



The local government system in

# Australia



## Key facts

- POPULATION:** Census 2006: 19,855,288
- AREA:** 7,692,024 sq km
- CAPITAL:** Canberra
- CURRENCY:** Australian dollar AUD
- LOCAL GOVERNMENT CONTRIBUTION TO GDP:** 2.4%
- HEAD OF STATE:** HM Queen Elizabeth II
- GOVERNOR-GENERAL:** Quentin Bryce
- HEAD OF GOVERNMENT:** Prime Minister Julia Gillard
- FORM OF GOVERNMENT:** Constitutional monarchy
- PARLIAMENTARY SYSTEM:** bicameral
- STATE STRUCTURE:** federal – six states, two territories
- LANGUAGE:** English (official)
- NATIONAL ELECTIONS:** last: Aug 2010; turnout: 93.21%; next: 2013
- LOCAL ELECTIONS** vary from state to state, see table 1a.

### SUMMARY

Australia is a constitutional monarchy with a federal division of power comprising six states and two territories. Local government is under the jurisdiction of each state and territory government, with each last reviewing their local government legislation between 1989 and 1999. The Department of Regional Australia, Regional Development and Local Government is responsible for local government. There are 565 local governments in Australia, all of which are single-tiered. Local authorities raise about 80% of their own funds; however this proportion varies considerably from state to state and between larger urban and smaller rural authorities. Although there are variations between the states and territories, councils typically have statutory responsibility for local infrastructure, health, water and sewerage amenities, community services including child care, aged care, and recreation, cultural and educational establishments, and commercial establishments including parking, aerodromes, cemeteries and quarries.

### 1. CENTRAL GOVERNMENT

The Commonwealth of Australia was established by federation in 1901 and is a constitutional monarchy with a federal division of power. The federal parliament, based in the capital Canberra, comprises a House of Representatives and a Senate. The House of Representatives has 150 members, each representing a separate electoral division. Members are elected for terms of up to three years under the preferential vote system. The Senate has 76 senators: 12 are elected for each of the six states, and two each for the Australian Capital Territory (ACT) and the Northern Territory. Senators are elected using a proportional representation system. State senators are elected for six-year terms. The election of territory senators takes place at the same time as elections for the House of Representatives.

The head of state is HM Queen Elizabeth II, represented by a governor-general who is appointed for a five-year term on the advice of the Australian prime minister. The governor-general appoints the cabinet on the advice of the

prime minister and all members of cabinet must be members of parliament. Powers are distributed between the national government (called the Commonwealth Government) six states: New South Wales (50 members), Victoria (37), Queensland (28), South Australia (11), Western Australia (15), Tasmania (5); and two territories – the ACT and the Northern Territory (2 each).

### 2. LEGAL BASIS FOR LOCAL GOVERNMENT

#### 2.1 Constitutional provisions:

Although local government is recognised in all state constitutions, and in the federal legislation which is effectively the constitution of the Northern Territory, there is no reference to local government in Australia's national constitution. In 2008, a specially convened local government summit resolved that a referendum should be held on recognition of local government in the Australian constitution. The Australian government is committed to holding a referendum on this during the 43rd Parliament (2010-13) or at the next national election (due in 2013).



**Table 1.** Distribution of councils and population

Region	No. of territorial authorities	Population (Census 2006)
New South Wales	155	6,549,165
Victoria	79	4,932,414
Queensland	73	3,904,553
South Australia	74	1,514,350
Western Australia	13	91,959,095
Tasmania	29	476,491
Northern Territory	16	192,878
Australian Capital Territory	0	324,034
<b>TOTAL</b>	<b>565</b>	<b>19,855,288</b>

### 2.2 Main legislative texts:

There is no federal jurisdiction over local government. Each state or territory has its own local government legislation. Typically, such legislation covers the role and powers of councils, the conduct of local elections, qualifications of councillors, codes of conduct for councillors and mayors, procedure for council meetings, the role of council employees, requirements for financial management, accountability and reporting obligations, and power to levy rates and charges. Between 1989 and 1999 all local government Acts were reviewed, generally resulting in less prescription of councils' roles and functions, but making them subject to greater public accountability and tighter requirements for corporate planning and reporting. The relevant acts in the states and territories are:

- New South Wales: Local Government Act 1993
- Victoria: Local Government Act 1989
- Queensland: Local Government Act 1993
- Western Australia: Local Government Act 1995
- South Australia: Local Government Act 1999
- Tasmania: Local Government Act 1993
- Northern Territory: Local Government Act 1993.

