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Local Government Structural Reform in Anglosphere and OECD Countries

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Abstract: Structural reform has transformed the landscape of Australian local government activity. The meaning and nature of structural reform in the context of local government amalgamation is investigated in this paper. Examples of overseas experience of local government amalgamation as a preferred structural reform mechanism used by governments to reduce council numbers are considered. Local government reform experience in the Anglosphere nations of the United Kingdom, United States of America (USA), Canada and New Zealand and OECD countries Germany, France, Italy and Spain is examined. Amalgamation of local government units occurred in most of these countries for largely the same reason; to improve the operational efficiency of local government. Despite the very large numbers of local government units in some jurisdictions, strong community attachment to locality and the virtues of localism had meant that, in recent decades, higher spheres of government had not been prepared to attempt to impose local government mergers.

Keywords: Structural reform, amalgamation, local government

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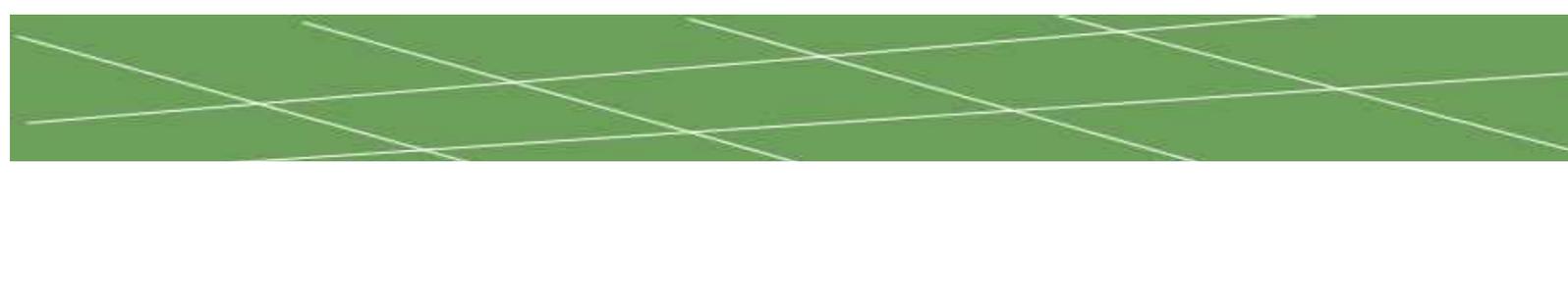
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1 Introduction

The meaning of structural reform in the context of local government amalgamation is considered in this paper. To inform the historical evolution of council amalgamations in Australian local government, the paper provides global context through analysis of recent local government structural reform initiatives and outcomes in eight countries. Four Anglosphere countries of Great Britain, the United States, Canada and New Zealand are analysed, together with four other Organisation for Economic Co-operation and Development (OECD) countries; Germany, France, Italy and Spain.

Examples of overseas experience of the historical evolution of local government structural reform over the two decades since 1990 is considered and will provide a comparison to the Australian local government experience, which has usually been manifested as council amalgamations, long a feature of local government reform. Structural reform has transformed the landscape of Australian local government activity. Amalgamation is the most often used mechanism of state and territory governments to secure local government reform (Marshall, 2010, p. 84, 90, 103).

The paper is divided into four parts. Section 2 considers the meaning of structural reform in local government and how amalgamation has been a mechanism of structural reform. Section 3 describes local government reform and amalgamation experience in the four Anglosphere countries. Section 4 analyses this experience in the four OECD countries. The paper ends with some brief concluding remarks in section 5.

2. Local Government Structural Reform and Amalgamation

Reform has been defined as a change made to something to make it better (Collin, 2004, p.207). It is a widely used term to describe improvements, or

alternately the abolition of malpractices and deficiencies (Bealey, 1999, p.282), and is now often used in politics instead of 'change' with the use of the word sometimes contentiously implying that each reform was desirable or valuable (Corcoran & Dickenson, 2010, p.180). Wensing (1997, p.97) argued that, in the context of public sector reform, it meant to review and change practices, processes and structures to achieve an organisation's goals in the most effective manner possible.

Garcea and Lesage (2005, p.5, 15-16) maintained that the purposes of reform were to improve governance capacity, intergovernmental relations between municipal governments and higher level governments, and relations between municipal governments and their communities in matters of accessibility, responsiveness and accountability. They nominated structural, functional, financial, jurisdictional, and organizational and managerial reforms as the pillars of municipal reform and argued that:

...the structural component of each municipal system comprises the overall configuration of the municipal system in terms of the number, types, and size of municipalities, quasi-municipalities and municipal special-purpose bodies.

Dollery, Garcea and LeSage (2008b, p.7) observed that structural reforms involved changes to the boundaries and the number or types of municipal governments or municipal authorities. The South Australian Local Government Association (SALGA, undated) interpreted local government reform as a 'new vision and philosophy' for the future of the sector, which entailed becoming stronger, leaner, more competitive, responsible for its own development, more flexible and responsive to the community it represented, and producing better results.

The Local Government Association of Queensland (2005, 1-33) developed four municipal structural reform models including 'merger/amalgamation', where two

or more councils were consolidated into a single larger authority; 'significant boundary change', where the spatial areas of municipal jurisdictions were changed, but existing government structures were unaltered; 'resource sharing through service agreements', where one local authority provided specific functions for other councils; and 'resource sharing through joint enterprise', where municipalities combined their activities for a given service function to accrue scale economies.

In Australian local government the term structural reform has been commonly used in reference to amending the size and boundaries of local government areas, usually by amalgamation. However, other manifestations of structural reform have included changes to management and organisational arrangements; improving financial arrangements and accountability disclosures; alternative service delivery mechanisms including shared services, contracting, joint arrangements, collaboration and partnerships between councils; and 'regionalisation' of operations through resource sharing (Local Government and Shires Association of NSW, 1998, p.15) (NSW Department of Local Government, 2007, p.6-7). Vince (1997, p.169) argued that there were too many variables involved in municipal restructuring for any imposed amalgamation to be justified. Chamberlain and Power (1993, p.6) identified at least six structural options to improve the financial viability and social effectiveness of local authorities, including informal staff and equipment substitution; inter-local contracts; special purpose joint authorities; confederal union; federal union and amalgamations.

In the Australian Local Government context, amalgamation was defined by Gifford (1967, p.13) as the reconstitution of two or more local government authorities into one, usually to eliminate small local government authorities whose financial position was deemed inadequate for current calls upon local government services. Amalgamation has been construed as the most decisive form of structural reform (May, 2003, p.83). Dollery and Robotti (2008b, p.5) argued that 'merger/amalgamation', involving horizontal concentration of local

government through consolidation by merger, was the most intrusive type of structural reform because it fundamentally altered the character of the local councils involved. Local government amalgamation was usually a contentious manifestation of structural reform, being primarily concerned with state or territory governments moving to change existing local government boundaries by reducing councils and the number of elected representatives in each newly created local government area. Vince (1997, p.153) suggested that for over 100 years, Australian Local Government policy makers had used structural reform in the guise of council amalgamations with the stated objective of improving the performance of small councils and argued that “historically State governments have sought to achieve local government reform by amalgamating a large number of small local councils into a lesser number of larger ones”.

Caulfield (2003, p.13) has contended that, in an international context, there has been a wide variety of organisational and governance models in recent reform trends in local government; a convergence in thinking about solutions to common problems; and:

[k]ey among these trends has been structural reforms which target jurisdictional arrangements and represent ... a significant departure from traditional approaches to local self-government and administration; and process reforms that focus on political and administrative action.

Caulfield (2003, p.13) argued that a feature of international structural reform developments had been the inclusion of reorganisation of functions between levels of government and a redrawing of boundaries, often to create a ‘new space’ for regional government. Proeller (2006, p.16) contended that even though amalgamation of local governments had its peak in Europe in the 1960s and 1970s, it continued to constitute a core concern of the modern governance debate. However, Proeller (2006, p.23) expected future reform to aim at improving and adapting existing systems instead of occasional reshaping of

current structures and systems. The paper now considers recent local government structural reform trends in the nominated Anglosphere and OECD countries to facilitate comparison to the Australian context.

