

6

LOCAL GOVERNMENT

INTRODUCTION

The Victorian municipal system was founded on the practice and traditions of English local government although its subsequent development has been more limited in scope. The system was established by voluntary incorporation between the mid-1850s and the mid-1860s, although urban and rural local government developed under separate legislation. It was not until 1874 with the passage of the Local Government Act that the two streams were brought together under a single statute.

The 1874 Act scheduled existing city, town, borough, and shire boundaries; the municipal system then comprised some 170 districts. The provisions of earlier legislation for council organisation and electoral franchise were confirmed in the 1874 Act. The size of councils was set at between 6 and 24 councillors in an unsubdivided municipality and a maximum of 3 councillors per subdivision in a subdivided district, and provision was made for the indirect election of the mayor or shire president. Property qualifications were established for council membership with elections to be held annually for one-third of council; voting entitlement was restricted to owners or occupiers twenty-one years and over and there was a plural voting system. These early councils were empowered to make an extensive range of by-laws to encourage good rule and government in their districts and to undertake a wide range of functions including the maintenance and control of roads; construction and maintenance of sewers and drains; and the provision of lighting, baths and wash-houses, recreation areas, schools, libraries, gymnasiums, and gardens. Finance for these activities came mainly from the levying of a general rate and councils were also empowered to borrow money for specific works and undertakings. A State endowment was also received by each municipality.

The *Local Government Act 1874* provided the legislative base for the future expansion and development of local government administration in Victoria. Although considerably amended and consolidated from time to time, the Act remains the basis of Victoria's present system of local government.

MUNICIPAL SYSTEM IN 1934

Structure and organisation

By 1934, sixty years after the passage of the 1874 Act, the municipal system had extended to the point where local government in Victoria was served by more than 2,000 councillors (including Aldermen in the Cities of Melbourne and Geelong) in 196 municipal districts, of which 31 ranked as "cities", 4 as "towns", 21 as "boroughs", and 140 as "shires".

Most of the few remaining unincorporated areas of the State had been quickly brought under local government administration following the passage of the 1874 Act while the successful petitions of many communities for severance from existing rural shires under the legislation before 1900 had further fragmented the municipal structure. At the same time, the growth in revenues in several urban districts had also encouraged many councils to seek enhanced municipal status. The criteria for the attainment of town and city status remained unchanged from the 1874 legislation.

Some amalgamation activity, however, had occurred following a 1914 amendment to the

Local Government Act which provided for the dissolution of any municipality in which rate revenue had fallen below a certain limit (\$600 in the case of a borough and \$3,000 in the case of a shire).

The legislative provisions concerning council organisation had changed little since 1874, while the passage of time had also witnessed the firm entrenchment in the legislation of Victoria's property-based municipal franchise. The provisions first enacted in 1863 relating to property qualifications for council membership, the restriction of voting entitlement to property owners or occupiers, and the system of plural voting remained prominent features of Victorian local government.

Administrative arrangements of municipalities varied significantly. The Local Government Act still required that councils appoint "a municipal clerk, engineer, treasurer and such valuers, collectors and other officers as are necessary". Since their establishment, however, some very small rural municipalities had employed only the one full-time officer — along with a consulting engineer and part-time health inspector who served a number of neighbouring councils — with few support staff, while busier metropolitan councils had a full complement of designated officers and larger technical and administrative staffs. The combined office of municipal clerk-engineer remained quite common, particularly in country municipalities.

Extension of municipal powers and responsibilities

The problems created by the needs of a growing population, increasing urbanisation, the expansion of industry, and developments in communications and transport (in particular the advent of the motor car) led by 1934 to amendments, reviews, and consolidations of the Local Government Act and other State legislation. These gradually expanded the defined powers of councils, including the provision of additional rating powers and an extension of the specified works for which municipalities were empowered to borrow.

Municipal by-law making powers and formal responsibilities of councils for the construction and maintenance of public works, the provision of community amenities, recreational facilities and general public services, business undertakings, the regulation of traffic, and provision of assistance to hospitals and charitable institutions had been extended since the passage of the 1874 Act. Private street construction, the provision of street and off-street car parking areas, the maintenance of public, technical, and secondary schools and colleges, assistance to asylums and charitable institutions, the control of weights and measures, and the supervision of scaffolding regulations, were among additional local government powers and responsibilities which emerged by 1934.

Amendments to the public health legislation had also strengthened municipal powers — under the supervision and direction of the Commission of Public Health — for sanitation, health and the prevention of the spread of disease, the disposal of household and industrial refuse, the safety of public buildings, and the regulation of noxious trades. Councils had also acquired responsibility for the inspection and registration of infant nursing homes and the supervision of boarding and lodging houses and had received powers to deal with conditions of overcrowding in dwellings and to enforce housing standards in their districts.

Councils had acquired the right to exercise potentially powerful provisions dealing with building standards, the erection of dwelling houses for persons of limited means, and reclamation schemes in unsanitary, low lying, or overcrowded areas within their municipal districts. In addition, tentative zoning and town planning powers had been derived as a result of amendments to the legislation which empowered municipalities to declare residential areas within their boundaries and prohibit the use of land for other than residential development. Further, councils could act to remove buildings contravening their zoning regulations.

Role of local government

Despite the expansion of the formal powers available to them, Victorian municipal councils generally performed a fairly narrow functional role and range of activities in serving their local communities. For most councils, local government had always basically involved the provision of traditional property related works and services. Limited municipal income—derived mainly from the imposition of the general rate, fees and charges, contributions for street and footpath construction, and for some councils, profitable

electricity undertakings and gas works—was essentially directed towards the construction and maintenance of roads, streets, bridges and drains, the provision of electric lighting and gas, sanitation, the removal and disposal of household and trade waste, the sweeping, cleansing and watering of streets, the provision, beautification and maintenance of parks, gardens, recreational facilities and reserves, as well as the servicing of debt associated with the financing of the public works infrastructure investment. Municipal revenue and expenditure figures for 1933-34 clearly illustrate the situation.

**ORDINARY REVENUE OF MUNICIPALITIES:
VICTORIA, 1933-34**

Item	Amount	Proportion of total revenue
	\$'000	per cent
Rates and charges	7,271	57.3
Government grants	127	1.0
Licensing fund payments	121	0.9
Contributions for streets, footpaths, etc.	611	4.8
Market and weighbridge dues	252	2.0
Rents	277	2.2
Electric light and gas works	2,852	22.5
Interest	232	1.8
Other sources	953	7.5
Total revenue	12,696	100.0

**ORDINARY EXPENDITURE OF MUNICIPALITIES:
VICTORIA, 1933-34**

Item	Amount	Proportion of total expenditure
	\$'000	per cent
Salaries	747	6.0
Sanitary works and street cleansing	715	5.8
Lighting	348	2.8
Health administration	289	2.3
Contributions to fire brigade	124	1.0
Public works —		
Construction and maintenance of roads, streets, bridges	2,652	21.4
Other	991	8.0
Payments to Country Roads Board	625	5.0
Formation of private streets	227	1.8
Electric light and gas works	2,031	16.4
Payments to Sinking Funds	154	1.3
Redemption of loans	918	7.4
Interest on loans	1,235	10.0
Interest on bank overdrafts	99	0.8
Charities	75	0.6
Other expenditure	1,167	9.4
Total expenditure	12,395	100.0

Municipal councils generally lacked the necessary capital and staff and often the desire to undertake the relatively wide range of functions permitted under the Local Government Act and other State Acts. As a result many potentially important municipal powers and responsibilities — such as those for slum reclamation and public housing — had fallen into disuse well before the 1930s.

More significantly, the fragmentation of the municipal structure combined with the need to provide services for a growing population had led to the establishment by the Victorian Government over many years of a number of single purpose statutory authorities for the provision of important public utility functions which had formerly been among the primary responsibilities of local government.

The control of water supply, sewerage, and main drainage in the Melbourne metropolitan area was vested in the Melbourne and Metropolitan Board of Works (MMBW) (the membership of the Board comprising the chairman and 39 commissioners elected by the 22 municipalities in the metropolitan area), while in rural Victoria most councils had long been relieved of their original responsibilities for water supply and sewerage by specially constituted local authorities and trusts administered by the State Rivers and Water Supply Commission. A similar administrative compromise had been effected in respect of the control of the State's Crown land reservations. Fire control had become the responsibility of the Metropolitan and Country Fire Brigades Boards, although councils shared the cost of maintaining fire brigades and were represented on both Boards.

Other major overall utility services formerly provided by councils, in which the statutory authority figured prominently, included transportation services. The Metropolitan Tramways Board had been established in 1919 to control and manage metropolitan tramways formerly operated by councils under powers granted in 1883, although councils had tended to delegate the function to private companies. Electricity was provided by the State Electricity Commission (SEC) which had also been constituted in 1919. The SEC proceeded to take over most municipal electricity undertakings in the process of extending its main transmission lines throughout the State.

In important areas of physical development the statutory authority was also prominent. Since the backward and unsatisfactory state of Victorian roads had led to its establishment in 1912, the Country Roads Board (CRB) had assumed responsibility for State highways and developmental roads with municipal councils carrying out permanent works and maintenance on main roads within their districts to the satisfaction of the Board. Funds for the construction and maintenance of main roads were allocated by the CRB for works performed although councils contributed a proportion of road maintenance costs.

Gradual involvement in new services

While these developments diminished the effectiveness of local government and emphasised the municipal pre-occupation with the provision of basic infrastructure works, the years after the First World War also witnessed the tentative involvement of municipalities in new activities in personal services. In addition to the direct concern which municipalities had always had with the health of their districts, councils were now attempting to provide what limited support they could to voluntary endeavours in welfare. This was done by such means as the provision of donations to local hospitals, benevolent societies, welfare agencies, youth clubs, creches, and kindergartens within their districts. The refunding of charges to charitable organisations using municipal facilities for holding fund raising activities, and on occasions, the offer of deferral of rates for those experiencing hardship, represented other avenues of municipal support in welfare.

Also, since 1917 infant welfare centres maintained by local councils (aided by State Government subsidy) had been established with the aim of reducing child mortality due to preventable causes. Indeed, the success of the Victorian Baby Health Centres Association and the influence of its founder, Dr Isabella Younger-Ross, in gaining the support of both State and local government had been such that by 1934 some 86 councils maintained a total of 149 infant welfare centres throughout the State.

A 1926 Royal Commission of Inquiry into the health of mothers and children encouraged the infant welfare movement in Victoria. It recommended that local government provide a wide range of health and welfare services for poorer women. These services were to be subsidised and supervised by the Victorian Government. An Infant Welfare Section was subsequently established within the Commission of Public Health. Dr Vera Scantlebury Brown, who had served on the Royal Commission, was appointed Director and used the infant welfare services provided by the Councils of the City of Melbourne and the City of South Melbourne to encourage other Victorian councils to provide similar services.