Local government also carries out a range of functions under other state and territory legislation, such as planning and development control and environmental management. In most cases local government has wide-ranging powers to promote the good governance and wellbeing of local areas, but usually with the close scrutiny of the state or territory.

## 3. STRUCTURE OF LOCAL GOVERNMENT

### 3.1 Local government within the state:

Australia has a total of 565 local governing bodies and local government in Australia is single-tiered. Local governments sometimes voluntarily pool administrative resources to form

regional organisations of councils. These do not form a separate tier of government, but provide a basis for councils to collaborate in purchasing, joint delivery of services and advocacy before other levels of government.

### 3.2 Ministerial oversight:

The responsible department of state is the Department of Regional Australia, Regional Development and Local Government, which manages most federal local government programmes and provides policy advice to the Minister. The federal Minister is responsible for: allocating federal funding for local government, mostly via the state and territory governments; producing an annual report on local government to be tabled in the federal parliament; and annual national awards recognising excellence in local government.

Constitutional responsibility in Australia for local governments (usually called councils) lies with the eight state and territory governments. They manage their own systems of local government, each with constitutions and legislation which confer on local government powers and responsibilities, including provisions for local elections. Seven of the eight states and territories have a separate tier of local government – the exception is the ACT, where the Territory government performs all local government functions. States and territories have ministers for local government (although the formal titles vary), who manage implementation of their local government legislation. They are each supported by a department which manages programmes to help councils achieve good governance and provides policy advice. Where there is a severe failure of governance in a council, a state or territory minister has authority to dissolve the council and appoint administrators to carry out some or all of the local government's functions. Generally this will be accompanied by a public inquiry into the council, prior to a new council being elected.

### 3.3 Council types:

There is a wide variety of council structures in Australia, both between and within states. Councils have considerable discretion over their organisational structures and committee systems, but are usually required to conduct nearly all formal council business in open session. Some mayors have considerable political and/or executive authority.

## 4. ELECTIONS

### 4.1 Recent local elections:

Local elections vary from state to state, see Table 1a.

### 4.2 Voting system:

The system of election for local councils varies from one state or territory to another. Table 1a below outlines the different practices. Some have adopted voluntary voting, while others have compulsory or universal postal voting for council elections in order to increase voter turnout.

Mayors may be elected directly by constituents, or indirectly by fellow councillors, and terms for both can vary from one to four years. Methods for electing councillors include preferential or single transferable voting, proportional representation and the first-past-the-post system.

### 4.3 Elected representatives:

Eligibility to stand for election as a councillor varies according to state/territory, similarly mayors may be directly or indirectly elected. The number of councillors per council normally varies from 4-15, and Brisbane City Council has 26 councillors.

### 4.4 Womens representation:

Nationally, women account for less than 30 per cent of councillors, 20 per cent of senior managers and seven per cent of chief executive officers in local government. 2010 was the Year of Women in Local Government, during which a range of national activities celebrated the achievements of women in local government, and encouraged the participation of women in the local government sector. In 2009 the Local Government and Planning Ministers' Council endorsed a national strategy for women in local government including support for council audits of gender equity, improved data collection on gender and scholarships for women to participate in the Executive Leadership Program.

