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MEANINGFUL ROLE IN THE DEVELOPMENT OF
SOCIAL CAPITAL IN DISADVANTAGED RURAL
COMMUNITIES?**

by

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Andrew Worthington and Brian Dollery**

Abstract

There is now widespread acceptance of the critical role social capital and its attendant dimension of a 'sense of place' can play in nurturing poor rural communities and in reversing the current trend towards growing regional economic and social disparities. Although state and federal governments can undoubtedly assist in the accumulation of social capital in poor rural communities, it has been persuasively argued that local communities themselves hold the key to the health of peripheral rural and provincial areas. The question thus arises as to whether local government can indeed foster the development of social capital given its present range of functions. This forms the subject matter of this paper.

Key Words: Local government, regional policy, social capital, “sense of place”

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Introduction

Since Eva Cox's widely acclaimed 1997 Boyer lectures on the ABC's Radio National, the notion of 'social capital' has come into increasing prominence in Australian policy debates on regional economic and social inequalities, especially the question of the decline of rural communities. Following Putnam (1993), social capital has been differentiated from other forms of capital, like physical infrastructure, state-owned enterprises and state expenditures on social services, and now generally refers to "...features of social organisation, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit" (Stayner 1999, p.1). Bolton (1992) has added a spatial dimension to the concept of social capital by linking it to the idea of 'sense of place', meaning "a complex of intangible characteristics of place that make it attractive to actual and potential residents and influences their behaviour in observable ways" (Bolton 1992, p.193). Moreover, Bolton (1992, p.194) has argued persuasively that the returns to this form of social capital can have substantial positive effects:

[A] general measure of security - security of stable expectations, and security of being able to operate in a familiar environment and to trust other citizens, merchants, workers, etc. ... There is also a basic feeling of pleasure of living in a community, or knowing that others live in such a community, that has been created by a combination of social interactions in a particular setting. A sense of place has the characteristics of a local public good, in that some of the returns are external to the persons who made the sacrifices of investment.

Growing regional inequalities in Australia (Raskall 1995), and the emerging phenomenon of a new underclass in declining small rural towns, has led some scholars to ponder the role of social capital in arresting and even reversing these ominous trends. From the perspective of interventionist public policy, the question arises as to what specific kinds of action should be undertaken by local, state and Commonwealth governments. Stayner (1999, p.5) has put the matter thus:

If the sense of place is a valuable social asset for the larger region and nation, what are the appropriate roles for state and national governments? ... Are there appropriate policy instruments?

Although state and federal governments can doubtless play a pivotal role in the accumulation of

social capital and any concomitant revitalisation of poor rural communities, some commentators have argued that cities and communities, rather than national and state governments, hold the keys to the health of peripheral rural and provincial areas (Foldvary 1994). However, these arguments have generally been advanced in the context of American and British local governments which have a broader range of local functions than Australian municipalities. Accordingly, the question naturally arises as to whether Australian local governments, with their much narrower sphere of activities, could perform a similar role. This forms the subject matter of the present paper.

The paper itself is divided into five main parts. The first section provides a brief synoptic background to the functions performed by Australian local governments in comparative perspective. The second section examines expenditures by purpose in Australian local authorities. The third section discusses inter-state differences in function. The planning functions of councils are dealt within the fourth section. The paper ends with some brief concluding remarks in the final section.

Functions of Australian local government in perspective

In comparison with many other governance systems, Australian local government takes on substantially fewer functions. For example, in the United Kingdom the local government authorities provide major services such as education, social services, housing, some public transport and local amenities. State-level governments in Australia perform many of these functions. However, even when contrasted with a comparable federal system, like the United States, Australian local governments provide a relatively narrow range of services. These are largely orientated towards 'services to property' and include roads, drainage, waste management, sewerage and water supplies, footpaths and flood mitigation works.¹ By contrast, local governments in the U.S. generally bear responsibility for a large number of major social policy

¹ The IPART (1998, p.5) report lists five primary functional areas in NSW local government: (i) land management, planning and infrastructure provision, including development and environmental planning, heritage conservation, building supervision, and road works; (ii) community amenities, including parks, gardens and sporting grounds, water and sewerage supplies, library services, street lighting and street cleaning; (iii) community welfare services, covering child care services, women's refuges, and aged and disability accommodation; (iv) public health and safety, including garbage collection and disposal inspection of commercial premises; and (v) corporate functions, being strategic planning for the area, resource and service management, property management, and working with the community and state and federal governments on economic development, employment and tourism promotion.

services, including social security, hospitals and health care, schools and police. This is highlighted in the composition of total public sector own-purpose outlays. In the case of Australia, local authority outlays comprise some 5 per cent of total public expenditure, with the states accounting for 53 per cent and the Commonwealth contributing the remaining 42 per cent. However, in the U.S. the share of local government in total expenditure is some 26 per cent, with the states accounting for 20 per cent, and the federal government for 54 per cent (McNeill 1997, p.29).

