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An Analysis of the Queensland Local Government Association Shared Service Model

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Abstract: A host of recent public inquiries into Australian local government have recommended increased use of shared services and resource sharing models between groups of local councils. While little is known about either the current extent of service sharing in Australian local government or the consequences of this activity, emphasis has been firmly fixed on horizontal shared service models between different local councils in the same municipal jurisdictions. However, other models of shared services and resource shearing are possible. This paper considers the Queensland Local Government Association model as a case study of a successful resource sharing between all councils in a given system of local government and their representative association. This form of shared service and resource sharing seems to offer excellent prospects for cost savings and capacity enhancement.

Keywords: Local councils; Queensland Local Government Association; resource sharing; shared services.

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Introduction

Over the past several years, a series of national and state-based inquiries into the financial circumstances of Australian local government have found that not only are a large number of local councils financially unsustainable, but that local infrastructure maintenance and replacement have been worst affected area of municipal activity (Dollery *et al.* 2006a). For instance, at the state level, the South Australian Financial Sustainability Review Board Report (2005) *Rising to the Challenge*, the Independent Inquiry into the Financial Sustainability of NSW Local Government ('Allan Report') (2006) *Are Councils Sustainable*, the recently abandoned Queensland Local Government Association's (LGAQ) (2006) *Size, Shape and Sustainability (SSS)* Program, the Western Australian Local Government Association Report (2006) *Systemic Sustainability Study: In Your Hands - Shaping the Future of Local Government in Western Australia* and the Tasmanian Local Government Association Report (2007) *A Review of the Financial Sustainability of Local Government in Tasmania* all established widespread financial unsustainability and made various recommendations to remedy the problem.

At the national level, several similar investigations have been conducted, including the Commonwealth Grants Commission Report (2001), the Commonwealth House of Representatives Standing Committee on Economics, Finance and Public Administration ('Hawker Report') (2004) *Rates and Taxes: A Fair Share for Responsible Local Government*, and the recent PriceWaterhouseCoopers Report (PWC) (2006) *National Financial Sustainability Study of Local Government,* which drew similar conclusions and made comparable recommendations.

Apart from their primary concern with financial sustainability, these inquiries also considered alternative methods of improving the operational efficiency of local councils as a means towards generating cost savings. Amongst other possibilities, structural reform fell under the spotlight. In general, almost universal consensus was reached that compulsory council mergers had not met expectations and other types of structural reform offered greater opportunities for economic gains (Dollery *et al.* 2007b). By contrast, shared service arrangements were seen as offering great promise by all report authors.

Unfortunately little is known about either the extent of shared service arrangements in Australian local government or the economic effects of shared service models. Indeed, with the sole exception of the now redundant LGAQ (2006) *Size, Shape and Sustainability* Program, no inquiry presented more than passing empirical evidence on the outcomes of shared service arrangements in Australia or elsewhere. Moreover, even the empirical discussion on shared services presented in the LGAQ (2006) document and its commissioned KM Management Consulting (KMMC) (2005) consultant report are badly flawed in several respects (Dollery and Akimov 2007a). In addition, the embryonic scholarly literature on shared services in Australian local government, which consists of Dollery and Akimov (2007a), Dollery and Akimov (2007b) and Dollery *et al.* (2007a), is regrettably restricted to shared service models involving either constellations of councils or Regional Organizations of Councils in what can be termed 'horizontal shared service arrangements'[1]. There is thus an urgent need to examine other models concerning shared services in local government concerning (a) different levels of government and (b) local government at the state level. This paper seeks to remedy this neglect by examining resource sharing and shared services in Queensland local government between the LGAQ and local councils in that state.

[1] In addition to this exploratory literature, Australian work does exist on several particular instances of shared services in practice, including the New England Regional Alliance of Councils (NERAC) (Dollery *et al.* 2005a), joint board models (Dollery and Johnson 2007), the Walkerville model (Dollery and Byrnes 2006), the Gilgandra model (Dollery *et al.* 2006b) and the Riverina East Regional Organization of Councils (REROC) (Dollery *et al.* 2005b). While these papers provide useful 'case studies' of shared service models, they unfortunately do not systematically evaluate the economic outcomes of shared service arrangements.

The paper itself is comprised of three main parts. Section 2 provides a synoptic outline of the main characteristics of shared services in local government and presents a brief typology for classifying different shared service models. Section 3 sets out the resource sharing and shared service arrangements developed by the LGAQ and it provides available evidence on the empirical outcomes of these arrangements for Queensland local councils. The paper ends with some brief concluding remarks in Section 4.

