,783	824	58.1%
Launceston	65,826	47,012	77,634	714	60.6%
Meander Valley	19,694	8,779	17,666	446	49.7%
Northern Midlands	12,654	6,614	14,880	523	44.5%
West Tamar	22,476	11,680	23,892	520	48.9%
<b>Total</b>	<b>142,311</b>	<b>92,034</b>	<b>169,557</b>	<b>647</b>	<b>54.3%</b>
<b>North West</b>					
Burnie	19,892	17,217	37,157	866	46.3%

Central Coast	21,747	10,914	24,753	502	44.1%
Circular Head	8,263	5,993	14,063	725	42.6%
Devonport	25,551	20,666	31,628	809	65.3%
Kentish	6,286	4,082	8,855	649	46.1%
King Island	1,683	1,581	6,033	939	26.2%
Latrobe	10,020	5,018	10,118	501	49.6%
Waratah-Wynyard	14,096	7,314	13,767	519	53.1%
West Coast	5,251	5,074	11,953	966	42.4%
<b>Total</b>	<b>112,789</b>	<b>77,859</b>	<b>158,326</b>	<b>690</b>	<b>49.2%</b>
<b>Southern</b>					
Brighton	16,358	6,095	13,804	373	44.2%
Central Highlands	2,322	2,531	6,233	1,090	40.6%
Clarence	52,935	35,120	60,390	663	58.2%
Derwent Valley	10,118	4,839	9,524	478	50.8%
Glamorgan-Spring Bay	4,507	5,273	9,708	1,170	54.3%
Glenorchy	44,716	21,391	53,974	478	39.6%
Hobart	50,078	55,051	96,909	1,099	56.8%
Huon Valley	15,372	7,698	20,067	501	38.4%
Kingborough	34,171	17,414	37,216	510	46.8%
Sorell	13,407	8,673	16,359	647	53.0%
Southern Midlands	6,146	3,422	8,939	557	38.3%
Tasman	2,413	3,347	5,632	1,387	59.4%
<b>Total</b>	<b>252,543</b>	<b>170,852</b>	<b>338,756</b>	<b>677</b>	<b>50.4%</b>
<b>Tasmania</b>	<b>507,643</b>	<b>340,746</b>	<b>666,640</b>	<b>671</b>	<b>51.1%</b>

Source: Australian Bureau of Statistics (ABS) Regional Population Growth, Cat. No. 32180.0; 2011 Tasmanian Department of Premier and Cabinet; Council 2009-10 annual reports financial statements.

### 3.3 Tasmanian Council Expenditure

Details of Tasmania council expenditure and employment are reported in Table 2. On a per capita basis, the Northern region had, on average, an expenditure of \$1,101 per person. In comparison, the North West region had an average expenditure of \$1,370 per person while the Southern region had an average expenditure of \$1,239 per person. In the present context, it is vital to stress that the Brighton Council had the lowest expenses per capita of all Tasmanian councils. Since in all Australian local government systems a significant proportion of local government expenditure is directed at activities mandated under legislation, and at prescribed service standards, expenditure per capita is a reasonable proxy for operational efficiency in urban councils. This means that the Brighton Council is not only the most efficiently run in Southern Tasmania, but also in Tasmania as a whole.

This crucial yardstick has been completely distorted in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (2011, p.12) which misguidedly observed that ‘Brighton Council has very low rates per capita, reflecting its parsimonious operating expenses and the fact that it has an above-average proportion of lower-valued residential properties within its boundaries’. This is not only patently untrue, as evidenced by the fact that in the STCA region Tasman has the highest rates in Tasmania and its property values are lower than Brighton Council, but also conveniently ignores the outstanding efficiency achieved by the Brighton Council. Moreover, had the Munro Report placed Brighton Council in the broader Tasmanian context, in which many local authorities have lower property values than Brighton Council, it would not have erred so badly.