Expenditures by purpose and social capital

Despite having a relatively small contribution to the major functions of the public sector in general, Australian local governments are relatively more important in some areas than others. Table 1 outlines the share of outlays by level of government for the latest available data. Whilst relatively unimportant in terms of public order and safety, education, and health, especially when compared to the states and territories, local government's contribution to housing and community amenities and recreation and culture are disproportionately higher.

For example, in 1995/96 local governments' contribution to outlays on housing and community amenities amounted to \$955 million or more than 44.5 per cent of total current consolidated outlays. In addition, local government contributed \$1142 million or 30.6 per cent of total current outlays for the purposes of recreation and culture. Relatively larger shares of total consolidated outlays were also recorded for the purposes of mining and mineral resources (11.1 per cent) and transport and communications (15.7 per cent).²

However, while the role of local government in total public sector outlays is relatively small, it is far more significant in terms of its investment in new public sector assets. As illustrated in Table 2, local government is responsible for approximately 18 per cent of this type of investment in the state and local government sector (including grants and transfers from other tiers of government). Obviously, the contribution of local government to expenditure on new fixed assets does vary from state to state, and roughly corresponds with differences in the involvement of local government in the provision of utility services, etc. For example, in NSW and Queensland local

² NSW local government expenditures totalled \$4,305 million in total operating expenses (excluding depreciation and interest) and \$1,086 million in capital expenditures in 1995/96. Gross operating expenditures were comprised of: (i) employee costs (44 per cent); (ii) materials (25 per cent); (iii) other operating expenditures (14 per cent); (iv) depreciation (13 per cent); and (v) interest (4 per cent) (IPART 1998: 8).

councils are at least partially responsible for the provision of sewerage and water supply.

Table 1: Current outlays by major function by level of government, 1995/96

	Local		State/ Territory		Commonwealth		Total	
General public services	963	(7.3)	4708	(35.5)	7580	(57.2)	13251	(100.0)
Defence	-	-	-	-	9392	(100.0)	9392	(100.0)
Public order and safety	203	(3.2)	5301	(83.0)	883	(13.8)	6387	(100.0)
Education	35	(0.1)	19416	(67.0)	9521	(32.9)	28972	(100.0)
Health	185	(0.6)	12849	(40.8)	18438	(58.6)	31472	(100.0)
Social security and welfare	512	(1.0)	3872	(7.6)	46269	(91.4)	50653	(100.0)
Housing and community amenities	955	(44.5)	1137	(53.0)	55	(2.5)	2147	(100.0)
Reaction and culture	1142	(30.6)	1459	(39.2)	1127	(30.2)	3728	(100.0)
Agriculture, forestry and fishing	12	(0.4)	1288	(41.2)	1823	(58.4)	3123	(100.0)
Mining and mineral resources	87	(11.1)	294	(37.6)	400	(51.3)	781	(100.0)
Transport and communications	1043	(15.7)	4090	(61.7)	1495	(22.6)	6628	(100.0)

Source: ABS 5512.0 *Government Finance Statistics*, Australia.

Notes: Figures are in \$ millions, numbers in brackets are the corresponding percentage of consolidated outlays; individual purposes do not sum to total outlays, excluded categories are fuel and energy, other economic affairs, and other purposes.

Nonetheless, local governments' ratio of own capital outlays to own total outlays has steadily declined over the last few decades, with alarming implications for its potential role in the formation of social capital. For instance, the share of capital outlays in total outlays for local government across Australia has declined from more than 60 per cent in 1968 to some 40 per cent in 1995/96 [which excludes the transfer of roads from the state government sector to local government in NSW during that year]. Whilst this reflects a general shift in capital outlays for all levels of Australian government, it also corresponds with the significant reassignment of roles in local government, especially concerning the provision of utilities such as electricity, sewerage and water.

