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# Strategic Service Delivery Partnerships in Contemporary Australian Local Government

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*Abstract:* Council amalgamation has always been the favoured policy instrument of Australian state governments to increase the operational efficiency of local councils. However, a host of recent state and national inquiries have concluded that shared service provision by groups of cooperating municipalities represents a superior means of achieving the same end. One consequence has been a concerted effort by commercial companies to introduce Strategic Service Delivery Partnerships under the guise of shared service models. Using the example of the Ipswich City Council, this paper argues that Strategic Service Delivery Partnerships do not constitute bona fide shared service partnerships, they do not overcome the well-known problems of traditional methods of contracting out complex council services, and they possess other unfortunate characteristics. This renders Strategic Service Delivery Partnerships unsuitable for local government service provision.

*Keywords:* Amalgamation; local government; outsourcing; risk; shared services



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## Share Services in Australian Local Government

Australian local government has seen a spate of national and local inquiries offering diagnosis, prognosis and treatment for the current problems afflicting local councils. While the emphasis of all these inquiries has fallen squarely on financial sustainability, and the urgent need to tackle rapidly depreciating local infrastructure, they also considered other aspects of contemporary local government, including the efficacy of structural change through compulsory council amalgamation[1]. The authors of these reports were unanimous that forced council mergers had failed to achieve their intended aims and that other methods of improving the operational efficiency of local councils offered much greater promise, particularly shared service arrangements (Dollery *et al.* 2008). It was generally acknowledged that shared service models allowed participating local councils to reap scale economies and scope economies attendant upon greater size in service provision, while at the same time retaining local autonomy without the need for compulsory amalgamation.

With the sole exception of the Queensland Local Government Association's (2006) *Size, Shape and Sustainability* (SSS) process, and its commissioned KM Management Consulting (2005) report, which undertook a detailed but badly flawed analysis of shared services (Dollery and Akimov 2008), all other inquiry reports rejected amalgamation in favour of shared services without extensive evaluation of shared service models in local government (Dollery *et*

[1] At the state level, we have seen the South Australian Financial Sustainability Review Board's (2005) *Rising to the Challenge,* the Independent Inquiry into the Financial Sustainability of NSW Local Government's (LGI) (2006), the Queensland Local Government Association's (LGAQ) (2006) *Size, Shape and Sustainability (SSS)* project, the Western Australian Local Government Association's (WALGA) (2006; 2008) *Systemic Sustainability Study* Inquiry, as well as the Local Government Association of Tasmania's (LGAT) (2007) *A Review of the Financial Sustainability of Local Government in Tasmania.* At the national level, we have seen the Commonwealth Grants Commission's (CGC) (2001) *Review of the Operation of Local Government (Financial Assistance) Act 1995*, Hawker Report (2003), the *Local Government National Report, 2004-05* (2006), and the PriceWaterhouseCoopers (PWC) (2006) *National Financial Sustainability Study of Local Government.*

*al.* 2008). Moreover, shared services were seen as institutional arrangements between local councils cooperating to jointly provide services, through entities like Regional Organisations of Council and Regional Alliances, in search of cost savings and quality improvements, rather than the contracting out of local government service provision to the private sector.

Against this background, a new and disturbing development in Australian local government, most advanced in Queensland, has been the initiation of joint contractual arrangements between local councils and private firms which have been falsely styled as 'shared service models', but which are in fact variations on well-known market instruments involving outsourcing through public/private partnerships. Indeed, there has been a concerted effort by leading British corporations involved in local government service contracting in the United Kingdom and their Australian counterparts, such as United Customer Management Solutions Pty. Ltd., to persuade Australian local government that 'transformational outsourcing' or 'business process outsourcing' in the form of 'Strategic Service Delivery Partnerships' somehow represent *bona fide* 'partnerships' between private for-profit providers and local councils in shared service provision rather than simply a traditional outsourcing arrangements.

A salient recent example of this effort was the UK Shared Services Study Tour organised by the Local Government Association of Queensland and Queensland Partnerships Group Shared Services in 2008, which hosted a party of Australian local government councillors and senior managers in an attempt to persuade them to adopt these 'shared service partnerships' (QPG 2008). It is interesting to note that the Queensland Partnerships Group (QPG) consists of a new joint venture between the Local Government Association of Queensland (LGAQ) and United Customer Management Solutions Pty. Ltd. Furthermore, a further revealing feature of United Customer Management Solutions Pty. Ltd. marketing efforts resides in the fact that it tries hard to link its business with the LGAQ (2006) Size, Shape and Sustainability process. For instance, the United Customer Management Solutions Pty. Ltd.

advertising material asserts inter alia that 'shared service centres are a key feature of the *Size, Shape and Sustainability* agenda'.

