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Local Government

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While I was Federal a MP I represented the people of some 26 shires and saw something of their local governments. I formed the strong opinion that the quality of local government varied inversely with the quality of the Scotch in the Council bar.

Local government, like all government, has the power to make people pay taxes and do other things they would not do voluntarily. Compulsion helps to provide such services as short roads, which are impractical to toll, and street lighting, but local government is subject to most of the vices of any government. They are inherent in power itself.

There would be a strong case for giving more authority to local government at the expense of State governments and even the Federal government except that, as it presently operates, local government lacks the discipline that would give people reason to trust it.

Its councillors and senior staff give little thought to the nature of power and to the proper checks and balances upon its use. They are not as *au fait* as they ought to be with rule-of-law principles, openness, division of power, the steps necessary to avoid conflict of interest, the role and need for quasi-constitutional restraints on their own discretion, and so on. What is more, in local government there are no upper houses, no organised opposition and rarely is there the equivalent of parliamentary question time.

There is no evidence that councillors worry about the political theories that would explain to them how they are diverted from the community's interest, why they suck up to vested interests and send the bill for blatant privileges to the ratepayers, and why the rates keep on rising. Indeed, unlike other politicians, few councillors will admit, even in private, that they might be making a mess of things.

It is past time that aldermen and councillors, part-time servants of the public though they are, took the art of governing more seriously. If they did, I think they would come to accept the fact that they are themselves ordinary corruptible mortals and they would start to institute the checks and balances that keep the other arms of government

relatively honest. If they did that, then we should trust them with further responsibilities, because local government has one very big advantage over higher levels of government---we can more easily escape it. We could, by shifting home, express preferences for or against particular combinations of services and taxes. Councils that were careless of their citizens' wishes would lose their population and their tax base.

This seems to happen in the United States but there is little evidence of it in Australia. There seem to be three reasons for this, two of which are remediable.

- | First, Australian jurisdictions are geographically large, thus inhibiting migration.
- | Second, Australian shires and cities depend on higher arms of government for much of their revenue. Revenue collection is thus largely monopolised by the central government while lower arms supply almost identical packages of taxes and services. It is not easy for shires to compete with each other by offering innovative fiscal packages.
- | Third, the powers of Australian local government are relatively trivial.

The best-known Australian case of migration to gain a better fiscal deal concerns states rather than shires. What happened then is instructive.

In 1977, the Bjelke-Petersen Government abolished death duties. For a short time Queensland was, if not a great state to live in, then a great state to die in. Migration to Queensland from other states rose from a fairly steady 12,000 per year before 1977 to 40,000 in 1981, matched by increased migration flows away from the other states.

Public reaction to Queensland's action soon convinced the other five state governments and the commonwealth government to follow suit. In quick succession New South Wales, Victoria, and South Australia abolished duties on estates inherited by spouses. WA and Tasmania followed in 1978 and the Commonwealth abolished its death duties in 1979. Duties on estates passing to children were abolished in South Australia and Western Australia in 1980, in New South Wales and Tasmania in 1982, and in Victoria in 1983.

Determination not to be outdone is typical of competitive markets which quickly punish laggards, but it is unusual among governments. However, if an issue is important enough to enough people to justify the cost of their moving to another jurisdiction, then we have a market in government. Death duties was such an issue, and for a short time we had an example of competitive government in action. We still reap the benefits.

It is easier to move between local government districts than between States. If aldermen and councillors adopted the

procedures that should accompany the exercise of power; then they might, with profit, be given responsibility for the really important issues, such as education; then they might offer us real choices; then I would seek out the shire that drank nothing more expensive than beer. If pigs had wings....

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