

21ST CENTURY COUNCILS – STRUCTURAL REFORM DISCUSSION PAPER

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Executive Summary

Local Government in Tasmania is under increasing pressure to undergo structural reform in order to address existing and upcoming challenges (e.g., demographic change, technological advancements, financial sustainability).

The benefits of local government reform can be grouped into one of three categories:

1. Economies of scale – maximising the use of resources and/or services at the least cost;
2. Economies of scope – creating a wider range/higher quality of services/resources; and
3. Strategic capacity – having the skills and resources needed to act as high capacity organisations that manage complex and sometimes unexpected change.

Municipal structural reform programs have traditionally focused on amalgamation as the main instrument of reform. Shared services are an alternative method that occurs when two or more councils collaborate to provide a service in order to meet community or council needs.

There is a long history of structural reform, feasibility studies and post reform analysis in Australia and to a lesser extent Tasmania. Evidence suggests that the following factors are critical to the success of council structural reform arrangements:

- Reform that is **motivated** by a desire to share expertise and resources, not by crisis;
- Reform where all stakeholders understand the **rationale** behind the need for change;
- Reform **timeframes** that allow change to be gradually introduced and accepted;
- Reform that retains the political autonomy and **independent character** of councils;
- Reform that involves the **selective** rather than wholesale consolidation of functions;
- Reform where there is adequate engagement and/or **consultation** with the community;
- Reform driven by local **leadership** and engagement – a bottom-up approach; and
- Reform that is **carefully planned** and tailored to accommodate differing needs.

The significant body of work undertaken in this field of study can be distilled into three key messages:

1. Cost savings are unlikely to materialise and should not be the primary goal of reform.
The goal should be to create a more robust and capable system of local government.

2. Problems caused by a lack of sufficient funding and/or defects in the funding process are unlikely to be solved as a result of structural reform. These problems raise questions about the equitability of local government funding, not structure.
3. The challenges local governments face are many and varied, as are their individual circumstances. This militates against 'one size fits all' approaches to structural reform.

Introduction

Local Government in Tasmania is under continuous pressure to reform in order to provide contemporary best practice as well as to address existing and upcoming challenges. Over time councils have transitioned from a minimalist 'services to property' model to a maximalist model providing a broader range of 'services to people' (TCCI, 2012). The complexity of local government has therefore increased in the absence of change, structural or otherwise. Other noteworthy challenges and opportunities facing local governments include:

Technological advancements

There has been a shift in Tasmanian away from what might be considered traditional industries, towards tourism, service and knowledge-based industries. Improvements in technology have contributed to this change, most notably within industry and the broader community. While not a traditional area of responsibility for local government, these changes in the local context are likely to be creating expectations amongst the community and business about the role of local government. Councils will need to find ways to exploit the benefits that come with digital technologies in their program delivery/policy making processes.

Demographic change

Tasmania currently has the oldest and slowest growing population in Australia. Population trends show that Tasmania's average growth rate from 2011 to now has been 0.3%. Recently produced population forecasts by the Department of Treasury have shown that this trend will continue with an average growth rate of 0.2% over the projection period, with particular issues for rural and regional councils who are expected to experience a decline. During this period, it is forecast that there will continue to be a decrease in the underage and working age populations, an increase in those aged 65 years and over, and a very large increase in those aged 85 years and over. This has implications in terms of the financial and operational sustainability of Tasmanian councils.

Regional development

There is an increasing focus on place based initiatives that promote economic development. The challenge is how councils best position themselves to make the most of the range of opportunities as they present. Structural change that promotes strategic capacity at the local level and best use of targeted shared services should be considered.

Financial sustainability

Perhaps the biggest challenge facing local government in Tasmania is council's long term financial sustainability. The *Auditor General's Report on Local Government Authorities* (2011)

noted that of the twenty-five Tasmanian councils assessed:

- Eleven councils incurred deficits.
- Three councils were assessed as being at high risk from an operational perspective.
- Twelve councils were assessed as being at high risk from a governance perspective.

Although more recent reporting for the Auditor General suggest, at least in the short to medium-term, that most councils are in good financial shape. In a 2011 study, Access Economics found that one in five Tasmanian councils may be longitudinally unsustainable (Access Economics, 2011). Such findings raise questions about local government reform and the extent to which it could not only alleviate council's financial problems but also improve their capacity and capability to deliver services into the future.