## 5. SYSTEMS FOR COMMUNITY INVOLVEMENT

### 5.1 Legal requirement:

State government legislation for local government usually provides for councils to

**Table 1a.** Latest local election and voting system used by state

State/Territory local election	Date of last	Voting system used	CV*	Turn-out %	Female representatives	Date of next election
New South Wales	13 Sept 2008 Every 4 years	Property owners who pay rates on a property but do not live locally can apply to vote  Preferential or proportional representation voting  Mayors may be elected directly or indirectly	Y	100	2008: 27% of councillors; 23% of mayors	10 Nov 2012
Queensland	15 Mar 2008 Every 4 years	Preferential or first-past-the-post system, some conduct elections entirely by postal ballot  Separate direct votes for councillors and for mayors; mayors elected using preferential voting	Y	100	2009: 30% of councillors; 15% of mayors	Mar 2012
South Australia	29 Oct – 12 Nov 2010 Every 4 years in Nov	Residents, and owners and occupiers of rateable property, eligible to vote  Postal voting using proportional representation	N	33.6	2010: 27% of councillors;	Nov 2014
Tasmania	13-27 Oct 2009 Every 2 years, with half councillors elected for 4 years	Residents, land owners and occupiers eligible to vote  Postal voting, using proportional representation  Half of each council is elected every two years representing the entire council area, with councillors serving four-year terms. Mayors and deputy mayors are directly elected at every council election for a two-year term	N	N/A	2009: 26.9% of candidates; 27.4% of councillors 24% of mayors	Oct 2011
Victoria	29 Nov 2008 Every 4 years in Nov	Residents and ratepayers eligible to vote  Preferential voting – but wards electing two or more councillors use proportional representation  Councils may choose to conduct postal elections  Mayors are elected from among councillors (except for City of Melbourne, whose mayor and deputy mayor are directly elected)	Y**	74.7	2008: 29.5% of councillors; 20% of mayors	24 Nov 2012
Western Australia	17 Oct 2009	Voting mostly postal first-past-the-post voting	N	33.4	2007: 29.79% of candidates	Oct 2011
Northern Territory	29 Mar 2008 (municipal)  25 Oct 2008 (shires/rural councils)	Attendance voting supported by early, postal, absent polling and mobile  Elections for all now to be held on a Saturday in March every 4 years  Exhaustive preferential voting  5 municipal principal members elected directly plus 1 shire principal member	Y	70.6 (municipal)  49.7 (shires/rural councils)	2008: 44% of municipal and 33% of shires /rural councils' elected members	Mar 2012

\* CV = compulsory voting    \*\* optional for those aged 70+

consult with their communities on all important matters. The New South Wales Local Government Act 1993, for example, requires councils to consult with their communities on the provision of services, including on the development of a council's long-term strategic plan. This document identifies the community's main priorities and its strategies for achieving these.

In Victoria, analogous legislation provides community members with the right to make submissions on a range of council matters and activities, including the Council Plan and Budget. Councils are also required to produce a Community Plan which informs the Council

Plan. These involve community consultations which in turn shape councils' service delivery and community infrastructure development priorities. Strong linkages have also been forged in Victoria between community planning and statutory land use planning to ensure development and transport infrastructure meets community needs and aspirations for environmental sustainability and community wellbeing.

The Northern Territory, Queensland and South Australia have made special provision for councils serving Aboriginal and Torres Strait Islander communities. These 'land councils' are recognised

as local governing bodies for the purposes of federal funding, and many participate in state or territory local government associations. Normally, these land councils do not levy rates based on land-rate systems, but instead receive revenue from mining projects and other federal and state government grant programmes.

**5.2 Implementation:**

In the Northern Territory, a network of local boards has been established by shire councils to enable them to take a systematic approach to community input on issues. Local boards are voluntary groups of community members which



provide advice and input to shires on local issues and priorities, and may also play a role in organising local community activities.

### 5.3 e-government:

All levels of government in Australia, including local government, make extensive use of information and communication technology to deliver services and consult with communities. Most councils maintain websites through which constituents can: pay rates, fees and fines; access council publications; lodge complaints; and make submissions on planning and policy issues. In Victoria for example, all councils have their own websites, but also participate in a central portal called EasyBiz<sup>TM</sup>, which contains online smart forms for various local government services such as licences, permits and registrations. In the Northern Territory councils have provided a range of online mechanisms to enable constituents to make payments and to enable other web-based interactions.