After the First World War there was much interest in town and country planning by municipalities. Zoning provisions were introduced into the *Local Government Act 1921* and the Metropolitan Town Planning Commission was established in 1922 to "inquire into and report on, the present conditions and tendencies of urban development in the metropolitan area". The Commission submitted its report dealing with such aspects as

zoning, transportation, recreation facilities, building regulations, and legislation for implementing planning schemes in 1929. (Some of these were still being considered in the early 1980s.) However, due to an unsympathetic political environment and the emergence of the Depression no action was taken by the Victorian Government on the Commission's recommendations.

Impact of the Depression

For local government the years of severe economic crisis of the early 1930s were a time of consolidation rather than innovation in providing services. Valuations lay dormant and the number of defaulting ratepayers increased steadily and many councils found it necessary to effect reductions in their general rate in order to alleviate hardship in the local community. In such circumstances, it was inappropriate for councils to contemplate major works projects or introduce new services. Existing programmes of road, street, and bridge construction and maintenance were reduced while expenditure on lighting, rubbish removal, and other routine local government service was heavily pruned.

Through the Depression the essential municipal concern lay with assistance and relief for the destitute and unemployed. Many councils strove to augment the funds and work of voluntary agencies upon whose limited resources those in need made heavy demands. However, the most significant municipal contribution lay in the use of sustenance labour on programmes of public works construction and maintenance. Through local work relief schemes, the assistance of grants made available by the Government from the Unemployment Relief Fund, and special loans provided under the Unemployment Relief Loans and Application Act councils were able to make work available to the unemployed on road, street, and footpath construction, and maintenance, and other public works. In this manner many councils avoided total stagnation and made some improvements to the appearance, infrastructure, and amenities of their townships and communities.

The harshest impact of the Depression began to wane by 1934 and a more optimistic outlook prevailed in the municipalities. Although their finances remained uncertain, councils generally felt able to take part in the celebration of Victoria's Centenary and widespread local commemorations were held in municipal districts throughout the State.

DEVELOPING MUNICIPAL ROLE, 1934 TO 1939

Consolidation and recovery

The years following the Depression represented a time of gradual recovery for Victorian local government. With rate arrears remaining high and financial emergency provisions continuing, municipalities adopted an extreme but understandable sense of caution in proceeding with proposed projects. However, through re-valuations of property and increases in the general rate, many councils made a concerted effort to improve their position, and from 1934-35 onwards, although still restrained financially, more municipalities felt that with the assistance of loans they could embark on modest programmes of capital works and services expenditure. Many councils took the opportunity to purchase plant and equipment, undertake main road and bridge construction and maintenance, and improve the increasing number of unmade streets, drainage, and public amenities in their districts. All these areas of expenditure had been badly neglected or postponed during the years of the Depression.

Some councils, however, continued to receive substantial reimbursements from the Victorian Government for payments on road building and other public infrastructure projects throughout the 1930s. While a number of grants given for the purpose were long-term, some Victorian councils were still being requested to find short-term relief work for persons within their districts who still could not find employment. Unemployment relief grants were in fact used by Victorian municipal councils with diminishing frequency in the early 1940s when wartime conditions and the absorption of the able-bodied into essential works or the Armed Services caused the virtual disappearance of unemployment and a consequent reduction in the amount spent on relief and sustenance works.

While the process of recovery continued, comprehensive amendments to the Local Government Act resulted in important extensions to municipal powers. Councils acquired more complete control over the occupation and use of buildings within their municipal

districts and were given wider powers for the compulsory acquisition of land. By-law making powers for traffic regulation and car parking were also significantly expanded. Changes to the legislation confirmed the wider involvement of local government in personal services by providing for councils to establish, erect, and maintain infant welfare centres and bush nursing hospitals within their districts. Other new functions given to local government included the provision of landing grounds for aircraft. Further additions were made to municipal rating powers and the list of permanent works and undertakings for which municipalities were empowered to borrow was extended to include the provision of sites for schools.

Despite these developments the years leading up to the Second World War witnessed a further significant reduction in the effective responsibilities of Victoria's local councils. Following the Report of the Housing Investigation and Slum Abolition Board which disclosed the deplorable nature of housing conditions in some areas of Melbourne, the Victorian Government moved in November 1937 under the Housing Act to establish a Housing Commission to be the central housing authority of the State with the task of reclaiming unsanitary areas and providing suitable and adequate housing for persons of limited means. Extensive powers to enable the Commission to carry out the work for which it was appointed were contained in the *Slum Reclamation and Housing Act 1938*. With the establishment of the Commission, municipalities were effectively eliminated from exercising powers over housing, although the provisions of the Local Government Act concerning the reclamation by councils of low lying or insanitary areas and the provision of houses for persons of small means were not formally repealed.

Through the Municipal Association of Victoria metropolitan councils vigorously defended local government against accusations of "neglect of duty" over housing. They argued strenuously that municipal powers concerning zoning, the condemnation of unsuitable houses, and the prevention of the erection of unsatisfactory housing and potential slums had proven to be "weak, ineffective and unworkable". Councils pointed also to the lack of funds from consolidated revenue for municipalities to finance housing, arguing that the cost of re-housing inhabitants of slum areas would have fallen entirely on the ratepayers of the municipal district.

The passage of the Local Government (Building Regulations) Act in December 1940 removed the administration of building regulations from municipal control and established a Building Regulations Commission for a two year period to prepare uniform building regulations for Victoria. The Commission's Report subsequently led in 1945 to the constitution of a permanent administrative body and the promulgation of standard building regulations. These had to be observed throughout the municipalities to which they applied, although on certain matters councils were permitted to make alternative by-laws.

The Municipal Association campaigned strongly against the action of the Victorian Government in establishing the Commission. A representative committee had been appointed in 1932 by the Building Industry Congress at the suggestion of the Association to prepare a draft standard building code to be included as a schedule to the Local Government Act. Sections of the draft code prepared by the committee had in fact been printed and were under consideration by councils at the time the Victorian Government moved to create the new statutory authority. Of particular concern to the Association, however, was the Victorian Government's decision to remove from the jurisdiction of councils matters of policy unrelated to construction and materials used in building. These related to the use of powers to make regulations about the height of buildings, minimum area frontages, depths of allotments on which buildings could be erected, and the area of open land to be left free of building. The Association argued that the imposition of such regulations should be left entirely to the discretion of local councils.

In other areas of local government activity, the tendency of the Victorian Government to by-pass municipalities in favour of the single purpose statutory authority was checked. The Weights and Measures Bill introduced into the Victorian Parliament in 1933 for the purpose of reforming the existing legislation and offering protection to persons against fraudulent practices, provided for the weights and measures administration to be removed from councils and placed in the hands of the Chief Secretary's Department. The argument for the transfer of responsibility was strengthened as only a small number of councils had carried out the provisions of the Act. However, the Association urged an amendment to

the Bill and when the *Weights and Measures Act 1939* was finally passed (although it was not proclaimed until October 1952), it made provision for a central administration under a Superintendent of Weights and Measures and a local administration.

SECOND WORLD WAR, 1939 TO 1945

With the onset of the Second World War and the necessary diversion of finance, materials, labour, and equipment to the war effort, councils were restricted in their ability to carry out normal works and services. With depleted administration and engineering staffs—as officers left to enlist in the Armed Forces—and limited financial resources, municipalities just managed to maintain essential services and help the war effort.

They offered the use of parks and halls for drilling, training, and other assistance to military units located within their districts and, at the instigation of the State Recruiting Committee, assisted in forming local recruiting committees, provided the use of the town halls, and organised rallies to aid the recruiting process. Presentations were made by councils to Service personnel from the municipal district who left for the war.

Throughout the war, local government was involved in campaigns for the sale of war savings certificates to residents, often arranging War Savings Groups for each street in the municipal district. Councils raised funds for national war loans, and assisted the Patriotic Fund and the various money-raising activities carried out on behalf of the Red Cross and other voluntary and patriotic groups. Municipalities also supplemented the work of various local organisations collecting waste paper and other materials, and administered petrol rationing.

The State Emergency Council placed civil defence duties on municipalities. They assumed responsibility for the local establishment of the Air Raid Precautions organisation and provided trenches and shelters for the protection of the civilian population. They also demonstrated precautionary and survival techniques to the public in the event of enemy air attack. Councils organised committees to prepare plans for the evacuation of “non-essential” persons from the Melbourne metropolitan area and their billeting in rural districts in the event of enemy attack. Although this never eventuated, some country municipalities did accept refugees and school children evacuated from Melbourne.

The Municipal Association itself was heavily involved in wartime activities. The president of the Association served as a member of the State Emergency Council for Civil Defence and on the Patriotic Funds Council. The Association was represented on the State War Loans and Savings Certificates Committee and the State Advisory Committee on Salvaging Waste Materials, and co-operated with the Department of Information in its encouragement of national unity. It also completed records of enlistments for active service, duplicates of which were supplied to municipal councils throughout the State. However, with the rapid increase in the rate of enlistments, the task had to be taken over by the Committee of Mayors which appointed temporary staff and used the Malvern Town Hall for storage of records and files.

POST-WAR DEVELOPMENTS

When war ended, municipal councils began to tackle the backlog of infrastructure and construction works which had accumulated during the war years. Main and local roads and streets, footpaths, kerbing, channelling, and drainage were generally in a poor condition as all but urgent construction work had been halted and maintenance kept to a minimum. In many communities the provision of electricity, gas, water supply and sewerage was inadequate, while the need for housing which had been quite pressing before the war had grown more serious in the face of severe labour shortages and wartime restrictions on the supply and use of building materials.

Development planning was still in its infancy in Victoria. Rapid population growth, industrial development, and the expansion of urban communities after the war compounded the difficulties facing councils wishing to improve physical infrastructures, public amenities, services, and facilities. In the absence of a general strategy plan for the future development of the Melbourne metropolitan area, acute problems were experienced in outer suburban municipalities such as Frankston, Chelsea, Moorabbin, Box Hill, Doncaster and Templestowe, Ringwood, Heidelberg, and Sunshine where the rise in population in the late 1940s

and early 1950s prompted development companies and real estate agents to seek cheap land for subdivision. New housing settlements spread over former orchards and estates in areas devoid of made roads and streets, drainage, essential services, and community facilities.

