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DIVERSITY IN AUSTRALIAN LOCAL GOVERNMENT: THE CASE AGAINST THE IMPOSITION OF UNIFORM NATIONAL STANDARDS

by

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Andrew Worthington and Brian Dollery**

Abstract

Over the past several years, numerous official and other bodies have called for the imposition of a uniform set of national standards for Australian local government. It has been argued inter alia that uniform national standards would facilitate benchmarking and other performance comparisons across local government jurisdictions. Whilst there is undoubted validity in principle to the contention that benefits would flow from a uniform national approach to local government, these arguments nevertheless ignore the tremendous diversity characteristic of Australian local government. This paper seeks to demonstrate that local government in Australia exhibits a large degree of diversity both within and between states and territories. Moreover, we attempt to show that inexorable demographic, employment and infrastructural trends are underway which will ensure that the diversity will not only continue, but also increase. Accordingly, although the imposition of uniform national standards may seem attractive at first sight, the actual implementation of these standards seems to be neither feasible nor desirable.

Key Words: uniform national standards, local government, Australia

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DIVERSITY IN AUSTRALIAN LOCAL GOVERNMENT: THE CASE AGAINST THE IMPOSITION OF UNIFORM NATIONAL STANDARDS

In recent times Australian local government has been the subject of strident calls for dramatic and often far-reaching change. For example, numerous appeals have been made for structural reform through the amalgamation of small and purportedly 'inefficient' councils into larger units (Dollery, 1997). Similarly, various commentators have urged the state-based local government systems in Australia to adopt uniform national standards. For instance, in its submission to the 1997 Industry Commission's inquiry into the feasibility of developing national performance indicators for Australian local government, the Australian Local Government Association argued that a central performance indicator base (IC, 1997: 19-23):

> [D]ramatically increases the opportunities for Councils to undertake benchmarking by allowing comparisons to be made with similar Councils across state borders. This is particularly valuable for large councils and those in smaller states whose opportunities for performance comparison would otherwise be quite limited [it would also] have the advantage of allowing studies comparing the systemic effects of state government legislation on the performance of Local Government.

In an analogous manner, similar arguments have been advanced in support of uniform national infrastructure standards (McNeill, 1998).

Although there is undoubted validity in principle that benefits would flow from a national approach to local government, these arguments nevertheless ignore the tremendous diversity in Australian local government. The limited purpose of this paper is to demonstrate that local government in Australia is characterised by a high degree of diversity both within and between states and territories, and that inexorable demographic, employment and infrastructural trends will ensure that this diversity is likely to continue.

The paper itself is divided into three main parts. The first section attempts to document the degree of diversity in Australian local government. The underlying demographic, employment and infrastructural trends that account for this diversity are examined in the second section. The paper ends with some brief concluding comments.

DIVERSITY IN LOCAL GOVERNMENT

Local government in Australia presently comprises 629 councils and around 100 community governments, and makes up the third tier of government in the Australian federal system after the Commonwealth (federal) and state governments.[1] However, in common with the United States, local government has no independent constitutional status, but is accorded state constitutional recognition. Responsibility for local government thereby rests with the states, and local governments in Australia derive their functions and powers from state legislation. There are six separate state systems (New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania) overseeing local government, with a seventh system operating in the Northern Territory. In the Australian Capital Territory (ACT), the ACT government provides services commonly provided by local government.

Table 1. *Trends in the number of Australian local governments, 1910–97*

State	1910	1918	1928	1938	1948	1958	1968	1978	1991	1993	1997
NSW	324	320	319	299	289	230	244	205	176	178	177
Vic.	206	190	195	196	197	205	210	211	210	205	78
Qld.	164	173	152	144	144	133	131	131	134	132	125
SA	175	184	196	142	143	143	142	132	122	119	71
WA	147	141	147	148	148	147	144	138	138	139	142
Tas.	51	50	49	49	49	49	49	49	46	29	29
NT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7
Total	1067	1058	1058	978	970	907	900	866	826	701	629

Sources: ABS Commonwealth Year Books, Commonwealth Office of Local Government Financial Assistance Database.
Notes: Totals exclude the 100 Community, Aboriginal and Torres Strait Islander and other local governing bodies receiving Commonwealth Financial Assistance Grants – 62 in the Northern Territory, 31 in Queensland, 6 in South Australia and one in NSW; N/A – not applicable.