**Table 3: Local government areas by population, council expenses and employment, 2009-10**

Council	Population	No. of Full Time Equivalent Employees (FTEs) 2007-08	Total Expenses \$000's	Expenses per capita \$	FTE employment per 1000 people (2007-08)
<b>Northern</b>					
Break O'Day	6,514	68	11,582	1,778	10.4
Dorset	7,355	53	10331	1,405	7.2
Flinders	900	23	4046	4,496	25.6

George Town	6,892	50	8909	1,293	7.3
Launceston	65,826	459	76759	1,166	7.0
Meander Valley	19,694	75	14332	728	3.8
Northern Midlands	12,654	74	13486	1,066	5.8
West Tamar	22,476	97	17286	769	4.3
<b>Total</b>	<b>142,311</b>	<b>899</b>	<b>156,732</b>	<b>1,101</b>	<b>6.3</b>
<b>North West</b>					
Burnie	19,892	216	43397	2,182	10.9
Central Coast	21,747	157	21631	995	7.2
Circular Head	8,263	54	11680	1,414	6.5
Devonport	25,551	191	31770	1,243	7.5
Kentish	6,286	29	7413	1,179	4.6
King Island	1,683	32	5616	3,337	19.0
Latrobe	10,020	54	10118	1,010	5.4
Waratah-Wynyard	14,096	89	13762	976	6.3
West Coast	5,251	56	9113	1,735	10.7
<b>Total</b>	<b>112,789</b>	<b>878</b>	<b>154,500</b>	<b>1,370</b>	<b>7.8</b>
<b>Southern</b>					
Brighton	16,358	49	10847	663	3.7
Central Highlands	2,322	37	9211	3,967	15.9
Clarence	52,935	240	50244	949	4.5
Derwent Valley	10,118	54	9420	931	5.3
Glamorgan-Spring Bay	4,507	43	8490	1,884	9.5
Glenorchy	44,716	324	52894	1,183	7.2
Hobart	50,078	584	94368	1,884	11.7
Huon Valley	15,372	152	19156	1,246	9.9
Kingborough	34,171	181	31807	931	5.3
Sorell	13,407	86	13540	1,010	6.4
Southern Midlands	6,146	45	8124	1,322	7.3
Tasman	2,413	20	4686	1,942	8.3

<b>Total</b>	<b>252,543</b>	<b>1,827</b>	<b>312,787</b>	<b>1,239</b>	<b>7.2</b>
Tasmania	507,643	3,604	624,019	1,229	7.1

Source: Australian Bureau of Statistics (ABS) *Regional Population Growth*, Cat. No. 32180.0; 21011 *Tasmanian Department of Premier and Cabinet; Council 2009-10 annual reports financial statements.*; *Tasmanian Premier and Cabinet, Local Government Division: Measuring Council Performance in Tasmania 2007-08.*

With respect to local government employment, the Northern region has an average full-time equivalent (FTE) employment rate of 6.3 per 1,000 persons, the North West region has the highest FTE rate with 7.8 FTEs per 1,000 persons, and Southern Tasmania has an FTE rate of 7.2 per 1000 persons. Once again, Brighton Council had the lowest FTE rate in all Tasmania at 3.7 per 1000 persons, which serves to further emphasise the high degree of operational efficiency which it has achieved. Unfortunately the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* not only overlooked this vital statistic, but also fallaciously claimed Brighton had 61 FTE when the actual FTE's for the period reported were only 49!

In sum, if we place the Brighton Council in either the Southern Tasmanian or overall Tasmanian local government context, it is striking that in terms of rates per capita, expenditure per capita and FTE per 1000 persons Brighton is the best performed local authority in Tasmania. It is thus difficult to explain why these facts were ignored in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*.

A second approach to the relative performance of the Brighton Council is to consider it in the comparative context of other local authorities which would form component parts of the new Greater Hobart Council endorsed in *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*. (i.e. Hobart, Glenorchy, Clarence and Kingborough). Table 4 contains a list of useful indicators for this purpose:

**Table 4: Council Indicator Comparison 2010/11**

<b>Indicator</b>	<b>Benchmark</b>	<b>Brighton</b>	<b>Clarence</b>	<b>Glenorchy</b>	<b>Hobart</b>	<b>Kingborough</b>
Operating Surplus Ratio	>0	12	-1.1	-6.6	-2.35	-5.75
Asset Sustainability Ratio	100%	100	53	51	80	64
Road Consumption Ratio	>60%	67.4	50.4	50	62.5	63.7
Net Financial Liabilities Ratio	0 - (50%)	26.8	84.7	12.4	-16.1	17.9

