

Good capital? Examples of successful municipal bond banking and implications for Australian public policy

Abstract: The putative benefits of a variety of types of decentralisation (political, administrative, and fiscal, for example) have been the subject of debate across a range of polities and supra-national political economies for several decades. However, the question of how finance might best follow function – and the attendant oversight of this process – is less resolved. Against the backdrop of reforms to municipal finance in Australia, this paper provides an account of the formation and functioning of the Local Government Finance Authority of South Australia (LGFA) the New Zealand Local Government Funding Agency (NZLGFA) and the Municipal Finance Authority of British Columbia (MFABC). The case studies suggest that own-source sub-national finance can be augmented through the use of such instruments for the deployment of ‘good capital’. The broader introduction of such financial instruments is also considered.

Keywords: Municipal bond banks, municipal debt, municipal finance, municipal bond banks; White Paper on Reform of the Federation.

Introduction

Scholars of local government are adept at representing the putative benefits of decentralised systems of political economy, wherein advantages are accrued based upon ‘finance’ following ‘function’ (Fenna 2007; Robotti and Dollery 2009). However, in many jurisdictions public policies designed to pursue these theoretical advantages can be the source of significant debate (Shah and Shah 2006). Arguably, this is the case in the contemporary Australian context. Against a history of the increasing fiscal dominance of federal government (Philimore 2013) we examine what might be described as the ‘mood for change’ represented in the Abbott Government’s announcement of the ‘White Paper on the Reform of the Federation’ (PM 2014) and the potential contribution that instruments of sub-national finance, specifically municipal bond banks, could make to a more decentralised fiscal landscape.

Our discussion here proceeds from an examination of the ‘Terms of Reference’ (‘ToRs’) of the White Paper on the Reform of the Federation and a brief account of contemporary municipal finance in Australia. Following this, drawing on the work of Dollery, Kortt and Grant (2013) we examine the workings of three sub-national municipal bond banks, the Local Government Finance Authority of South Australia (LGFA), the New Zealand Local Government Funding Agency (NZLGFA) and the Municipal Finance Authority of British Columbia (MFABC). We argue that these institutions provide examples of subnational finance pointing to a direction for decentralising reforms; also to a form of social democratic capitalisation that *prima facie* avoids being grounded in merely the motive for financial gains.

Municipal finance in Australia

Despite being consistently described as the ‘poor cousin’ of Australia’s three-tier federal system of government (see, for example, Aulich 2005) Australian local government is a significant element of the nation-state’s political economy. For example, it employs approximately 145,000 people; it has an infrastructure value of \$106.3 billion and collects \$6.4 billion in rates annually (ALGA 2014a). Local government finance in Australia has several main features. First, notwithstanding the high degree of vertical fiscal imbalance that characterises the federation, in aggregate Australia’s 562 local governments are largely self-funded, with own-source revenue comprising on average 83 per cent of all income and grants from state and federal governments comprising approximately nine percent of revenue (LGNR 2013: 12). Second, state-based Local Government Grants Commissions (LGGCs) award federally-supplied grants to individual municipalities according to principles of inter-municipal equity (Dollery et al 2013: 2). Third, while local governments in all jurisdictions

have been awarded residual authority beyond *ultra-varies* in the last two decades, compared with its international counterparts in many settings the activities of the sector are heavily (although variably) monitored and constrained (Grant and Dollery 2012; Dollery, O'Keefe and Crase 2009). Fourth, local governments have been subject to acts of financial *largesse* by federal government. Historically Labor governments have awarded monies framed by policy considerations of nation-building, equity and regional economic prosperity. Alternatively, conservative governments have channelled monies for the purposes of maintaining road and road stock (Kelly, Dollery and Grant 2009; ALGA 2014b). Fifth, despite some observations to the contrary (see, for example, PC 2014: 2) Australian local government is consistently viewed as not having the fiscal capacity to renew the large stock of infrastructure – particularly transport infrastructure – that falls under its purview (Dollery et al 2013). Finally and perhaps ironically, notwithstanding the great diversity across the Australian local government sector, municipalities generally carry 'extraordinarily low levels of debt relative to the security [of] their income base and the nature of [their] responsibilities' (Comrie 2013: i). This is so much the case that 'on average, councils have more money in the bank than they have debt' (Comrie 2013: i).

Reform context: White Paper on the Reform of the Federation

It is against this backdrop that the Abbott Government's initiation of two White Papers, the 'White Paper on the Reform of the Federation' and the 'White Paper on Reform of Australia's Taxation System' were announced in June 2014 (PM 2014). At the time of writing, the ToRs for the 'White Paper on Reform of Australia's Taxation System' were yet to be released. However, a brief consideration of the ToRs of the White Paper on Reform of the Federation in this context is instructive. In particular, it serves to link our consideration of the arguments for decentralisation mentioned in the introduction with the examination of municipal financial instruments that follows.