Most of the powers conferred upon Australian local government are encompassed in a Local Government Act in each state which is amended from time to time and expanded by ordinances made under the Act, although there are other Acts which confer specific functions or powers to local governments within its jurisdiction. For example, the New South Wales Department of Local Government (NSWDLG) administers *inter alia* the following legislation; the *Local Government Act (1993)* [previously the *Local Government Act (1919)*], *Local Government Legislation Amendment Act (1995)*, *Local Government (Rates and Charges) Act (1987)*, *Swimming Pools Act (1992)*, *Roads Act (1993)* [§178(2); Division 2 of Part 3; §175 and §252], *Impounding Act (1993)* and the *Dog Act (1966)*. In addition, other statutory legislation carries specific provisions relating to the responsibilities and powers of local government. These include the *Native Title (NSW) Act (1994)*,

Threatened Species Conservation Act (1995), *Waste Minimisation and Management Act (1995)*, *Public Health Act (1991)*, *Library Act (1939)*, *Bush Fires Act (1949)*, *Fire Brigades Act (1989)*, *Environmental Planning and Assessment Act (1979)*, and the *Water Supply Authorities Act (1987)* (NSWDLG 1997; IPART 1998). Together, over 100 New South Wales Acts constrain the operations of local councils, determining their functions, responsibilities, structure and powers.

Despite the states having the primary role in managing, legislating for, and regulating local government, the Commonwealth has developed extensive financial and administrative relationships which are an important influence on local government and the resources available to it (Australian Urban and Regional Development Review 1994a). In this area, the Commonwealth's principal function is to provide local government with financial assistance aimed at fiscal equity and performance improvement. This is achieved principally through financial assistance grants which are allocated with the objective of horizontal equalisation, although assistance is also provided through local government development programs to encourage improvements in efficiency and effectiveness, and through specific additional funding for other purposes, such as childcare and care for the aged.

The councils and community governments themselves are spread unevenly across the states and territories, with the largest number of councils found in the most populous state of New South Wales (NSW), followed by Western Australia (WA), Queensland (Qld.), Victoria (Vic.), South Australia (SA), Tasmania (Tas.) and the Northern Territory (NT) (excluding community governments). The number of councils in each state and territory in the intervening period since Federation are enumerated in Table 1. Periods of dramatic reform and consolidation have occurred over the last century, which is evidenced in the overall decline in the number of individual councils. Recent incidences of restructuring include the amalgamations of rural municipalities and shires in the 1970s in NSW, and the reduction in the number of individual councils in Victoria and Tasmania in the 1990s, by sixty-two and thirty-six percent respectively.

Apart from the diversity implied by separate state-based legislative systems, Australian councils also vary in population size and area, level of financial self-sufficiency, geophysical characteristics, and the degree of remoteness from major urban centres. When compared under the standardised Australian Classification of

Local Government (ACLG) (see Table 2), substantial differences exist across the states.[2]