Characteristics of Shared Services

In his seminal *Governing Local Public Economies,* Ronald Oakerson (1999) developed the analytical foundations for shared services in local government. In his book, Oakerson (1999, 7) drew a critical distinction between local service 'provision' and local service 'production'. Thus the provision of a given local service requires determining whether to provide a particular service, the regulation of that service, the nature and extent of local revenue raising, the quantity and quality of the local service provided, and how this service should be produced. In contrast, production involves the physical development of a good or the rendering of a service rather than simply its financial provision. Compared with the services typically delivered by higher tiers of government, Oakerson (1999, 15) argued that 'almost all' local public goods and services 'depend upon the availability of specific time-and-place information, such as neighbourhood conditions, to support effective production choices'. This implies that 'the scale and organization of the production process should allow producers to make locally informed judgments'. If provision is separated from production, it follows that local council size and production scale are not necessarily related.

The conceptual separation of provision from production allows for choice between different instruments for actually producing services. Oakerson (1999, 17-18) has identified seven generic possibilities for linking provision with production:

(a) 'In-house production' where a local council arranges its own production. For example, an individual council organizes its own production units along traditional grounds;
(b) 'Coordinated production' where local councils coordinate production activities. For instance, the development assessment departments of two adjoining councils cooperate on activities affecting both jurisdictions;
(c) 'Joint production' where two adjacent councils organize a single production unit as in, for example, building inspection services;
(d) 'Intergovernmental contracting' takes the form of one council contracting a service from another local council, state department, or federal government agency;
(e) 'Private contracting' where a commercial enterprise actually produces the good or service for a council;
(f) 'Franchising' where a council gives a private firm the exclusive right to produce a given service from which constituents can purchase the service; and
(g) 'Vouchering' where a council sets standards and the level of provision, but allows residents to select their own producer using a voucher.

Dollery and Akimov (2007b) have argued that shared services in their purest form are represented by option (c). However, other options may also be considered more broadly to fall under the generic mantle of shared services. For instance, option (b) represents a 'weak' form of shared service; option (d) can also be defined as a shared service model where a group of councils jointly contract with a state government agency; option (e) is much the same where a constellation of councils deal with the same private firm in a joint contract; and a similar arguments can be applied to option (f) and option (g) provided joint arrangements are made.

Queensland Local Government Association Model

In *LGAQ Group Arrangements and Business Undertakings*, the LGAQ (2007) sets out its resource sharing and shared service arrangements. This document identifies five different shared service programs that have been developed by the LGAQ: Local Government Workcare, the Queensland Local Government Mutual Liability Pool, Local Government Infrastructure Services, Local Buy, and the Queensland Partnerships Group. We will examine each of these programs in turn.

Local Government Workcare

Local Government Workcare (LGW) represents a shorthand term for the Queensland Local Government Workers' Compensation Self-insurance Scheme. The LGAQ instituted this program in 1998 'with the objective of delivering greater control to councils over management of their workers' compensation costs' through 'reducing costs through injury prevention and more effective claims management whilst steadily building a sound financial base for the future' (LGAQ 2007, 1). In essence, the LGW program consists of a formal an agreement between the 134 participating local councils and local government controlled entities 'to jointly hold a workers' compensation self-insurance licence'. Under the LGW program, the LGAQ acts as an agent for the member organizations in order to ensure that the scheme is efficiently managed for the benefit of its member. In turn, the LGAQ has signed an agreement with the private firm Jardine Lloyd Thompson for 'operational management' of the scheme, including injury prevention efforts, claims management and injury management services.

Injury Prevention Services

Acting on the view that improved workplace safety measures represent the most effective way to reduce workers' compensation claim costs, LGW has created team of professionally qualified injury prevention specialists who work directly with member councils to improve workplace health and safety management systems. The centrepiece of this service is the so-called SAFE

PLAN; a workplace health and safety improvement program developed by LGW for local government gratis to member local councils. The SAFE PLAN comprises a supporting information and training services with several features: A comprehensive workplace safety auditor training; 'safety management skills development' for council managers and supervisors; workplace consultation training; risk identification and control; and the provision of an on-line policy and procedure database.