Alleviating the plight of residents living in areas where the streets were unmade, and drainage, sewerage, and other basic services undeveloped, became the major preoccupation of many metropolitan councils in the post-war period. Through the formation of committees of representatives of neighbouring municipalities, councils protested at the lack of progress made by the Melbourne and Metropolitan Board of Works in extending sewerage into the newly developed areas, but in spite of protests a substantial backlog of sewerage works developed.

**LOCAL GOVERNMENT REVENUE BY SOURCE: VICTORIA,
1934-35 TO 1981-82 (a)
(\$'000)**

Year	Ordinary services				Loan funds	Business undertakings (c)	Total
	Rates (b)	Government grants	Other	Total			
1934-35	6,715	402	2,492	9,610	1,350	3,409	14,369
1939-40	7,836	1,854	3,102	12,792	1,010	4,210	18,011
1944-45	8,328	383	3,013	11,724	514	5,350	17,588
1949-50	12,919	760	6,081	19,760	3,235	9,032	32,028
1954-55	27,241	1,145	10,006	38,392	7,414	17,540	63,346
1959-60	44,334	2,700	20,705	67,739	13,156	33,010	113,905
1964-65	66,491	4,932	31,571	102,995	24,477	45,352	172,824
1969-70	100,899	7,716	46,693	155,307	26,434	60,506	242,247
1974-75	217,443	68,954	101,473	387,870	52,052	89,926	529,849
1979-80	403,201	119,621	208,409	731,232	97,559	170,907	999,698
1980-81	465,227	148,456	242,076	855,759	107,478	203,847	1,167,084
1981-82	531,258	172,959	293,398	997,614	101,217	271,468	1,370,299

(a) From 1979-80, local government finance statistics have been processed on a standard basis throughout Australia. However, these Standardised Local Government Finance Statistics (SLGFS) are not available for earlier years. For historical purposes this table has been assembled from data processed on a non-standard basis and should not be compared with SLGFS information published elsewhere. Includes transfers between funds, but excludes Private Street Account and similar accounts, although Separate Rate Account is included as part of the General Revenue Account for the years 1939-40 to 1964-65. Country Roads Board (CRB) Account is excluded prior to 1981-82. In 1981-82, some municipalities included CRB Account in Ordinary Services in anticipation of their compulsory inclusion under revised Municipal Accounting Regulations from 1982-83 onwards.

(b) Consists of General and Extra Rates, Collections for on-passing to Dandenong Valley Authority, in lieu of rates, and interest on rates.

(c) Covers electricity, gas, water supply, abattoirs, quarries, and municipal railway.

**LOCAL GOVERNMENT OUTLAY BY FUNCTION: VICTORIA,
1934-35 TO 1981-82 (a)
(\$'000)**

Year	Outlay from revenue					Outlay from loans			Business undertakings (e)	Total
	Roads and streets (b)	Parks and gardens (c)	Debt services (d)	Other	Total	Roads and streets (b)	Other	Total		
1934-35	3,525	1,037	2,404	3,242	10,208	297	1,037	1,334	2,737	14,279
1939-40	4,253	792	1,881	5,918	12,844	618	898	1,516	4,051	18,412
1944-45	3,398	781	1,730	5,304	11,213	40	270	309	5,032	16,554
1949-50	6,791	1,665	1,891	9,941	20,288	863	2,381	3,244	8,979	32,511
1954-55	12,637	2,862	3,126	19,794	38,419	2,013	5,563	7,576	17,223	63,218
1959-60	20,917	4,786	6,550	34,141	66,393	5,692	6,411	12,103	32,404	110,900
1964-65	32,117	8,031	12,569	50,470	103,187	8,207	14,452	22,659	45,117	170,962
1969-70	34,032	11,619	20,218	90,676	156,546	7,286	17,130	24,416	59,706	240,667
1974-75	73,531	28,690	34,428	245,212	381,861	14,171	36,149	50,320	89,919	522,100
1979-80	123,671	71,503	76,112	469,091	740,377	30,881	65,222	96,103	171,000	1,007,479
1980-81	133,032	87,137	89,931	541,019	851,119	33,451	63,698	97,149	205,187	1,153,455
1981-82	152,763	99,780	108,274	626,902	987,719	31,616	70,857	102,473	244,101	1,334,293

(a) See footnote (a) to previous table.

(b) Outlay includes drainage for all years. Excludes cleaning and watering, and street lighting.

(c) For the year 1934-35 comprises all public works (apart from road works), and for the years 1969-70 and 1974-75, does not include capital works.

(d) Consists of loan redemption, Sinking Fund instalments, loan interest, overdraft interest, payments on account of severance, and other debt charges.

(e) Covers electricity, gas, water supply, abattoirs, quarries, and municipal railway.

The backlog of private street construction and drainage work which was already significant at the end of the war had reached quite substantial proportions by 1955 when the Local Government (Amendment) Act was passed providing *inter alia* power to councils

to refuse to seal a plan of subdivision unless any new street was constructed to the council's satisfaction or payment made to the council by the developer of an amount equivalent to the estimated cost of construction. The legislation was further strengthened under the *Local Government (Amendment) Act 1956*. In 1959, the law relating to land subdivision was recast while additional provisions were incorporated in an Amendment Act passed in the same year giving councils the power to require the construction of easement drains as a pre-requisite to approving a plan of subdivision. Since that time several important refinements have been incorporated into the legislation. The most significant has been the acquisition of powers by councils under the *Local Government (Amendment) Act 1966* to require sub-dividers to provide 5 per cent of their land for public resort and recreational purposes (or for an equivalent amount of funds to be paid by the developer to the council in place of the provision of land) and powers under the *Local Government (Subdivision of Land) Act 1973* for councils to refuse to seal a plan of subdivision until water supply, sewerage, and drainage were provided for in accordance with the requirements made by the appropriate body.

The task of completing the construction of private streets in those areas subdivided prior to the adoption of the new system under the 1955 amendment and later legislation proved to be costly for local government. While continued housing development and the impact of inflation on construction made the need to finish the task all the more urgent, the inability of councils to acquire sufficient loan funds considerably retarded progress on private street construction. A survey of selected Melbourne metropolitan and country municipalities conducted by the Municipal Association of Victoria in 1959 showed that \$174m of private street construction work still remained to be carried out, of which \$118m was required to be completed in the Melbourne metropolitan area and \$56m in growing country centres. With the assistance of substantial bank overdrafts (which were reduced as loan funds became available) councils endeavoured to catch up, but it was well into the 1970s before some councils had cleared the backlog of work.

While private street and drainage construction work were continuing activities of councils in developing outer Melbourne metropolitan suburbs, provincial centres and growing country towns into the 1980s, they represented only two aspects of the problems faced by Victorian councils generally in developing their infrastructure since the war.

In the Melbourne metropolitan area the impact of the suburban sprawl and the proliferation of the motor car has required the planning, provision, and upgrading by councils (with the assistance of CRB funding) of main and arterial roads and bridges to ensure that they are wide and strong enough to permit the mounting volume of traffic passing through their municipal districts. The increases in traffic also required municipalities to instal and maintain traffic control and safety measures on the main road network. At the same time suburban councils had to construct, re-seal, widen, and repair local roads and streets, improve corners and intersections, replace bluestone with concrete kerbing and guttering, construct footpaths, maintain feeder drains, provide street plantations, and plant trees on nature strips. These works helped to speed traffic flow, drain storm-water more efficiently, and generally improve the appearance of municipal districts.

Traffic management emerged as an important municipal activity as a result of the increasing use by motorists of quieter residential streets to by-pass delays caused by traffic control systems, bottlenecks, and the greater volume of traffic using main roads. Finally, councils acted to provide off-street car parking areas to avoid traffic congestion at local shopping centres along main roads. In some municipalities this work was carried out in association with the establishment of shopping malls in an attempt by councils to revitalise the commercial centres of their municipal districts.

While municipal councils in provincial centres and major country towns have generally undertaken similar activities in developing their infrastructure (although the CRB is responsible for State highways), in rural shires the emphasis was on the provision of all-weather access roads for the farming community. Programmes have included re-sealing, road widening and realignment, bridge modernisation works, culvert replacement, provision of underground drainage, and improvements to street lighting. During the development years of the 1950s and 1960s, shire councils also played a major role in the organisation of local trusts and authorities to provide an adequate water supply and sewerage system for growing townships and communities within their municipal districts and in the formation

of local "electric light committees" to assist the provision of a more efficient electricity supply for residents through extended SEC power lines.

In broad terms, therefore, the functional role performed by local government in Victoria since 1934 has continued to emphasise the construction and maintenance of infrastructure. The major proportion of municipal general and loan funds is still applied to local roads and streets and their regulation, bridge and drainage works, and the provision of traditional general public services such as street cleaning and refuse collection and disposal. Indeed, increasing problems concerning the availability of land sites for tipping in the Melbourne metropolitan area have led to the adoption of a regional approach to refuse disposal by municipalities. Four regional groupings of councils have been constituted for the purposes of the disposal of household, commercial, and industrial wastes and groups are being planned in other parts of the State.

MUNICIPAL EXPENDITURE: ORDINARY SERVICES, GENERAL AND LOAN
FUND OUTLAY, VICTORIA, 1981-82 (a)

Purpose	Expenditure			Proportion of total expenditure per cent
	General	Loan	Total	
	\$'000	\$'000	\$'000	
General administration	190,321	7,784	198,105	17.47
Law, order, and public safety	20,003	163	20,165	1.78
Education	16,231	809	17,039	1.50
Health	28,026	278	28,304	2.49
Welfare	56,883	1,526	58,408	5.15
Housing and community amenities -				
Sanitation (garbage)	81,813	4,149	85,963	7.58
Other	46,698	6,477	53,175	4.69
Recreation and culture -				
Libraries	50,248	1,348	51,596	4.55
Other	141,682	24,265	165,947	14.63
Economic services -				
Roads and bridges	289,982	27,872	317,853	28.02
Road plant purchases	21,772	3,553	25,325	2.23
Other	108,246	14,888	123,134	10.86
Other (unclassified)	-11,378	602	-10,775	-0.95
Total	1,040,527	93,713	1,134,240	100.00

(a) From 1979-80, local government finance statistics have been processed using standard definitions and concepts throughout Australia. This table has been presented using these Standardised Local Government Finance Statistics (SLGFS). It cannot be compared with the two preceding tables which have tabulated data in a non-standard manner for historical purposes only.

MAJOR EXPANSION OF LOCAL GOVERNMENT

Social and welfare services

Since the end of the Second World War, the scope of local government has widened considerably with municipalities expanding their involvement in personal health and welfare, development planning and environmental protection, and the provision of community amenities, recreational and cultural facilities. More recently there has been a distinct movement away from the original concept of local government authorities as essentially providing works and services to the owners of property towards the assumption by municipalities that they should play a prominent part in the overall structure of government by providing services which benefit the whole community.