Table 2. *Australian classification of local governments*

Code	Description	NSW	Vic.	Qld.	SA	WA	Tas.	NT	Total
	Urban (U), capital city (CC)								
UCC	Population scale not applicable.	1	1	1	1	1	1	1	7
	Urban (U), metropolitan developed (D), part of an urban centre >1 million population or population density > 600 persons per sq. km).								
UDV	Very large (V) (>120000)	7	9	1	0	1	0	0	18
UDL	Large (L) (70001–120000)	7	9	0	5	1	0	0	22
UDM	Medium (M) (30001–70000)	14	3	1	6	3	0	0	27
UDS	Small (S) (<30000)	5	0	0	5	13	0	0	23
	Urban (U), regional towns/city (R), part of an urban centre with population <1 million and predominately urban in nature.								
URV	Very large (V) (>120000)	3	1	1	0	0	0	0	5
URL	Large (L) (70001–120000)	1	3	4	0	0	0	0	8
URM	Medium (M) (30001–70000)	18	8	6	0	1	3	0	36
URS	Small (S) (<30000)	16	13	8	7	8	5	4	60
	Urban (U), fringe (F), a developing LGA on the margin of a developed or regional urban centre.								
UFV	Very large (V) (>120000)	5	2	1	1	1	0	0	10
UFL	Large (L) (70001–120000)	3	4	3	0	2	0	0	12
UFM	Medium (M) (30001–70000)	2	3	3	2	6	0	0	16
UFS	Small (S) (<30000)	1	1	1	1	1	1	1	7
	Rural (R), significant growth (SG), average annual population growth >3%, population >5000 and not remote.								
RSG	Population scale not applicable	5	0	9	0	9	2	0	25
	Rural (R), agricultural (A), population density <30 persons per sq. km.								
RAV	Very large (V) (10001–20000)	18	13	13	9	2	4	1	61
RAL	Large (L) (5001–10000)	26	8	11	12	2	8	0	67
RAM	Medium (M) (2001–5000)	38	0	32	11	18	3	0	101
RAS	Small (S) (<2000)	5	0	15	11	52	2	0	86
	Rural (R), remote (T), <90% of population urban.								
RTL	Large (L) (3001–20000)	1	0	3	1	5	0	0	10
RTM	Medium (M) (1001–3000)	1	0	7	1	8	0	10	17
RTS	Small (S) (401–1000)	0	0	16	0	4	0	23	43
RTX	Extra small (X) (<400)	1	0	20	4	4	0	29	58
	Total number of councils	178	78	156	77	142	29	69	729
	Percentage urban, metropolitan	19	27	1	21	6	0	0	12
	Percentage urban, regional	21	6	12	4	6	28	6	15
	Percentage urban, fringe	6	13	5	5	7	3	1	6
	Percentage rural, significant growth	3	0	6	0	6	7	0	3
	Percentage rural, agricultural	49	27	45	56	52	59	1	43
	Percentage rural, remote	2	0	29	8	15	0	90	17
	Percentage with fewer than five peers in state.	8	23	12	25	15	55	10	16

Source: National Office of Local Government (1997) *1996/97 Report on the Operation of the Local Government (Financial Assistance) Act 1995*.

Notes: Totals exclude the 100 Community, Aboriginal and Torres Strait Islander and other local governing bodies receiving Commonwealth Financial Assistance Grants – 62 in the Northern Territory, 31 in Queensland, 6 in South Australia and one in NSW.

For example, in NSW, Victoria and Western Australia a relatively high proportion of councils are classified as 'urban, metropolitan-developed', whilst NSW and Tasmania have a high proportion of 'urban, regional centres'. By contrast,

Queensland, Western Australia and Tasmania have a disproportionate representation of 'rural areas with significant population growth'. The percentage of rural, agriculturally-based councils ranges from just one percent in the Northern Territory to more than fifty percent in Tasmania, South Australia and NSW. And the percentage of rural, remote councils varies from less than two percent in NSW, Victoria and Tasmania, to twenty-nine percent in Queensland and over ninety percent in the Northern Territory.[3]

Table 3. *Distribution of urban and rural councils, 1997*

	NSW	Vic.	Qld.	SA	WA	Tas.	NT	Total
Urban	83 (46.6)	57 (73.1)	30 (19.2)	28 (36.4)	38 (26.8)	10 (34.5)	6 (8.7)	251 (34.4)
Rural	95 (53.4)	21 (26.9)	126 (80.8)	49 (63.6)	104 (73.2)	19 (65.5)	63 (91.3)	478 (65.6)
Total	178 (100)	78 (100)	156 (100)	77 (100)	142 (100)	29 (100)	69 (100)	729 (100)

Source: Based on the Australian Classification of Local Governments (ACLG) system.
Notes: Figures include the 100 Community, Aboriginal and Torres Strait Islander and other local governing bodies receiving Commonwealth Financial Assistance Grants– 62 in the Northern Territory, 31 in Queensland, 6 in South Australia and one in NSW; numbers in brackets are the corresponding percentages.