Asset Renewal						
Funding Ratio	90% - 100%	100	N/A	91	100	100
Liquidity Ratio	2:1	5.69	8.86	5.28	3.96	3.02
Current Ratio	>1	3.23	6.11	3.34	1.84	2.43
Interest Coverage						
Ratio	3:1	92.11	151.96	3.62	33.09	284
Asset Investment Ratio	>100%	182	82	87	179	159
Debt Collection	30 days	13	27	31	12	24
Creditor Turnover	30 days	7	21	5	19	34
Population		16,358	52,935	44,716	50,078	34,171
Number of Rateable						
Properties		6,937	23,618	21,091	23,534	16,095
FTE's		48	220	273	596	169
FTE per 1000						
Population		2.9	4.2	6.1	11.9	4.9
Operating Revenue						
\$'000s		11,821	49,753	51,116	96,119	29,936
Operating Expenditure						
\$'000s		10,402	50,302	54,492	98,376	31,657

Source: Auditor General Report – Local Government Financial Sustainability 2010-11.

The indicators in Table 4 provide valuable insights into the comparative performance of Brighton, Clarence, Glenorchy, Hobart and Kingborough. Indeed, just as Brighton was easily the best performed council on a state-wide basis, so too it is the best performed of its Greater Hobart cohort on almost every indicator in Table 4. In some cases, the difference between Brighton and its Greater Hobart compatriot councils is striking. For instance, it is the only council to have a positive Operating Surplus Ratio. Similarly, it is the only local authority in the group to meet the 100 per cent Asset Sustainability Ratio. In terms of non-financial indicators much the same is true. For example, Brighton has much fewer FTE employees per 1,000 residents than the other councils. In essence, Table 4 provides resounding evidence that Brighton Council easily outperforms its comparators on almost every measure.

In addition to these manifold problems, the Munro Report is replete with errors of fact. For example, as we have seen, the Munro Report claims that Brighton Council has very low operating expenses per capita reflecting *inter alia* low levels of spending on roads, yet the Auditor General has identified Brighton as having one of the highest Road Asset Condition ratios in Tasmania. Moreover, 'road efficiency' should obviously be measured as a ratio of spending to condition and not spending alone. Similarly, the Munro Report claimed the strong community support for amalgamation, yet its community survey identified an 80% support for resource

sharing with other councils, but only 52% support for a *consideration* of an amalgamation! Other errors included the fact that some data used in the Munro Report was not the latest available data, and even included figures based on the 2007/2008 financial year. Since that period the smaller councils, such as Brighton, have shown even higher efficiencies whilst larger councils have displayed lower efficiencies.

#### **4. Evaluation of Munro Report ‘Case for Change’**

In Chapter 4 of the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* the Panel reiterated its support for Option 3 ‘Greater Hobart and no change in rural areas’. It justified this decision on the following ‘principal grounds’ (p.20):

1. ‘The strength that the metropolitan area of Hobart would gain in advocacy for the region with the State and Commonwealth Governments’.
2. ‘The opportunities that would flow from the better strategic planning and integration of projects and services across the metropolitan area’.
3. ‘The greater potential to achieve the very best professional and political representation to service the needs of Hobart’.
4. ‘The cost and efficiency gains that would accrue from more professional council administration and an increase in the skills of local politicians’.

In Chapter 6 ‘The Case for Change’ the Panel presented its case in favour of structural change towards Option 3. Various arguments were presented. A common theme in each case was the lack of any supporting evidence to buttress these arguments. We will evaluate each of these arguments in turn:

##### **4.1 ‘Economic opportunities’**

The Panel argued that while Tasmania is ‘a small isolated island, with a small population, and an economy with special challenges’, there are nonetheless ‘opportunities arising from its climate, natural beauty, heritage, niche products, water and energy’ (p.21). In order to maximise its potential, Tasmania must pursue vigorous economic reform. Whereas the ‘Tasmanian Government is trying to lead an economic reform agenda to make Tasmania more competitive’, more concerted efforts are required. This means that local government ‘has to be a partner in this

reform, and this requires a local government system that is as strong as possible'. It concluded that although local government in Tasmania is not 'totally broken', it could be 'much improved'.