In this regard the growth in the 1970s of municipal involvement in personal health and welfare has been of particular importance. While infant welfare had become a fairly well established facet of local government activity by the 1940s, councils were requested by the Minister of Health in July 1944 to consider the introduction of a home help scheme to check the rate of infant mortality and provide help for expectant, nursing, or incapacitated mothers. The idea for the service stemmed from voluntary family housekeeping ventures organised during the war to allow mothers with children to engage in work or to provide them with assistance in the home if they were incapacitated or hospitalised. The "emergency housekeeper services" scheme was subsequently formally introduced under an amendment

to the Local Government Act in December 1944. Councils were permitted to use municipal funds for providing emergency home help for expectant mothers, nursing mothers, mothers incapacitated by illness, or for the care of children of deceased mothers.

At about the same time as the "emergency housekeeper services" scheme was introduced, the Department of Health indicated that it would consider providing subsidy assistance to any local council or organisation which established a free nursery, kindergarten, or pre-school centre within its district. Although a subsidy was duly formulated for the service, local government adopted a somewhat cautious approach to the introduction of the scheme. This was not entirely unexpected, given the unwillingness of councils to accept new financial burdens for welfare while representations were being made to the Victorian Government to increase the existing infant welfare subsidy to an amount equal to at least half the annual cost of conducting the service. Ante-natal medical services subsidised by the Victorian Government were also established in several municipalities from 1945. In 1946 the "emergency housekeeper services" scheme was subsidised by the Victorian Government as a local welfare service.

The State's first municipal welfare officer was appointed by the Council of the City of South Melbourne in 1948 as a result of a survey of community needs in the district. In the same year the Council in association with the local Community Chest established Victoria's first elderly citizens' club providing various services to the aged and infirm of the municipality including home help and meals-on-wheels. The Old People's Welfare Council, which had been formed in 1951, sought to employ similar strategies to those adopted by the maternal and infant welfare movement some thirty years earlier by using the work done for the elderly in South Melbourne as a model to encourage other municipalities and local organisations to establish similar facilities with subsidy assistance from the Victorian Government. The subsequent passage of the *Local Government (Amendment) Act 1954* extended the earlier 1944 amendment regarding emergency home help to include help for the aged or the infirm. It reflected the success of the campaign. From October 1955, subsidies towards the cost of establishing and maintaining elderly citizens' clubs were provided to municipal councils by the Victorian Government.

Although under severe financial constraint throughout the 1950s and 1960s, municipal councils gradually sought to extend their involvement in public health, infant welfare, and services for the elderly. The need, however, for the local provision of wider personal social welfare services became more acute as Melbourne's suburban expansion continued and communities in the outer metropolitan area found themselves increasingly isolated from centrally provided services. An inquiry into the problem conducted by the Victorian Branch of the Australian Association of Social Workers in 1963 recommended the provision of locally based services, geographically close to the user, and providing for the whole range of citizens' social problems. The Victorian Council of Social Service subsequently took up the matter and in 1965 established a special committee to foster the development of services such as counselling and information and the promotion of the co-ordination of existing services provided at the local level. Along with other local groups, municipal councils made substantial demands upon the services of the Committee.

Towards the end of the 1960s, however, local government itself was increasingly being regarded as the body best suited to administer personal welfare and co-ordinate the proliferation of local voluntary and community organisations. By 1969 a small number of councils — chiefly, although not exclusively, in the Melbourne metropolitan area — had established welfare departments within their administrative structure and appointed social welfare staff for the specific purpose of providing localised personal services to the community.

The growth of municipal health and welfare services was accelerated in 1971 when the Victorian Government decided to accept the provisions of the *Commonwealth-State Grants (Home Care) Act 1969*. This enabled the Victorian Government to pass on additional funds from the Commonwealth to municipalities for capital and maintenance subsidies for elderly citizens' clubs, home help, and home care services, and to subsidise the appointment of approved welfare officers who devoted 50 per cent of their time in carrying out approved welfare services for the aged.

A further significant advance came with the passage of the *Local Government (Amendment) Act 1972* which authorised municipal councils to expend money on the

provision of *any* social services for the benefit of the people of the municipality. Prior to this amendment the only funding powers available to councils for social services (apart from specific matters such as infant welfare, home help, nurseries, kindergartens, and pre-school centres) were contained under section 246(7) of the Local Government Act where up to 3 per cent of municipal funds — including the chairman's allowance — could be spent by a council on purposes not expressly authorised or prohibited by the Local Government Act or any other Act. The importance of the new provision lay in the fact that it effectively permitted a council to make its own decisions about the social services it wished to provide to the local community.

With the 1972 amendment providing legitimisation of a wider role for local government in providing personal services, the growing needs and expectations of local communities, combined with the provision of assistance from the Victorian and Commonwealth Governments, resulted in significant municipal expansion in personal, community health, and welfare services. The primary municipal role became the planning and co-ordination (often through informal channels) of services delivered by a wide variety of public and private agencies. The number of municipal welfare officer appointments also increased significantly while infant welfare, pre-school education, meals-on-wheels, elderly citizens' clubs, child care, home help (which were extended to cover families with intellectually and physically handicapped children) and para-medical services became virtually standard subsidised welfare responsibilities of Victorian local government.

Other welfare and community services and facilities which councils may provide and for which grants and subsidies are available, include the provision of hostel accommodation for the frail aged, housing for the disabled and the aged, emergency housing, and outreach youth workers. In addition, under the Local Government Act councils may, upon the application of pensioners, persons in necessitous circumstances, or persons for whom payment of rates would occasion hardship, at their discretion, excuse or defer the rate payment. Further, eligible pensioners have an as-of-right entitlement under the *Municipalities Assistance Act 1973* to apply to councils and other rating bodies for remission of payment of part of their municipal, water, and sewerage rate liability. Councils in country areas have also been called upon at times to administer drought relief for which funds have been provided by the Victorian Government.

Municipalities have also participated in the Department of Community Welfare Services' Family and Community Services Program (FACS), the origins of which lie with the Regional Councils for Social Development established by the Commonwealth for the purposes of the former Australian Assistance Plan. The programme which began in 1977 with the formation of eighteen Regional Consultative Committees and the placement of FACS staff within regions, involves State departments, municipalities, voluntary agencies, citizens, and self-help groups in jointly planning and developing regional community welfare programmes and allocating the grants and funds made available by the Victorian Government under the programme. The municipal presence in the FACS Program is significant: of the 473 members of the Regional Consultative Committees in 1978 (which included two administrative officers), there were 174 municipal representatives, 178 elected community members, 70 Victorian Government representatives, 25 representatives from voluntary organisations, and 24 observers.

Other welfare oriented services not subsidised by government which some councils provide include community drop-in and youth centres, family counselling, migrant welfare services, and emergency relief—assisting persons waiting for statutory benefits or helping them overcome short-term financial problems. Several Melbourne metropolitan municipalities have also been called upon to assist with accommodation, services, or finance activities initiated by local community groups such as citizens' advisory services and community legal services. Indeed, for many councils the real problem concerning the provision of social welfare services at a time of rising unemployment, increasing social problems, and rising costs has become the extent of their involvement in, and the division of the various statutory, administrative, and financial responsibilities between, Commonwealth, State and local government in personal health and welfare.

Urban planning

Town and country planning emerged as a matter of considerable importance to municipalities in the post-war period. Although councils were given by-law making powers in the 1920s to prescribe areas within their municipal district as residential, commercial or industrial, they had proven to be almost totally ineffective in preventing the alteration of approved plans of subdivision. Throughout the 1930s, Melbourne metropolitan councils had also consistently urged the creation of a central planning authority to prepare a strategy plan for the future development of the metropolitan area. In this regard councils sought the revision and up-dating of the earlier plan prepared by the Metropolitan Town Planning Commission in 1929.

The *Town and Country Planning Act 1944* established the Town and Country Planning Board to assist and supervise the preparation — either voluntarily or on the requisition of the Minister — of statutory town planning schemes. The legislation provided that when a council commenced preparation of a planning scheme, it could make an interim development order prohibiting the development of areas of land and the construction of buildings, roads, or other works in any land included in the scheme. Both the Interim Development Order and the Planning Scheme were subject to the approval of the Governor in Council.

Provincial cities and towns quickly used the Act to assist them in encouraging and controlling development of their communities in the post-war years along predetermined lines. Realising, however, the difficulty of thirty or more municipalities planning independently for the development of the Melbourne metropolitan area, municipalities urged the Victorian Government to entrust the responsibility to the Melbourne and Metropolitan Board of Works (MMBW).

The *Town and Country Planning (Metropolitan Area) Act 1949* authorised the MMBW to prepare a strategy plan for the future development of Melbourne, although the delay in legislating for the future development of the metropolitan area exacerbated local government problems in the construction of infrastructure and service provision. The MMBW's planning scheme was subsequently drawn up and released for public comment in 1954, and following amendment was submitted to the Governor in Council in October 1959. However, another nine years were to pass before it received approval in April 1968. After approval, the MMBW delegated to municipal councils certain of its powers, authorities, and responsibilities concerning the administration, enforcement, and execution of the scheme. By legislation enacted in 1969, substantial additions were made to the Melbourne metropolitan planning area and in 1971 the MMBW prepared a planning scheme for the extended area.

The MMBW's review of planning strategy in the light of developments since 1971 has sought to include metropolitan objectives for key policy areas in the Metropolitan Planning Scheme. This was provided for by the *Town and Country Planning (General Amendment) Act 1979*. Under the Act, local councils in the Melbourne metropolitan area are responsible for preparing local development schemes, and such schemes must be consistent with the provisions of the Metropolitan Planning Scheme, including the metropolitan objectives.

Municipalities have also become involved in regional planning groups constituted under Acts of Parliament. Regional planning authorities constituted under separate statutes in recent years have been the Westernport Regional Planning Authority (1969—since disbanded); the Albury-Wodonga Development Corporation (1973), responsible to the Commonwealth, New South Wales, and Victorian Governments; the Geelong Regional Planning Authority (1969—replaced by the Geelong Regional Commission, 1977); and the Upper Yarra Valley and Dandenong Ranges Authority (1977). The Loddon-Campaspe Regional Planning Authority was created by an amendment to the Town and Country Planning Act in 1968. Other forms of *ad hoc* co-ordination groups established by non-statutory means and involving municipalities exist for the planning and development of the towns of Sunbury and Melton and the Western Port catchment area.

Community facilities

Reflecting the increasing recognition of the importance of leisure, recreational, and cultural activities and services in improving the quality of life for local residents, local government has also become increasingly involved in the provision of recreational and

cultural facilities and community amenities. Most councils have sought to extend parkland and open space and develop facilities for active and passive recreational pursuits. Municipal recreation officers have been appointed to promote an awareness of recreation and to plan the development of related services within the local district.