Table 2 indicates that diversity in the ACLG taxonomy has important implications for the ability of councils to determine comparable units for the purposes of benchmarking, comparative performance assessment, and the formation of co-operative networks and lobbying groups, etc. For instance, while in Tasmania more than fifty-five percent of councils have fewer than five peers within the state, in Victoria this figure is twenty-three percent, twenty-five percent in South Australia, and less than eight percent in NSW. Finally, 478 or nearly sixty-six percent of all councils are categorised as 'rural' under the ACLG. This percentage ranges from under thirty percent in Victoria to in excess of eighty percent in Queensland and the Northern Territory. A breakdown of the number of urban and rural councils by state and territory is presented in Table 3.

Furthermore, disparate efforts aimed at consolidating local government mean that substantial differences exist in the population of council jurisdictions, both within and across state borders. For example, over sixty percent of the Queensland population resides in councils with in excess of one hundred thousand residents, yet another fifteen percent live in jurisdictions with less than twenty thousand persons. In Western Australia, fifty percent of the population resides in jurisdictions with populations less than fifty thousand, whereas the comparable figure for Victoria is only seven percent. The median jurisdictional population varies from 20,000 to 50,000 persons in Western Australia, Tasmania and the Northern Territory, 50,000 to 100,000 persons in NSW

and South Australia, and 100,000 to 500,000 in both Victoria and Queensland. Details on the distribution of state population by council size are presented in Table 4.

Table 4. *Distribution of state population by council size, 1997*

Population scale	NSW	Vic.	Qld.	SA	WA	Tas.	NT
0–500							6
501–1000					1		7
1001–5000	2		4	4	7	2	11
5001–10000	4	1	4	8	8	13	
10000–20000	5	5	7	15	9	21	20
20001–50000	18	14	13	18	26	50	16
50001–100000	24	21	11	24	27	14	41
100001–500000	47	58	35	31	22		
500001+			25				
Total	100	100	100	100	100	100	100

Source: National Office of Local Government (1997) *1996/97 Report on the Operation of the Local Government (Financial Assistance) Act 1995*.
Note: Figures include the 100 Community, Aboriginal and Torres Strait Islander and other local governing bodies receiving Commonwealth Financial Assistance Grants– 62 in the Northern Territory, 31 in Queensland, 6 in South Australia and one in NSW.

Large differences in the responsibilities and resources of local councils exist, even within individual states. Table 5 highlights the relative diversity of local government around Australia. Of the councils selected, population ranges from 802,000 in Brisbane (Australia's largest council by population) to Peppermint Grove with just over fifteen hundred people. In addition, Brisbane City Council maintains a road network of more than five thousand kilometres, which is nearly twice the length of roads maintained in, say, the East Pilbara, yet this is encompassed in a ninety-seven percent smaller area. This is an important consideration, especially when the provision and maintenance of local roads are one of the most primary functions of Australian local government. The impact of the provision of social services can also be partially gauged by examining this summary information. For example, population densities range from less than one person per square kilometre in East Pilbara to more than fifty-five persons per square kilometre in Yarra Ranges.

Table 5. *Characteristics of selected councils, 1997*

Name	State	Population ('000s)	Road length (km)	Area (km^2)	No. of rateable properties	Value of rateable property ($m)	Rate income per capita ($)	Grants per capita ($)
Peppermint Grove	Vic.	1.5	9	1.5	625	11	533.33	17.7
Break O'day	Tas.	5.8	558	120.0	5562	21	482.76	117.8
East Pilbara	WA	9.1	2308	378533	3135	31	230.77	147.2
Sorrell	Tas.	9.4	331	580	7535	33	436.17	48.7
Huon Valley	Tas.	13.1	748	77.0	7963	40	427.48	65.4

Golden Plains	Vic.	14.3	2360	2720.6	7349	39	181.82	81.7
Surf Coast	Vic.	16.7	1261	1552.8	13633	89	335.33	59.5
Devonport	Tas.	25.4	244	253	10881	96	594.49	31.9
Yarra Ranges	Vic.	136.8	2306	2447.0	52287	391	216.37	47.8
Wanneroo	WA	205.4	1557	786.0	75401	1014	222.49	13.9
Brisbane	Qld.	802.0	5055	1144	273338	28812	281.80	19.1

Source: National Office of Local Government (1997) *1996/97 Report on the Operation of the Local Government (Financial Assistance) Act 1995*.