The reassignment of functions between the state and local sectors, however, varies substantially across states and territories. For example, local governments' share of consolidated new fixed asset expenditure in NSW fell from 23.5 per cent in 1985/86 to 19.2 per cent in 1995/96. Over the same period, local governments' share increased from 13.0 per cent in Victoria (to 16.7 per

Taken together, these expenditures represent about 2 per cent of Gross State Product (GSP).

cent), increased by 10 per cent in Tasmania (from 13.7 per cent), and fell by 2.5 per cent in Queensland and 0.7 per cent in Western Australia.

Table 2: Expenditure on new fixed assets, state and local government 1995/96

	State/Territory		Local		Total	
New South Wales	4378	(80.8)	1039	(19.2)	5418	(100.0)
Victoria	2281	(83.3)	456	(16.7)	2737	(100.0)
Queensland	2950	(76.5)	908	(23.5)	3857	(100.0)
South Australia	869	(100.0)	-	-	869	(100.0)
Western Australia	1781	(84.3)	332	(15.7)	2113	(100.0)
Tasmania	326	(76.3)	101	(23.7)	427	(100.0)
Northern Territory	190	(96.0)	8	(4.0)	198	(100.0)
Total	12776	(81.8)	2844	(18.2)	15619	(100.0)

Source: ABS *Government Finance Statistics, Australia*.

Notes: Figures are in \$ millions, numbers in brackets are the corresponding percentage of consolidated state/local expenditure; state and local expenditure may not sum to totals due to rounding.

Table 3 provides more detail on actual local government functions. Apart from general public services, local governments in Australia provide uniquely different services to those produced by either the states and territories or the Commonwealth. In terms of those areas where local governments are disproportionately represented in outlays, especially housing and community services and recreation and culture, a wide range of activities are undertaken. Included in the former are housing for the general community and those with special needs, water supply, sanitation, waste management and protection of the environment, and functions relating to street-lighting, cemeteries, bus shelters and public conveniences. The latter function includes the provision of libraries and museums, community halls, outdoor recreation areas, footpaths, and walking and cycling paths. This clearly has important implications for its ability to foster a 'sense of place' in the development of social capital.

Table 3: Examples of local government functions performed under ABS classifications

General public services	Includes expenditures relating to council members and council staff, the cost of administration of the financial affairs of government, management of personnel and other services.
Public order and safety	Includes support of fire protection services, animal protection, life saving, beach patrol and beach inspection.
Education	Includes operation of pre-schools, kindergartens, adult education courses, support of student hostels, provision of scholarships, transport of school children.
Health	Includes expenditure on baby health centres, community health centres, women's health centres, health inspection services, immunisation clinics, school dental programs, school health services, health education programs.
Welfare	Includes support for play centres, crèches, day and occasional care centres, outlays in support of neighbourhood services for the aged such as nursing homes and hostels, senior citizens centres, community transport, sheltered workshops for handicapped, women's refuges, tourist information bureaus.
Housing and community development	Includes provision of housing for the general community and those with special needs, housing for council employees, administration costs for urban planning
Water supply	Includes outlays on expansion or operation of water systems and community information on water management.
Sanitation and protection of the environment	Includes expenditure on household garbage and industrial waste disposal, street-cleaning and cleaning of recreation areas, maintenance and construction of storm water drainage systems, flood mitigation works, outlays on sewerage collection, treatment and disposal systems, septic tank cleaning and inspection, outlays on air quality and noise level monitoring, outlays on environmental protection research.
Other community amenities	Includes outlays on design, installation, upgrading and maintenance of street-lighting, public conveniences, bus shelters, cemeteries, cremation facilities.
Recreational facilities and services	Includes outlays on public recreation halls, civic centres, indoor sporting complexes, swimming pools, football and cricket grounds, tennis courts, golf links, recreational parks and gardens, playgrounds, barbecue areas, walking and cycling paths.
Cultural facilities	Includes costs of library services, museums, art galleries, cultural festivals.
Fuel and energy	Includes outlays on electricity and gas supply.
Transport and communications	Includes outlays relating to road and bridge construction and maintenance, street parking attendants and inspectors.

Source: ABS 1217.0 *Classifications Manual for Government Finance Statistics, Australia*

However, even where councils' contributions to public sector outlays are relatively minor, there are ways in which local governments in Australia can influence the nature and extent of local

economic development. For example, local governments' contribution to transport and communication outlays is largely concentrated in the areas of municipal roads and bridges, with only highways and major roads accounted for by state authorities. Similarly, local governments' control over zoning, planning and development enables local government in Australia to exert considerable control over matters of regional development.