The municipal library system was essentially a product of the post-war period and the passing of the *Free Library Service Board Act 1946* heralded a significant expansion in library development in Victoria. There had also been a considerable degree of regional co-operation between municipalities in providing public library services throughout the State. While a number of municipalities continued to operate independently, by 1982 some 28 regional library services covering 151 municipalities had been established. The largest of these groupings covered seventeen municipalities, the smallest only two. Responsibility for the provision, control, and administration of regional library groups was vested in committees constituted under the Local Government Act.

The range of activities undertaken by local government with respect to the arts included the provision of accommodation and premises to local arts groups, the establishment of cultural centres or galleries or contributions to a regional facility, grants to local art groups, the staging of festivals, competitions, and programmes of local arts activities. Several councils have also appointed community arts officers.

In recent years some councils have become more involved in the planning and co-ordination of local activities and the promotion of an understanding of the issues affecting community life. With greater emphasis being given to citizen participation in policy making these councils have sought to determine the goals, objectives, and strategies necessary for the effective development of resources of their local community and the co-ordination of available services to meet needs. Surveys of community needs have been undertaken to identify priorities for service provision, while studies have been instigated into such areas as public transport, traffic management, urban conservation, public housing, recreation and open space environmental protection, energy conservation, and unemployment. This work has also assisted councils in their advocacy before government on behalf of the interests of local residents regarding their health, welfare, safety, environment, and lifestyle.

Financial problems

The development of the functional role and range of activities available to councils in serving their local communities has been reflected in its impact on local government's fiscal relations with the Commonwealth and State Governments, and the increasing recognition afforded to local government in the structure and machinery of government generally.

Post-war development and population growth and the resultant demands on municipalities to extend their involvement in the provision of public amenities, services, and physical infrastructure created financial problems for local government and brought into serious question the adequacy of rate income as the source of finance for municipal activities. As early as 1944, Melbourne metropolitan councils under the auspices of the Municipal Association of Victoria formed a special committee to investigate the possibility of devising a scheme for supplementing rate income to cover the cost of services provided by municipalities which were not of direct benefit to the property owner.

The committee's Report drew attention to the inequitable financial burden imposed on the ratepayer for the provision of public amenities and social services and the adverse impact on municipal revenues of the increasing number of properties exempt under the legislation from the payment of rates. The committee also considered that not only would the demand for personal and community services grow appreciably after the war, but that it would be in the overall interests of the Commonwealth and Victorian Governments to continue to devolve responsibilities to local government. However, concern was expressed that the costs of providing such services should not have to be met solely from rate income. Accordingly it was recommended that the whole question of Commonwealth, State, and local government inter-relationships be investigated by a Royal Commission or a Committee of Inquiry with particular reference to the delineation of functions of the three spheres of government and the sharing of revenue from the common pool of taxation.

The Report of the committee was endorsed by the Municipal Association of Victoria.

In subsequent representations to the Victorian Government, the Association urged the reform of the municipal financial structure commensurate with the increasing demands on local government. The Victorian Government was urged to press for a Royal Commission to review the responsibilities and functions of government, to define the duties to be undertaken by local government and to evolve a financial system under which municipalities would be provided with adequate revenue to carry out their work.

As a result of a conference of Victorian local government organisations convened in Melbourne in November 1947, the Australian Council of Local Government Associations (ACLGA) was formed to give local government a more effective voice — particularly with the Commonwealth Government — on matters affecting municipal councils. This new body began an intensive investigation into the level of funds from Commonwealth taxes on petrol and diesel fuels distributed to the States for roadworks, the question of the payment of rates by the Commonwealth Government on government property within municipal districts, and the claim of municipalities for the supplementation of rating income through the sharing of the proceeds of general taxation revenue.

Gradually the Victorian Government provided more specific purpose subsidies. A special Municipalities Subsidies Fund was established in 1948 through payments from Consolidated Revenue for subsidies on municipal works mainly for the construction of community amenities, and recreational and sporting facilities. An amount of \$2m was provided each year under the Fund. In 1950, the passage of the Municipalities and Other Authorities Finances Act made this arrangement permanent. Subsidies were introduced to assist municipal libraries and to provide country municipalities with emergency flood relief and drainage works; loan funds were made available to councils for the construction of public halls and swimming pools. Social services were also supported by State funds throughout the 1950s.

In 1949, the Minister of Public Works investigated the financial position of municipalities and the effects of exemptions of Commonwealth, State and other community property from rates, and the State Government after 1950 made ex-gratia payments to councils in lieu of rates on exempt government residences and for private street construction works adjacent to government buildings. Ex-gratia payments were later extended to drainage works in easements and footpath and kerb construction. In 1952, the Commonwealth Government began to make similar payments in respect of works adjacent to certain types of Commonwealth property.

Limited additional funds were also provided for road works. State revenue from motor drivers' licence fees, and vehicle ownership and transfer of ownership certificates was channelled into the Country Roads Board Fund while additional borrowing for permanent works on highways and main roads released extra funds to councils for maintenance. The Commonwealth Government made special grants between 1947 and 1949 for roadworks in sparsely populated areas. At the same time the new Commonwealth Aid Roads Agreement in 1950 doubled (and in 1955 further increased) the proportion of petrol tax allocated to the States for roads. However, Victorian municipalities renewed their demands for the total of the funds derived by the Commonwealth Government from petrol tax revenues to be given back to the States and for the formula used for the allocation of petrol tax revenues among the States to increase Victoria's share.

The situation in respect of road funding was mirrored in the general drift of municipal finances through the 1950s. Despite the provision of limited financial assistance for specific works and services from the Commonwealth and State Governments, the extent of community demands and the impact of inflationary pressures forced many councils to increase their rates to finance municipal activities. Municipalities thus bore an increasing portion of the cost of subsidised services. There was concern not only at the inadequacy of existing capital and maintenance grants provided by the State Government, but also at the propriety of requiring ratepayers to pay for services benefiting the community as a whole, but with no link to rateable property. As municipal deficits rose councils, through the Association, pressed for a conference of Commonwealth, State and local government on their responsibilities and finances. The States did not support the proposal.

The representations of State and local government to the Commonwealth on the distribution of petrol tax revenues for road works resulted in the announcement in September 1957 by the Commonwealth Government of a review of road funding before

the expiration of existing Commonwealth Aid Roads legislation. The result of the inquiry was the attenuation of the link between fuel taxation and road grants which had existed for the previous 33 years, with the provision for fixed sums to be paid from Consolidated Revenue for allocation under the Commonwealth Aid Roads Act in each of the five years 1959-60 to 1963-64. The Municipal Association of Victoria resigned from the ACLGA after disagreeing with the other States on the allocation formula. The Association did not in fact rejoin the ACLGA until 1966 when the latter's constitution was amended to prevent a recurrence of the problem.

Although additional finance was now granted for roads, the claims of local government for other assistance from the Commonwealth Government were less successful. The Commonwealth Government rejected municipal requests for the abolition of pay-roll tax (although the level of exemption had been raised), the liberalisation of the system of ex-gratia payments, and the provision of tax reimbursement grants direct to councils. The Prime Minister suggested that in assessing general revenue grants to the States, the Commonwealth Government took into account the States' financial commitments to their local authorities and that the States were free to pass on to local government whatever proportion of the total amount received they deemed appropriate. In the light of this response Victorian local government looked increasingly towards the appointment of a Minister for Local Government to improve its position within government and to provide a more appropriate response to its requests for assistance at the State level.

The Minister for Public Works had administered Victorian local government legislation through the Local Government Branch of the Public Works Department since 1877. However, the expansion of council responsibilities outside the traditional role of service to property resulted in strong municipal support from 1950 onwards for direct representation of local government in Cabinet. The Municipal Association of Victoria urged the appointment of a Minister solely concerned with local government.

In 1958, the Victorian Government introduced legislation into Parliament for the creation of the new Ministry and the establishment of the Local Government Department "for the better administration of the laws relating to local government in Victoria". More specifically the legislation provided for the assumption of responsibility by the Minister for Local Government of the Local Government Act, the Acts relating to local government in the cities of Melbourne and Geelong, the Town and Country Planning Act, the Melbourne and Metropolitan Board of Works Act, the Local Authorities Superannuation Act, the Petrol Pumps Act, the Drainage Areas Act, the Pounds Act, and the Dog Act. While all political parties supported the legislation, the new Ministry's proposed sphere of influence created certain difficulties for the Municipal Association, which believed that the administration of the Country Roads Act should also be made the responsibility of the Minister for Local Government. During the passage through Parliament of the legislation an amendment was carried in the Legislative Council giving effect to the Association's views and the Victorian Government then announced its intention not to proceed with the legislation. The Association reconsidered its stand and finally the Bill was resubmitted and passed in its original form. The Local Government Department was then formed through the transfer of the small number of officers from the Local Government Branch of the Public Works Department.

COMMISSION OF INQUIRY INTO LOCAL GOVERNMENT, 1959 TO 1962

In September 1959 the Minister for Local Government moved to appoint a three member Commission of Inquiry under the chairmanship of Mr R. H. Mohr, to inquire into local government with particular reference to its disabilities in the performance of its statutory functions and duties. The Commission was also directed to examine the structure of Victoria's municipal system and to recommend the alteration of municipal boundaries to promote more efficient, economic, and satisfactory units of local government.

The Commission of Inquiry presented its Report to the Victorian Government in September 1962 and found the most serious disability confronting Victorian local government to be the general lack of finance for developmental and maintenance work. The Commission noted the "fairly fixed income situation" facing municipalities, in a time of inflation, between valuation periods.

The Commission judged as haphazard and unco-ordinated the approach of local government to loan raising. The stringent procedures for borrowing required to be followed by councils under the Local Government Act, once formal Treasury approval for loan proposals had been given, were strongly criticised.

Further, the Commission pointed to the considerable impact on municipal finances of taxes imposed by other spheres of government — in particular the payment of Commonwealth pay-roll tax, and stamp duty charged by the State. Reference was also made to the adverse effect on municipal revenue of the concentration of non-rateable property in certain areas (although acknowledgement was made of the *ex-gratia* payments made by the Commonwealth and State Government in lieu of rate exempt residences).

The Commission confirmed the view that councils generally were finding it difficult to keep pace with rising costs and the extension of municipal health and welfare services in the post-war period. There were simply insufficient funds available to meet the needs of municipalities, while inflation had eroded the value of the grants and subsidies they received. Moreover, as health and welfare services were available to the community generally, the Commission contended that property owners were being asked to shoulder a disproportionate share of the municipal cost of such services.