3. Structural reform and amalgamation in Anglosphere Countries

3.1 Great Britain

In recent decades much has been written about reform activity and restructuring the system of local government in Great Britain. Cole (2008, p.75) observed that, as there was no written constitution, the national government had substantial scope to impose changes on local government: reforms had included sweeping structural reorganisations, a stringent regulatory regime and a different system of political management. Heavy financial dependence of municipal authorities had reinforced subordination to central government.

Chandler (2004, p.11) noted that, in the early 1960s, the *Herbert Royal Commission* recommended restructure of London metropolitan local government, which in 1964 resulted in establishment of the Greater London Council (GLC) and a substantial reduction in the number of London boroughs and paved the way for restructuring of local government in the remainder of Britain. The Redcliffe-Maud *Royal Commission on Local Government in England 1966-1969* established the need for local government reform; stressed the inadequate size of many local authorities; recommended the need for clarification of the local government system; and established general principles on which a new pattern of local authorities might be based (Redcliffe-Maud, 1969, p.28-9, 65). The outcome of the Royal Commission was a two-tier system of local government and not the Maud recommended single-tier authorities (Chandler, 2004, p.11), (Sancton, 2000, p.44-5). As a result of legislated local government reorganisation, between 1960 and 1975 the number of municipalities in Great Britain reduced from 1,349 to 521 (Sancton, 2000, p.46).

In 1986, the Thatcher Conservative government abolished the GLC and metropolitan counties primarily because control of those authorities was with Labour administrations (Cole, 2008, p.76). This created controversy by installing a unitary system (Atkinson & Wilks-Heeg, 2000, p.107, 70-71). In 1988, controversial legislation established a community charge or poll tax; abolished domestic and business rates and revenue support grants; and introduced fresh restrictions on local government capital expenditure. Resistance to the poll tax through non-payment was widespread.

Atkinson and Wilks-Heeg (2000, p.114) observed that, in 1992, the Major Conservative government created the Local Government Commission to review of the structure and internal management of local government and to recommend an acceptable alternative to the poll tax. As a consequence of this review, local government in Scotland and Wales was radically re-shaped (Chisholm, 2000, p.103). After 1998, there were 32 unitary authorities in Scotland and 22 in Wales (Atkinson & Wilks-Heeg, 2000, p.116). In 1996, resulting from the Commission Report:

- Forty-six new unitary authorities were created.
- From an original total of 296, 238 districts remained as part of a two-tiered system.
- Fourteen counties remained unchanged
- Twenty other counties remained largely intact, but lost one or more unitary districts.
- Four counties were abolished (Atkinson & Wilks-Heeg, 2000, p.114).

Atkinson and Wilks-Heeg (2000, p. 64) observed that, between 1979 and 1997, the Thatcher and Major governments introduced key changes to local government, the most important of which related to local government finance; the manner in which local authorities were resourced; and how local government would meet the 'market driven' national economic policy agenda given that the sector accounted for approximately one-third of total public

expenditure. The Conservatives were intent on bringing about centralisation of control over local government. However, centralisation strategies were only partly successful; there was evidence of a 'mismatch' between the governments' objectives and actual outcomes; and there was significant policy failure and unintended consequences (Atkinson & Wilks-Heeg, 2000, p.80-81).

Travers (2001, p.117, 135-6) contended that the 1997 Blair Labour government inherited a local government system that had endured almost a quarter of a century of financial restraint, reorganisation and loss of powers. The 'Blair effect' on local government was cautious liberalisation of councils; extension of the oversight and regulation of local authorities; and adoption of 'safety first' policies. Chandler (2004, p.14) observed that the Blair government regarded local government as a necessary institution to implement uniform principles, determined by the central government to suit local circumstances.

Wilks-Heeg (2009, p.23-4, 37) contended that the election of the Blair government resulted in a decade of New Labour reform and radical restructuring of local government. 'Third Way' politics for local government reform was characterised by emphasis on improving local government performance and promoting democratic renewal. Devolved government was introduced in Scotland and Wales and restored in Northern Ireland; significant new institutional arrangements were commenced in the English regions, including creation of regional development agencies and regional assemblies; the strategic authority of Greater London was restored in the form of the Greater London Authority and the office of a directly elected mayor; the committee system was replaced with a more clearly defined executive system; a wide range of social policy reforms were introduced; and a general power was provided to local government to promote well-being, cooperate with other local agencies and produce community plans. Chandler (2004, p.17) argued that 'central reformist zeal to reverse the symptoms of local decline had led to ... a doubtfully successful recasting of the traditional committee structures of local government'.

Cole (2008, p.75) observed that the British municipal reform agenda from 1985 to 2005 was extensive; influenced by wider political trends; and had incorporated substantial changes in the structure and functions of municipalities, their powers, organisation, management and financial arrangements. In 1985, Britain had a two-tier system of local government. However, Cole (2008, p.75) noted that structural reforms during this period

[c]reated a single tier system in the metropolitan areas, many of the larger non-metropolitan English towns and cities, Scotland, Wales and a few rural and suburban areas. In these places municipal authorities operate as a single tier of local government, whereas elsewhere the municipalities are the lower tier and most functions reside with the non-municipal counties.

Cole (2008, p.100) argued that British local government reforms had included geographic reorganisations affecting the number of tiers of municipal government and the number of municipalities and municipal councillors; changes to the character, intensity and institutional manifestation of the regulation of municipal government; an enhanced focus on ethics; enactment of proportional representation in Scotland; alterations to municipal functions such as education and housing; and growing municipal involvement in partnerships with other governmental, voluntary and community organisations.

The local government reform agenda was driven by factors including national government scepticism of municipal government delivery capacity; scarce governmental resources requiring central government to restrain local expenditure; political factors including New Labour's broad political agenda and emphasis on neighbourhood and community solutions; a focus on improving quality of public services and diminishing service standard variations; and consolidation and enhancement of differences in municipal practices across Britain through devolution. In addition the NPM agenda provided theoretical context and justification for performance and market-driven changes (Cole,

2008, p.101). Caulfield (2003, p.20) argued that local government in Great Britain had gone further and more quickly than in other countries in implementing NPM. In 1999, 'Best Value' was introduced as a dimension of NPM and was deemed a more inclusive approach to reforming local government. 'Best Value' included performance management, output controls, disaggregation, competition, private sector management practices, cost cutting and clientalism.

In 2004, the Lyons Inquiry was established to consider the future role, function and funding of British local government. The Inquiry recommended clearer accountability, greater financial and service provision flexibility, incentives for growth of local tax bases, addressing of perceived unfairness to enhance community satisfaction and trust, and continuing efficiency improvements (Lyons, 2007, p.14). The Inquiry advocated the 'place-shaping' role of local authorities and recommended less central control (Davies, 2008, p.5).

In 2010, as a consequence of a 2006 White Paper titled *Strong and Prosperous Communities*, to which local authorities were invited to submit proposals for unitary authority arrangements, further structural changes occurred to British local government. A small number of new unitary authorities were created where previously had operated a two-tier system of counties and districts (Wikipedia, 2010, p.1-2). Moreover, in 2010, legislation was introduced to revoke structural change orders of the former Brown Labour government that would have established other unitary authorities. In 2009, Leach (2009, p.72) suggested that the existing system of local government in England was 'a mess, full of inconsistencies and lacking any kind of coherent rationale' and that it required a 'root and branch review to address the unacceptability of the structure that had resulted from 30 years of tinkering'. It would therefore appear that further structural change to British local government may be inevitable.

3.2 United States of America

Local government is not mentioned in the US Constitution (Dye, 2000, p.299), (Zimmerman, 1995, p.4). Constitutionally, within its boundaries state government retains all powers over local government, except to the extent it chooses to share powers, and exercises control through legal, regulatory and fiscal measures (Svara & Hoene, 2008, p.133-4), (Norton, 1994, p.395-6). Schragger (2002, p.407) contended that distrust of local entities was consistent with the formal doctrine that local governments had no constitutional status. However, a 'shadow doctrine' of status treated local governments, to the extent they were trusted, as sovereign political communities with independent and valued constitutional roles.