A Brief History of Local Government Reform

Several investigations into local government reform have occurred in Tasmania over the last century, this has included the Royal Commission on Local Government Report (1939), the Municipal Commission of Tasmania Report on matters relating to Local Government (1974), and the Board of Inquiry into Local Government (1979).

The most recent significant structural reform undertaken in 1993 involved changes to council operations, restructuring of local government boundaries, and a reduction from 47 to 29 councils. Additional amalgamations were proposed in 1997 on the grounds that further restructuring would result in widespread financial benefits and efficiencies. The proposed amalgamations were strongly resisted by local councils and communities who felt that there was a lack of effective engagement and planning and did not proceed. Few arrangements, except for recent State Government instituted water and sewerage reform, have gained traction following the 1997 proposal (see, generally, Haward & Zwart, 2000; TCCI, 2012).

A corpus of work considering local government reform has been developed in response to the success or otherwise of existing reform arrangements. This paper attempts to summarise both the academic and grey literature around local government reform in order to provoke council interest and informed reform decisions. The bibliography, although not exhaustive, provides a list of sources that can be used to further guide council decision making. This information will give councils the opportunity to learn from past mistakes and to build upon successful arrangements already in place.

Why Reform?

The suite of benefits associated with local government reform are many and varied. They include greater financial strength and stability, the equitable distribution of goods, costs, and

risks, increased capacity to offer a wider range and higher quality of services, efficiency gains, reduced administrative costs, and the greater use of all available resources (Aulich et al., 2011; Ryan & Hunting, 2016). These benefits have been broadly grouped into one of three categories: economies of scale, economies of scope, and strategic capacity.

Economies of Scale

The purpose of local government reform has traditionally centred on the benefits of economies of scale (Aulich, Sansom, & McKinlay, 2014). Synonymous with efficiency, economies of scale are achieved through maximising the use of resources and/or services at the least cost (Dollery & Fleming, 2005). Thus, economies of scale are represented in terms of cost savings (\$).

The degree to which services are characterised by economies of scale varies; whereas capital-intensive services (e.g. sewage disposal and water supply) tend to generate significant economies of scale, labour-intensive and customer-oriented services (e.g. health and customer service officers) do not (Dollery & Fleming, 2005). This information has important implications in that it allows councils to appropriately target reform arrangements so as to achieve economies of scale.

Economies of Scope

Local government reform, through consolidation and joint activity, has enabled councils to produce a wider range and higher quality of services and resources (Aulich et al., 2014). The latter occurrence, known as achieving economies of scope, has received limited attention in the literature and reform processes to date.

Potential sources of scope economies include (see, generally, Dollery & Fleming, 2005):

- Diminishing returns to inputs – where related activities handled by separate departments are devolved onto a single individual or division (e.g. GIS mapping support for engineering and planning departments).
- Jointness in inputs – where a single input can be used in the production of multiple outputs (e.g. underutilised machinery employed on a fee for service basis).
- Jointness in outputs – interconnected outputs are produced from a set of similar inputs (e.g. where staff who are employed to gather waste also transfer recyclables).
- Interactions between service provision or goods production – interaction processes that generate independent informational and/or physical outputs (e.g. community

development staff informed of issues by operators of a council youth drop in centre or flood easements to remove excess water and enhance amenity).

The benefits associated with economies of scope will be strongest in councils with low levels of resources and with limited capacity to provide a breadth of services (e.g. small councils; Access Economics, 2011).

Strategic Capacity

The purpose of local government reform has slowly shifted from the benefits of economies of scale towards strategic capacity which can be seen as building on economies of scope (LGNSW, 2015). Strategic capacity is less about being financially robust and is more about councils having the skills and resources needed to act as high capacity organisations. Importantly, strategic capacity allows councils to respond to the diverse needs of different communities, as well as to manage complex and sometimes unexpected change (Aulich et al., 2014). Strategic capacity is therefore the most important outcome for councils to consider in examining modes of consolidation and local government reform.

How do you Reform?

Amalgamation

Municipal reform programs have traditionally focused on amalgamation – the most drastic form of structural change – as the main instrument of reform (Dollery & Fleming, 2005). Amalgamation involves the combination of one or more councils into a new entity. Amalgamations can be forced (by State Government) or voluntary, wholesale or selective. The latter is a more contemporary idea which suggests identifying and amalgamating only those council functions that can be performed in common or collectively (e.g. ‘back office’ functions; Dollery, Keogh, & Crase, 2007).

