

The Issues Paper is deficient in several respects and these problems all seem to stem from the fact that the authors of the Issues Paper are not familiar with the Australian literature on the economics of Australian local government.

For example, the discussion on 'Factors influencing expenditure and revenue raising' (pp.24-26) does not (a) correctly identify all the factors that affect costs and revenues; and (b) cite literature relevant to the study of these factors.

(a) For instance, the discussion completely ignores cost shifting and function shifting; its authors seem unaware of the cost disabilities arising from distance, demographic influences and the like, despite an important literature on these issues.

Similarly the discussion of structural reform under this section seems completely unaware of factors apart from scale economies, like scope economies, administrative capacity, etc.

(b) The authors are obviously not aware of the academic and industry literature on these factors.

At the very least, the authors should have consulted (and cited) the following references:

Byrnes, J. 2005, Local Government Service Provision: A Survey of Council General Manager. Independent Inquiry into Local Government Inquiry (LGI), NSW Local Government and Shires Association, Sydney.

Commonwealth Grants Commission (CGC) (2001), Review of the Operation of Local Government (Financial Assistance) Act 1995, Australian Government, Canberra.

Dollery, B. E., Byrnes, J.D. and Crase, L. (2007), 'An Analysis of the New Perspective on Amalgamation in Australian Local Government', Working Paper 02-2007, Centre for Local Government, University of New England.

Dollery, B. E., Byrnes, J.D. and Crase, L. (2006), 'Resolving the Australian Local Government Infrastructure Crisis through a Federal Asset Fund', Working Paper 04-2006, Centre for Local Government, University of New England.

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Dollery, B. E., Johnson, A., Marshall, N. and Witherby, A. (2005), 'ROCs Governing Frameworks for Sustainable Regional Economic Development: A Case Study', *Sustaining Regions*, 4(3), 15-21.

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McKinlay Douglas Limited. 2006, *Local Government Structure and Efficiency*. A report prepared for Local Government New Zealand, McKinlay Douglas Limited, Tauranga.

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PriceWaterhouseCoopers (2006), *National Financial Sustainability Study of Local Government*, PriceWaterhouseCoopers, Sydney.

PriceWaterhouseCoopers. 2005, *Shared Services for Even Greater Efficiency in Local Government* PriceWaterhouseCoopers, London.

Ruggini, J. 2006, 'Making local government more workable through shared services', *Government Finance Review*. February issue.

Serco Solutions. 2005, *Shared Services as a Long-term Solution for Local Government: Delivering on the Gershon Report*. Serco Solutions, Birmingham.

Western Australian Local Government Association (WALGA) (2006), *Systemic Sustainability Study: In Your Hands - Shaping the Future of Local Government in Western Australia*, Western Australian Local Government Association, Perth.

Woodbury, K., Dollery, B. E. and Prasada Rao, K. S. (2003), 'Is Local Government Efficiency Measurement in Australia Adequate? An Analysis of the Evidence', *Public Productivity and Management Review*, 27(2), pp.77-91.

My colleagues and I at the UNE Centre for Local Government have spent the past 12 years working on the economics and finance of Australian local government.

We would be happy to assist PC researchers to acquire familiarity with the relevant literature and make other constructive contributions to the Inquiry.