Claim and Injury Management Services

Effective claim and injury management in the LGW program in reducing workers' compensation costs focuses on the minimisation of legal costs through early intervention and intensive rehabilitation. LGW provides the following services in claim management: The development of return to work and suitable duties programs; worksite assessments; ergonomic assessments and recommendations; liaison with medical doctors; the monitoring treatment and treatment strategies; functional assessment of injured workers; injury management training for supervisors; management of potential common law claims; and an on-line claim lodgement facility.

Outcomes

The LGW program was commenced in 1998. Immediately prior to the establishment of LGW, the average workers compensation rate paid by Queensland councils was 3.64 per cent of wages (LGAQ 2007, 3). The average rate charged by LGW for the financial year 2006-07 is 1.65 per cent. Total estimated wages in 2006-07 for LGW members is $1,031,282,274. The net result of the LGW claims management program has seen average claim costs and claim durations fall significantly below scheme-wide averages. Moreover, since 1998, $10.8 million in surplus funds has been directly returned by LGW to Queensland local government. LGW has also abolished the claim excess charged to policyholders by WorkCover Queensland. The extensive injury prevention and risk management services, provided at no additional cost to LGW members, did not exist prior to the introduction of self-insurance.

Queensland Local Government Mutual Liability Pool

The Queensland Local Government Mutual Liability Pool (LGM Queensland) was established in 1994. Its operations are governed by a Trust Deed, with the LGAQ acting as Trustee. 163 councils and local government-controlled entities presently participate in the Pool. The main aim of LGM is to assist members control public liability insurance costs through implementation of risk management practices and a reduction in exposure to volatility inherent in the Australian private public liability insurance market. To this end, the LGAQ established a management agreement with Jardine Lloyd Thompson for operational management of the Pool, including provision of claims and risk management services.

Members of the Pool receive two categories of benefits from LGM Queensland. In the first place, LGM provides its members with $300 million in public liability and professional indemnity cover; a level exceeding of the minimum levels of cover prescribed by the Queensland Local Government Act. LGM member local councils also receive cover for councillors and officer's liability, employment practices liability and casual hirers of council facilities. In addition, the LGM arranges optional effluent discharge cover for member councils.

Since 1998, all claim liabilities arising from the cover provided by LGM have been fully reinsured. Prior to 1998, LGM was liable for the first $1 million of each claim with any amount in excess of $1 million covered by reinsurance. Reinsurance for LGM is purchased jointly with interstate local government liability schemes.

Secondly, LGM provides its members with a claims management service, including management of claims below the individual council deductible level. Members also have access to a range of risk management resources such as asset maintenance manuals, leasing procedures and risk benchmarking software. LGM has conducted on-site risk management reviews for all members and provides risk management advisory and consultancy services.

Outcomes

The major achievement of LGM has been to protect local councils from the worst impacts of the veritable explosion in liability litigation against councils during the 1990s and the subsequent Australian public liability insurance crisis. In conjunction with similar local government schemes in other Australian states, LGM secured longer term insurance arrangements with international insurance companies. Based on actual claim costs since the arrangements were established in 1998, it is estimated that Queensland councils would have paid an additional $50 million in premiums had they been arranging insurance on an annual basis through the traditional Australian market (LGAQ 2007). In addition, LGM has maintained relative cost stability for members thereby more reliable council budgeting. Moreover, member councils have benefited from a range of insurance cover specifically relevant to local government that was introduced by LGM, including effluent reuse and cover for casual hirers of council facilities. A separate insurance facility specifically for 'not-for-profit' community groups has been facilitated by LGM because the impact of the public liability crisis on community groups had become a major problem for Queensland local government.

Local Government Infrastructure Services

Local Government Infrastructure Services is a joint initiative of the LGAQ and the Queensland Treasury Corporation (QTC) that brought to fruition Local Government Infrastructure Services Pty. Ltd.; a private company that is jointly owned by LGAQ and QTC in equal shares with its own Board of Directors. Local Government Infrastructure Services is thus a separate legal entity which conducts business with local councils on its own account. Moreover, since QTC represents the crown and LGAQ is a statutory body, Local Government Infrastructure Pty. Ltd. has the status of being a state authority.

As the recent PWC (2006) national report *National Financial Sustainability Study of Local Government* demonstrated, local government systems across Australia face a growing crisis in local infrastructure provision and

Queensland local government is no exception. The causes of the problem are complex, but consist in inadequate funding, rising population levels, ageing local infrastructure and heightened community demands. In addition, maintenance and replacement costs have risen disproportionately. The net effect has been to create a local infrastructure backlog of critical proportions.