Shared Services

Shared services occur when two or more councils join together to provide a service in order to meet community needs (Ryan & Hunting, 2016). This method of local government reform is favoured by councils as it is a cost-effective means to share expertise and resources without the need for structural reform (TCCI, 2012). Shared services can be provided via a range of mechanisms, some of which are included below (see, generally, Cradle Coast Authority, 2017; de Souza & Dollery, 2011):

- A common service provider model which distinguishes between independent (e.g. services delivered between councils on a fee-for-service basis) and sub-regional (e.g. services delivered to a subset of councils who cost share) shared service arrangements.
- A centre of excellence model where councils with specialised expertise in a given function (e.g. human resources) work together to develop and promote best practice and standardisation across councils in that function.
- A tripartite model which distinguishes between horizontal shared services (e.g. where arrangements are wholly operated and owned by participating local councils), vertical shared services (e.g. where state local government associations offer services to member councils), and intergovernmental contracting (e.g. where local councils carry out various functions on behalf of public agencies).

Although some services suit shared arrangements better than others (e.g. procurement, IT, waste management, human resources; LGAT, 2015), success will depend upon the degree to which these fit or are tailored to local circumstances – one size does not fit all!

Tasmanian Local Government Reform

The following section provides a brief summary of some of the more recent reform feasibility studies and analyses conducted in Tasmania.

The Brighton Common Service Model (de Souza & Dollery, 2011)

The Common Service Model was developed in 2007 by the Brighton Council. This model, unlike most existing shared services platforms in Australian local government, provides services already produced and used by the Brighton Council on a fee-for-service basis.

Several preconditions must be met before the Common Service Provision Model can operate successfully (e.g. existing friendly relations between councils, the availability and use of common platforms/systems, transparency in discussions between councils, services that are provided on commercial terms acceptable to both parties and small-scale beginnings).

The Brighton Model has delivered direct benefits to three main stakeholders: The Brighton Council, its employees, and client councils. These benefits range from being able to provide high level professional services to local communities, improved succession planning, reduced administration costs, shared learnings, guaranteed service standards, and the like. Financially, there have been benefits for both the provider (additional income) and client (cost savings)

councils. The revenue raised from this work, for example, represents around 20% of Brighton Council's rate revenue and is expected to grow over time.

The Brighton Model is therefore an interesting contribution to the field of shared services provision and is one that has ultimately allowed the local authorities involved to function more efficiently.

Resource Sharing Arrangements between Kentish and Latrobe Councils (Ryan & Hunting, 2016)

Various forms of resource sharing have been undertaken by the Kentish and Latrobe Councils in order to improve levels of service whilst maintaining local representation.

The councils recently conducted a review of their resource sharing arrangements. This review identified a range of success factors (e.g. shared strategic planning, transparency and trust, complementary IT and communication systems, incremental rather than transformational change, a common rationale, and shared general manager) which have supported their shared services. The review provided a series of recommendations in the following areas:

- Strategic planning and leadership (e.g. engage the senior leadership and councillors);
- Communications (e.g. develop an internal and external communications strategy);
- Staffing and workforce (e.g. shared performance management and workload system);
- New and expanded opportunities (e.g. work towards a centre of excellence model);
- Governance (e.g. develop a process for dealing with any conflict of interest);
- Succession planning (e.g. identify the desired attributes/skills needed for leadership);
- Change and project management (e.g. staff who understand the need for change); and
- Evaluation and reporting (e.g. develop an evaluation framework and share findings).

It is hoped that these findings will allow the two councils to grow, enhance, and refine their resource sharing arrangements, whilst informing the decisions of other Tasmanian councils.

Northern Tasmanian Councils: Shared Services Study (KPMG, 2017)

The northern Tasmanian councils have recently come together to explore options for shared services. This was done within the context of improving their capacity and performance, and involved examination of four core alternatives:

1. Optimising current arrangements by extending the current range of shared services;
2. Joint contracting for core services and outsourcing where feasible;

3. Contract service model (a single council delivers services on a fee for service basis); and
4. Incorporated venture (a separate shared services entity to centralise/deliver services).

Amalgamations were not an attractive option and were immediately ruled out by the councils.