In regard to roads, the Commission suggested the essential problem was finance and the capacity of municipalities to carry out large-scale works. The Commission confirmed that the road funds passed back by the Commonwealth to the States represented only a portion of the total road-user taxes levied by the Commonwealth, and suggested that a significant increase in the amount of petrol tax returned to the States and maximum use of loan funds would be required in order to expedite road works in Victoria and overcome an expected shortfall of \$272m in road finance during the 1960s.

The Commission took the view that despite limited financial assistance, local government "had largely been neglected and left to its own devices to raise sufficient revenues to meet requirements against a wave of rising costs". It needed additional revenue and the Commission proposed that it should basically come from the common pool of taxation. Accordingly it recommended that the Victorian Government make representations to the Commonwealth for the payment of an annual amount equal to \$2 per head of population for distribution by the States to municipalities. In addition, the Commission recommended that the Victorian Government secure more Commonwealth aid for roads.

On the matter of municipal loan raising the Commission recommended that the Victorian Government establish a central municipal borrowing authority with power to raise funds and make loans to municipalities, and that the securities issued by the authority should be made trustee securities in Victoria. Among other important proposals pertaining to the question of finance were the repeal of the provision for a maximum general rate of 20 cents in the \$1 of net annual value, the narrowing of existing rating exemption provisions, and the provision of a special grant to each shire with a non-rateable area exceeding 40 per cent of the total area of the municipality.

The Commission was also concerned to ensure that revenue raised by local government was expended to give maximum results. In this regard it suggested that the financial disabilities of local government could not be considered separately from the size of some of the smaller municipalities, their administrative costs, and the balance of funds available for works. It found some municipalities to be not viable units and proposed extensive restructuring of municipal boundaries. The Municipal Association of Victoria opposed the proposal for councils to receive a grant of \$2 per head of population and instead recommended a conference between the Commonwealth and State Premiers to discuss the financial disabilities suffered by municipal councils and the ways and means of overcoming them. A call was made for a local government campaign to increase State Government subsidies for capital works. Further, the Association declined to support the Commission's proposal to repeal the maximum general rate of 20 cents in the \$1 on the net annual value and advocated a guarded approach by local government to the Commission's proposals to pay a special grant to shires with extensive non-rateable areas and to revise the legislation pertaining to properties exempt from rates. While full support was given to proposals for revising borrowing procedures, the establishment of a central loan funding agency was opposed on the grounds that such an authority might seek to control municipal financial policies.

During the course of the Commission's investigations, the *Valuation of Land Act 1960* was passed providing for the appointment within the Local Government Department of a Valuer-General, a Deputy Valuer-General, and other officers charged with the overall responsibility of supervising municipal valuations. The essential purpose of the legislation was to introduce a greater degree of uniformity and stabilisation into the valuation process to improve and strengthen municipal valuations to the point where they would become acceptable to all rating authorities. The new Act required valuations to be made by qualified certificated valuers and for every general valuation from 1961 onwards to be made to a standard which the Valuer-General could certify as "generally true and correct". Provision was also made for a Valuers' Qualification Board and metropolitan councils were required to revalue at least once in every four years and non-metropolitan councils once every six years.

Through the 1960s other changes to the revenue raising capacity of councils were effected through amendments to the Local Government Act. In 1966, the minimum amount of rate payable under the general rate was lifted, and in 1968 several important amendments to rating procedures were initiated affecting the differential rating provisions for farm rates, the introduction of an urban farm rate, the levying of rates partly on net annual value and partly on unimproved capital value, and the payment of rates by quarterly instalments. In 1969, a revision of the legislative provisions for properties exempt from rates was also made in the light of the recommendations in the 1966 Report of the Statute Law Revision Committee.

BOARD OF INQUIRY INTO LOCAL GOVERNMENT FINANCE IN VICTORIA, 1970 TO 1972

In 1970, a Board of Inquiry was set up under the chairmanship of Mr L. Voumard, Q.C., to examine all aspects of local government finance. In May 1972, the Voumard Report, like the earlier Mohr Report, expressed serious misgivings about the financial structure of Victorian local government. Although the Committee conceded that there was considerable unused capacity in the rating system, it stressed the severe limitations on the financial resources of local government, the consequences for municipal autonomy of the regressive nature of the property tax, and the deficiencies of existing financial arrangements between Commonwealth, State, and local government: the financial inequalities between municipalities, the inadequacies and fragmentation in the existing grant system, and the difficulties of councils in financing capital works. These financial inequalities included large amounts of non-rateable property and particular socio-economic groups which affected the rate base and service provision, and were not taken into account under the existing fragmented grants system. The Committee emphasised that grants and subsidies in health and welfare and other areas were generally made only for specific services and did not harmonise with the principle of municipal autonomy. Further, municipalities had gradually assumed a growing proportion of the total cost of subsidised services.

The difficulties of municipalities in financing capital works were regarded by the Committee as being particularly acute. The inadequacy of many capital grants and the special needs of some developing areas were not met by existing grants. Indeed the growing indebtedness of many municipalities — in 1968-69 debt servicing totalled \$18.7m or 13.1 per cent of municipal general fund expenditure — had reduced the amount of revenue available for other works and services. In respect of the diminishing capacity to meet the cost of road works, the Committee pointed to the need for councils to meet rapidly increasing demands for other services, the problems created by increased traffic volumes, the need to construct roads and bridges to much higher standards, and the depressed state of agricultural industry which at the time inhibited the revenue raising ability of many country councils. Some councils also had difficulties in raising on the open market the annual amount they were authorised to borrow for capital works.

The Committee supported the strong supplementation of rate revenue from central government resources and sought an appraisal of the financial responsibilities of the Commonwealth and State Governments to local government. In a similar approach to that adopted by the Mohr Commission ten years previously the Committee called for the Victorian Government to provide each municipality with an unconditional grant to be

applied by the council "in accordance with its statutory powers on the basis of its own assessment and priorities". Unlike the Mohr Commission, however, the Voumard Committee proposed that allocations to councils be based on an assessment of needs computed on the basis of an objective formula. It recommended the abolition of the existing Municipalities Assistance Fund — under which subsidies were made to country councils — and the establishment of a fund of \$5m per annum from which unconditional grants would be allocated to municipalities and assistance given to councils with particular needs for capital projects by a Local Government Grants Commission.

Other recommendations of the Voumard Committee designed to bring about changes in the existing financial relationship between Commonwealth, State and local government, and to improve the capacity of municipalities to serve their local communities with greater autonomy and flexibility included the raising of the existing minimum amount payable under the general rate; the provision of increased Commonwealth and State financial assistance to local government for road and bridge works; the replacement of separate grants for individual health and welfare services by a "block grant"; the review by the Victorian Government of capital grants to municipalities; the abolition of loan raising procedures and the amendment of the Local Government Act to give additional borrowing powers to councils; and the review of financial and administrative controls exerted on municipal councils by statute, regulation, or departmental procedure. However, the Committee envisaged these changes occurring within a municipal system which had been significantly restructured and in which internal organisation had been considerably improved and strengthened. Accordingly, it recommended that there be further separate inquiries on the external structure and internal administration of Victorian local government.

Several recommendations of the Voumard Report were adopted by the Victorian Government over the next few years. In successive State Budgets following release of the Report improvements were made to the basis of capital grants while the range of works eligible for subsidy increased significantly. The development of recreational, sporting, and cultural facilities received considerable encouragement from the Victorian Government. Changes in the powers of the Country Roads Board occurred, and some additional financial assistance was provided for roads. In health and welfare, several subsidies were improved. However, limited finance precluded the introduction of a "block grant" for health and welfare services. In line with another of the Committee's recommendations the passage of the *Municipalities Assistance Act* 1973 provided for the reimbursement of part of the rate payable by eligible pensioners. The cost to councils (in terms of revenue foregone) was reimbursed by the State Treasury. The scheme was subsequently extended to cover water and sewerage rates.

While the Voumard Committee had proposed raising the minimum amount payable under the general rate, the *Local Government (Rates) Act* 1973 gave councils complete discretion to set the minimum amount payable under the general rate, thus bringing in a reasonable contribution to municipal services from lower valued properties. Exemptions, aimed at removing anomalies which had later arisen from certain properties being unfairly treated by the imposition of high minimum rates, were subsequently introduced under the *Local Government (Rates) Amendment Act* 1976.

Little change occurred, however, in municipal borrowing arrangements. The only major development was the raising of the limit for "smaller authorities" pursuant to the Gentlemen's Agreement of 1927 which established the Loan Council. In 1972, it was \$400,000 and in 1976, \$800,000. At the July 1977 meeting of the Loan Council the limit was raised to \$1m. It was subsequently lifted again to \$1.2m. A proposal to amend the Commonwealth Constitution to enable the Commonwealth Government to borrow for local government bodies was put to referendum in 1974 but was rejected.

However, the local government financial situation was improved through the provision of general revenue grants rather than improved borrowing arrangements. The fundamental proposal of the Voumard Committee concerning municipal endowment and the creation of a Local Government Grants Commission for allocating revenue grants to supplement rate income and compensate for financial inequalities between municipalities, was subsumed by the Commonwealth Government's general purpose funds to local government after 1973-74.

COMMONWEALTH GENERAL REVENUE ASSISTANCE
TO LOCAL GOVERNMENT

The introduction by the Commonwealth Government in 1973 of fiscal equalisation through unconditional financial assistance to councils represented a watershed in inter-governmental relationships in Australia. It also represented the partial fulfilment of the objective long held by Victorian local government as a result of expanding municipal activities in personal and community services — the commitment by the Commonwealth to local government of a share of the national pool of income taxation revenue. Before 1973, no Commonwealth assistance was provided specifically for local government. Although successive Commonwealth Governments had for many years provided funds for local roadworks, health and welfare facilities, and local services, such assistance had been channelled through the State Governments or provided through various Commonwealth programmes under which municipal councils could apply for assistance.

In 1972, there was an expansion of specific purpose grants for development works (such as the Area Improvement Program and the National Sewerage Program), and for the alleviation of unemployment (such as the Regional Employment Development Scheme), which, although not intended primarily to benefit municipal councils, significantly influenced the development of local communities. The *Grants Commission Act 1973* provided for the Grants Commission to continue reporting on applications by claimant States for special grants under section 96 of the Commonwealth Constitution and empowered the Commission to report on applications to the Commonwealth for financial assistance from individual local government bodies and approved regional organisations.