Inter-state differences in functions

An examination of the local government outlays detailed in Table 4 indicates the differences in emphasis on service provision by local government around Australia. These figures almost certainly reflect historical differences in priorities and allocated responsibilities for different functions among local and state government. For example, local government in New South Wales outlays relatively more on public order and safety (4.46 per cent) than the other states and territories, whilst Victorian local governments direct nearly 26 per cent of outlays to functions relating to education, health and community services. Similarly, Northern Territory councils allocate more than 30 per cent of their total outlays to recreation and culture, whereas in Queensland, South Australia and Tasmania this figure is approximately 15 per cent. Councils in Victoria, Western Australia, South Australia and the Northern Territory play only a minor role in public utilities, while local government in Queensland has traditionally had a much greater involvement in this area (NOLG 1991). Finally, whilst outlays concerning transport and communication (municipal roads and bridges) in all States and Territories comprise more than 20 per cent of total expenditure, the percentage exceeds 30 per cent in both Victoria and Western Australia. This stands in stark contrast to the experience of local government in the Northern Territory, where most roads are supplied directly by the Territory government, thereby implying lower expenditures in this area. An example of the varying functions of local governments in different states resides in the disparate provision of library services in the view of the Industry Commission (1997, p.27):

New South Wales and Victoria provide public libraries in partnership between State and Local Government. Tasmania, Western Australia and the Northern Territory have predominately centralised provision with relatively little local government input. South Australia and Queensland have a mixture with some centralised provision of book stock and computer services but a number of local government authorities all providing their own services with some state government subsidy.

The Industry Commission (1997) also argued that this is largely true of other services. For

example, local government plays a major role in the provision of disability and aged care services in Victoria, but a smaller role in the delivery of these same services in other states.

Table 4: Local government outlays by type of service, 1995/96

Outlays	NSW	Vic.	Qld.	SA	WA	Tas	NT	Total
General public service	558 (18.86)	268 (18.19)	249 (12.60)	123 (19.43)	126 (16.01)	51 (19.47)	10 (20.41)	1385 (17.01)
Public order and safety	132 (4.46)	51 (3.46)	17 (0.86)	21 (3.32)	27 (3.43)	2 (0.76)	1 (2.04)	251 (3.08)
Education, health and community services	244 (8.25)	381 (25.87)	68 (3.44)	22 (3.48)	69 (8.77)	16 (6.11)	2 (4.08)	802 (9.86)
Housing and community amenities	732 (24.75)	317 (21.52)	498 (25.20)	112 (17.69)	52 (6.61)	64 (24.43)	5 (10.20)	1780 (21.87)
Reaction and culture	565 (19.10)	416 (28.24)	291 (14.73)	110 (17.38)	193 (24.52)	40 (15.27)	15 (30.61)	1630 (20.03)
Transport and communication	675 (22.82)	452 (30.69)	520 (26.32)	150 (23.70)	254 (32.27)	67 (25.57)	11 (22.45)	2129 (26.16)
Other	52 (1.76)	-412 (-27.9)	333 (16.85)	95 (15.01)	66 (8.39)	22 (8.40)	5 (10.20)	161 (1.98)
Total	2958 (100.00)	1473 (100.00)	1976 (100.00)	633 (100.00)	787 (100.00)	262 (100.00)	49 (100.00)	8138 (100.00)

Source: ABS 5512.0 *Government Finance Statistics, Australia*.

Notes: Outlays are in \$ millions, figures in brackets are the corresponding percentage of total outlays.

There are also significant differences between states in infrastructure provision (NOLG 1991). For instance, local government is involved to some extent in electricity undertakings in all states except NSW and Victoria, whereas water and sewerage utilities are operated exclusively by local authorities in Queensland, and exclusively by state authorities in Western Australia and South Australia. In the other states, both are involved. For example, in NSW state authorities provide water and sewerage in most of the metropolitan areas, but in areas of significant fringe development and beyond, local authorities are either partly or exclusively responsible.

