

**INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO  
FUND INFRASTRUCTURE AND SERVICES**

**Name:** Name suppressed

**Date Received:** 8 April 2024

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Partially  
Confidential

## Submission to Parliamentary Inquiry:

I make this submission as an individual *not* as a representative of any interest group or university  
I am currently  
employed as Professor at an Australian university  
and have had three international adjunct professorships conferred to me in the past by universities in Japan, South Korea and continental Europe. I have over ninety peer-reviewed publications – mostly as first author in A-ranked journals and five books published with a tier 1 outlet. My books include:

I have completed some thirty-eight consulting engagements for Councils across the country on behalf of various universities. I have particular skills in redressing serious fiscal predicaments and am often called on to implement complex remedies when councils face crises. I have also worked abroad on large-scaled projects relating to local government financial sustainability.

I am widely considered to be the leading empirical scholar in my field, which is attested to by the aforementioned publications, international professorships, and editorial board appointments. I hold a fixed-term contract until January 2028 (although I suspect I might be made redundant February 2025 because of a funding shortfall), after which time it is doubtful that my work will be able to continue. There is nobody in the Australian scholarly community that is likely to take over the mantle that I inherited from the great when he retired.

In order to develop and implement efficacious solutions to local government financial sustainability it is first necessary to properly measure the current state of affairs. There is currently no competent regime for measuring financial sustainability in this country. Many extant systems are characterised by flawed metrics, distorted data, perverse incentives to game, arbitrary benchmarks, and extreme synecdoche as I have demonstrated in a host of journal publications. Until we can measure financial sustainability in a reasonable way, we can't hope to improve matters.

Measuring financial sustainability in a competent manner is certainly possible for someone with the requisite empirical skills and knowledge. Unfortunately, decision-makers have been disinclined to engage suitably qualified people to do the work. An example is the national work done in 2006 which was derivative and extremely synecdochal. A further example was the financial sustainability reviews used to justify the *Fit for the Future* program which employed illogical benchmarks, known distorted data, and flawed metrics. As I have written many times, a flawed sustainability measurement regime is worse than useless – it leads to flawed decision-making (as we saw in NSW, which I have evaluated in numerous publications in the best journals in the world).

It would take well over a year to develop a competent system to measure financial sustainability and would require the supervision by someone with suitable empirical skills and knowledge of the field. It may also require changes to accounting reports which often fail to meet the intent of the Australian Accounting Standards, especially with respect to comparability.

Establishing a system for monitoring financial sustainability would only be a first – but essential – step in remedying matters. The next step would be to conduct rigorous research. Notably, I am talking about sensible, peer-reviewed work here, not the crude efforts that state governments around the country have paid commercial consultants top dollar to produce. Only robust work can lead us to efficacious prescriptions. This should be clear to anyone who read

Robust peer-reviewed work will always triumph over giggle-and-guess efforts by people who usually remain nameless (possibly not suitably qualified) and are motivated entirely by profit.

Indeed, scholars have produced volumes of work, that mostly lie unread by decision-makers who seem to prefer to pay consultants for inferior work instead. Until we break this cycle of giving preference to poor quality evidence, we can't expect things to improve. Indeed,

Scholarly work doesn't just allow us to avoid public policy disasters (such as my previous example, notwithstanding the fact that the said work was ignored and we thus experienced the entirely avoidable harm anyhow), but it also challenges pervasive but fallacious assumptions. In my current research program, I am actively engaged in myth-busting. Thus far, I have theoretically and empirically demonstrated a number of findings that have come as a great surprise to many. For instance, I have shown that smaller populations are actually statistically associated with greater financial sustainability, that income heterogeneity in fact increases costs, and that population decline is statistically associated with higher levels of sustainability. I have a long list of projects of this kind that I hope to be able to complete in the future (contingent on funding). I also hope to write a final book detailing what I have learned over two decades of consulting and researching called

(through Routledge this time), but this will not be able to happen unless I can find someone to fund the work (a university is unlikely to pay me for 6-12 months to write a book that earns them next to no income).

It is notable that I have applied for a number of (3-year) Australian Research Council and other grants over the last decade to establish a robust suite of financial

sustainability measures and leverage off this to prescribe efficacious remedies to improve matters. These grants have all been rejected because local government is clearly a low priority to these funders.

The other key to improving financial sustainability is robust education. It is remarkable how many of our General Managers and Directors have no formal training in finance or economics at all. Experience is important, but so is a basic knowledge of economics and accounting. UTS used to run a Masters of Local Government course, but I understand that it will not be re-accredited. Moreover, UTS does not have any *bona fide* local government scholars anymore having made these redundant, or forced them out, because the scholars were unable to generate enough revenue to cover their salaries and on-costs. The course is now apparently being taught by people who do not have postgraduate qualifications – let alone doctorates and publications – and several former students have contacted me to convey their disappointment in the quality of the ‘education’.

Indeed, I tried to start a Master’s level course at another university. However, they elected to establish a Masters of International Business instead, because a course of this latter kind is far more profitable. If we want General managers and Directors who manage budgets in the order of hundreds of million dollars to be appropriately qualified, then clearly higher tier government will need to step in. First, some funding will need to be provided to pay for a suitably qualified person to write the course materials. Second, money will need to be provided to a university to incentivise them to offer the course, instead of an alternative tailored to the lucrative foreign student market. Third, incentives or requirements will need to be established to ensure that senior local government management actually enrol and learn.

Education is powerful as evidenced by some of the many comments that have been provided to me by local government executives completing my subjects in the past:

1. *is intimidatingly intelligent and knowledgeable in the field of local ment economics and finance. Most importantly though, he demonstrates a commitment to expanding the collective knowledge in the field through his own academic contributions and his dedication to deepening his students’ understanding of the moral and ethical principles underpinning local government finance and economics.*
2. *Professor has provided me with a holistic understanding of the theoretical, moral and economic concepts that underpin local government. No amount of experience within the sector could have facilitated the same level of insight and understanding.*
3. *It is a privilege to learn from Professor who is a persistent and methodical scholar with an excellent reputation in the field of local government, as well as a considered and thoughtful teacher.*

But alas, without funding and appropriate incentives, it is unlikely that executives will be provided with these kinds of opportunities in the future.

Indeed, the future of local government scholarship in this country must be considered to be in grave doubt. When the knowledge is gone shortly, then it will be

gone for good. Given the difficulty in establishing oneself as an academic, a lack of mentors, and no realistic potential for funding, it is hard to see how we will be able to draw on necessary expertise in the future. It seems that the federal government may have recognised this many years ago when they funded ACELG – but sadly the millions of dollars largely got spent on international conferences, and paying for piecework by non-academic associates, rather than establishing a body of scholarly evidence. I can thus understand the reticence of any government funding scholarly endeavours in the future – if a higher-tier body was to understand the critical need to inject funds, then it would be essential for them to provide a fixed-term grant for specific work to a *bona fide* scholar, so that it didn't just get frittered away by people pursuing their own utility. Without doing something of this kind, it is hard to see how a local government financial sustainability crisis can possibly be averted.

I am willing to come and provide evidence, if my frank assessment of matters will be welcomed or heeded. There are many matters that I could talk on at length which would likely help the inquiry make good decisions and I am happy to share the scholarly knowledge that I have created over the last few decades with whomever should ask.

Sincerely

27<sup>th</sup> March, 2024.