Apart from some work on related models in the British local government milieu, which is not directly comparable to the much narrower service provision offered by Australian local government, no scholarly attention has been focused on this phenomenon in the Australian context. This neglect is unfortunate since Strategic Service Delivery Partnerships are not what they are purported to be in promotional material aimed at Australian local councils. Accordingly, in an effort to fill this gap in the Australian local government literature, this paper seeks to evaluate the nature of Strategic Service Delivery Partnerships and their characteristics.

The paper is divided into five main parts. Section 2 provides a synoptic review of the key elements of the theoretical and empirical literature on outsourcing in local Australian government. Section 3 outlines the nature of Strategic Service Delivery Partnerships in local government service delivery, using the example of Services Queensland which operates in the Ipswich City Council. Section 4 considers the economic characteristics of Strategic Service Delivery Partnerships and the problems associated with this form of outsourcing. Section 5 deals with the employment dimension of Strategic Service Delivery Partnerships. The paper ends with some brief concluding remarks in section 6.

## Theoretical and Empirical Considerations

A substantial literature exists on the use of market instruments in public sector service provision. Scholars have examined both the theoretical foundations of this mode of service production and delivery and empirical evidence on its results (see, for instance, Domberger and Jensen 1997), that has a significant Australian strand, including recent valuable contributions by Hodge (2004) and Johnston and Gudergan (2007). In this Australian literature, earlier optimism (see, for instance, Domberger and Hall 1996) has given way to

greater pessimism (see, for example, Bisman 2008) on the outcomes of the exercise. With some notable exceptions (see, for instance, Rimmer 1993), this literature has focused on the public sector as a whole, rather than local government per se.

In their assessment of the use of market instruments in providing local government services in Australia, Dollery *et al.* (2006) considered the theoretical dimensions of the various kinds of outsourcing arrangements in local government. They concluded that on *a priori* conceptual grounds it could not necessarily be presumed that outsourcing would generate unambiguous cost savings for several reasons, the most important of which lay in the magnitude of transactions costs. This meant that the question had to be settled on the basis of empirical evidence.

Dollery *et al.* (2006) went on to examine available Australian empirical evidence on outsourcing in local government and identified various problems associated with accurately measuring the costs and benefits of contracting out in local government service provision. They concluded that, although relevant empirical evidence in the municipal context was mixed, the weight of evidence indicated that, in the short term, the costs of service provision fell, but in the longer run cost savings disappeared and 'quality shading' emerged as a significant problem, especially for complex services difficult to monitor adequately. Dollery *et al.* (2006) concluded that it was thus unwise to contract out local government services with complicated attributes – a common characteristic of many municipal 'services to people' functions.

One method of overcoming these reservations in the sphere of local government service provision is to develop contracts with commercial enterprises which redistribute at least some of the risk away from the contracting local council to the contracted private firm. If this is possible, then it may be able to meet many of the conceptual and empirical objections to the outsourcing of municipal services identified by Dollery *et al.* (2006). Techniques of this kind adopted to deal with contractual relations between the

public sector and the private sector are known as Public-Private Partnerships (Hodge 2004).

Following this logic, various British companies have pioneered Public-Private Partnership (PPP) relationships with local councils that have achieved an extraordinary degree of success in penetrating local government provision in the United Kingdom, especially in 'back-office' functions (Unison 2008). As we have seen, determined efforts are now being made to market the same process in Australia, particularly in Queensland through the Queensland Partnership Group.

## Strategic Service Delivery Partnerships

Within the range of PPP options, the Private Finance Initiative (PFI) is the most frequently used method in British public sector service provision. In contrast to other methods of outsourcing, under a PFI the assets used in producing a service are owned by the private firm rather than the public sector. For instance, if a given service requires an actual building and equipment to generate that service, then a local council would pay the private company which provides the building and associated services a fee. For a service of this kind, a typical PFI project would normally be owned by a company set up especially to run the project, often comprising a consortium of private firms, including a real estate firm, a finance house and a facilities management company.