Financial modelling revealed a combination of Options 1 and 2 to be favourable, with savings estimated at around \$3-4 million per annum across the region. This would represent savings of around 15% of the current operating expenditure on corporate, engineering, and waste management services. The latter, according to the Steering Committee, are key common service areas and should therefore be the focus of shared service opportunities in the north.

The study concluded that a more sustainable pathway for the region to adopt would be to expand resource sharing at regional (i.e., joint contracting and outsourcing) and sub-regional levels, whilst also transitioning to a single information management platform. An appropriate first step would be for the northern councils to establish a governance model which can be used to identify and plan for opportunities as they arise.

It is understood the Northern Tasmanian councils are progressing with a project on expansion of shared services.

Greater Hobart: Local Government Reform (SGS Economics & Planning, 2017)

The four Greater Hobart councils agreed to explore the merits of local government reform across the following four options: Option 1 (merger of all four councils), Option 2 (strategic alliance between all four councils), Option 3 (merger of Hobart, Clarence, and Glenorchy), and Option 4 (merger of Hobart and Glenorchy). For all reform options, it was assumed that a Hobart Capital City Act would be introduced in order to take an integrated approach to planning that recognises the relationship between the city and State Government.

The results of the financial and wider cost benefit modelling revealed substantial net overall benefits over a twenty-year timeframe. These benefits included:

- Option 1: Net benefit of \$383 million, or around \$19 million per year on average;
- Option 2: Net benefit of \$294 million, or around \$15 million per year on average;
- Option 3: Net benefit of \$264 million, or around \$13 million per year on average;
- Option 4: Net benefit of \$166 million, or around \$8 million per year on average.

Thus, more financially sustainable councils were expected to result from each of the reform options. Although Option 1 is predicted to provide the best overall outcome, Options 3 and 4 also hold promise and are less complex in terms of transition, risks, and cost control. The report

emphasised that success will nevertheless depend upon the engagement of current elected members, community, and State Government, regardless of the option chosen.

At the time of writing the councils involved had not progressed any of the proposed options.

South East Councils Feasibility Study (KPMG, 2016)

Though the viability of south east rural and remote councils has been aided by existing resource sharing initiatives, there is potential for further efficiencies to be realised. Four councils in the south east region of Tasmania therefore came together to consider the following amalgamation and shared services options:

1. Optimisation through the extension of current resource sharing arrangements;
2. Merger of Clarence, Sorell, Tasman, and Glamorgan Spring Bay councils;
3. Merger of Clarence, Sorell, and Tasman councils;
4. Merger of Sorell, Tasman, and Glamorgan Spring Bay councils; and
5. Merger of Sorell and Tasman councils.

Financial modelling revealed savings ranging from \$0.9 million per annum (Option 1) to \$7.6 million per annum (Option 2) in the first year, whilst savings ranging from \$9 million (Option 1) to \$49 million (Option 2) were predicted over ten years. This suggests that councils would be financially better off through amalgamation than through existing arrangements, and that the four-way merger would deliver the strongest financial gains.

It was recommended within the report that a Local Transition Committee be established should council amalgamations proceed. These committees would lessen any real or perceived loss in access to local representation during the transition process – an issue that is of particular concern to rural and remote council residents.

Further options for the Sorell and Tasman councils were recently examined by the Local Government Board (2018) who recommended that the councils be voluntarily amalgamated (as in Option 5). This option was believed to offer a level of sustainability and resilience that existing and extended shared services arrangements would be unable to provide. Sorell Council resolved to progress with the merger. A 2019 elector poll revealed that the majority (68.6%) of Tasman electors did not support the amalgamation, despite forecast savings of up to \$250,000 per annum and so Tasman Council has resolved not to progress with the merger.

Cradle Coast Authority: Shared Services Project (2017)

Local councils in the Cradle Coast have been collaborating and sharing in various forms for over two decades, yet no whole of Cradle Coast shared service model or strategy exists. A report was

recently undertaken to determine whether the broader application of shared service arrangements could lead to further benefits being realised. The below arrangements were investigated:

- Independent shared services (services delivered to councils on a fee for service basis);
- Sub-regional sharing (services delivered to a subset of councils who cost share); and
- Centre of excellence (centre provides specialist support/resources to other councils).

The results indicated that significant gains would be possible through an overall increase in sharing arrangements across the Cradle Coast. Total projected savings amount to \$9+ million and accrue in the following priority areas: Procurement (\$2.5+ million), IT (\$1+ million), finance (\$1.5+ million), human resources (\$0.5+ million), and waste management (\$3.5 + million).