Under the Act a set of regional groupings of councils was approved by the Minister for Urban and Regional Development, after consultation with the appropriate State Ministers. By December 1973, eighteen groups of local governing bodies in Victoria were approved. Although several new groupings had to be formulated for the Act, some approved regions had already existed for other State administrative purposes. Each local governing body was requested to furnish submissions in support of applications made on their behalf by the approved regional organisations. These claims and the evidence gathered in public hearings enabled the Grants Commission to recommend the payment by the Commonwealth of municipal grants under section 96 of the Commonwealth Constitution to State Governments. The Committee's determinations were founded on the principle of fiscal need: financial equality between local authorities and regional groupings of councils to assist the provision of comparable services. The funds were to be expended for general purposes in a manner determined by the recipient councils.

The amounts recommended by the Grants Commission for Victorian local authorities "without conditions attached to their use" totalled \$14.6m in 1974-75 and \$20.2m in 1975-76. However, not all local authorities received financial assistance under the scheme as the Commission's recommendations were based exclusively on what it regarded as appropriate for fiscal equalisation purposes. At the same time a small number of municipal councils had either declined to accept membership of any regional organisation or indicated that they would not seek financial assistance under the Act.

GOVERNMENT GRANTS RECEIVED BY MUNICIPALITIES: VICTORIA,
1934-35 TO 1981-82 (a)
(\$'000)

Year	General purpose grants (b)	Payments from the licensing fund (c)	Pre-schools	Health	Libraries	Recreation facilities	Unemployment relief	Roads (d)	Other	Total
1934-35	..	120	199	..	86	406
1939-40	..	120	..	36	..	53	1,425	(e) 129	91	1,854
1944-45	..	118	..	65	..	2	8	(e) 54	137	383
1949-50	..	118	11	122	83	107	—	(e) 267	83	790
1954-55	..	117	58	269	217	103	—	(e) 222	251	1,237
1959-60	..	114	150	443	470	437	—	(e) 540	546	2,700

GOVERNMENT GRANTS RECEIVED BY MUNICIPALITIES: VICTORIA,
1934-35 TO 1981-82 (a)—continued
(\$'000)

Year	General purpose grants (b)	Pay-ments from the licen-sing fund (c)	Pre-schools	Health	Libraries	Recreation facilities	Unemploy-ment relief	Roads (d)	Other	Total
1964-65	..	112	303	744	784	961	—	12,149	1,431	16,484
1969-70	..	611	571	1,036	1,392	1,223	—	15,649	1,939	22,421
1974-75	14,661	..	5,897	2,390	6,147	7,883	(f)16,685	29,102	10,368	93,133
1979-80	56,691	..	8,660	5,512	12,000	7,261	740	47,796	25,012	163,672
1980-81	76,223	..	9,919	6,167	12,598	7,222	635	52,592	29,943	195,300
1981-82	89,300	..	11,826	6,860	13,405	7,041	557	57,965	33,595	220,549

(a) Includes grants to municipalities from both State and Commonwealth funds. These statistics record grants actually received by municipalities in the municipal financial year (year ended 30 September), and may vary from statistics published elsewhere in this Year Book.

(b) In 1973 the Commonwealth Government passed legislation giving the Commonwealth Grants Commission the role of recommending grants to the States for onpassing to Local Government Authorities (LGAs). The first of these grants was paid in the 1974-75 financial year. These arrangements were changed with the introduction of Stage I of Personal Income Tax Sharing in the 1976-77 financial year. Under these revised arrangements, the Victoria Grants Commission, a State authority, is responsible for determining the grants paid to individual Victorian LGAs.

(c) Refunds of licensing revenue (net) made to municipalities. No grants were made after 1969-70.

(d) Excludes refunds from the Country Roads Board (CRB) for work done on behalf of other authorities.

(e) Excludes grants made direct to the CRB account of individual municipalities.

(f) Includes amounts payable by the Commonwealth Government under the Regional Employment Development Scheme, \$12,332,643, the Aboriginal Advancement Program, \$253,589, and the National Employment and Training Scheme, \$4,441.

In 1976-77, the historic demand of local government in Victoria (and other States) for a share of the common pool of taxation was finally met when the Commonwealth Government provided some financial assistance to all municipalities and absorbed into a wider system of revenue sharing the scheme under which unconditional grants were given to local authorities. The passage of the *Commonwealth Local Government (Personal Income Tax Sharing) Act 1976* provided for the States an allocation to municipalities of an amount determined by the personal income tax collections for the previous financial year. Responsibility for distribution was transferred to State Grants Commissions and the Victoria Grants Commission was formally constituted on 24 May 1977 under the Minister for Local Government to determine the allocation between municipalities. The Commonwealth Grants Commission retained responsibility for the proportional distribution of general revenue assistance between the States. It also continued to base its recommendations for State shares on assessments of the fiscal equalisation needs of individual municipalities in each State.

Following the Commonwealth legislation, each municipality must receive a minimum "as of right" entitlement. In Victoria where the "as of right" component represents 40 per cent of the State's allocation, each municipality's "as of right" entitlement has been determined on the basis of population 85 per cent, and area 15 per cent. In the assessment of the total grant to each municipality, the Victoria Grants Commission must consider the special needs and disabilities of the particular municipality, the effort made by the municipality to function effectively and provide reasonable service, and any other matters of special significance to the municipality.

For 1976-77, the amount distributed by the Commonwealth to the States under the normal budget was \$140m which was equivalent to 1.52 per cent of personal income tax collected during 1975-76; this proportion was also used to determine total allocations for 1977-78 and 1978-79. In 1979-80, local government's share of income tax revenue was increased to 1.75 per cent with \$221.7m given to the States for municipal councils. Local government's share of income tax revenue was further increased to 2 per cent for 1980-81, the Commonwealth, as promised, providing \$300.8m. The same proportion was used to determine the total State allocation for 1981-82, resulting in a 16.6 per cent increase over the previous year and \$350.9m available to the States for municipalities. A 21 per cent rise in receipts from personal income tax collections in 1981-82 resulted in a total of \$424.4m being available to the States for allocation to local government authorities in 1982-83.

The apportionment between the six States, which is based on recommendations by the Commonwealth Grants Commission, is incorporated in the Commonwealth Act. New South Wales receives 36.4977 per cent, Victoria 25.4513, Queensland 16.8606, South Australia 8.6010, Western Australia 9.3897, and Tasmania 3.1997.

At first, the share for Victoria was 25.2845 per cent of the total amount, but this was increased to the level of 25.4513 per cent following a review of the proportions in 1977 by the Commonwealth Grants Commission. The overall level of assistance received by Victoria under the personal income tax sharing scheme has increased from \$35.4m in 1976-77 to \$108m in 1982-83.

The significant level of funds provided under general revenue sharing arrangements has alleviated financial inequalities between councils. Untied funds from the Commonwealth have encouraged councils to extend their services and promoted decentralisation in decision making. While the Victoria Grants Commission has progressively developed fiscal equalisation for determining allocations to councils, increasing demands for services and inflation have underlined the need for a continuing growth of funds received from the Commonwealth.

CONSTITUTIONAL RECOGNITION OF LOCAL GOVERNMENT IN VICTORIA

The *Constitution (Local Government) Act 1979* gave formal recognition to local government in the Victorian Constitution. The origin of this development goes back to the 1973 Australian Constitutional Convention in Sydney at which local government representatives were given full member status to speak on questions of local government. The submission of ACLGA to the Convention proposed a provision to be included in the Commonwealth Constitution which would recognise the role of local government within Australia. A separate submission to the Convention from the Municipal Association of Victoria also stressed the need for the recognition of local government in the Commonwealth Constitution. However, the difficulties involved in framing a provision that would recognise local government without endangering the powers of the States to declare municipal boundaries, alter local government bodies, and change local government functions, made it impracticable for the Convention to incorporate local government in the Commonwealth Constitution.

While later sessions of the Convention also could not frame an acceptable amendment to the Commonwealth Constitution, the Victorian Government at the 1976 plenary session in Hobart, sponsored a resolution acknowledging the importance of municipal activity within government and invited the States to consider formal recognition of local government in State Constitutions. The Victorian motion was passed by Convention members without dissent. In May 1978, the Local Government (Constitution) Bill was introduced into the Victorian Parliament providing for the recognition of local government in the Victorian Constitution. The *Constitution (Local Government) Act 1979*, which amended the *Victorian Constitution Act 1975*, provided for this. Victoria was the first State to give effect to the Hobart resolution.

The *Constitution (Local Government) Act 1979* prescribes that a "municipal council shall not be dismissed except by an Act or enactment of the Parliament relating to the particular municipality". There have only been four occasions, all in recent years, when the Victorian Government has elected to invoke its statutory powers to suspend or dismiss a council.

The first was in July 1975 when the Victorian Government suspended the Council of the City of Keilor and appointed an administrator of the City. The action was taken under sections 13 to 15 of the Local Government Act when the Council became unable to maintain a quorum at meetings. The administrator continued to manage the affairs of the City until August 1980 when the Council was reinstated following the annual municipal election.

In September 1976, the Victorian Government dismissed the Council of the City of Sunshine following the Report of a Board of Inquiry into the finances of the City. The Board's Report disclosed financial mismanagement of the City between 1972 and 1975. Under the *Local Government (City of Sunshine) Act 1976* the Council was dismissed and a Commissioner appointed to administer the affairs of the City. The first steps towards the reinstatement of an elected council were taken in May 1981 with the re-subdivision of

the municipal district into three wards. Following the subsequent evaluation of the City's financial position, an elected council was returned at the municipal elections in August 1982.

The third occasion was in December 1980, when the Victorian Government announced its intention to restructure the Council of the City of Melbourne by reducing the number of councillors from 26 to about 12, having the Lord Mayor elected by all ratepayers, and establishing more restricted boundaries to enable the Council to concentrate on the administration of the central City. The decision to abolish the Council reflected the Victorian Government's increasing concern with the operations of the City Council. The *Local Government (City of Melbourne) Act 1981* provided for the City to be administered by three commissioners one of whom was to be appointed full-time chairman. The commissioners were charged, *inter alia*, with advising the Victorian Government on the location of new City boundaries, the apportionment of assets and liabilities, management of business undertakings, staff deployment and rights, and the review of the Council's policy making and administrative practices.

Finally, in July 1982, the Victorian Government moved to dismiss the Council of the City of Richmond and appoint a Commission to administer the City. The action of the Government taken under the *Local Government (City of Richmond) Act 1982* followed its consideration of the Report of a Board of Inquiry. A chairman and deputy chairman of the Commission were subsequently appointed to administer the City to ensure that its affairs and functions were carried out efficiently. The Commission was empowered to improve the administration, organisation, staffing, and procedures of the municipality and was required to report regularly to the Minister. The legislation contained the facility for new elections to be called when appropriate.