Strategic Service Delivery Partnerships in local government service provision broadly follow this model. They are often based on a separate entity, usually jointly owned by the respective local authorities and private corporations, which typically run municipal 'back-office' functions as well as 'customer interaction' services through combined telecommunications and 'over-the-counter' services.

In order to understand the nature of Strategic Service Delivery Partnerships in contemporary local government, it is useful to consider the concept by means of a concrete example. In Queensland, the Ipswich City Council has entered into an arrangement of this kind with the Queensland Partnership Group – a subsidiary of the Local Government Association of Queensland – through its wholly owned subsidiaries Ipswich City Enterprises Pty Ltd and Ipswich City Enterprises Investments Pty Ltd to form Services Queensland, with ultimate ownership evenly shared between the Ipswich City Council and the Queensland Partnership Group.

The Queensland Partnership Group is a joint venture between the United Customer Management Solutions Pty. Ltd. and the Local Government Association of Queensland. In turn, Partnerships Australia Pty. Ltd. – a wholly owned subsidiary of United Customer Management Solutions Pty. Ltd. – represents United Customer Management Solutions Pty. Ltd. in Services Queensland.

The complexities of the relationship between the Ipswich City Council (through its subsidiaries Ipswich City Enterprises Pty Ltd and Ipswich City Enterprises) on the one hand, and the Local Government Association of Queensland (through its subsidiary Prevwood Pty Ltd) and United Customer Management Solutions Pty. Ltd. (through its subsidiary Partnerships Australia Pty. Ltd.) to form Services Queensland on the other hand, are considerable. An obvious casualty of this complexity in a PPP relationship resides in a loss of accountability and transparency. It is very difficult for local ratepayers to evaluate the worth of these commercial relationships.

Services Queensland began the operational stage of a ten-year partnership with Ipswich City Council on 18 September 2008, which had been formalised in 2007, focused on the Council's customer service and property rates functions, which seeks to 'share' administration services between the Council and the private provider. This agreement is the first of its kind in Australian local government.

A characteristic feature of this kind of 'shared service partnership', like Services Queensland, is that they typically combine existing council staff with additional employees who work for the new entity. Based on the proposition that this will enable 'private sector expertise' and 'business process engineering' techniques to permeate through the new entity, existing council staff on existing employment conditions learn improved methods in conjunction with new staff who have been trained appropriately in the private sector. It is hypothesised that this will generate improved local service quality.

Shared Service Delivery Partnerships, such as the relationship between the Ipswich City Council, the Queensland Partnership Group Partnership Group and United Customer Management Solutions Pty. Ltd., typically use Special Purpose Vehicles, like Services Queensland, which have no assets. These Special Purpose Vehicles are jointly owned by the Shared Service Delivery Partnerships, not always on an equal basis. The local service in question is then delivered under the auspices of the Special Purpose Vehicle, with staff drawn from the local council and specially employed by the new entity in varying proportions. Council staff have the option of employment with the Special Purpose Vehicles or they can continue in employment with the council. New staff employed from the private sector do not necessarily enjoy the same pay and conditions as their council counterparts, although this is sometimes the case.

In the British local government sector, Strategic Service Delivery Partnerships have often focused on 'back-office' functions and 'customer interaction' relationships with the public. For example, call centres have been established which deal with queries from the public, the payment of rates, fees and charges, etc. These call centres are not always located in the local government areas which they serve. Services Queensland is designed to operate this kind of service on behalf of the Ipswich City Council. It will operate from premises situated in Ipswich. These premises, as well as the computing and other equipment involved, belong to the Ipswich City Council.

Using the Services Queensland example, we can get a clear idea of how Strategic Service Delivery Partnerships operate. For instance, in terms of 'customer services' involved in 'conducting business with the council's customers', both on an 'over-the-counter' basis and through telephones, Services Queensland began with a 'baselining phase' which aims to establish 'realistic operational targets based on reliable data, current performance and stakeholder expectations' (Services Queensland 2008, 1). These targets provide 'senior managers, politicians and other community stakeholders with a reference point against which future benefits can be measured'.