Boyne (1992, p.341-2) observed that in 1992 there were over 83,000 units of local government in the US, equating to one unit per 2,700 people, with overlapping units of varying sizes, functional responsibilities and institutional variety reflecting a history of local choice and experiment in the design of local government structures. Johnson (2006, p.150) argued that metropolitan local government reform in the 1990s had failed because of the entrenched localism of US culture. Similarly, Reynolds (2007, p.1) contended that Americans had a 'schizophrenic love affair' with localism because the overwhelming majority lived in municipalities with less than 50,000 citizens; had a long-standing emotional attachment to the concept of strong local control; an idealised notion of small town government; supported preservation of small, general purpose local government units; and opposed involuntary municipal annexation, government merger or consolidation.

Svara and Hoene (2008, p.133) observed that the US had a vast and complex array of local governments. There had been no 'national' approach to municipal reform, which had been incremental, continuous and local over many years. Change had involved alteration of structure and practices, including in the forms of government, the policy agenda and management practices. American cities

had two widely used forms of local government – council-manager and mayor-council. In addition, there were counties and special districts. Most urban regions typically comprised multiple municipalities, counties and special districts, while other forms of local government included towns, townships, cities, and school districts.

Svara (1999, p.23) observed that the program of local government reform had continued to stress the unique advantages of the council-manager form. However, advocating that form was not intended to denigrate the elected executive (mayor-council) forms in cities and counties. Honadle, Honadle, Bosley and Currie (2000, p.460) noted that counties were the administrative functionaries of state government in carrying out certain state-wide programs and were becoming fully fledged partners with state governments in service delivery. Table 1 indicates USA local government units in 1977, 1987, 1992 and 2002.

Table 1: Trends in Local Government Units by Type

Type of Government	2002	1992	1987	1977
County	3,034	3,043	3,041	3,043
Municipal	19,431	19,296	19,200	18,862
School District	13,522	14,556	14,721	15,174
Special District	35,356	33,131	29,532	25,962

Source: Svara and Hoene (2008, p.137) Norton (1994, p.401)

Svara and Hoene (2008, p.136, 138) noted that the number of counties is stable; there is a continuing small increase in the number of cities as new municipalities are incorporated; school districts are declining in number, and the numbers of special districts are rapidly increasing. As cities grow they extended beyond existing boundaries. Two structural approaches of city-county consolidation and annexation have been employed to preserve the prominence of cities. Berman (2003, p.149) contended that, in respect of annexation, while municipalities viewed it as vital to their continued growth and economies, counties often complained that annexation diverted their tax revenues.

There have not been significant changes to US municipal functions. However, given the structure and four types of local government, the division and sharing of functions was an important concern (Svara & Hoene, 2008, p.139). In the last three decades, the fiscal composition of local governments had undergone substantial change which was not necessarily the product of systemic reform. There had been a rising reliance on user fees and charges as a key source of local revenue; a declining influence of property tax; and extensive 'cost-sharing' and privatisation as a consequence of a state and local level 'tax revolt'. In the past 40 years there had been a dramatic rise in non-funded or under-funded federal mandates and federal pre-emption of state and local authority (Svara & Hoene, 2008, p.141), (Digaetano & Klemanski, 2000, p.13).

Svara and Hoene (2008, p.147) observed that:

[t]here have not been formal changes to executive and legislative machinery but there have been substantial incremental changes, strengthening mayors relative to council and top administrators, and substantial change in some governance practices. Changes to organisational and managerial systems have been widespread.

Caulfield (2003, p.24-5) considered that, while NPM ideals had popularity especially at federal and state levels, administrative reform of US local government during the 1990s had entailed large-scale cutbacks and privatisations pursuing the belief that 'small is beautiful'. Traditional local government functions were privatised or contracted out using franchises, grants, vouchers or agreements (Digaetano & Klemanski, 2000, p.12). However, Hefetz and Warner (2007, p.568-9) observed that, between 1997 and 2002, there was a shift from 'market' back to 'government' service delivery as managers addressed concerns beyond transaction costs and efficiency and gave attention to citizen expectations in service delivery. Warner and Hefetz (2001, p.19) contended that, for many local government services, conditions for

efficient market provision were not present so that public provision remained the preferred service delivery option. Warner and Hebdon (2001, p.315) noted that, regarding information, monitoring and service quality, local governments were usually guided by pragmatic concerns.

Anders and Shook (2003, p.482) maintained that American federalism focused on decentralisation in terms of how power should be divided. Furthermore, public opinion favoured devolution; the public had more trust in state and local officials than in the federal bureaucracy; citizens resented the cost of big government and desired reversal of its growth; and as a consequence local government own-source spending now comprised a larger share of expenditures.

Rodriguez (2007, p.973) contended that:

[a]dherents of the “New Political Economy,” or public choice, believe that small and frequently overlapping jurisdictions are “closer to the people” and more flexible; hence they can offer higher quality, lower cost service.

Caulfield (2003, p.25) argued that local government were leaders in NPM development and had some flexibility in adopting NPM reforms because of non-intervention by higher levels of government. Uptake of performance management was variable and evolutionary. Later reforms placed greater emphasis on ‘resizing’ rather than ‘downsizing’ and introduced ‘management for results’ as key NPM reform concepts. Svara and Hoene (2008, p.135) noted that almost one third of Americans were non-white or Hispanic, providing a significant reform influence through population change, primarily by migration.

Svara and Hoene (2008, p.155-6) argued that in the US there had been a striking absence of comprehensive and systematic change in local government. A great deal of piecemeal, voluntary, incremental and localised changes had

altered local government forms, policies and practices. The relative autonomy of American cities allowed them to make changes, while the competitiveness of cities provided impetus to seek improvements and strategic advantage relative to their neighbours. Moreover, broad currents of thought and/or shared conditions had moved most local governments in the same direction, while increased activism and leadership by mayors had led to widespread adoption of new management and governance reforms. Furthermore, some changes were mandated by higher levels of government or had resulted from court decisions that imposed changes in practice.

Norris (1997, p.121) contended that local government reform had not occurred more frequently because of the American Constitution; the status of local governments in state constitutions; state political tradition; American local government ideology; local government autonomy; and the strength of contemporary sprawl and pro-fragmentation forces. Zimmerman (1995, p.204) observed that local government in the US had proved to be resilient allowing multiple units and levels of government to play roles and provide services. However, the system would continue to be viewed as a labyrinth by reformers urging the state to 'rationalise' the system. Sinclair (2003, p.6) argued that the future of municipal consolidation would be determined by the social and political values held by voters.

3.3 Canada

The Canadian federation is comprised of ten provinces and three territories (Garcea & LeSage, 2008, p.58). Under the Canadian Constitution, control of local government rests with the provincial governments. The structure, powers and financing of local authorities varies from province to province (Sutcliffe, 2004, p.7). Kingdom (1993, p.161) observed that the basic Canadian local government model originated in Ontario, regarded as the leading province with respect to municipal development. Differing contingencies in the provinces:

[i]nclude the cultural backgrounds of the different immigrant groups, the geographical size of each province, its population size and density, location with respect to communications and the wishes and attitudes of the citizens themselves (Kingdom, 1993).

Plunkett (1973, p.50) argued that local government in Canada evolved largely with a trustee role for provision of essential community services, and a structure emphasising the requirements of non-partisan decision-making based primarily on technical and financial considerations. Sancton (2005, p.320-323) recorded that, during the 1950s and 1960s, the Canadian provinces of Ontario, Manitoba, Quebec and British Columbia took innovative steps to establish two-tier metropolitan systems of government for their largest cities. However, by year 2000, the two-tier systems in Ontario, Manitoba and Quebec had been substantially abolished.

Garcea and LeSage (2008, p.158-9) contended that the impetus for municipal reform in Canada included the imperatives of the provincial, territorial and municipal governments to overcome governance, management, service provision and financial challenges; the influence of the public management philosophy of 'managerialism' or NPM; and municipal reviews and reforms in some jurisdictions which influenced decision-makers in other jurisdictions to do the same. Sancton (2005, p.326) argued that, as policy to simplify and downsize governments became commonplace, the perspective that two separate levels of local government were needed, became increasingly indefensible. Lightbody (2009, p.8) contended that the "decisive element in setting the stage for significant change lay in the pervasive influence of corporate Canada in generally shaping provincial political discourse".

