

# JOINT STUDY INTO LOCAL GOVERNMENT FINANCES

## PART I

### SECTION 1

#### BACKGROUND TO STUDY

1.1 At a meeting of the Australian State Ministers for Local Government, the Federal Minister for Urban and Regional Development, and the New Zealand Minister of Local Government held at Taupo, New Zealand, in April 1975, discussion concentrated on the present and longer term position of local government finances. It was acknowledged that a number of studies have been carried out into aspects of these questions in both countries, particularly during the last decade, and in other parts of the world, and that there was a need to collate and analyse this evidence and review the future position.

1.2 It was decided to conduct a joint study by all the governments to establish as far as possible a frame of reference on the situation and to advise Ministers about the alternative approaches available.

1.3 A Steering Committee comprising the Permanent Heads or their equivalents of the Local Government Departments in the Australian States, the Permanent Heads of the then Australian Department of Urban and Regional Development and the New Zealand Department of Internal Affairs, the Secretary of the Australian Council of Local Government Associations and an officer representing the Territorial Local Government Council of New Zealand, was set up to give effect to this resolution.

#### TERMS OF REFERENCE

- 1.4 The Steering Committee was asked to:
- a) investigate and report not later than the end of October 1975 on:
    - (i) the current and future financial needs of local government; and
    - (ii) the development of various alternative proposals which can be used to ease the financial problems of local government.

- b) In carrying out this investigation regard is to be had to:
- (i) the continued responsibility for raising substantial portions of local revenues from local forms of taxation;
  - (ii) the continuation of land rating but not necessarily in its traditional form, as a principal source of revenue raising by Councils for financing local government works and services and the measures necessary to achieve this;
  - (iii) the need for a supplementation of land property rating (including financial assistance from the Australian Government);
  - (iv) the practicability and effectiveness of any supplementary forms of local revenue, particularly with regard to forms which include an automative growth factor;
  - (v) such other matters relative to the foregoing terms of reference that might arise during the course of the investigation.
- c) The Steering Committee is required to identify the interim measures related to the immediate needs of local government while seeking to recommend long-term alternatives.

#### INTRODUCTORY COMMENTS

1.5 The task set for the Steering Committee was for it to undertake a joint Australian/New Zealand study into local government finances. It became clear early on that there were a number of significant differences in the situations between the two countries, viz.-

- (i) Australia is a federation of six states each with a different local government pattern covering some 890 local authorities in all as against the New Zealand unitary system with only a quarter as many local authorities;
- (ii) the roles of the Australian States and the Australian Federal Government towards local government created a need for an institutionally based study as well as one dealing with the actual problems of local government;