Finally, substantial differences exist in the financing of local government activities. The rateable property base and the number of rateable properties fluctuates from just over eleven million dollars over 625 properties in East Pilbara to nearly twenty-nine billion dollars and 273,000 properties in Brisbane. Yet even within broadly comparable councils large differences do exist. For example, Surf Coast, Huon Valley and Golden Plains are all classified as large agricultural rural councils under the Australian Classification of Local Government (ACLG) taxonomy, but nevertheless possess rate income which varies from $181 to $427 per capita. The level of dependence on intergovernmental revenue likewise varies considerably. For instance, rates and grants together account for some sixty to seventy percent of total council revenue across Australia. On this basis, Surf Coast, Huon Valley and Golden Plains (which have general purpose grants per head ranging from $59 to $82) have revenues from less than three hundred dollars per capita up to nearly six hundred dollars. Furthermore, the level of dependence on intergovernmental grants also differs substantially across Australian councils. For example, using the ratio of intergovernmental grant income to rate (own-source) income per capita, we find that East Pilbara looks to external sources of finance for some sixty-five percent of its requirements, whereas for Wanneroo and Brisbane this source of finance accounts for less than seven percent of revenue needs.

UNDERLYING TRENDS

The diversity of Australian local government is the outcome of a number of factors stretching back to colonial times. The mainstream historical interpretation has been to view the development of Australian local government within the ‘geographic characteristics of sparsely populated expanses and an inhospitable environment’ (Chapman 1997b: 9); ‘the need for economic development and the desire of local communities to overcome isolation [by] acquiring crucial infrastructure (McNeill 1997: 19); and a number of other ‘institutional factors’ (Jones 1993). However, this

broader ‘environmental’ context in which Australian local government evolved is now subject to fundamental change. Considering that many factors affecting local government have been formulated in the context of its (sometimes nineteenth century) past, we now briefly survey any changes and the pressures for change in local government functions, structure and intergovernmental relations. Issues that are of importance may be related to the spatial and temporal variations across local councils in demography, employment and infrastructure.

Demography

Australia’s changing demographic composition has been well-documented (Hugo 1986; National Housing Strategy, 1991; National Population Council, 1992; Jones, 1993; ACLGSC, 1994). The population is primarily concentrated in major industrial centres and specialist resource extraction and export centres, and this situation is likely to persist for the foreseeable future. There are a number of trends in the location and growth of the population that impact upon local government. First, there is a continuing outward spread of cities beyond defined metropolitan boundaries. While the population in central city areas has recovered somewhat in recent years, the general trend in both inner and middle-ring suburbs has been a declining population or at least experiencing slower growth rates. Evidence suggests that ninety-two percent of capital city population growth is concentrated in the ‘fringe’ areas, even for smaller cities such as Hobart. For example, in the period 1986 to 1993, no ‘urban fringe’ local government declined in population, and 63.5 per cent of such local governments grew by more than three percent per annum (ACLGSC, 1994: 18). Second, and corresponding to the rapid expansion of fringe metropolitan areas, the population density of urban areas is declining. A contributing factor in this case is that new growth areas are being developed at about twenty-five percent of the density of existing built up areas, particularly the inner city. Over 9 per cent of the ‘urban metropolitan developed’ local governments experienced an average annual population decline between the period 1986 to 1993, with the greatest decline in the smaller councils. A further 69.2 per cent of these councils grew by less than three per cent per annum, and only eleven local governments in this category grew by more than three percent (ACLGSC, 1994: 16).