LG Infrastructure Services was designed to assist Queensland local councils achieve outcomes possible in infrastructure projects by providing assistance in evaluating and delivering local infrastructure in a cost effective and efficient way. In essence, LG Infrastructure Services seeks to combine the expertise and resources of the QTC, the LGAQ and local councils to ensure that quality and cost effective outcomes are achieved. With the exception of some large municipalities, local councils are typically disadvantaged by size and/or location and often planned infrastructure projects are too small to approach the market from a position of strength. With this in mind, LG Infrastructure Services aims to provide the following benefits for local councils: Greater economies of scale in local infrastructure plans, especially for smaller projects; increased bargaining power; reduced costs associated with infrastructure provision; superior choice in evaluating and implementing infrastructure projects, and accurate information from experts on procurement and project delivery questions. A primary focus of LG Infrastructure Services is to expand the range of solutions available to local government and to assist and facilitate local government infrastructure provision without taking control of the process. Each participating council retains flexibility and control over the way in which its projects are delivered.

LG Infrastructure Services assists councils with support at each potential stage of the life cycle of a specific project: Preliminary Assessment; Business Case Development; Procurement Strategy Determination; Tendering and Contracting; Project Commissioning; and Project Monitoring and Review.

In so doing, LG Infrastructure Services aims to reduce costs, increase negotiating and purchasing power, and enhance efficiencies for local councils by providing an extensive range of project support services at each of the project stages. These include reviewing infrastructure procurement plans and strategies; conducting risk assessments; appointing and managing advisors and other allied professionals; reviewing approaches to funding; applying for grants and subsidies; assisting in negotiations with administering departments; helping local councils to work collectively to achieve greater outcomes; and providing independent advice in the form of LG Infrastructure Services Project Assurance Reviews.

The services of LG Infrastructure Services are available to Queensland local governments for any local infrastructure project. Indeed, local councils do not need to go to tender in order to engage LG Infrastructure Services. In addition, the QTC continues to provide its debt funding, short to medium-term investment and financial risk management services to local government.

Outcomes

LG Infrastructure Services was launched by the Queensland Premier at the 2005 LGAQ annual conference. Since that time, LG Infrastructure Services has provided services to over 40 local councils, either individually, or as part of regional solutions for projects, such as the refurbishment of council chambers, the delivery of sewerage and waste water treatment plants, negotiations with mining companies in relation to water supply, the provision of cultural and tourism facilities, CBD property development, and the upgrade of local airports. The total value of projects tackled to date amounts to several billion dollars.

LG Infrastructure Services has also been delivering a series of significant regional and whole of state projects. For instance, the South East Queensland Water Leakage and Pressure Management Project, a $90 million South East Queensland water leakage and pressure management project, is being undertaken by 18 South East Queensland local councils and the state government. This project is the largest of its type ever undertaken in Australia and represents a critical ingredient in the Queensland regional drought strategy. As part of this project, LG Infrastructure Services is managing a regional project collaboration office to deliver centralised procurement of key program components for participating councils. The $32 million contribution by the Queensland government to this project has been paid to LG Infrastructure Services and duly invested with QTC, with the interest earnings used to fund the costs of the project office.

LG Infrastructure Services has also been deeply involved in the Home WaterWise Service. The Home WaterWise is a $23 million key water saving initiative that aims to deliver water efficient devices to residents in South East Queensland on behalf of the state government and 21 South East Queensland local councils. The project is being delivered from the same project office used for the South East Queensland Water Leakage and Pressure Management Project and employs a similar funding model.

The Statewide Sewerage Treatment Plant Upgrade Program is another initiative involving LG Infrastructure Services. The company has completed a state-wide study into this $1.2 billion capital works program for Queensland Department Local Government, Planning, Sport and Recreation in order to develop an optimal approach to program delivery. The Queensland government will fund between 40 per cent and 50 per cent of the program by way of capital works subsidies. The LG Infrastructure Services study has identified opportunities for regional collaboration and scale-based procurement which have the potential to generate savings of around 20 per cent to 30 per cent of the total program cost (an estimated saving of $200 to $300 million). At the time of writing, this program will soon move into the implementation phase utilising a regional collaboration model similar to that used for the projects sketched earlier.