This argument echoes earlier observations made in *Towards Improved Local Government in Southern Tasmania*. This document contended that 'the structures of local government (and indeed some aspects of State Government) in Southern Tasmania are a cumbersome mixture of local authority sizes and quasigovernment bodies'. It noted further that 'they appear to represent a series of "lean-tos" that have been added and changed over the years without there ever having been a comprehensive perspective of the type of government model that the region requires'. *Towards Improved Local Government in Southern Tasmania* argued that 'with such a variety of local government sizes and capacity, there are clearly opportunities for improved efficiencies and greater effectiveness in service delivery through greater collaboration and joint effort across the Region'. It concluded that 'if the experience in other States were to hold true in Tasmania then the efficiencies from reform of local governments in the capital cities and major regional centres have assisted the adjacent hinterland Councils'. Since neither empirical evidence nor supporting literature is cited, it is impossible to discern the empirical or conceptual foundations for these claims.

The general proposition that a single large capital city municipality is a precondition for more vigorous economic growth not only has no empirical support, but it also defies observed experience in other Australian states. For instance, while Western Australia is the most rapidly growing Australian state, almost entirely due to the mining boom resulting from high mineral prices, the Perth metropolitan area is a patchwork of different local government entities. It is thus obvious that the structure of local government has not served to inhibit vigorous economic development.

#### **4.2 'Greater Hobart and the rural hinterland'**

The Panel argued that both the Hobart metropolitan area and its hinterland require 'a vision, plans and key projects'. Numerous opportunities existed nevertheless these had to be 'nurtured and grown but they will require strong councils working co-operatively with business and the State Government'. While this contention is entirely plausible, it does not follow that a single metropolitan local government is necessary for planning and coordination of this kind to occur.

This can readily be demonstrated by reference to other metropolitan areas richly blessed with historical and natural assets. For example, London successfully integrates these kinds of activities whilst retaining its network of borough councils and much the same is true of analogous cities elsewhere, such as greater Montreal. Indeed, in Recommendation 13 the Panel itself proposed that ‘the STCA take on the responsibility for formulating and coordinating strategies for the region as a whole, that focus on the Greater Hobart and rural hinterland relationships in areas such as economic development, tourism, niche production and marketing’! Obviously, amalgamation is not a necessary condition for this to occur.

#### **4.3 ‘Example of strong local government’**

The third argument presented as part of the ‘case for change’ in *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (pp.22/23) hinges on the claims that (a) ‘a strong local government system is required in Tasmania, (b) ‘it would look very different to the system that is in place now’ and (c) ‘it would look more like the Queensland local government system, which is arguably the strongest in Australia’. The Panel contends that this is because Queensland and Tasmania share in common a comparatively decentralized pattern of settlement. Moreover, the Panel stressed that ‘Queensland councils all have directly-elected mayors and a four-year term’ and concluded that ‘such a system in Tasmania would allow the State Government to get on with its task of planning and managing the significant economic, environmental and social agendas for Tasmania’.

However, once again no evidence is advanced in support of these claims. This is problematic for several reasons:

- Had the Panel bothered to investigate the operation of post-amalgamation Queensland local government, it would have discovered the transformation costs of combining small local authorities into larger units were prohibitive, still recurring and a matter of concern for the Queensland Treasury. In its *Review of Local Government Amalgamation Costs Funding Submissions: Final Summary Report*, the Queensland Treasury Corporation (QTC) (2009) noted that affected local governments’ estimates of the costs of amalgamation had amounted to a net cost of amalgamation of \$184.71 million.
- The Panel would have uncovered the fact that the new representational structures in Queensland are expensive: The reference rate of \$137,149 per elected officer (determined

by the Local Government Remuneration and Discipline Tribunal) is linked to the annual base salary payable to Members of the Queensland Legislative Assembly. Thus an entity like that proposed under Option 3 for a greater Hobart Council would be ranked as a Category 7 Council in Queensland with 12 elected councillors (each paid \$102,862 plus \$2,370 ‘amalgamation allowance’), a Deputy Mayor (paid \$116, 577 plus \$2,650 ‘amalgamation allowance’), and a Mayor (paid \$171,436 plus \$3,800 ‘amalgamation allowance’). These calculations do not include other substantial direct costs, such as vehicles and administrative assistants for these representatives (Local Government Remuneration and Discipline Tribunal, 2011).