For the most part the ToRs adopt a tone of what might be described as 'economistic administrative neutrality'. For example, the objectives of 'efficiency', 'effectiveness' and 'accountability' are initially identified with *inter alia* several aims: 'to reduce and end, as far as possible, the waste duplication and second-guessing between different levels of government'; 'to achieve a more efficient and effective federation, and in so doing, improve national productivity; and to 'ensure our federal system ... is better understood and valued by Australians', 'has clearer allocation of roles and responsibilities'; 'enhances governments' autonomy, flexibility and efficiency and political accountability and supports Australia's economic growth and international competitiveness' (PM 2014).

However, these goals are combined with statements representative of the idea that 'finance should follow function'. For example: 'The White Paper will seek to clarify roles and responsibilities to ensure that, as far as possible, the States and Territories are *sovereign in their own sphere* (PM 2014; emphasis added). Further, under 'Issues to be considered', the ToRs *inter alia* state: '[C]onsideration will be given to: 'the practicalities of limiting Commonwealth policies and funding to core national interest matters'; 'reducing or, if appropriate, eliminating overlap between Local, State and Commonwealth responsibility' and 'achieving agreement between State and Commonwealth governments about their distinct and mutually exclusive responsibilities and subsequent funding sources for associated programmes'. The ToRs recognise a role for overlapping responsibilities between jurisdictions (for example, one of the aims of the White Paper is to 'achie[ve] equity and sustainability in the funding of any programmes that are deemed to be the responsibility of more than one level of government'). However, arguably this is more of a concession to the idea of jurisdictional integrity than an endorsement of 'cooperative federalism' (see, for example, Head 2006; Phillimore 2013). Moreover, 'subsidiarity', defined as 'where responsibility lies with the lowest level of government possible, allowing flexible approaches

to improving outcomes' is listed alongside other values ('equity, efficiency and effectiveness of service delivery'; 'accountability for performance in delivering outcomes'; 'fiscal sustainability') that are to inform the drafting of the White Paper. Additionally, while the ToRs state that consideration must be given to horizontal fiscal equalisation on equity grounds, it is also asserted that any reforms 'needs to be implemented in a way that avoids creating disincentives for [States] to improve their own revenue generation or to make the reforms necessary to improve the operation of their economies' (PM 2014).

On this interpretation, the White Paper presents the possibility of radical reform, if not the probability of this eventuating. In particular, the endorsement of the 'value' of subsidiarity in the ToRs can be described as 'unfriendly' to extended power of the Commonwealth, but 'not unfriendly' to possibilities for increased responsibilities *and* authority of both state governments and potentially local governments: The ToRs suggest that the issue of 'finance following function' ought to be grasped in the forthcoming White Paper.

Understood as described above, the discussion of subsidiarity and sub-national sovereignty is overwhelmingly concerned with reforming the relationship between the Commonwealth and its constituent states in Australia's federation. Framed as such, local and regional structures of government and governance form a relatively minor area of interest in the sense that they can legitimately be viewed as mere creatures of state government statute, rather than the well-springs of a thriving democratic polity. Further, these alternative views, wherein local government is conceptualised as either a merely the efficient provider of services, or the foundation of democratic participation, represent not merely different ideological positions concerning the role of government in Australia's political economy, but also important elements of Australia's party-political history (see, for example, Kelly, Dollery and Grant 2009). However, arguably, encouraging the development of municipal bond banking in the Australian context comprises a possible option for 'finance following function' and thereby, if cogently argued and ethically defensible, a means to move beyond the party-political nature of local government in Australia's political history. The next section of the paper provides an 'ideal-type' account of the functioning of municipal bond banking and examines the functioning of t such extant institutions.

Municipal bond banks

Dollery et al (2013: 231-2) defined a municipal bond bank as: 'an entity that sells its own securities and relends bond proceeds to local government entities'. It is important to note that this generic definition can include public institutions, for-profit firms or non-profit organisations, as is the case in the United States (see, for example, Mysac 2012). However, securities issued by municipal bond banks nonetheless rely upon the same fundamental asset for securitisation, namely a tax base. Further, while municipal bond banks can issue bonds for a variety of reasons, such as the financing of infrastructure, the issuance of long-term bond pools for the purpose of refinancing existing debt is common (Dollery et al 2013: 234).

The rudimentary mechanics of bond banks are conceptually simple; this is one element of their appeal. Drawing on the fact that local governments are legislatively empowered to tax (in particular, land) a financial institution – a bond bank – can be legally created. This bond bank then issues bonds for sale (i.e.: offering a return of interest paid over a specified time period of maturation) in a variety of markets: For example, municipal bonds can be issued on the 'open market' – where they compete against a range of other investment products (shares; bonds offered by other governments, for example). Alternatively municipal bonds can be offered for sale to select clients; in some cases (as we shall see) only municipalities themselves.