LG Infrastructure Services has applied the same principles it has used on its various water projects in an effort to offer benefits to local councils in the area of waste management under the auspices of the Regional Waste Management Solution. LG Infrastructure Services is working with two separate groups of regional councils to investigate options for optimal regional waste management solutions, including landfills, transfer stations and recycling facilities. Regional projects of this kind fall squarely into the category where LG Infrastructure Services has been able to offer the greatest comparative advantage for local government through economies of scale and scope economies. Each of these arrangements allows participating local councils to share in benefits that would not have been possible, but for the creation of LG Infrastructure Services.

Finally, LG Infrastructure Services has launched new service to assist local councils achieve regulatory compliance in completing audits of their respective Strategic Asset Management Plans (SAMPs) as required under the Queensland Water Act 2000. In this regard, LG Infrastructure Services seeks to generate efficiencies and reduce costs for local councils by placing local authorities into regional clusters to streamline the process. Since the service was launched in December 2006, 12 councils have enrolled. It is hoped that eventually this program will save millions of dollars compared with local councils proceeding alone.

Local Buy

In 1994, the LGAQ established a division entitled Contracts and Purchasing Services to examine the possibility of Queensland local government aggregating its procurement expenditure. In 2001, this purchasing unit was incorporated to form Local Buy Pty. Ltd. and it remains wholly-owned by the LGAQ. In essence, Local Buy thus represents the procurement services company which operates on behalf of Queensland local government; it basically develops commercial relationships between the private sector and the public sector.

Under the Local Government Act 1993 (as amended), Local Buy enjoys unique enablement to establish purchasing arrangements for the supply of goods and services to Queensland local councils. In terms of this legal power, the tendering and/or quotation processes normally required by the Act do not apply after a supplier is appointed to a Local Buy panel. These arrangements allow local councils and their suppliers to save money.

Outcomes

The LGAQ has estimated that the cost to a given local council of running a tender is at least $20,000. Moreover, it costs around 1.5 per cent to 3 per cent of the contract value of the tender for a commercial supplier to respond to a tender. In order to reduce these costs, it is thus rational to remove any unnecessary administrative processes requiring multiple quotations and frequently going to tender, so that local councils and supplying businesses can interact cheaply.

In addition to these reductions in administrative costs, local councils are also able to secure price advantages by aggregating their expenditure with other local authorities across the local government sector. Where arrangements like this deal with significant purchases, these price savings can be substantial.

A third dimension of the Local Buy operation consists in its market expertise: Local Buy employs ‘best-practice’ procurement methodologies; it develops market intelligence; and fosters a network of local councils. As a result, all Queensland local authorities use Local Buy contractual arrangements. The LGAQ has estimated that Queensland local councils collectively save between $4 million and $7 million per annum as a consequence of Local Buy’s activities.

At the time of writing, Local Buy had some 35 separate arrangements in place encompassing around 100 product/service categories. Each contract has been developed on the basis of consultation with local government and the private sector industry.

A second aspect of the operations of Local Buy involves a tender bureau service run team of ‘in-house’ procurement specialists with Local Buy. This facility allows local councils to fully or partly outsource a tender process. This has bee especially helpful to small local councils afflicted by skill shortages in the Queensland economy.

Finally, in early 2007 Local Buy launched Local Government (LG) Tender Box; an online tendering system designed specifically for Queensland local government which automates the entire tendering process from the posting of a tender to receiving bids from the supply market and provides an auditable trail of relevant information. The LGAQ has estimated that local councils can achieve a 60 per cent reduction in the costs of tendering by using LG Tender Box. This system also provides benefits to the private sector as a central source of council tenders, complete to council tender documents, and an automated update facility.

Queensland Partnerships Group

The Queensland Partnerships Group **(**QPG) consists of a new joint venture between the LGAQ and the commercial enterprise United Customer Management Solutions Pty. Ltd. The QPG has been established to support local councils seeking to improve their customer service capabilities thereby enabling municipal councils to respond to growing demands from their constituents for greater operational efficiency. An important aim of QPG resides in the development of local government shared services facilities. In particular, the QPG shared services model does rest on standard outsourcing arrangements but rather involves the establishment of partnerships with local councils to jointly pursue customer service objectives. QPG has estimated that shared services arrangements would be relevant to approximately $209 million of annual local government expenditure in Queensland. These shared services arrangements would seek to remove duplication of effort, harness economies of scale and scope economies, introduce technological advances and employ specialist business process re-engineering services.

The QPG is a recent initiative by the LGAQ. It is thus too early to offer any evaluation of its economics impact.