Two recommendations were made. Namely, to establish a shared services model and to expand sub-regional sharing arrangements for high potential and/or prioritised services. A phased approach to implementation was suggested in order to address council objectives and to maintain focus on longer term possibilities.

While limited progress has been made across the Cradle Coast region as a whole, the councils of Circular Head, Waratah-Wynyard, and Burnie City have agreed to explore the development of a shared services entity to deliver back end business process and IT services. The three councils are currently developing governance arrangements, a shared services catalogue and cost model, and are undertaking a resource sharing trial to determine if establishing the shared services entity will produce desired outcomes.

Tamar Valley Council Feasibility Study (KPMG, 2018)

Although the George Town and West Tamar Councils are currently meeting service level statutory requirements and community expectations, scope for further savings and efficiencies exist. Both councils have therefore undertaken a feasibility study into merging to form a Tamar Valley Council.

The results of the financial modelling indicated savings of around \$1.3 million per annum over a ten-year period. Additional benefits were thought to include improved strategic capacity and organisational robustness (e.g. through advancing the culture and skill of employees, building stronger relationships with stakeholders and other regional partners, and enhanced credibility).

The study concluded a merger to be in best interests of the region and identified that an initial period of community consultation would be necessary in order to gauge the views of those involved. An implementation schedule, should the councils and their communities favour a merger, would likely involve an 18-24-month period of transition before council operations could commence.

Both councils considered the report recommendations, with West Tamar Council resolving to commence community consultation. George Town Council determined that it would not undertake consultation and further work has now ceased.

Criticisms within the Academic Literature

Local councils throughout Australia have almost always resisted proposals for reform, particularly amalgamation. Feasibility studies, such as the five Tasmanian studies described, delineate the merits and viability of various reform options. The results of these studies arouse criticism within the academic literature and are met with skepticism due to the observed outcomes (or lack thereof) of council reform programs to date (Dollery et al., 2007).

Australian municipal reform programs have traditionally shown a heavy reliance on amalgamation as the main instrument of reform (Dollery & Fleming, 2005). This unwavering focus on structural reform has been criticised on the grounds that shared service arrangements may yield equally if not greater council and community benefits (Aulich et al., 2014). The enduring belief that 'bigger is better' and that council amalgamations are key may therefore be unwarranted.

Related, is the idea that local government reform is not an 'either-or' (amalgamation *or* shared services) situation. The reform options listed in the Tasmanian feasibility studies describe amalgamation and shared service arrangements as independent. What is not often considered, is that these options could be used in conjunction (e.g. amalgamated councils pursuing greater consolidation and advantages through shared services as well; Aulich et al., 2014).

Many reports concerning local government reform focus on how increased scale (i.e., cost savings) can be achieved. This focus on purely economic benefits and/or arguments is detrimental when at the exclusion of other issues, such as achieving economies of scope and strategic capacity (Aulich et al., 2014). The latter outcomes are important to consider in that benefits associated with them tend to increase, compared to cost savings which are not always seen (SGS Economics & Planning, 2017).

Perhaps the greatest criticism of past council reform arrangements is that much of what has been promised, at least in terms of economies of scale, has not been achieved (Dollery et al., 2007). It is not uncommon, where savings have been asserted, for calculations to ignore implementation and related costs (e.g. costs of change and dislocation), thus nullifying alleged outcomes (Aulich et al., 2014). Such matters are further complicated by the fact that savings themselves are difficult to measure. For example, savings may be utilised to improve the quality and range of council provided services and may not represent improved profitability (i.e., economies of scale) as a result (Aulich et al., 2011).

These criticisms are not intended to cast doubt on local government reform processes as a whole. Instead, they are intended to facilitate critical thinking around the implementation and goals of local government reform, including how these factors may vary from one council to the

next. Research suggests that the many benefits of reform are in fact achievable, but that their realisation depends on a series of factors (described below).

Success and Risk Factors

Past reform arrangements highlight a number of factors that were critical and/or detrimental to their success. It is important that these factors be noted given that all councils will undergo reform in some way and at some time in the future. These factors essentially represent the do's and don'ts of local government reform and will assist councils in achieving success.