## 6. ORGANISED LOCAL GOVERNMENT

### 6.1 National local government associations

At the national level, the state and territory associations have combined to form the Australian Local Government Association (ALGA), which has its headquarters in Canberra. ALGA is recognised as the peak national body for local government. It represents local government on a wide range of federal/state ministerial councils, intergovernmental committees and advisory bodies.

### 6.2 Other Local government associations

Each state and the Northern Territory has a local government association. Membership of each association is voluntary, but almost all councils in Australia have chosen to be members of their state or territory association. The associations are funded by subscriptions from members, grants from state and territory governments, and fees for services, projects, research and publications. The local government associations for New South Wales and Victoria are incorporated bodies that are recognised by specific state legislation. In the other states and the Northern Territory, they are recognised and incorporated under the primary piece of state or territory legislation regulating local government.

At the state and territory level, discussions occur between local government ministers, senior local government officials and local government associations on matters of mutual concern. Some states make use of advisory boards – for example:

- Western Australia has a local government advisory board, a statutory body that provides advice to the Minister for Local Government

- South Australia has a Minister's State/Local Government Forum which provides advice to the state government and the local government association
- Tasmania has a local government council chaired by the state premier.

## 7. INTERGOVERNMENTAL RELATIONS

The primary forum for intergovernmental relations in Australia is the Council of Australian Governments (COAG), which comprises the prime minister, state premiers, territory chief ministers, and the president of the ALGA. COAG initiates, develops and implements national policy reforms requiring cooperative action between the Australian, state/territory and local governments in economic, national security, social and environmental areas.

In 2006, an intergovernmental agreement (IGA) establishing principles guiding intergovernmental relations on local government matters was signed by the Australian government, all state and territory governments and the ALGA. The IGA establishes a framework within which services are to be funded and delivered to the community at the local level. Its central feature is in-principle agreement between governments that whenever responsibility is devolved to local government, local government will be consulted and the financial and other impacts taken into account. The IGA is due to be reviewed in 2011.

In September 2008 the Australian government announced the establishment of the Australian Council for Local Government (ACLG) to provide a forum for local governments to engage directly with the Australian government on issues of national significance. The ACLG held its first plenary meeting at Parliament House, Canberra, on 18 November 2008, attended by over 400 mayors and shire presidents from across the country, and representatives of state and territory governments. The ACLG has also been a forum for major announcements by the Australian government on local government policy – for example, at this first plenary the government announced the provision of AUD\$8m to establish a Centre for Excellence for Local Government to enhance professionalism and showcase innovation. Further ACLG plenaries were held in 2009 and 2010.

## 8. MONITORING SYSTEMS

Councils are subject to extensive scrutiny of their operations by state and territory governments and the community. Typically, councils are required to prepare and publish detailed corporate and management plans, quarterly reviews and annual reports. In some cases an

updated corporate plan and draft budget must be publicly exhibited and submissions considered before either is adopted. Nearly all states have systems of performance indicators or comparative data for council services, which are published annually. States and territories have their own ombudsmen and anti-corruption tribunals which can investigate council irregularities. As councils are now subject to national competition policy and the federal Trade Practices Act 1974, they can also be investigated by the Australian Competition and Consumer Commission and equivalent state and territory bodies.

## 9. FINANCE, STAFFING AND RESOURCES

### 9.1 Locally raised revenue:

Local authorities raise about 80% of their own funds; however this proportion varies considerably from state to state and between larger urban and smaller rural authorities. The biggest single component of local government revenue is rates levied on property owners, based on a valuation of their property. In total, such revenue rose from AUD\$10,128m in 2007/2008 to AUD\$10,874m in 2008/2009. The level of these taxes raised by councils is disclosed to the relevant local government minister in each state and territory as part of the statutory reporting requirements for councils. In New South Wales and Victoria, the local government minister may veto increases in local government property taxes above the rate decided by the minister. Councils can also charge levies for services provided such as water supply, sewerage services and garbage collection. Some other council services involve a user fee, such as dog registrations, public swimming, rubbish tip charges, and council hall hire.