Nonetheless, substantial differences in the types of functions performed and the level of activity undertaken by local governments still persist within state borders. This can be partially demonstrated with reference to Table 5. Table 5 illustrates the degree of similarity and the extent of differences in the activities undertaken by local government within and across states. As can be discerned from Table 5, most councils across Australia provide services relating to household

waste collection, local roads and planning. However, beyond this core set of functions, considerable differences do exist, even within states.

Table 5: Estimated percentage of councils providing each selected service, 1997

	NSW	Vic.	Qld.	SA	WA	Tas.	NT
Advertising regulation	74-99	100	some	some	50-74	N/A	1-24
Aerodromes	25-49	25-49	25-49	25-49	25-49	<25	50-74
Aged/disabled housing	1-24	<25	25-49	<25	25-49	<25	1-24
Air pollution regulation	74-99	0	some	some	1-24	N/A	0
Animal regulation	100	100	100	100	74-99	N/A	1-24
Building inspection	100	>74	>74	Some	74-99	N/A	0
Camping grounds	25-49	50-74	50-74	25-49	25-49	50-74	1-24
Cemeteries	50-74	25-49	>74	50-74	1-24	50-74	1-24
Child-care	25-49	50-74	<25	<25	1-24	25-49	50-74
Community halls/centres	74-99	>74	<25	Some	74-99	N/A	50-74
Electricity	0	0	<25	<25	1-24	<25	50-74
Environmental protection	100	100	some	100	25-49	N/A	1-24
Amusement licensing	74-99	some	some	some	25-49	N/A	1-24
Fire prevention	74-99	>74	<25	>74	74-99	25-49	1-24
Gas supply	1-24	0	<25	<25	1-24	<25	1-24
Gravel/quarries	25-49	25-49	25-49	<25	1-24	N/A	1-24
Health centres	25-49	25-49	<25	some	25-49	<25	1-24
Household garbage	74-99	100	100	>74	74-99	>74	74-99
Immunisation	50-74	some	some	some	74-99	N/A	0
Libraries	100	>74	>74	>74	74-99	N/A	1-24
Museums & art galleries	25-49	25-49	some	>25	25-49	N/A	1-24
Noxious weeds/pest control	50-74	some	some	some	1-24	N/A	1-24
Parks and gardens	74-99	>74	>74	>74	>74	>74	100
Public housing	25-49	1-24	25-49	25-49	25-49	25-49	50-74
Public transport	1-24	<25	<25	<25	1-24	<25	1-24
Recycling	50-74	100	50-74	25-49	74-99	<25	1-24
Refuges/hostels	1-24	<25	25-49	<25	1-24	<25	1-24
Restaurant inspection	74-99	100	some	100	74-99	N/A	1-24
Roads and bridges	100	>74	100	>74	100	>74	100
Senior citizens' centres	50-74	>74	<25	some	25-49	25-49	1-24
Sewerage	50-74	25-49	>74	25-49	1-24	>74	50-74
Street lighting	74-99	some	N/A	some	74-99	N/A	50-74
Swimming pools	74-99	>74	>74	25-49	74-99	>74	25-49
Tourist development	74-99	100	some	some	1-24	N/A	1-24
Traffic control	100	100	some	some	74-99	N/A	25-49
Water pollution control	74-99	0	some	some	25-49	N/A	0
Water supply	50-74	0	>74	<25	1-24	N/A	50-74
Zoning/planning	100	100	100	100	74-99	N/A	0

Source: Industry Commission (1997) *Performance Measures for Councils: Improving Local Government Performance Indicators*.

Notes: N/A - not available.

Four reasons are advanced for these differences. First, the allocation of powers and functions between the states and local governments varies enormously. For example, local governments in the Northern Territory have no role in building inspection and developmental planning, though this is universally applied in, say, New South Wales. Second, provision of services by the Commonwealth government and the private sector will likewise influence the need for their provision by local government. For instance, most airports in developed areas are run by the

Commonwealth (and more recently by the private sector), whereas in significantly rural areas they are often a function of local government.

Third, despite regulations imposed by state governments, local governments still have some leave in the exercise of discretionary power. For instance, all South Australian governments are able to exercise licensing controls over dogs, but have discretionary functions assigned to them in the case of other animals. Finally, local governments are able to modify their functions around community priorities. For example, child-care centres may be a priority in urban areas, airports a means of enhancing tourism facilities in regional centres, and noxious weeds and pests will presumably be more relevant in a rural local government area than in their urban counterparts (Industry Commission 1997, p.28).