In the Services Queensland case, 'baselining' derived from the Baseline Service Reviews conducted by the Queensland Partnership Group. These Reviews sought to 'identify the service elements for each service', identify 'current performance measures', establish agreed key performance indicators, determine current service volume and forecast future service volumes, calculate current service delivery costs, and identify 'appropriate process change requirements to underlie the implementation of a more efficient service delivery model' (Services Queensland 2008, 1).

Services Queensland (2008, 2) outlined three 'key features' of its approach:

- A focus on 'early engagement with key stakeholders and staff; which it holds is a 'key in establishing strong working relationships';
- An emphasis on 'sharing of information during the service review meetings and follow up validation meetings' in order to promote 'open and honest communication'; and
- An effective 'combination of staff involvement with system and data analysis ensures both qualitative and quantitative information is captured during the Baseline period'.

The Baseline Service Review of current Ipswich City Council practice in 'customer services' found a 'number of gaps in current data collection and performance monitoring'. Using this information, the Queensland Partnership

Group developed 'new and innovative ways of delivering the uplift in business performance' for the Ipswich City Council.

The Baseline Service Review of existing Ipswich City Council customer practice found *inter alia* that 'not all customer interactions were being recorded' and 'customer enquiry types were often largely unknown', such as requests for information or payment transactions. Moreover, 'current reporting tools could not capture how many interactions were resolved at the first point of contact'. As a consequence, the Queensland Partnership Group developed an 'interim method of capturing customer interactions at the first point of contact using current technology'. This approach was successfully adopted by 'customer service teams' and 'within three months these teams were capturing approximately eighty per cent more meaningful data about customer interactions' with the Ipswich City Council. Services Queensland contends that this information base will facilitate a 'range of performance enhancements'.

Services Queensland places considerable stress on building a strong relationship with employees. For instance, data on customer service interactions is 'shared openly' with the customer service teams, not only to improve the process of collecting data, but also 'capturing the customer experience'. 'Data custodians' and 'performance reporting structures' are created to facilitate effective performance monitoring is proactively managed. Services Queensland ensures that 'staff has access to all reports and is actively encouraged to monitor their own teams' performance'. It is hypothesised that 'this further reinforces the Queensland Partnership Group's commitment to cultural transformation through openness and trust'.

Using its Baselines Service Review data, the Queensland Partnership Group recommended that in the case of 'customer interaction services' in the Ipswich City Council, the Council concentrate on a 'few key performance indicators'. These included 'First Point of Contact Resolution', 'Abandonment Time' and 'Average Wait Time'.

The Baselining exercise is aimed at establishing an 'agreed starting point' for 'Business Process Re-engineering' and 'continuous improvement'. In the case of the Ipswich City Council, the basic idea is to transform the delivery of the customer service and rates service functions. The measures developed through the Baseline Review are thus intended 'to quantify the performance improvements realised from Business Process Re-engineering'.

Services Queensland (2008, 2) contends that this process has several 'core benefits':

- It 'engages staff openly and transparently and encourages their buy in at the earliest opportunity';
- It 'establishes an agreed starting point for current service levels';
- It 'establishes agreed performance measures for current services';
- It 'identifies opportunities for service level improvements';
- It 'identifies realistic, achievable performance improvements'; and
- It 'establishes realistic targets for performance improvements'.

While Services Queensland will initially offer customer relations services to the Ipswich City Council, it seems clear that, in the longer term, plans are afoot to offer these same services across both Australia and New Zealand, possibly through Partnerships Australia Pty. Ltd.

## Economic Characteristics of Strategic Service Delivery Partnerships

It is possible to identify various economic characteristics of PPP arrangements and their derivative Strategic Service Delivery Partnerships from experience gained in the United Kingdom (see, for example, Unison 2008). We now examine some of the major features of these outsourcing arrangements using the British experience that are relevant in the Australian context:

***Risk***

The underlying economic rationale for both PPP and PFI arrangements is that risk is transferred from public organisations to private sector entities in order to enable them to acquire 'private sector management skills' motivated by having private finance 'at risk'. It is argued that this risk transfer provides financial certainty for the public sector client.

However, in practice, this transfer of risk has often proved to be illusory. For instance, if a given Strategic Service Delivery Partnership fails, then the local council involved must still bear ultimate responsibility for service since it is *de facto* the guarantor of last resort. Thus, if Services Queensland were to fail, then the Ipswich City Council would still be required to deliver customer services, regardless of the reasons for the failure. On the other hand, from the perspective of Services Queensland, it has very little capital invested in the venture, because it uses Ipswich City Council buildings and equipment, and it enjoys a guaranteed stream of income over the life of the ten-year contract. In other words, real risk is borne largely by the Ipswich City Council.