Garcea and LeSage (2008, p.185) argued that, over the past 20 years, Canadian municipal reform initiatives have been evident in all provinces and territories. However, neither the reform agendas nor the resulting reforms were identical. In the 1990s, local government reform and restructuring gained

prominence and commenced in all four Atlantic provinces (Tindal & Tindal, 2000, p.98). Sancton (2010, p.112) contended that the wave of forced amalgamations in eastern Canada during the 1990s was the most important structural change affecting municipalities.

Garcea and LeSage (2008, p.159) observed that major structural reforms focused on the restructuring of municipalities primarily through amalgamation and de-amalgamation, restructuring of special-purpose regional and local authorities, and creation of new entities. Structural reforms were considered in all provinces and territories. Extensive restructuring was achieved in Ontario, Quebec and to a lesser extent in the four Atlantic Provinces, while only a few minor structural adjustments occurred to boundaries and the format of municipal systems in the four western provinces and the three northern territories (Garcea & LeSage, 2008, p.159).

In 1998, in Ontario province, despite strong referenda opposition, six lower tier municipalities and the metropolitan government were combined to form the 'megacity' of Toronto with a population of 2.4 million, creating a municipality more populous than the combination of five of Canada's provinces. At the same time, 200 municipal amalgamations occurred in Ontario (Tindal & Tindal, 2000, p.103, 109). Between 1995 and 2000, the number of municipalities in Ontario was reduced from 815 to 445 (Sancton, 2010, p.114). The Greater Toronto Services Board was created as an inter-municipal service agency (Sancton, 2000, p.139). Sancton (2004, p.29) contended that, in Toronto, the key post-amalgamation problem had been "leading and controlling the vast administrative behemoth that the amalgamation created". Mayors in the municipalities had little independent legal authority and almost never controlled a stable majority of votes on city councils.

Sancton (2000, p.93-4) argued that, with the exception of Toronto, the most significant 1990s Canadian local government amalgamation occurred in Halifax in 1996, where a new Halifax Regional Municipality (HRM) with a population of

354,000 replaced four former municipalities and the Metropolitan Authority. Sancton (2000) contended that the HRM “was a success only in the sense that ... it survived. In all other conceivable measures it was disastrous”.

During 2002, a series of forced amalgamations in Quebec reduced the number of municipalities from 1,306 to 1,115. Sancton (2010, p.116) argued that, in 2006, hostility to Quebec mergers was so intense that, as a consequence of the results of 89 referenda, sufficient opposition occurred to bring about demergers in 32 cases. For Montreal and Quebec City, the system of municipal government after demergers was almost indescribably complex (Sancton, 2000).

In respect of the 1990s Canadian local government reforms, Tindal and Tindal (2000, p.205) argued that the rationale and appropriateness was dubious. At the whim of the provincial governing party, amalgamation of municipalities was primarily designed to facilitate downloading of provincial responsibilities; pursue highly elusive cost reductions; or reduce the number of municipalities and politicians. Furthermore, some provinces were unwilling to allow municipalities to pursue reform options other than amalgamation. With regard to the eastern Canadian municipal amalgamations, Sancton (2008, p.125) noted that none was approved locally, either by all the relevant municipal councils or by popular referendums. In respect to Toronto and Montreal mergers, Sancton (2008, p.127) contended that:

[t]he amalgamations did nothing to improve the governance of the larger city-region because the old metropolitan government (and hence the new, amalgamated municipality) did not include the outer metropolitan areas that were subject to the greatest pressures for growth.

Garcea and LeSage (2008, p.160-161) observed that:

[t]he most ambitious amalgamation initiatives occurred in the provinces of Ontario and Quebec, both in metropolitan city-regions and non-metropolitan regions ... resulted in the reduction in the number of municipalities by approximately 570. In amalgamating municipalities, the one-tier regional municipality model was used much more predominantly than the two-tier regional municipality model. ... Ontario amalgamations ... offered municipalities in non-metropolitan regions a limited choice in the boundary configuration of the new consolidated authorities ... Approximately 85 per cent of municipalities voluntarily selected new consolidated boundaries.

A significant aspect of structural reform involved creation of new or reconfigured special-purpose regional and local authorities, which were mandated to provide services or advice in several provinces. Two major types of entity were created; sub-municipal and supra-municipal (Garcea & LeSage, 2008, p.165). Evidence of the diversity of structural reform has included de-amalgamations in Quebec; new metropolitan-level agencies in Quebec and Ontario; and new mechanisms for voluntary metropolitan co-operation in Alberta (Sancton, 2008, p.115).

Garcea and Lesage (2008, p.167) observed that functional reforms were seriously contemplated in all provinces and territories. However, substantial reforms were undertaken in only a few provinces and generally took the form of service provision realignment between the provincial and municipal governments or municipalities and other local authorities. The nature and scope of financial reforms considered and implemented in the provinces and territories varied considerably and entailed patterns of substantial continuity and minor change. Garcea and LeSage (2008, p.171) suggested that change was usefully explored in:

[t]ransfers to municipal governments from the senior orders of government; property taxation and assessment systems; authority and autonomy of municipal governments in generating own source

revenues and authority; and autonomy of municipal governments in managing their financial resources.

Sancton (2008, p.130-1) highlighted three unique features of municipal restructuring in Canada. The first was creation of very large amalgamated municipalities that included central business districts, all the immediate suburban areas and large swaths of rural territory. The second feature was the existence of de-amalgamated municipalities in Quebec, in respect of which the scale, elaborate rules and new institutions associated with the de-amalgamation process was unprecedented. Thirdly, one Canadian jurisdiction – British Columbia – had maintained a position that municipalities could only be amalgamated voluntarily, and that new municipalities could continue to be incorporated provided that all municipalities were attached to a province-wide network of regional districts and that regional planning policies were followed.

Lightbody (2009, p.26) contended that citizen acceptance of new Canadian municipal governments quickly emerged. However, Sancton (2010, p.126-7) argued that in Montreal and Toronto the legacy of amalgamation still dominated the local political landscape, which ‘appears to be producing a set of political institutions at the local level so complex and indefensible that they can surely not survive for an extended period of time’”

3.4 New Zealand

There are two levels of government in New Zealand (NZ) – central and local – with local government empowered by an Act of Parliament. Reid (2008b, p.207) observed that structural reform in NZ local government was characterised by strong local accountability and an almost complete absence of any explicit strategic policy framework from the central government. The momentum for NZ structural reform emanated from growth of *ad hoc* bodies and failure of councils to adapt to population growth. Ermini and Fiorillo (2008, p.10) contended that the reasons for structural reform were a fiscal crisis and cost-shifting,

application of NPM principles, devolution, accountability, excessive high administrative costs, and lack of capacity of some small councils.

Major changes occurred in NZ local government in the 1980s. In 1989, the central government imposed a structural reform program consolidating approximately 220 counties and boroughs and 600 special purpose boards. Reid (2008b, p.200) noted that structural reform was multi-faceted and in its initial phase involved:

- a comprehensive program of structural consolidation
- an attempt to align functions and jurisdictions in the new authorities
- the application of New Public Management [NPM] principles
- a strong focus on citizen participation
- long-term financial planning
- introduction of a broad purpose to promote the social, economic, cultural and environmental well-being of their communities.

There are now two types of NZ local authorities: 73 city and district territorial authorities providing property related services and 12 regional councils that are primarily environmental policy and planning organisations. Some regional councils have responsibility for regional parks, regional transport planning and bulk water supply (Reid, 2008b, p.201, 203) (Local Government New Zealand, 2004, p.1). Councils range from 350,000 population to fewer than 5,000 (Rosson, 2000, p.15). Dollery, Keogh and Crase (2005, p.11-12) argued that the “primary purpose of local government consolidations was to provide administrative efficiencies rather than improved democracy” and that “the structural reform process left small communities feeling powerless while the cities were still governed by multiple councils that remained too fragmented”. Howell (1997, p.109) claimed that the regional and territorial division was conceptually confused and there remained too many territorial units.

Financial autonomy has been a feature of NZ local government reform with central government contributing less than 12 per cent of council income (Reid, 2008b, p.202). In the mid 1990s, legislative change effectively removed central government subsidies and forced greater reliance on user-pay mechanisms. Development of a system of “top managers” within councils was an aspect of reform that ensured clear separation of governance and management roles (Caulfield, 2003, p.22).