Motivation

Shared services arrangements are often driven by crisis (i.e., a means of avoiding amalgamation), not strategy (Ryan & Hunting, 2016). Research shows that arrangements of this type are unlikely to result in lasting partnerships where genuine council and community benefits are felt (Aulich et al., 2014). Success is more likely when arrangements are motivated by a desire to share expertise and resources in order to strengthen the viability of involved municipalities (Ryan & Hunting, 2016).

Rationale

All stakeholders must understand the rationale behind local government reform (e.g. motivations for considering reform, merits of available options, desired outcomes) if amalgamation and/or shared services arrangements are to be successful (Ryan & Hunting, 2016). Effective communication strategies have been shown to involve the publication of guidelines and newsletters, early direct contact with those involved/effected, clear and consistent messages, various feedback mechanisms, and the like (Access Economics, 2011).

Timeframes

Local councils and communities are unable to achieve the best possible outcomes from reform when timeframes are too short (Aulich et al., 2014). Councils, within a short amount of time, have a limited ability to consult with the community, to respond appropriately to policy changes, and to plan and sell the need for reform, for example (Haward & Zwart, 2000). Therefore, reform processes should be introduced gradually in order to minimise disruption and increase acceptance (Ryan & Hunting, 2016).

Leadership

A bottom-up approach whereby reform arrangements are influenced and supported by local government is essential (Haward & Zwart, 2000). This suggests that state government, instead

of initiating and driving local government reform from the top-down, should provide political sponsorship and support to councils. The mutual commitment and leadership involved in this more bilateral process establishes a sound basis for ongoing operations and managing change (Aulich et al., 2014).

Representation and Identity

Many councils and communities possess a highly developed sense of place and identity which they fear will be weakened through reform arrangements (Dollery et al., 2007). These arrangements should therefore retain the independent character and political autonomy of councils as much as possible. This can be achieved via several methods (e.g., community boards, forums, ward committees) and would assist in securing the community's support (Aulich et al., 2014). The latter in and of itself is critical for the success of local government reform (SGS Economics & Planning, 2017).

Reform Arrangements

Wholesale consolidation, whether through amalgamation, shared services arrangements, or a combination of the two, is unlikely to be necessary given that the benefits of reform are specific to particular technologies and/or services (Dollery & Fleming, 2005). The selective consolidation of functions that councils could perform in common or collectively (e.g. 'back office' functions) is therefore of greater benefit in terms of efficiency, however would also mean that primary political and policy functions (i.e., democracy) remain largely unchanged (Dollery et al., 2007).

Consultation

Findings consistently indicate a reduction in the benefits of local government reform following inadequate engagement and/or consultation with the community (Aulich et al., 2014). This may be due to increased uncertainty and anxiety, or to a lack of trust and transparency that must be remedied if future reform arrangements are to succeed.

Planning

Reform arrangements must be well organised and planned so as to take into account the nature of local government service delivery, contemporary best practice, local conditions, and the like (TCCI, 2012). Careful planning in these areas enables councils to tailor reform arrangements and to accommodate differing needs. Poorly planned arrangements, on the other hand, have typically failed to deliver anticipated and otherwise achievable outcomes (LGAT, 2015).

Several other factors that are predictive of success include compatible record keeping and IT systems, effective governance arrangements, ongoing and objective evaluation, equity in resource allocation, and a 'one-in, all-in' approach (KPMG, 2017; Ryan & Hunting, 2016).

Conclusions

Several conclusions from this paper can be drawn. The first relates to the widely held belief that the primary goal of local government reform is to cut costs (Aulich et al., 2014). The literature and studies to date suggest that cost savings are unlikely to materialise, and that a greater focus on economies of scope and strategic capacity is therefore warranted in order to create a more robust and capable system of local government (Aulich et al., 2014).

A second albeit related conclusion is that a lack of sufficient funding and/or defects in the funding process are key to several of the problems within contemporary local government (Dollery et al., 2007). Such problems are unlikely to be solved as a result of structural reform as they emanate from chronic under investment and/or insufficient cash flow, not structure (Dollery et al., 2007). While reform is likely to be necessary, so too are questions about the equitability of local government funding.

The final and perhaps most important conclusion in relation to local government reform is that one size does not fit all (Aulich et al., 2011). Local governments, for example, operate within increasingly diverse social, economic, and environmental contexts. The challenges they face are many and varied, as are their individual circumstances. Appropriate reform and structural solutions will therefore differ considerably both within and between municipal regions (Aulich et al., 2014).

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