Third, socioeconomic stratification across metropolitan areas has increased (National Office of Local Government, 1992). Whilst the ‘gentrification’ of inner

urban areas has proceeded apace, these local government areas still tend to have a high concentration of low income, sole parent and non-English speaking background (NESB) households, in common with many of the fringe areas. Fourth, the development of non-metropolitan areas has been mixed. Whilst some areas, particularly coastal areas in NSW and Queensland, have experienced high rates of population growth, and larger regional centres more moderate growth levels, it has largely been at the expense of small, rural towns.[4] The 'rural agricultural' category experienced a population decline in 35.1 per cent of cases over the period 1986 to 1993, with 65.6 per cent of rural local governments with populations less than 2000 experiencing a fall in population. Rural local governments with populations between 2001 and 500 also disproportionately fell in population, with 23.6 per cent losing population over the period in question (ACLGSC, 1994). These rural areas are also likely to suffer a relative disadvantage where unemployment rates and the proportion of low income and Aboriginal households are higher (NHS, 1991). For example, Aboriginal and Torres Strait Islanders are heavily concentrated in 'rural remote' local governments, with some 25.7 per cent of their population being classified as such. This contrasts markedly with other rural (2.6 percent), regional towns/cities (2.5 per cent), urban fringe (1.1 per cent), and urban developed (0.5 per cent) areas (ACLGSC, 1994: 20). Finally, there are some broad trends common to all local government areas, in varying degrees of magnitude. These include an increasing proportion of the population aged over 65 years, an increasing proportion of single (especially female) parent households, a reduction in household size, and increasing participation of women in the workforce (Jones, 1993).

Employment

The pattern of employment in Australian local government areas (LGAs) is also experiencing significant change (NOLG, 1992; Jones, 1993; AURDR, 1994a). Whilst the contributing factors are too extensive to be considered in detail in this paper, the changes in the location and composition of the workforce have implications for the operations and viability of local government areas. In rural areas, declining commodity prices, increases in productivity and capital intensity, parallel restructuring in service industries, and the restructuring and rationalisation of rural processing have led to a decline in population in non-regional centres. In urban areas, rapid suburbanisation, industrial restructuring, relocation of government functions

away from city centres, and changing environmental and planning requirements have seen a relative and absolute decline in employment in CBDs and inner city industrial sites.

Table 6. *Social and economic issues confronting local government by ACLG category*

Category	Issues
Capital city	Gentrification of population, restructuring of economic activity, urban consolidation, population decline, traffic congestion.
Urban, inner metropolitan	Utilisation of infrastructure, population decline, ageing population, urban consolidation, loss of manufacturing activity, traffic congestion, pollution, changing employment opportunities.
Urban, outer metropolitan	Backlog of social infrastructure provision, urban consolidation pressures, limited employment opportunities, lack of housing choice.
Urban, fringe metropolitan	Poor public transport, backlog of infrastructure provision, rapid population growth, long-term unemployment.
Urban, regional	Rapid population growth, lack of housing choice, dependence on limited employment opportunities, lack of public transport, regionalisation of service delivery.
Rural, large	Declining population, narrow industrial base, impact of agricultural restructuring, closure of local services.
Rural, small	Declining population, limited rate base and dependence on rural land values, poor access to services.
Rural, remote	High cost of service delivery, declining population, declining property values, ageing population.

Sources: National Office of Local Government (1992) *Housing Jobs and Services: The Role of Local Government* and National Housing Strategy (1991) *Australian Housing: The Demographic, Economic and Social Environment*.

On the other hand, large regional and fringe areas have seen a growth in employment in service activities. Many of these factors are also a function of the population dispersal noted earlier. Still others include the increase in international and domestic tourism, heightened locational flexibility due to technological developments in telecommunications, and the changing capital and technology requirements of industry (NOLG, 1992; Jones, 1993). The impact of these changes in the pattern of employment are particularly pronounced in rural areas, where there is usually an extremely narrow industrial base (i.e. agriculture). The NOLG, (1992: 21) has observed that "the widespread lack of economic diversity, combined with the spatial concentration of economic activities, renders many local areas vulnerable to economic restructuring". All of these factors exert an obvious influence on the functions and financing of local government. For example, the AURDR (1994a: 107) reported that "with regard to expenditure, increased regional disparity in income increases the need for horizontal equalisation. On the other hand, increased levels of internal migration

may increase the economic efficiency costs of equalisation". A number of other relevant socioeconomic issues are summarised in Table 6.