- The Panel would have learned that no scholarly evaluation of the post-amalgamation operational efficiency of Queensland local government had yet been undertaken and there is thus no evidence to support claims that its performance has improved. Indeed, widespread community disillusionment exists in Queensland and numerous groups are calling for de-amalgamation, such as in the case of the Toowoomba Regional Council.

#### **4.4 ‘Efficiency and cost savings’**

Perhaps the most controversial and ill-founded aspect of the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (p.23) surrounds its extravagant claims that substantial cost savings and efficiency gains would flow from an amalgamated Greater Hobart Council. Thus, for example, the Panel asserts that ‘while the consultancy firm Deloitte predicts savings of up to 35% from creating a single Southern Tasmanian Regional Council’, by contrast it ‘believes that savings achieved would more likely be in the order of up to 15% of the 12 councils’ combined expenditure’, especially in the areas of ‘governance, senior management, asset management, capital expenditure and procurement of goods and services’. Furthermore, it claims that ‘with an estimated \$48 million expenditure on asset maintenance by the metropolitan Hobart councils’, proactive maintenance would reduce this by between \$5 million to \$15 million. No calculations are offered to show how these values have been computed.

In addition, the startling claim is made that of the \$235.4 million per annum in total expenditure by Southern Tasmania councils, ‘some 30% to 40%, equating to between \$71 million and \$94 million, would be spent on materials and services’ and somehow ‘savings in the order of \$7

million to \$9 million would thus be achievable over an 18-month period by adopting strategic procurement for the Southern Tasmanian councils'. Quite apart from the unsubstantiated nature of these claims, it is obvious that joint procurement schemes and the like can be implemented independently of any amalgamation.

Given the centrality of the claims made in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* regarding efficiency and cost savings with the implementation of Option 3, it is worth examining the relevant literature. In essence, the doctrine that 'bigger is better' in Australian local government has been eroded in large part as a consequence of deep disillusionment with the observed real-world outcomes of actual amalgamation programs. For example, despite extravagant claims from proponents of the South Australian and Victorian council merger programs in the 'nineties, the economic results of these programs have been most disappointing. Thus, while the Victorian government claimed at the time that its radical reform process would generate direct cost savings of 20%, the actual outcome has been a mere 8.5%, most of which has flowed from competitive tendering and not the restructuring program (Allan, 2003, p. 75). In much the same way, the South Australian authorities heralded savings of 17.4%, but in fact only achieved 2.3% (Allan, 2003, p. 75). It should also be added that these realised savings did not take into account the indirect costs of council consolidations, such as lower economic activity and falling employment in rural and regional areas. As a consequence of these disappointing outcomes, many in the Australian local government community are no longer convinced that municipal restructuring based primarily on amalgamation represents an effective means of improving council performance.

Scepticism is widespread. For instance, following the NSW Government Inquiry into the optimal structure of local government in the Sydney metropolitan area, the Inquiry Commissioner (2001, p.36) concluded the purported benefits of amalgamation that were derived from empirical evidence were 'suggestive rather than conclusive'. Moreover, in their analysis of both the international literature and Australian experience on municipal consolidation, Dollery and Crase (2004, p. 274) have argued that 'there are scant grounds for anticipating substantial financial benefits to flow from amalgamation, except possibly in terms of local government capacity and scope economies'.