Reid (2008b, p.200) observed that the final stage of the NZ local government reform period encompassed passage of the *Local Government Act 2002*, which reinforced general empowerment and extensive autonomy of local government; adopted a broader opportunity for local authorities to focus on well-being; provided a new and empowering institutional framework to allow councils to respond flexibly to community needs and preferences; and required addressing of intergenerational matters. Local government empowerment entailed a specific requirement to consult with citizens, establishing primary accountability to the local electorate rather than to the central government (Commonwealth Local Government Forum, 2004, p.121). Moreover, a new accountability framework, which some councils found unnecessarily complex and bureaucratic, was introduced to ensure that no authority ‘misused’ its powers.

Bush (2004, p.191) claimed that the restrictions, policies, principles, and compulsions forced on local government by the 2002 legislation was perplexing and alien to traditional freedoms accorded the sector. However, Thomas and Memon (2007, p.182) argued that the new Act was best understood as bringing better management, accountability and clarity to the local government system and an attempt to build civic culture, rather than empowering local government to act as a branch of government in its own right and as self-governing entities. Cheyne (2008, p.40) observed that the 2002 legislation did not explicitly provide full powers of general competence to enable local government to undertake any function not expressly precluded by law or given exclusively to another body. However, many in the sector contended that the new power to promote

wellbeing was a power of general competence. Reid (2008a, p.50-51) suggested that the new legislation:

[l]argely left the structural dimension of local authorities in place ... [and] created an environment that is likely to see a heightened role for regional councils. By giving regional councils the same purpose and powers as territorial authorities it has created the opportunity for the ongoing transfer of activities between both types of authority leading ... to a blurring of boundaries and diversity.

Reform of NZ local government included addressing the internal organisation of local authorities; introduction of private sector management techniques, contestability and corporatisation of trading enterprises; and a strong focus on transparency and local accountability (Reid, 2008b, p.204), (Caulfield, 2003, p.21). However, Reid (2008b, p.204) argued that “local government responsibilities and functions were largely unaffected by the changes ... although other aspects of the local government framework have been subject to ongoing reform”. Caulfield (2003, p.21) contended that NZ local government reform was extensive with greater emphasis placed on structural adjustment than on managerialism.

In 2006, McKinlay Douglas (2006, p.8) reported to Local Government New Zealand concluding that:

[l]ocal authorities are engaged in a wide range of collaborative activity ... collaboration within New Zealand local government is still very much "work in progress" ... is very dependent on the political will and understanding of elected members. Experience with amalgamation since 1989 provides strong evidence of commitment to 'place'... raises the question of whether the present powers of the Local Government Commission ... are ... appropriate to meet current circumstances. There is a strong implication that these powers are in conflict with the demands of local democracy, if local democracy is

understood to include people's attachment to the places where they live.

In 2009, McKinlay (2009, p.8) claimed that local government had been so busy coping with increased compliance, new roles and regulatory demands imposed by the central government, that it was at risk of losing sight of its primary purpose of democratic local governance. However, in 2010, McKinlay (2010, p.174-176) observed that NZ local government had in place, or was developing, initiatives of rates postponement, community banking and community management of council assets representing significant developments in reshaping the role of the sector.

In institutional terms, the central/local relationship has changed only modestly over time, with little evidence of a conscious policy of serious functional devolution. In sum, regarding local government reform in NZ, Reid (2008a, p.73) contended that it has

[r]esulted in local authorities with the capacity to make a more significant impact on the quality of life in their communities than existed in the pre-reform period. Council decision-making and budget processes are considerably more robust and citizen engagement is markedly higher at both strategic and operational level. ...councils have a much clearer statement of purpose, a consistent understanding of their powers and a clear statement of fundamental principles including a growing focus on collaborative governance.

4. Structural Reform and Amalgamation in the OECD

4.1 Germany

There are five separate levels of government in Germany: the European Union; the Federation or national government; 16 Länder (or states) which organise local government in their areas; rural districts/counties (*Landkreise*) and urban

districts/independent towns; and towns or municipalities, which are part of a district or suburbs of an urban district. Local government comprises the lowest two levels of government and is guaranteed by the Constitution and the federal government. Some Länder have *regierungsbezirke* (groups of counties and cities) while other states have *Amt* (collection of municipalities in a district), neither of which are guaranteed by the Constitution (Wikipedia, 2009). Wollman (2002, p.3, 5) observed that, from the beginning of the 19th century, local government had been assigned the right to exercise local self-government, was constitutionally regarded as being an integral part of the Länder and not a self-standing third layer of the federal system. The Länder delegated to local authorities a wide scope of responsibilities, most policy implementation and administrative tasks.

In addition to towns and municipalities, communes (*Gemeinden*) are the basic units of local government and regulate schools, buildings, cultural affairs, and welfare. Districts or counties have autonomy in services including road building, transportation and hospitals (Wikipedia, 2009). Between 1968 and 1987, through amalgamation, the number of communes were reduced by almost two-thirds and counties by over 42 per cent (Norton, 1994, p.252).

In 1991, Grunow (1991, p.87) observed that there remained a strong state-centred orientation among the German population. In 1993, Peters (1993, p.114-5) claimed that local government was a complex interweaving of distinct, often competing agencies, where individuals could be subjected to up to five layers of administration. Hendriks and Tops (1999, p.149-150) emphasised that the focus on renewal of politics from 'below' during the 1980s shifted to self-management, then contract management in the 1990s.

Vetter (2009, p.138) argued that the 1990s German local government reform process commenced because of a "massive failure of governance" and through pressure and changes in the elite discourse. Gabriel and Eisenmann (2004, p.137) contended that reform of the municipal charter was aimed at increasing

administrative efficiency as well as the quality of local democracy. Wollman (Wollman, 2009, p.19) argued that, since the early 1990s, German local government modernisation faced the challenge and impact of two powerful discourses and movements, premised on distinct and potentially conflicting concepts. There was accentuation of economic efficiency and rationality of public sector activities, and conversely advancement of direct democratic institutions which underscored the political profile and entrenchment of public administration and its political accountability and rationality.

The German version of NPM reforms was termed the 'New Steering Model' and became the predominant template for local and Länder level public sector modernisation (Kuhlmann, Bogumil, & Grohs, 2008, p.852). Caulfield (2003, p.22) argued that the principle of local self-administration provided German local authorities considerable scope to regulate their affairs. Adam and Behm (2006, p.220) claimed that NPM reforms were implemented at local level and included internal reorganisation, disaggregation and autonomisation to increase managerial responsibility; introduction of global budgeting; commencement of performance measures to secure more transparent accountability. And accrual-based budget reforms to modernise governance.

Lenk and Falken-Großer (2008, p.154) observed that:

[t]here are two main types of administrative reforms in Germany: territorial administrative reform and structural/functional administrative reform. In distinction to former reform programs the current emphasis of local government reform has shifted from a territorial focus to a functional focus. The necessity for adjustment to administrative structures has become apparent in the last decade.

A reform termed 'social administration' followed managerial reforms and facilitated participatory procedures and establishment of 'citizen centres' (Caulfield, 2003).

Central features of recent local government structural reform included aggregation, regional concentration and enlargement of existing administrative units; functional reform through transfer of various tasks and human resources of the federal government to enlarged districts in order to streamline administrative bodies and ensure maintenance of service stability and quality; and a program to modernise administrative units to reduce costs of bureaucracy through deregulation, privatisation and introduction of eGovernment (Lenk & Falken-Großer, 2008, p.154-7). Grossi and Reichard (2008, p.612-3) recognised that there had been a strong trend to corporatise municipal utilities and other units of local government predominantly as limited companies, with municipalities becoming complex holding structures and providing a large portion of services through their corporations, which in some instances had private firms as minority partners.

Structural reforms in Germany were usually embedded in measures serving the goal of reducing the personnel costs of government. Common arguments for structural reform were the weak financial position of public authorities; the need for demographic change because of shrinking population and significant increase in the median age; and desire to modernise the relationship between citizens and local administrations through structure simplification, transparency and centralising of organisation (Lenk & Falken-Großer, 2008, p.161-4), (Wollman, 2003, p.103-8). However, Lenk and GroBer (2008, p.167) suggested that recent attempts at reform of administrative systems seldom had adequate scientific foundations.