***Refinancing***

In Britain, it has been observed that the frequent refinancing of Strategic Service Delivery Partnerships occurs in an effort to reduce costs where a private company has made a substantial investment in construction. This occurs since the construction period of a PFI project carries a much higher risk factor than the subsequent service delivery period. However, the British experience has shown that the benefits of reduced finance costs were not shared with local councils. Private contractors did not have a contractual duty to share the benefits achieved by refinancing. In other words, while refinancing reduced business costs to private entities, local councils continued to bear higher costs.

***Secondary Markets***

A further salient feature that has emerged from the British experience is the extensive use of secondary markets in Strategic Service Delivery

Partnerships. In this instance, the secondary market represents a mechanism by which initial investors can sell their stake to investment funds. This arrangement is particularly attractive since guaranteed income streams over many years from local government represent a very low risk. From the perspective of the local council involved in such a Strategic Service Delivery Partnership, this could present problems since private ownership (and thereby the quality of management) can change rapidly and frequently, with unforeseeable consequences.

***Special Purpose Vehicles***

Special Purpose Vehicles are legal commercial entities created for a particular purpose which often have no assets (i.e. new limited liability entities like Services Queensland). If these Special Purpose Vehicles fail there is no legal recourse to the parent companies. The risks of commercial failure thus fail squarely on the local council. Put differently, by contracting with the public sector through Special Purpose Vehicles, contractors can ditch difficult or unprofitable contracts with comparative ease, possibly without incurring financial penalties. Because the Special Purpose Vehicles may own no assets, contract failure of this kind may not lead to the enforcement of any penalties agreed as part of the contract.

***Secrecy***

'Commercial in-confidence' clauses and other cloaking devices often result in secrecy surrounding contracting terms and thus there is limited public transparency in Strategic Service Delivery Partnerships. Ratepayers cannot obtain details of the terms of contracts and therefore cannot evaluate their worth. Needless to add, this runs contrary to recent trends in Australian local government to increase the transparency of local council operations.

***Complexity***

A high degree of commercial complexity represents a typical feature of Special Purpose Vehicles, which further diminishes transparency. Consider the case of Services Queensland. It comprises a very complicated

relationship between the Ipswich City Council (through its subsidiaries Ipswich City Enterprises Pty Ltd and Ipswich City Enterprises), the Local Government Association of Queensland (through its subsidiary Prevwood Pty Ltd) and United Customer Management Solutions Pty. Ltd. (through its subsidiary Partnerships Australia Pty. Ltd.). It need hardly be stressed that this complexity makes it close to impossible to determine where commercial responsibility ultimately falls.

***Long-term Revenue Commitments***

By their very nature, most Strategic Service Delivery Partnerships have long-term time horizons which commit the local council concerned to substantial revenue expenditure for years ahead. This obviously limits room for manoeuvre for the future, when circumstances may change.

The characteristics of Strategic Service Delivery Partnerships in local government we have considered thus make this form of local government service delivery very much a 'mixed blessing'. The main lesson from the British experience hinges on risk. Regardless of what contractual arrangements local councils employ, they remain the guarantor of last resort for essential public services. The idea of risk transfer to the private sector thus does not reflect the realities of the situation. In the final analysis, risk transfer is illusory.

## Employment Characteristics

Various important lessons can be learned from outsourcing public services in the United Kingdom, especially their impact on employment. In section 5, we examine the more important of these lessons.

It should first be stressed that Australian local councils are no strangers to the process of outsourcing the services they provide. In 1996, the (then) Industry Commission estimated that the total value of local government services subject to competitive tendering or contracting out was $1.7 billion for the

financial year 2003/04, or approximately 20 per cent of councils' total expenditure (Paddon and Thorowgood 1996, 2). Since that time the ratification of the National Competition Policy (1993) by the Council of Australian Governments in April 1995, and its endorsement by state legislatures soon after, has given further impetus to entrenching these procedures as a growing part of the everyday business of municipal authorities.