In a similar vein, in his assessment of the outcomes of recent council amalgamation programs in New Zealand, Australia (and more particularly Victoria and Tasmania), Britain and Canada (especially Nova Scotia and Ontario) in his book *Merger Mania*, Sancton (2000, p. 83) concluded that ‘the efficient delivery of municipal services does not require large municipalities’. Percy Allan (2003, p. 80) has also presented a strong case that in Australia ‘at the administrative level the efficiency and effectiveness of a local council is not a function of size’ and ‘all the empirical evidence suggests that big is not better when it comes to local government’. Similar sentiments have been expressed by Allan (2001), Bish (2000), Carr and Feiock (2004), Dollery (1997), Dollery, Crase and Johnson (2006), Dollery and Robotti (2008), Dowding and Meroupis (2003), Jones (1989), Katsuyama (2003), Leland and Thurmaier (2004), May (2003), Oakerson (1999), and Sancton (2008), amongst a host of other scholars.

#### **4.5 ‘Greater Hobart Council’**

The final argument proposed in the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (pp.22/23) deals with the advantages which would flow from a Greater Hobart Council which would comprise ‘the whole metropolitan area of Hobart’ and ‘lead to the city having one mayor and one council’ and, in due course, ‘one set of policies, regulations, and service delivery standards’. Moreover, the Panel claims that ‘there is evidence from around the world that higher levels of government, businesses, investors, journalists and other stakeholders are increasingly wanting to deal with one leader for a city, not a multiplicity of leaders’. In addition, the Panel attacked fears that ‘a Greater Hobart Council would lead to more involvement of political parties in local government’ as ‘unwarranted’, despite the fact that Brisbane City Council (the largest in Australia) is awash with party political tensions. In common with the rest of the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, no empirical evidence is produced to support these exaggerated assertions.

No-one would dispute the argument that there is a need for a ‘city-wide’ planning authority to deal with broader advocacy, coordination and planning questions affecting the Greater Hobart metropolitan region. Indeed, a vast body of work deals with precisely this matter in the local public finance literature (see, for example, Oates, 1972). It is universally agreed that positive and negative spatial externalities are a pervasive feature of the operation of local government,

especially in large metropolitan areas. In real-world practice, it is very easy to find examples of where decisions made in one local council jurisdiction, or where activities carried out in a single local government area, can have decisive effects on other council jurisdictions in the region. For instance, the construction of large sports venues, industrial complexes and housing developments, which involve large numbers of people, typically impose significant congestion costs on surrounding jurisdictions. Moreover, the traditional theoretical solution to these problems, which uses charges and subsidies to ‘internalise’ these externalities, is not generally available to Australian local authorities since it falls outside of their powers.

Under these circumstances, the optimal approach resides in assigning decision-making authority to a regional body which is obliged to consider the metropolitan ramifications of policy decisions. Thus in the case of Greater Hobart, a ‘city-wide’ governmental entity would govern functions which affected the whole of Southern Tasmania, like regional transportation.

The case for a ‘city-wide’ authority for Greater Hobart - analogous to the Greater London Authority – justified on grounds of externalities is not new. Furthermore, the creation of a ‘city-wide’ authority is by no means incompatible with the continued existence of numerous small local councils in the greater metropolitan area. Indeed, if local autonomy over local ‘place-shaping’ (Dollery, Grant and O’Keefe, 2008) is to have any meaning, then the retention of existing small councils is essential. Using the example of greater Los Angeles, Oakerson and Svorny (2005) have demonstrated that small municipal entities are perfectly compatible with sensible regional planning arrangements.

It is strikingly ironic that *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* itself recognises precisely this reality. Indeed, its very own Recommendation 13 proposed that ‘the STCA take on the responsibility for formulating and coordinating strategies for the region as a whole, that focus on the Greater Hobart and rural hinterland relationships in areas such as economic development, tourism, niche production and marketing’. It need hardly be stressed that Recommendation 13 could be implemented without an amalgamation.

## 5. Conclusion

The analysis conducted in this report has demonstrated that the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* has not only failed to present a convincing case for structural change along the lines of Option 3 for Greater Hobart local government, but its authors have made numerous and erroneous unsubstantiated claims without presenting any supporting evidence, especially with regard to its extravagant estimates of cost savings. This seems to stem from the fact that the Panel had not bothered to consult the conceptual and empirical literature on structural reform. Moreover, in its assessment of the performance of the Brighton Council, the Panel both misinterpreted existing comparative statistics and ignored important evidence. This report concludes that these problems render the public policy recommendations flowing from *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* fatally flawed.