Goldsmith (2002, p.99-100) noted that the doctrine of subsidiarity determined the place of regions and municipalities in the federal political system and enabled them to exercise a high degree of autonomy over the conduct of their affairs. Wollman (2002, p.5) contended that the German local government 'local welfare state' had long been a crucial component of the profile of local self-government, in which the delivery of personal social services was guided by the subsidiarity principle, according to which local government restricted itself to an

enabling function, while service delivery was effected by non-public and non-profit welfare organisations.

Kuhlmann (2009, p.242-3) contended that, in relation to administrative reforms of German local government, despite a substantial move towards new managerial instruments and techniques of performance measurement, the administrative system had not witnessed a paradigm shift to a local managerial state. Local government had largely retained legalistic, rule-bound mechanisms. Kuhlmann (2009, p.231) suggested that administrative decentralisation had proved limited in terms of political accountability and democratic control. However, in respect of functional responsibilities, Kuhlmann (2009) acknowledged that local governments had:

[m]ade considerable steps away from the traditional system of 'unitary local government' and self-production to a more fragmented model of local co-production and governance... The system of local service delivery has increasingly come under pressure and has significantly changed...due to powerful external pressures and driving forces.

Wollman (2010, p.267-8) observed that, in respect of the East German Länder, within 20 years of collapse of the Communist regime the changes in the territorial and inter-organisational setting of local government levels had been remarkable. Kuhlmann (2009, p.243) acknowledged that a significant reform measure had been institutional and political strengthening of the mayor's role. However, the tasks and policy responsibilities the mayor could politically determine had been reduced as a consequence of privatisation, outsourcing and management cutbacks, which had reduced the mayor's role to one of an executor of state tasks. Furthermore, German local governments had been significantly weakened as a result of privatisation and outsourcing. Vetter (2009, p.138) observed that, without any pressure from the national government, a more citizen-oriented model of local democracy now prevailed in all Länder;

mayors were now directly elected throughout Germany; local referendums were allowed nationwide; and thresholds for entering local councils had been abolished in nearly all Länder.

4.2 France

France is one of the few states in the European Union with four tiers of government (French Ministry of Foreign Affairs, 2001, p.1). French government below the national level has a three tier structure of local administration. At the base are 36,763 municipalities (2002) called *communes*, which are grouped into 96 *départements* and 26 *régions*, 22 in metropolitan France and four overseas. Guengant and Rocaboy (Guengant & Rocaboy, 2008, p.135) inform that:

[r]égions are mainly responsible for economic development, high school buildings and facilities, *départements* deal with public assistance, buildings and facilities of colleges and economic development, while *communes* are in charge of public services related to local needs.

The system of *communes* and *départements* had its genesis in the French revolution (Delury, 1983, p.325), (Blondel & Drexel Godfrey Jr, 1968, 130-1). In 1982, *Régions* were legislated, devolving to the regional authorities many functions hitherto the responsibility of the central government and in particular economic and social development in education and cultural affairs. The power and authority of the *départements* was increased by the same legislation. *Régions* are to an extent in competition with *départements*. Central and local authorities exercise greater autonomy through sharing administrative and budgetary functions (New Encyclopaedia Britannica, 2002, p.446), (Guengant & Rocaboy, 2008, p.135). In the past 20 years, there has been a significant evolution of French local administration (Booth, 2009, p.680). Guengant and Rocaboy (2008, P.133, 135) contend that the stream of reforms in 1982, 1986, 1992 and 2002 were designed to transfer more powers, responsibilities and

financial resources to sub-central levels of government; foster inter-communality; and improve financial efficiency. However, Cole (2003, p.21-3) claimed there was tension between central “steering” and local innovation and stiff resistance to dilution of French top-down administrative traditions and administrative decentralisation, especially from Parisian civil servants.

The term *commune* is applied to all municipalities whatever their size (French Ministry of Foreign Affairs, 2001, p.1). A *commune* may be a large city or a village with no more than a dozen inhabitants. 43 per cent of *communes* have fewer than 300 population and 84 per cent have less than 1,500. Recently, the trend has been for the smallest *communes* to merge and create larger urban communities, or co-operate as communal syndicates to share responsibilities. As with the *département* and *region*, the *commune* has a decision-making body (municipal council) and an executive (mayor) (French Ministry of Foreign Affairs, 2001, P.1). Municipal councillors are elected by universal suffrage for six-year terms. Each council elects a mayor who serves as a representative to the central government. Several *communes* may be grouped into a *canton*, which are aligned into *arrondissements* having little administrative significance (Encyclopedia of the Nations, 2009a, p.1-2). The mayor enjoys pre-eminent stature in French territorial administrative organisation because of the various laws which confirm that role, and due to the way in which the territorial administrative system has evolved (Kerrouche, 2003, p.3). Wollmann (2008, p.287-8) argued that the mayor was the ‘master’ of the full council and of its committees and that there was a disproportion in the power balance between the elected local councils and mayors.

Article 72 of the French Constitution stipulates that the Republic’s local authorities shall be self-governing through elected councils. The principles of independent administration by local authorities and election of their members remain the fundamentals of French local government. A February 1992 law enabled new forms of cooperation to rationalise municipal administration through taking common interests into consideration. However, the French

Ministry of Foreign Affairs (2001, p.1-2) claimed that closer links had often resulted in pooling of only a few services. Municipal mergers had been rare because residents and local councillors usually retained a strong sense of identity with their communes.

Salvaris (2001, p.4-5) noted that attempts at amalgamation of communes had been resisted by the French people who had chosen to maintain smallness, localness and local democratic connection as higher values than economic efficiency and management in their local government. The French Ministry of Foreign Affairs (2001, p.2) has suggested that:

[s]ome...monitoring of local government action is necessary in order to reconcile the fact that the authorities are self-governing with the need for coordinated action within a unitary state ... to ensure that the principle of equality of all citizens does not override the general interests of the nation as a whole.

Booth (2009, p.678-681) nominated that in 2000 French planning reforms were a means of consolidating local government reform, for which legislation had been provided in 1999. The planning reforms were deeply embedded in a wider politico-administrative framework and were intended to facilitate formal integration of processes so that local government and planning reforms would be mutually reinforcing. The 1999 local government reforms dealt with the structures of local administration; attempted to recast the pattern of voluntary association at the *commune* level; endeavoured to create coherent inter-communal groupings and cooperation that would provide an adequate base for policy-making; and reduce the number of forms that cooperation could take. Booth (2009, p.691) argued that the rationale for planning and local government reforms legislation ignored political realities and the persistence of the *commune* as the base unit of local government; the objective of simplifying the administrative landscape had not been met; and that in the case of broader

strategic planning objectives, the minutiae of existing local planning documents had constrained outcomes.

Guengant and Rocaboy (2008, p.144-5) observed that French local governments enjoyed financial autonomy. However, successive reforms to the tax system had resulted in reduction of local tax revenue, while tax relief provided to taxpayers has been approximately compensated by global grants from the central government. Financial reforms had resulted in lower revenue autonomy due to the diminished ability of local government to levy local taxes to accommodate local devolution of expenditure responsibilities. In 2006, around 20 per cent of national annually adjusted tax revenue was transferred to local governments. The importance attached to fiscal equalisation policies of France is largely due to marked disparities in purchasing power between local governments. Guengant and Rocaboy (2008, p.147) contended that:

[i]n common with many other countries, greater local government responsibility accorded to bigger local governments seems to have been the basic thrust of...changes in France. The competencies of the two upper levels of French local government have increased while a very active policy of amalgamation at the municipal level has been implemented. Much needed reform in local taxation has not taken place over the same period ... sub-national governments have been provided with greater responsibilities, but simultaneously less autonomy to finance these new competencies.