EMERGING SYSTEM — THE FINAL REPORT OF THE BOARD OF REVIEW OF THE ROLE, STRUCTURE, AND ADMINISTRATION OF LOCAL GOVERNMENT IN VICTORIA

Significant proposals for the reform of the external structure of Victorian local government had been put forward in several inquiries into the municipal system — the most notable being the recommendations of the 1962 Mohr Commission — and in the reviews of specific areas carried out at the request of the Minister between 1969 and 1974 by the Local Government Advisory Board. However, in the light of a generally hostile reaction from local government against the adoption of proposals for amalgamation of councils, the recommendations of these inquiries were largely ignored and the municipal structure remained essentially unchanged. Similarly, municipal opposition thwarted government moves in 1936 and 1951 to create a central authority — involving the absorption of councils and the transfer of powers — to undertake the functions of metropolitan government in Melbourne.

The call for a further comprehensive inquiry into the Victorian municipal system covering external and internal organisation, the efficiency of local government operations, and the relationship of municipal government with other levels of government and the public received increasing support throughout the 1970s.

Following Cabinet approval, the Board of Review of the Role, Structure, and Administration of Local Government in Victoria was subsequently established in August 1978 under the chairmanship of an internationally recognised local government expert, Mr M. Bains. Under its terms of reference the Board was to inquire into and report upon:

- (1) The role which local government in Victoria should perform in serving its ratepayers and citizens;
- (2) whether the structure and administration of local government required any and what rationalisation or changes to enable municipalities more effectively and economically to fulfil the role envisaged for them; and
- (3) any matters relevant to the foregoing which the Board considered desirable to inquire into, or which are referred to it by the Minister.

The Board was further asked that in making its recommendations it was to have regard to the resources available and likely to be available to local government. The Final Report reflected the Board's support for more effective councils — local authorities should not



During the Second World War consignments of food parcels were sent to Great Britain by individuals and organisations. These parcels, for example, were collected from the citizens of Camberwell by the Camberwell City Council.

Camberwell-Waverley Regional Library, Local History Collection

Air raid wardens outside their headquarters in Caulfield during the Second World War.

City of Caulfield





H.R.H. The Duke of Gloucester arrived in Melbourne in 1934 to officially open Victoria's Centenary celebrations.

The Herald and Weekly Times Ltd



Farewell to Rt. Hon. Sir Owen Dixon, on 13 April 1964 on his retirement as Chief Justice of Australia. He is shown here with the then Prime Minister, Rt. Hon. Sir Robert Menzies.

Australian Information Service

A memorial service was held in Melbourne in 1967 for the Australian Prime Minister, Rt. Hon. Harold Holt, who disappeared while swimming at Portsea. Many overseas Heads of State and government attended the service.

Australian Information Service





H.M. The Queen, accompanied by the then Premier of Victoria, Hon. R. J. Hamer, during her visit to Melbourne in 1980.

Australian Information Service



H.M. The Queen presented Rt. Hon. Sir Robert Menzies, former Prime Minister of Australia with the insignia of the Knight of the Order of Australia in 1977.

Australian Information Service

T.R.H. The Prince and Princess of Wales visited Sovereign Hill Historical Park, Ballarat in 1983.

Australian Information Service





The Law Courts and Police buildings at Horsham.

Victorian Tourism Commission

The County Court of Victoria building in William Street, Melbourne, built in 1969.

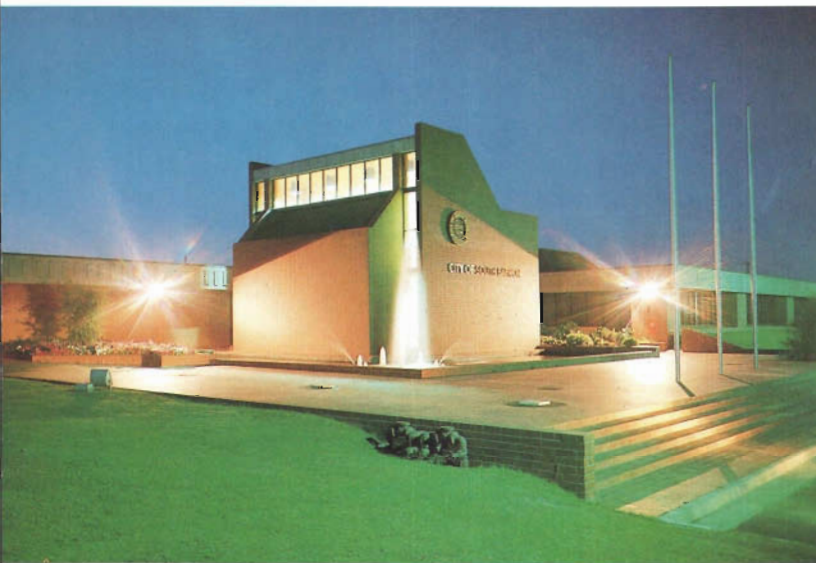
M. White





The St Kilda Town Hall, built in 1884.

Gas and Fuel Corporation of Victoria



The Civic Centre of the City of South Barwon, erected in 1978.

Robert Pockley Studios



The historic Maryborough Civic Buildings and Post Office.

Gas and Fuel Corporation of Victoria

H.R.H. The Prince of Wales officially opened the Bourke Street Mall on 14 April 1983.

Australian Information Service



The Bourke Street Mall provides a new shopping environment for the Melbourne Central Business District.

N. Smith



A "Fire Prevention Week" display held in the Melbourne City Square in 1983.

M. White





Large crowds blocked many Melbourne streets during a Vietnam War moratorium march in 1970.

National Library of Australia

Display of progressive voting figures on polling night at the Central Tally Room, Exhibition Building, Melbourne in 1979.

Victorian State Electoral Office



Children's neighbourhood centres are a feature of the many activities of municipal councils in Victoria.

City of Caulfield



Elderly Citizens Clubs provide a meeting and activity centre for many elderly persons.

City of Caulfield



only have the capacity to carry out their duties but enjoy more freedom to manage and administer their own affairs and accept greater responsibility to and for the communities they serve.

The Board proposed a considerably expanded municipal role in such fields as town and country planning, housing, health and welfare, and the administration of water and sewerage services in the non-metropolitan area. However, the ability of local government to perform the role expected of it, the Board suggested, depended on extensive reform not only of the physical and administrative structure of local government, but also of its relationships with other spheres of government and the public. The Board proposed that a specially constituted Municipal Organisation, Property and Staffing Commission be established to review the municipal structure and determine a new pattern of local authorities for Victoria. The Board also urged the creation of a directly elected metropolitan council for Melbourne.

Recommendations to reform the internal structure and administration of Victorian local government included: the adoption by councils of corporate management structures; the encouragement of greater delegation by councils to committees and officers; amendment of the legislation to permit councils to establish an administrative structure best suited to their needs; the removal from the legislation of mandatory appointments including requirements for minimum qualifications and protection to named officers; and the appointment by councils of a chief executive officer of the municipality.

Reforms intended by the Board to strengthen local government's relationship with the public and widen candidature for local elections included the introduction of a universal franchise for municipal elections and a triennial election system; the payment of out-of-pocket expenses to councillors; the maintenance by councils of registers of representatives' pecuniary interest; the development of codes of conduct for councillors and officers; the provision of facilities and information for councillors; and the compilation by municipalities of profiles of community needs for determining priorities.

In respect of inter-governmental relationships the Board's major proposals included the establishment of a formal Local Government Consultative Council to ensure consultation between State and local government; the possible creation of a Local Government Court; the review of the Local Government Act and other local government legislation; the provision of a general competence power for municipalities; and the introduction of a system of general grants to replace the system under which tied grants are received from Victorian Government departments. The Board also proposed that the Local Government Department be Victoria's contact point on local government issues so that the Department's research facilities should be considerably strengthened.

Following the completion of an extensive period of discussion on the Report, the Victorian Government announced its response to the Board's recommendations in December 1980. The Victorian Government accepted — wholly or in part — many of the Board's 93 recommendations. Support was given to the proposals for extending the municipal role and clarifying local government activities in certain service areas. The Victorian Government also accepted the need for some reform of council municipal administration and supported certain changes in financial relations between State and local government. Although not in favour of the Board's proposal that in principle government assistance to municipalities be embraced within an untied general grant, the Victorian Government decided to move towards providing block grants to councils in selected areas of local responsibility. The Victorian Government also supported the proposal to remove municipal borrowing limitations and to establish a central loan funding agency for local government — first proposed by the Mohr Commission nearly twenty years before — provided it was set up on a national basis.

Other reforms advocated by the Board and supported by the Victorian Government included: the adoption of a universal franchise for local government elections; the payment of an out-of-pocket expense allowance of up to \$1,500 to councillors; codes of conduct for councillors and officers; registers of pecuniary interests; and facilities for councillors. The Victorian Government emphasised the need to review the Local Government Act and other municipal legislation.

However, the Victorian Government did not accept some of the major reforms proposed by the Board, including the recommendations for the establishment of a Municipal

Organisation, Property and Staffing Commission to review municipal boundaries and provide a new municipal structure.

The Victorian Government considered there was no need to alter existing consultative procedures linking State and local government and rejected the establishment of a Local Government Consultative Council.

One of the most important matters dealt with in the *Local Government (Board of Review) Act 1982* which received Royal Assent on 13 July 1982 relates to the process by which municipal boundary change and adjustment is to be effected in Victoria in future. The Act provides for the establishment of a Local Government Commission to replace the present Local Government Advisory Board; Divisions of the Commission consisting of three members will be appointed by the Minister to consider proposals to alter the municipal system. The proceedings of each Division will be public. A series of criteria to which each Division is to have regard is specified in the Act although this will not preclude other matters considered relevant to a particular proposal from being taken into account. A Director is to report to the Minister and the Report will be made public. Before any proposal is implemented to change the external boundaries of a municipal district or to establish a new municipal district there is facility for the electors most affected to require the holding of a poll to measure the extent of public opposition to a proposal. The Minister is to have regard to the result of the poll in forming an opinion on whether to make a recommendation to the Governor in Council.

To facilitate the introduction of corporate management structures, councils are permitted under the Act to enter into contract agreements for the appointment of officers and to nominate or appoint chief executive officers to have administrative charge of the municipality. The Act also provides for councils to delegate certain of their powers and functions although there are controls and limitations on the extent of the delegation.

The powers of councils regarding the provision of housing have also been extended in the Act. Adult franchise was to be introduced for the Victorian municipal elections commencing with the 1983 elections. A special investigation was being conducted to examine ways of introducing general competency powers for municipalities. This was planned to enable councils to further extend their ability to serve the local community and extend the degree of autonomy under which they operate.