However, in one area the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* is in accord with both observed practice and the scholarly literature on metropolitan governance: it is important that a metropolitan body be empowered to act in a metropolitan-wide role with advocacy, coordination, planning, and other functions for a Greater Hobart. It also provided an excellent low-cost method of achieving this goal in the form of Recommendation 13 which calls for the STCA to perform this role.

## REFERENCES

- Allan, P. (2001), *Secession: A Manifesto for an Independent Balmain*, Balmain: Balmain Secession Movement.
- Allan, P. (2003), 'Why Smaller Councils Make Sense.' *Australian Journal of Public Administration*, 62(3), 74-81.
- Bish, R. (2000), *Local Government Amalgamations: 19th Century Ideas for the 21st Century*, Toronto: Howe Institute.
- Carr, J. B., and Feiock, R. C. (2004), *Reshaping the Local Landscape: Perspectives on City/County Consolidation and its Alternatives*, Armonk, NY: M.E. Sharpe.
- Deloitte Access Economics (2011), *Local Government Structural Reform in Tasmania*, Property Council of Tasmania, Hobart.
- Dollery, B. E. (1997), 'Reforming Australian Local Government: Forced or Voluntary Amalgamations?', *Agenda*, 4(4), pp. 445-454.
- Dollery, B. E. and Crase, L., (2004) 'Is Bigger Local Government Better? An Evaluation of the Case for Australian Municipal Amalgamation Programs', *Urban Policy and Research*, 22(3), 265-276.
- Dollery, B. E., Crase, L. and Johnson, A. (2006), *Australian Local Government Economics*, Sydney: University of New South Wales Press.
- Dollery, B. E. Grant, B. and O'Keefe, S. (2008), 'Local Councils as Place-Shapers: Implications of the Lyons Report for Australian Local Government', *Australian Journal of Political Science*, 43(3), pp. 481-494.
- Dollery, B. E. and Robotti, L (eds.) (2008), *The Theory and Practice of Local Government Reform*, Edward Elgar Publishers, Cheltenham.
- Dowding, K. and Mergoupis, T. (2003), 'Fragmentation, Fiscal Mobility and Efficiency', *Journal of Politics*, 65 (4), 1190-1207.
- Jones, M. A. (1989), *Managing Local Government*, Melbourne: Hargreen.
- Katsuyama, B. (2003), 'Is Municipal Consolidation the Answer?' *Municipal Research and Services Center of Washington*, Summer, 1-3.
- Leland , S. M. and Thurmaier, K. (eds.), (2004), *Case Studies of City/County Consolidation: Reshaping the Local Government Landscape*, Armonk, NY: M. E. Sharpe.

Local Government Remuneration and Discipline Tribunal (2011), *Local Government Remuneration and Discipline Tribunal Report 2011*, Local Government Remuneration and Discipline Tribunal, Brisbane.

May, P. (2003) 'Amalgamation and Virtual Local Government' in Dollery, B.E., Marshall, N.A. and Worthington, A. C. (eds.), *Reshaping Australian Local Government: Finance, Governance and Reform*, Sydney: UNSW Press, 79-98.

Oakerson, R. J. (1999), *Governing Local Public Economies: Creating the Civic Metropolis*, Oakland: ICS Press.

Oakerson, R. J. and Svorny, S. (2005), 'Rightsizing Los Angeles Government', *Independent Review*, 9(4), pp. 513-528.

Oates, W. E. (1972), *Fiscal Federalism*, Harcourt Brace Jovanovich, New York.

Queensland Treasury Corporation (2009), *Review of Local Government Amalgamation Costs Funding Submissions: Final Summary Report*, Queensland Treasury Corporation, Brisbane.

Sancton, A. (2000), *Merger Mania*, Montreal: McGill-Queens University Press.

Southern Tasmania Council Authority (STCA) (2011), *Towards Improved Local Government in Southern Tasmania: A Review of Structural Reform Options*, Hobart: STCA, 2011,

Southern Tasmania Council Authority (STCA) (2011), *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania*, Hobart: STCA.