Infrastructure

The final environmental context in which Australian local governments find themselves resides in the impact of the aforementioned factors on infrastructure development (King and Maddock, 1996; Neutze, 1997). In declining populations areas there is concern about the efficient utilisation of infrastructure (NOLG, 1992: 24). However, in these same areas infrastructure is likely to be relatively older and more in need of replacement than those areas experiencing population growth. Increased demands are also likely to be placed on this infrastructure in terms of low socioeconomic households. Although much of the concern about public infrastructure can be directed at state governments, approximately 20 percent of fixed new assets are provided by local government. The development of infrastructure varies across and within the states as well. For example, in both NSW and Queensland, local government is the major provider of water and sewerage services in all urban areas, whereas in the other states the list may include electricity distribution as well. Local governments in all states are the primary providers of roads and bridges, are often involved in airports and ferry transport, and may take on roles in public transport.

CONCLUDING REMARKS

We have seen that local government in Australia is characterised by an astonishing degree of diversity, both within and between the various states and territories. Moreover, given the underlying structural trends that shape the nature of local government, there is little reason to believe that the existing degree of diversity will diminish. Indeed, there appears to be every prospect that local government will become more rather than less heterogeneous. Accordingly, although the imposition of uniform national standards may seem attractive at first sight, the actual implementation of these standards appears to be neither feasible nor desirable in a highly diverse and idiosyncratic local government milieu. Conformity for its own sake is after all contrary to the spirit of a federal system of government.

These claims can be viewed through the prism of implementation theory. In essence, it can be argued that the incremental welfare gains associated with devolving to local government the responsibility for determining standards should be balanced

against the greater potential for government failure attributable to local rather than central government. The imposition of national uniform standards represents the epitome of a 'top-down' approach to local government policy formulation. Local governments are seen as simply the agents of central government with a greatly reduced degree of autonomy. In contrast to top-down approach, which starts from a policy decision and examines the extent of its realisation over time, a 'bottom-up' approach seeks to identify service deliverers at the local level, ask them about goals, strategies and activities and then try to place them in a larger policy context. A bottom-up approach would therefore seem to have considerable relevance to the role local bodies can play in the public policy process and accord them much greater autonomy in the determination of standards. Given the demonstrated diversity in Australian local government, we argue that a bottom-up approach is clearly preferable.

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NOTES

[1] A number of different conventions exist on what the individual elements of Australian local government should be termed. The Industry Commission (1997) discusses these entities as 'local councils' or 'councils'; the Australian Urban and Regional Development Review (AURDR) (1994a; 199b) uses 'local councils and community governments' and 'local authorities'; and the National Office of Local Government (1997) applies the term 'local government councils'. Other terms commonly employed include 'municipalities', 'municipal areas' or 'municipalities and shires', 'local government areas', and 'local governments'. The present study adopts no specific convention, although it tends to employ the terms 'local councils' or 'local governments', except where this would cause confusion with cited references.

[2] The ACLG differs from the earlier Australian Council for Intergovernment Relations (ACIR) classification in that the former focused exclusively on the degree of urbanisation and population size to place each local government in one of seven categories: "The [ACLG on the other hand] focuses on local government areas: it classifies councils according to their characteristics and capacity to deliver a range of services (infrastructure, human, community and economic) to the community" (ACLGSC 1994: 3).

[3] With so many different types of local governments in Australia, there are many occasions when a council's profile does not fully match the characteristics of the ACLG category. The ACLGSC (1994) employed an 'exception rule' to reallocate the local government to a category that more accurately reflected its circumstances. An example included Mount Magnet (WA). Ninety-three percent of its population is located in the town of the same name, so it was originally classified as 'urban, regional town/city'. However, it was moved to 'rural remote medium' to reflect its distance from a major service town. Another instance was the Municipality of West Coat (Tas.), which had a total area of 9750 km and a population of 7484. However, much of the land is either state forest or national park (and is therefore neither occupied nor rateable) and the population is concentrated in a relatively small area of 73 km (with a correspondingly high population density). Accordingly, the municipality was reclassified as 'urban regional town/city'.

[4] Factors at play include the loss of industry in rural towns, rationalisation and centralisation of services in regional centres, particularly in banking, insurance and retailing, and the reduction of some government services in rural and regional centres, etc.