### 9.2 Transfers:

The Australian government provides substantial financial assistance to councils through untied grants known as Financial Assistance Grants (FAGs) and specific-purpose payments. FAGs are the largest of these transfers, amounting to about AUD\$2bn annually, or about 0.6% of Australian government taxation revenue. They are made under the federal Local Government (Financial Assistance) Act 1995, and are directed through the states and territories. FAGs amount to about 10% of total local government revenue nationally, but are in excess of half the revenue of some small and remote councils. The aggregate FAG allocation for 2010/2011 is AUD\$2,082.6m. FAGs are allocated to the states and territories on a per capita basis. Local government grants commissions in each jurisdiction then determine the distribution to councils, based on the national principles formulated under the Local Government



(Financial Assistance) Act 1995. These principles aim to provide a nationally consistent basis for distributing financial assistance grants to local government. They include horizontal equalisation, which seeks to equalise the capacity of councils to provide the average range, level and quality of service, taking account of differences in the expenditure between council areas to provide average services as well as each council's capacity to raise revenue. Generally, councils outside major urban centres with smaller populations and limited capacity to raise their own revenue will receive a greater share of the grants. The other principles include financial assistance being allocated to councils in a way which recognises the needs of Aboriginal peoples and Torres Strait Islanders. Specific-purpose payments and funding from other Australian government programmes are for specified projects or activities councils commit to undertake. The two largest of these are the Regional and Local Community Infrastructure Programme (RLCIP) and the Roads to Recovery programme. Under the RLCIP, the Australian government has committed a total of AUD\$1.1bn for councils to build and modernise community infrastructure. The Roads to Recovery programme (2009-2014) provides funding of approx AUD\$350m per year to councils to build and maintain local roads.

**9.3 Local authority staff:**

Local government staff are recruited and paid by the local government; central government staff are not deployed to local government. By law local authorities are required to have a chief executive officer or a general manager as the

head of the employed council.

Allowances and reimbursements paid to councillors are also paid directly by the local government. The same applies in Queensland where salaries are paid to councillors.

**10. DISTRIBUTION OF SERVICE DELIVERY RESPONSIBILITY**

Although there are variations between the states and territories, councils typically have statutory responsibility for local infrastructure, health, water and sewerage amenities, community services including child care, aged care, recreation, cultural and educational establishments and commercial establishments including parking, aerodromes, cemeteries and quarries. Members of the public pay for local government services either indirectly through taxes, or directly through fees for individual usage. Waste collection, local road maintenance, local libraries and parks typically are funded through revenue received by councils. Services that usually require direct payment include building development applications, access to council-owned swimming pools or registration of a pet. Where individuals pay directly, councils provide concessions to low-income residents and seniors.

**References and useful websites**

1. Australian Bureau of Statistics [www.abs.gov.au](http://www.abs.gov.au)
2. UN statistics <http://unstats.un.org/unsd/demographic/products/dyb/dyb2008/Table03.pdf>
3. IMF statistics [www.imf.org/external/data.htm](http://www.imf.org/external/data.htm)
4. Department of Regional Australia, Regional Development and Local Government [www.regional.gov.au](http://www.regional.gov.au)
5. Australian national government portal [www.australia.gov.au](http://www.australia.gov.au)
6. Australian Electoral Commission [www.aec.gov.au](http://www.aec.gov.au)
7. UNDP Human Development Report 2010 [www.hdr.undp.org](http://www.hdr.undp.org)
8. Australian Local Government Association: [www.alga.asn.au](http://www.alga.asn.au)
9. City of Marion, South Australia Council Maps project [www.marion.sa.gov.au/site/page.cfm?u=577](http://www.marion.sa.gov.au/site/page.cfm?u=577)
10. Victoria EasyBiz portal [www.dpcd.vic.gov.au/localgovernment/councils-reforming-business/easybiz](http://www.dpcd.vic.gov.au/localgovernment/councils-reforming-business/easybiz)