Salvaris (2001, p.4-5) argued that the broad power shift in France over the past 20 years had been towards greater local autonomy and that the state was no longer the absolute centralised regulator. However, Hoffmann-Martinot (2003, p.179-180) claimed that, since the 1990s, there had been a growing discrepancy in local government reforms between an offensive reformist discourse and meagre government outputs. This had resulted in decision-making paralysis caused by state level administration and the interest of elites

in preserving the existing pattern. Stevens (2003, p.163) suggested that many of the decentralisation reforms were been effectively the continuation or enhancement of previous trends. However, Borrez and Le Gales (2004, p.27) argued that reorganised French local government was now enjoying more autonomy in respect of resources, legitimacy and expertise.

4.3 Italy

The 1948 Constitution divided Italy into 20 regions, five of which were given semi-autonomous status. In 1968, legislation provided the remaining 15 regions with limited autonomy. All regions elected regional councils under universal franchise and a proportional voting system. The councils chose regional presidents and regional governing boards, and a commissioner represented the federal government in each region. The regions were divided into provinces; in turn subdivided into communes comprising townships or cities, and elected communal councils, communal committees and mayors, which constituted the basic units of local administration. Some local government officials also had central government duties (Encyclopedia of the Nations, 2009b, p.1) (Encyclopedia Britannica, 2009, p.1).

Sanantonio (1987, p.129) observed that the local government system in Italy experienced fundamental changes during the 1970s and 1980s when many forms of central control were abandoned or modified. However, changes intended to achieve greater decentralisation only slightly altered or reinforced patterns of central-local interaction. Sanantonio (1987) argued that, in this period, it was almost impossible to determine whether the local government system was centralised or decentralised, because features of extreme centralisation co-existed with powerful decentralising forces. Dente (1991, p.111) nominated that a significant change in this period was an enlargement of the supply of local services because of demand growth from social movements and increase in electoral power of the left parties, which were traditionally welfare oriented. Furthermore, a preference for free or below actual cost public

service provision resulted in a strong politicisation of local services. Spence (1993, p.96) noted that, for over two decades before the early 1990s, the problems of local government in Italy had been a political agenda priority. A great number of emergency measures had been legislated, but had achieved little to tackle underlying problems of a

...lack of adequate finance and financial autonomy, a lack of proper political accountability, governmental instability, a lack of a clear division of responsibility between the political organs of the communes, and the chronic fragmentation due to the failure to adapt the number of communes to changes in the economic and social basis of the country.

Bilancia (2005, p.170) recorded that, in Italy, there were 8,104 municipalities and 103 provinces. 61 per cent of local councils registered between 500 and 5,000 inhabitants (Ermini & Salvucci, 2008, p.174), while the average province population was 607,854 (Norton, 1994, p.201). In 1993, direct mayoral elections were introduced and were an institutional adjustment which, at least temporarily, increased the power and political independence of some mayors in comparison with the national political parties (Pasotti, 2007, p.197-8) (Ermini & Salvucci, 2008, p.176). Bobbio (2004, p.40) argued that the most important effect of direct mayoral elections was that the mayor was placed in the central position once held by the political parties. Magnier (2003, p.194) considered that the subsequent higher visibility of mayors was decisive in reinforcement of local institutions in the Italian political system.

In 1997, laws were enacted to reform the system of intergovernmental relations; shift administrative and bureaucratic functions from the state to regions and local government; simplify bureaucratic activity; and enable local government to secure more decision-making and organisational autonomy (Ermini & Salvucci, 2008, p.176, 179). Whereas previously the Republic was divided into regions, provinces and municipalities, in 1999 and 2001 the Constitution was altered to

enshrine that Italy would consist of the municipalities, metropolitan cities, provinces, regions and the state. Furthermore, the status of regions was extended; the components of the Republic were in a situation of 'equal dignity', characterised by their differing functions; the central government's regional commissioner position was abolished; and the constitutional principle of subsidiarity was installed to provide intergovernmental devolution and autonomy (Caravita Di Toritto, 2005, p.149-150, 153).

Magnier (2003, p.184-5) noted that, in 1999, municipalities were tasked with providing all the services and administrative functions that applied to their population and territory. From 1999, municipalities exercised control, management and economic development of their areas and accepted the principle of subsidiarity and the attribution of general competence powers to local government. A significant local government reform was introduction of the position of city manager (Sancino & Turrini, 2009, p.475). Bobbio (2004, p.41-2) claimed that reform of local administration reinforced a separation between political and administrative functions and required that the mayor and councillors limit themselves to setting goals. The choice of means and use of resources became the exclusive province of fully responsible executives. Magnier (2003, p.195) observed that the components of local administration were drastically reformed in the same direction as the whole Italian bureaucracy. A new specificity underlay the local civil service and increased the organisational autonomy of local authorities.

In 2003, legislation redefined and revised fundamental local government functions, requiring the state to identify those functions characterised by their essential and indivisible nature and by their ability to satisfy the primary needs of communities. The legislation provided powers to local government to guarantee local control over local matters (Caravita Di Toritto, 2005, p.158, 165). Bilancia (2005, p.171) highlighted that, as a consequence of this legislation, municipalities and provinces obtained normative, organisational and administrative autonomy under the subsidiarity principle; secured shared

legislative competence; received tax levying and financial autonomy concerning revenues and expenditures within the framework of their statutes and regulations; and were assigned property under state law. Grossi and Reichard (2008, p.601, 604) observed that Italian local government had 73 per cent financial autonomy in terms of share of locally generated revenue; that cities owned around 2,000 corporations; nearly 30 percent of the municipal workforce was engaged by corporations; there was a strong trend to corporatised municipal utilities and other units of local government; and municipalities were strong holding structures that provided a large proportion of services through their independent corporations.

Ermini and Salvucci (2008, p.178) claimed that:

[t]he transition from a centralised to a highly decentralised institutional setting ... was chiefly a consequence of fiscal distress and a partial political answer to the claim for autonomy by political actors mainly in the North of Italy.

Ermini and Salvucci (2008, p.179) argued that decentralisation in Italy was not initially a conscious recognition of local government autonomy. However, shifting functions and responsibilities away from the central government alleviated pressure on public resources, instilled fiscal responsibility and accountability, and fostered more efficient local service provision. Decentralisation resulted in a transfer of most of the state grants and taxes to local government for the newly assigned functions. Moreover, resources autonomously collected locally were eventually supplemented by sharing of revenue from central government taxation.

Ermini and Salvucci (2008, p.196-7) claimed that the allocation of functions to local governments proceeded relatively quickly. However, the attribution of fiscal autonomy proceeded more slowly and further improvements were required. Local governments were under pressure from citizens to deliver more and improved services, while facing constraints and controls over revenue and

expenditure imposed by the 'Pact of Stability and Growth'. These circumstances required local governments to search for different models of governance to address the threat of local service under-provision and lower service quality. Bobbio (2004, p.45) argued that "to a great extent municipal governments still depend on the central government, both financially and through the dense network of legislation to which they are subjected".

4.4 Spain

Until the death of Spanish dictator Franco in 1975, there were significant difficulties and weaknesses in local government. In 1978, Spain's Constitution established the foundations of a decentralised state (Fossas & Velasco, 2005, p.118), but provided only brief references to provinces and municipalities, which mention included a guarantee of their autonomy; allowance for creation of inter-municipal bodies; and a broad outline for their financing (Clegg, 1987, p.132-3). Bosch and Pandiello (2008, p.221) argued that while the Constitution determined the provinces as the basic local entities, problems deriving from the small size of municipalities and how they might be effective with the autonomous communities, were not solved.

There are four levels of government in Spain – national, regional, provincial and municipal. The 17 autonomous regions and municipalities were gradually being consolidated (Encyclopedia of the Nations, 2009c). The powers and responsibilities of the 50 provinces and 8,110 municipalities (Bosch & Pandiello, 2008, p.218) were established in legislation termed the *Basic Law on Local Government (1985)* (Encyclopaedia Britannica Online, 2009), which provided a more flexible framework for local government; allowed greater organisational diversity; a broader functional scope for local services; and some legal protection for local autonomy (Clegg, 1987, p.154).

Local level government consists of two administrative tiers: provincial and municipal. The municipality is the basic local body of the national territorial

organisation while provincial government is also a local entity. Of the large number of municipalities, 6,954 have less than 5,000 population, 4,905 less than 1,000, and only 56 have more than 100,000 (Alba & Navarro, 2003, p.214). Municipalities have a council, a commission (or cabinet) and a mayor. Elections are through a system of proportional representation and votes are cast for party lists as distinct from individual candidates (Encyclopaedia Britannica Online, 2009). Mayors may retain intact municipal administrations or delegate to decentralised administrative units depending on the size of the municipality and its activities (Mateo, 1991,p.147).