Planning functions

One of the most important roles that Australian local government performs, which may well be obscured in expenditure-based analyses, is its planning-related functions (NOLG 1992, p.56). These planning functions *inter alia* facilitate the provision of infrastructure and services, generate opportunities for economic and community activities, determine the range of local services, and co-ordinate the interactions between local government and the community. Five forms of such functions are possible: (i) strategic planning, (ii) corporate planning, (iii) human services planning, (iv) economic planning, and (v) traffic and transport planning.

Traditionally, strategic planning in local government has been concerned with the formulation of land use policy. However, local governments are increasingly using strategic planning to co-ordinate the activities of commercial and residential developers, amongst others, in order to achieve explicit outcomes, like urban rejuvenation. Many of the functions pursued by councils in this regard, while not explicitly detailed in state legislation, are nonetheless available to it. These include the clear identification of development priorities, involving the community in these strategies, and integrating local government actions with broader state and regional planning processes. Similarly, councils have also taken on the role of corporate planning in order to describe the allocation of resources and priorities, and measures of performance attainment, necessary to achieve this strategic plan. However, as the role of local government has increasingly shifted from 'property-related' functions to community-related functions, there has been a commensurate increase in the function of human services and social planning which has

obvious potential benefits for the role of local government in nurturing social capital. More and more councils are examining the impact of social planning, such as minimum standards for social infrastructure, on their overall strategic plans. Councils have also emphasised their economic planning function. Many councils have economic planning initiatives, using traditional land use functions, to foster growth in specific industries, especially tourism. In addition, local governments have initiated inter-boundary co-operation in order to integrate the development of shared controls, facilitation of local business networks, and incubation of new enterprises. Finally, although local government, with a small number of exceptions, does not have direct responsibility for the provision of public transport, councils have nevertheless been eager to take on functions that influence the community and the access that individuals have to different areas. Examples include traffic studies in local centres to determine traffic movements and parking requirements as an input into state agencies for main roads, the provision of community transport and planning studies for cyclists, and so forth.

There are significant differences between states in the role local government plays in planning, particularly in regard to infrastructure (NOLG 1991). In New South Wales the role of local councils is critical in the preparation of local environment studies, subsequent local environmental plans, and more detailed development control plans. In Queensland, "the role of local councils is even more significant as there are no metropolitan or regional planning schemes prepared by the state to guide development and local councils have considerable autonomy" (NOLG 1991, p.8). By contrast, in other states, such as Western Australia and South Australia, there is a greater degree of state intervention through the existence of metropolitan statutory plans.

Concluding remarks

At least three points characterize the functions of Australian local government. First, local governments in Australia are responsible for a relatively narrower range of activities than in most comparable economies. Unlike similar federal systems, such as the United States, overall responsibility for education, health and public order and safety, and other social welfare functions, remains largely with the State governments. Second, despite a relatively unimportant role in many public sector functions, local governments are disproportionately active in housing and community services and recreation and culture, accounting for more than thirty per cent of total governmental outlays in both these areas. Moreover, local governments exert a considerable

degree of control in a number of other functions, especially those relating to regional development, such as roads and bridges, town planning and building regulation and inspection. Lastly, considerable diversity exists in the functions undertaken by local governments in Australia, both across and within the state-based regulatory system.

Given the characteristics of Australian local government, what implications can be drawn about its capacity to stimulate the development of social capital? In the first place, relative to both its U.S. and British counterparts and to Australian state and Commonwealth governments, all of which play a major role in the provision of education, health and other social services likely to contribute significantly to social capital, the local government sector in Australia operates at a distinct disadvantage. However, as we have seen, Australian local governments are disproportionately represented in some important expenditure functions, notably housing and community services and recreation and culture, which surely can contribute significantly to Bolton's (1992) 'sense of place' dimension of social capital. After all, in some ways these kinds of local public goods must critically contribute to the sense of belonging and sense of empowerment of citizens in rural communities insofar as they can be locally determined. Secondly, given substantial interstate differences in the functions of local governments, it is misleading to talk aggregately of the capacity of Australian local government to influence social capital. Accordingly, policy formulation and prescription should be undertaken at the level of the specific state or territory in question, rather than in simplistic national terms. Finally, we have seen that a sea change in the orientation of local government has been underway, with a shift in emphasis away from 'property-related' function to broader 'community-related' functions. This should enable local councils in rural communities to more accurately target functions that can strengthen social capital.

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