**Table 2.** Aggregate local government revenue and expenditure

Revenue (AUD\$m)		Expenditure (AUD\$m) (by purpose)	
Government transfer (total)	3,314	General public services	4,963
Current grants and subsidies		Public order and safety	575
Unconditional (2010 figures)			
Other (2009 figures)			
Education			
Taxation revenue	10,874	Education	120
		Health	307
		Social security and welfare	1,500
		Housing and community amenities	6,319
Charges for services (total)	8,617	Recreation and culture	3,846
		Fuel and energy	15
		Agriculture, forestry and fishing	48
		Mining, manufacturing and construction	306
Interest from public financial corporations	109	Transport and communications	5,811
Other interest	660	Other economic affairs	967
Dividend income	25	Public debt transactions	376
Other	6,932	Other	999
<b>TOTAL</b>	<b>30,531</b>	<b>TOTAL</b>	<b>26,153</b>

Source: Department of Regional Australia, Regional Development and Local Government



## Annex A. Summary of service provision by different spheres of government

Service	Delivering authority			Remarks
	Federal Government	State Territory	Local Authority	
<b>GENERAL ADMINISTRATION</b>				
Police	■	■	■	<ul style="list-style-type: none"> <li>The Australian Federal Police deals with federal &amp; international matters. Each State also has its own police force.</li> <li>The fire service is a state responsibility, but local government takes responsibility for voluntary services.</li> <li>The Australian Electoral Commission deals with federal government elections. States deal with their own &amp; those of local authorities.</li> </ul>
Fire protection		■	■	
Civil protection	■	■	■	
Criminal justice	■	■		
Civil justice	■	■		
Civil status register	■	■		
Statistical office	■			
Electoral register	■	■		
<b>EDUCATION</b>				
Pre-school		■		<ul style="list-style-type: none"> <li>States have primary responsibility for education, but federal government provides substantial funding.</li> <li>Tertiary education institutions come under the federal government and the states.</li> </ul>
Primary		■		
Secondary		■		
Vocational and technical	■	■		
Higher education	■	■		
Adult education		■		
Other		■		
<b>SOCIAL WELFARE</b>				
Kindergarten and nursery		■		Income support is provided by the federal government.
Family welfare services		■		
Welfare homes		■	■	
Social security	■			
<b>PUBLIC HEALTH</b>				
Primary care	■	■	■	Health standards are set by all levels of government (e.g. food areas are done by local government, while immunisation may be done by federal government).
Hospitals		■		
Health Protection	■	■	■	
<b>HOUSING AND TOWN PLANNING</b>				
Housing		■		
Town planning		■	■	
Agriculture Land planning		■		
<b>TRANSPORT</b>				
Highways	■	■	■	<ul style="list-style-type: none"> <li>All spheres of government are responsible for roads.</li> <li>Local governments own regional aerodromes, but they are governed by federal law.</li> </ul>
Transport	■	■		
Urban roads		■	■	
Urban Public Transport		■		
Ports		■		
Airports	■		■	
<b>ENVIRONMENT AND PUBLIC SANITATION</b>				
Water and sanitation		■	■	All spheres of government are involved in environmental protection.
Refuse collection and disposal			■	
Cemeteries and crematoria			■	
Slaughterhouses	■	■	■	
Environmental protection	■	■	■	
Consumer protection	■	■		
<b>CULTURE, LEISURE AND SPORTS</b>				
Theatre and concerts		■	■	
Museums and libraries	■	■	■	
Parks and open spaces			■	
Sports and leisure		■	■	
Religious facilities			■	
Other cultural facilities		■	■	
<b>UTILITIES</b>				
Gas services		■		
District heating		■		
Water supply		■	■	
<b>ECONOMIC</b>				
Agriculture, forests and fisheries	■	■	■	Many utilities are the responsibility of the state; local government is responsible for water in some states. All spheres of government participate in economic development.
Electricity		■	■	
Economic promotion	■	■	■	
Trade and industry	■	■	■	
Tourism	■	■	■	
Other economic services	■	■	■	

■ = Discretionary service by the local authority