Concluding Remarks

It is evident from this analysis that Local Government Workcare, the Queensland Local Government Mutual Liability Pool, Local Government Infrastructure Services, Local Buy and the Queensland Partnerships Group all share several common characteristics. In the first place, they all focus on 'back office' functions rather than on service provision *per se.* Local Government Workcare and the Queensland Local Government Mutual Liability Pool deal with insurance covering potential legal liabilities that may affect member local councils. Local Government Infrastructure Services was designed to assist local authorities in the provision of local infrastructure rather than in actually constructing that infrastructure. Local Buy seeks to secure scale economies in bulk procurement on behalf of individual municipalities. Only the Queensland Partnerships Group is able to facilitate the joint provision of services to constituents and then only in an indirect manner.

Secondly, Local Government Workcare, the Queensland Local Government Mutual Liability Pool, Local Government Infrastructure Services and Local Buy, with the partial exception of the Queensland Partnerships Group, are not spatially bound. In the nature of the activities that these programs deliver, they can all be managed and operated geographically separated from member councils. Moreover, the efficacy of the services they offer do not depend on the location of recipient local councils to any marked degree.

Thirdly, Local Government Workcare, the Queensland Local Government Mutual Liability Pool, Local Government Infrastructure Services, Local Buy and the Queensland Partnerships Group all effectively either remove or at least reduce the 'moral hazard' problem inherent in commercial partnerships involving all principal agent relationships (Milgrom and Roberts 1992). The LGAQ acts effectively as an 'agent' for its member municipal 'principals' on a non-profit basis. Apart from considerations of 'bureaucratic failure' ubiquitous to all large organisations and especially public sector agencies (Wallis and

Dollery 1999), the LGAQ does not have incentives to 'cheat' on its member councils since it does not stand to gain. Member councils can thus engage the services we have considered on the assumption that they are not only offered in 'good faith', but also represent economically sound options. These arrangements thus stand in stark contrast to normal commercial relationships subject to what has been termed 'agency failure'.

Finally, many of the potential benefits that can be reaped by member councils from the five LGAQ programs we have examined derive primarily from scale economies, economies of scope, or some combination of scale and scope economies. Local Government Workcare, the Queensland Local Government Mutual Liability Pool and Local Buy secure substantial cost savings largely through scale economies in the procurement of goods and services. In contrast, Local Government Infrastructure Services and the Queensland Partnerships Group depend mainly on economies of scope in highly skilled expertise for their benefits; a particularly important attribute at a time of acute skills shortages in the Queensland local government sector.

With respect the realised outcomes of these five programs, rather less can be said with certainty. As we have seen, on its own reckoning, the LGAQ has computed cost savings for four of the five programs that are so substantial as to have had a dramatic impact on the financial sustainability of Queensland local government. On the other hand, since the Queensland Partnerships Group is still in its infancy, it is too early to draw any valid conclusions on its economic effects. However, a caveat should be added: Conclusive evidence on the benefits delivered by the four programs for which sufficient information is available would require some kind of external assessment of the LGAQ calculations. An assessment along these lines would not be easy since it would involve comparisons with counter-factual hypothetical circumstances involving judgments concerning what would have occurred had the LGAQ programs not been in existence. In the light of these observations, it seems reasonable to conclude that Local Government Workcare, the Queensland Local Government Mutual Liability Pool, Local Government Infrastructure

Services and Local Buy have had a decisive positive effect on the local government sector Queensland, while the jury is still out on performance of the Queensland Partnerships Group.

What implications does this have for public policy formulation in Australian local government? We have seen that, at the state level, the South Australian Financial Sustainability Review Board Report (2005), the Independent Inquiry into the Financial Sustainability of NSW Local Government (2006), the Western Australian Local Government Association Report (2006) and the Tasmanian Local Government Association Report (2007) all pronounced favourably on the potential offered by shared service models. At the national level, much the same can be said for the Commonwealth ‘Hawker Report’ (2004) *Rates and Taxes* and the PriceWaterhouseCoopers Report (2006) *National Financial Sustainability Study of Local Government* report.

However, all these documents focussed largely on shared service arrangements between constellations or regional groupings of local councils within state local government jurisdictions and, to a lesser extent, partnership agreements between different levels of government. Given our analysis of the LGAQ programs, this is most unfortunate. As we have seen, massive cost savings have been achieved in Queensland that could be replicated by other local government associations in other Australian state jurisdictions. Prudent local government policy makers should therefore direct their attention to this avenue as a means of enhancing financial sustainability in Australian local government across the country.

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