Carillo (1997, p.62) claimed that the combination of democratisation, development of a welfare state, decentralisation, and international integration had engendered greater similarity between Spanish local governments and their equivalents in other parts of Europe. From the 1978 Constitution, Spain experienced profound adjustment through democratic consolidation and political regime change. Territorial devolution occurred as regional governments evolved with their own executive, autonomous legislative and judicial bodies, legislative powers and responsibility for more than 65 per cent of total public expenditure. The Constitution also enabled the building of a welfare state, modernisation of public administration, and integration into the European Union (Alba & Navarro, 2003, p.197). Alba and Navarro (2003, p.197-8) contended that “consolidation and reforms of local government have been undertaken ... under their own logic and rhythm. What has happened in the local sphere is dependent on the global process of devolution in Spain”. Goldsmith (2002, p.107) argued that ‘bottom-up’ regionalism in Spain had reduced the importance of the central government and the previous strong central control over the sub-national government levels.

Since the 1978 Constitution, a two-tier local government system does not operate in seven provincial autonomous communities, which were integrated into regional structures (Bosch & Pandiello, 2008, p.218). Despite local tax revenues and fiscal accountability being weak, the autonomous regions account for around 30 per cent of total public expenditure (Goldsmith, 2002, p.99, 105),

while a few autonomous regions have been able to extensively exploit European Union funding. For example, Barcelona city forged strong relationships with European institutions to secure institutional space and identity in the face of strong competition from the central state and the Catalan regional government (Blakeley, 2005, p.153).

The process of consolidation of local government in Spain has occurred over four periods as illustrated in Table 2.

Table 2: Local Government Consolidation Process

Timeline	Process
1979-1983	<ul style="list-style-type: none"> • Inaugural democratic local elections • Constitution of first democratic local governments • Changes in local administrations to solve accumulated deficits • Spontaneous local level democratic expression through neighbourhood associations, democratic forums, issue networks • Establishment of political party machinery and citizens demobilised into passive voters
1983-1992	<ul style="list-style-type: none"> • Socialist party government and political control of many regional governments • Development of welfare state • Better economic resources and increased responsibility for local government • Strategies to secure more efficient local government, a more managerial local administration and service provision focus
1992-2002	<ul style="list-style-type: none"> • Political and bureaucratic elites confront increasing financial deficit, limits to steady expansion processes of past years and increased citizen demands • Reform of local government based on new public management model • Innovation and experimentation among the different public administrations
Since 2003	<ul style="list-style-type: none"> • Consolidation of a new institutional and political position in comparison with the central and regional levels of governments • Greater emphasis on quality of democracy through participatory involvement of citizens

Source: Alba and Navarro (2003, p.201-202)

Bosch and Paniello (2008, p.221) contended that, because of the limitations of provinces as supra-municipal local entities, the ‘comarca’ were established locally on the initiative of autonomous communities. ‘Comarcas’ were not

guaranteed directly by the Constitution (Fossas & Velasco, 2005, p.119). The Constitutional Court impeded autonomous communities' capacity to redistribute local responsibilities from provinces and municipalities to 'comarcas'. Consequently only two autonomous communities currently had established 'comarcas' (Bosch & Pandiello, 2008). Bosch and Paniello (2008, p.222) argued that:

[t]he impossibility of developing a process of territorial reorganisation and the difficulty of carrying out policies of municipal mergers have resulted in the establishment of 'mancomunidades' as the sort of supra-municipal entity most used. In 1978, there were 165 'mancomunidades'; by 2006 there were 999, which included 70 per cent of all municipalities. The causes of this increase have been the rise in the number of local public services to be provided and the policies of the autonomous communities promoting municipal associations. However, the establishment of 'mancomunidades' has not been a success. Many of these bodies have very limited or even no activity.

Clegg (1987, p.136-7, 154) contended that, compared to other Western European states, local government in Spain has had a subordinate marginal position with a relatively small role in public service provision. Spanish local government was heavily reliant on grants, from which the sector derived more than 70 per cent of total local revenue. As a proportion of general tax revenue Spain had gradually increased the share of tax to local government (Caulfield, 2000, p.6, 8). Associations of municipalities and regional governments have gradually been formed to obtain scale economies in service provision (Mateo, 1991, p.147). Spanish jurisdictions have introduced an innovative 'single window' approach to improve public administration, secure organisational changes and enable various organisations to co-operate to simplify the relationship between administration and citizen (Mateo, 1991, p.150-1). New accounting requirements may improve performance measurement and reporting, although research by Montesinos and Brusca (2009, p.209)

suggested that the current use of performance management among Spanish local governments was limited.

Bosch and Pandiello (2008, p.233) argued that the autonomous communities needed to be deeply involved in securing acceptable solutions, given the territorial organisation for Spain was not uniform and there were differing economic, historical, geographic and political characteristics in each territory. Fossas and Velasco (2005, P.119-120) argued that the present local government system in Spain included limited supervision and control of the activities of municipalities and provinces by the state or autonomous communities. Bosch and Pandiello (2008, p.231) claimed that, in Spain, there remained significant problems in provision of local public services due to the prohibitively small size of the municipalities. However, citizen opinion surveys concerning the behaviour of the various levels of Spanish government regularly placed local government as the most reliable institution.

5. Conclusion

The paper has addressed structural reform in the context of local government amalgamation. The 'pillars' of municipal reform were nominated as structural, functional, financial, jurisdictional, organizational and managerial reform. As we have seen structural reform involved changes to boundaries and number or types of municipal authorities. In practice, this usually referred to amending the size and boundaries of local government areas, primarily by amalgamation. Scholars have contended that council mergers have been the most decisive, controversial and intrusive type of structural reform because they fundamentally altered the character of local councils and local communities.

Structural and other types of reform and trends in local government were considered in the four Anglosphere countries of Great Britain, United States of America, Canada and New Zealand, as well as Germany, France, Italy and

Spain. In all jurisdictions, change in local government had been dictated by the desire to modernise by embracing NPM reforms.

Dollery, Garcea and LeSage (2008a, p.197) contended that, in respect of the Anglosphere countries, structural reforms varied in their particulars and magnitude and included:

[e]fforts to reduce the number of municipalities; preferences for larger one-tier municipal governments...creation of expansive regional authorities...elimination of special purpose bodies in favour of special purpose government; and the establishment of sub-municipal entities and venues that facilitated general citizen participation.

Dollery and Robotti (2008a, p.261, 269) argued that, in regard to OECD countries, a set of alternative models of collaboration among local councils was now available. Moreover:

[i]nterference in local government by state governments seems to have fallen...Local governments have been assigned numerous administrative functions and have gained major political power and the ability to defend their citizens' interests against the grasp of the centre.

Fiorillo and Ermini (2008, p.246-7) argued that in some countries structural reform was initiated by different actors with different political agendas, while in some jurisdictions there were competing objectives between small country councils and large central cities. Furthermore the structural reforms put in place often stressed the importance of devolution whereby local governments were assigned greater functional power and autonomy and had usually reflected 'top-down' pressure of rationalisation more than demands for cooperation from local governments. Fiorillo and Ermini (2008, p.248) observed that 'to meet the local

citizens' preferences with a very personalized range of services, local councils have to enjoy local autonomy in decision making'.

Amalgamation of local government units had occurred in most jurisdictions for largely the same reason; to improve the operational efficiency of local government. Moreover, as distinct from in the Australian states and territories where council mergers have been regularly imposed over the past two decades, municipal mergers in most overseas jurisdictions had usually occurred in the 1960s and 1970s and other types of reform were more prevalently used in recent times. For example, reform in Great Britain since 1997 had primarily addressed how local democracy and low participation rates at local elections might be improved.

Despite the very large numbers of local government units in some jurisdictions, for example in the United States and France, strong community attachment to locality and the virtues of localism had meant that, in recent decades, higher spheres of government had not been prepared to attempt to impose local government mergers. It was apparent that structural reform of local government would continue when central governments dictated.

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