Similarly, in the United Kingdom, the (then) Conservative government introduced a form of competitive tendering to municipal service provision 1992, with the subsequent Labour government streamlining and promoting the process. When comparing the British experience of competitive tendering to its Australian counterpart, two important differences have to be borne in mind. First, while in Australia many tenders are awarded to public sector service providers (particularly in the case of local council services), in Britain both policy and practice saw contracts awarded mostly to privately owned service providers only. Nonetheless, important lessons from the British experience are still relevant to Australian local government.

***Employment Effects***

Considerable research has been undertaken on the impact of outsourcing, including Strategic Service Delivery Partnerships, on employment, largely by Unison, the largest public sector trade union in the United Kingdom (Unison, January 2008). The findings of this body of work can be summarised as:

- There has been an increasing 'casualisation' of the workforce. This has led a fall in direct local council employment and loss of financial security by a growing segment of the labour force engaged in local government service delivery.
- A second major employment consequence has been lower wages for those workers employed by private forms in Strategic Service Delivery Partnerships. Unison (January 2008) documents several striking examples of this phenomenon.

- A 'two-tier workforce' has emerged, where after some transitional protections to pay and conditions, workers who have moved to the private sector firms involved in Strategic Service Delivery Partnerships find themselves working alongside local council employees on substantially better pay and conditions, particularly with respect hours worked, paid holiday duration, sick pay and maternity leave.
- The 'two-tier workforce' has led to a significant fall in worker morale, particularly due to the fact that workers are well aware that identical work brings differential rewards, depending on whether or not a person is employed by a local council.
- The emergence of a 'two-tier workforce' has given Strategic Service Delivery Partnerships strong incentives to transfer council staff to the new Strategic Service Delivery Partnership entity to reduce wage costs, or alternatively hire new employees to make up for loses in workers due to natural attrition (Unison, January 2008, 4-6).

***Quality of Work***

A second major impact of Strategic Service Delivery Partnerships uncovered by Unison (January 2008) lay in a significant decrease in the quality of work under conditions owing to the fact that labour costs were often the only inputs that could be significantly influenced by offered Strategic Service Delivery Partnerships. Given the importance of the profit motive, quite apart from an incentive to substitute private sector employees working under the auspices of the Strategic Service Delivery Partnerships for council workers, the management of Strategic Service Delivery Partnerships also have an incentive to reduce the total amount of labour employment.

Since many local government functions are complex, and thus virtually impossible to monitor with any degree of precision, Strategic Service Delivery Partnership managers have been able to reduce the total number of workers employed in the certain knowledge that its impact will be difficult to measure. Thus 'quality shaving' occurs as the consequence of having fewer workers. Unison (January 2008, 6-7) has identified several examples of this process

and shown that although Strategic Service Delivery Partnerships remained 'paragons of "efficiency"' in formal contractual terms, they no longer provided services 'fit for purpose'.

## Concluding Remarks

This paper has argued that Strategic Service Delivery Partnerships in the sphere of local government service provision have sought to overcome two main objections to the outsourcing of local government functions to for-profit firms.

In the first place, as we have seen, theoretical arguments exist which undermine the expectation that outsourcing would reduce service costs on grounds that the complexities involved in service provision would require high transactions costs to monitor adequately. Strategic Service Delivery Partnerships were designed to meet this objection by shifting risk away from local councils to their private partners, thus giving these for-profit firms a stake in successful high class service provision. However, as we have argued in this paper, because local councils act as 'guarantors of last resort' in essential local service provision, ultimate risk still falls on local councils in the event of 'contract failure'.

Secondly, available empirical evidence on outsourcing in local government indicated that while contracted out functions generated costs savings in the short term, in the longer run these were undermined by quality shading. Strategic Service Delivery Partnerships could meet this objection by risk shifting away from local government. However, the British evidence has shown that the emergence of a 'two-tier workforce' has provided Strategic Service Delivery Partnerships with strong incentives to shed not only local council labour, but also reduce the total number of employees involved in service delivery.

It would thus appear that Strategic Service Delivery Partnerships have failed to rebut conceptual reservations as well as empirical reservations. In other words, in common with more general forms of outsourcing, Strategic Service Delivery Partnerships suffer from the same disadvantages that rule them unsuitable for local government service provision from the perspective of sound public policy.

In addition to these shortcomings, we have also seen that Strategic Service Delivery Partnerships have deleterious effects on both local government employment and the quality of local government service provision. The former effect can have severe negative consequences for local communities in regional, rural and remote Australia.

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