The bond bank then uses the cash acquired through the sale of bonds to acquire debt obligations from participating councils and in some cases other legal entities. In this sense bond banks are indeed banks – they derive an income from lending money – but they can also

be defined as a ‘chain good’ in economic theory (McNutt 1994), and can also be classified as a ‘shared service’ (see, for example, Dollery, Grant and Kortt 2012). Loans to participating entities are then repaid to the bond bank according to an agreed upon schedule and these monies in turn are used to repay investors. Security for the bonds is reinforced by the fact that in most instances municipalities are borrowers from a particular municipal bond bank, and as such their tax bases all form an element to the underlying solvency of the bank. In many instances sovereign governments guarantee the bonds. This high level of security affects the yield able to be offered by the bonds, low risk resulting in low yield. However, an advantage is that the price of finance to participating entities – the interest on loans made to local governments – can be kept below commercial rates.

This simple account of the operation of municipal bond banks by no means implies that these types of financial institutions are immune from failure or, indeed, immune from sophistry, in the sense, for example, that many financial institutions and specific credit instruments have been in recent memory, particularly in association with the Global Financial Crisis (see, for example, McKibbin and Stoeckel 2010). Nor does it account for additional theoretical advantages and disadvantages of these institutions (Dollery et al 2013: 233-236). In fact, scholarship concerned with both the theory and operation of municipal bonds is expansive, particularly in the United States where in 2012 the ‘mini-bond’ market comprised \$3.7 trillion (Doty 2012 xiv; see also Feldstein and Fabozzi 2008; O’Hara 2012; Johnson, Martin and Moldogaziev 2014). However, rather than engage in a general description of municipal bonds we provide an account of three extant municipal bond banks as illustrative examples of the type of diversity that can characterise these institutions. These examples have been drawn from Dollery et al (2013) but have been updated and contextualised for our discussion here.

The Local Government Finance Authority of South Australia

The first illustrative example is the Local Government Finance Authority of South Australia (LGFA). The LGFA was established in January 1984 under the *Local Government Finance Authority Act 1983*. The Authority is a statutory corporation of the South Australian Government, operating under the *Public Corporations Act 1993* (Dollery et al 2013: 239-240). All local councils in South Australia are automatically members, although the use of LGFA by those councils for investment and loans purposes is entirely voluntary – in other words they can choose to source funds from commercial banks. Nevertheless, in 2012/2013, every council in South Australia had transacted business with LGFA (LGFA 2013: 5). In accordance with the *Local Government Finance Authority Act 1983*, all liabilities are guaranteed by the Treasurer of South Australia (LGFA 2013: 12). The LGFA is overseen by a seven-member Board of Trustees derived from state and local government, all of whom serve for two years.

In concert with the general description of municipal bond banks offered above, the functions of LGFA are to develop and implement a borrowing and investment program for the benefit of councils and prescribed local government bodies, and to engage in other financial activities as determined by the Minister for Local Government in consultation with the South Australian Local Government Association (Auditor-General 2013: 965). The LGFA utilises a number of financial instruments, including loans and held-to-maturity financial assets (i.e.: bonds), which can be disposed of in an existing market if required (Auditor-General 2013: 966). In essence, the LGFA operates as a bank, the exclusive clients of which are South Australian local authorities and Prescribed Local Government Bodies to whom it offers funds on flexible terms. The LGFA offers fixed-rate and floating-rate types of loans, and several types of secure investments, namely ‘at call deposits’, ‘short term deposits’ ranging from 30 to 180 days, and ‘long term deposits’, which vary from one to five years (Dollery, et al 2013: 242).

The LGFA is a modest financial institution. In the financial year 2012/2013 it generated a profit of \$4.350 million before tax (LGFA 2013: 5). Based on an audit carried out by the South Australian Auditor-General for the year ended 30 June 2012, the Statement of Financial Position showed net assets of \$55.5 million; net loans and advances to customers increased by \$50.9 million; and deposits from customers increased by \$37.6 million (South Australian Auditor-General 2013: 961). As of March 2014, the LGFA was able to ‘celebrate 30 years of success’ (LGFA 2014).

In the Australian context there is debate over the ‘suboptimal use of debt finance within local government and speculation that this is contributing to an under-provision of infrastructure by the sector’ (see, for example, Ernst and Young 2013: 1). There have been calls for the establishment of a national collective financing vehicle for the local government sector that could address this suboptimal use of debt (Dollery, et al 2013). Were such a body to come into being, there would be likely implications for the ongoing functioning of the LGFA in South Australia.

New Zealand Local Government Funding Agency

The New Zealand Local Government Funding Agency Ltd (NZLGFA) was enabled under the *Local Government Borrowing Act 2011* and was incorporated on 1 December 2011 (New Zealand Local Government Funding Agency 2011). The NZLGFA is a ‘Council Controlled Organisation’ (CCO) operating under the *Local Government Act 2002*, and is owned by 30 Local Authority Councils and the Crown. LGFA operates on the basis of the primary objective of ‘optimising the debt funding terms and conditions for participating locals authorities’ (NZLGFA 2014a: 6). It does so by providing the New Zealand local governments with:

- estimated savings in annual interest costs;
- longer-term borrowings; and
- greater certainty of access to debt market, subject to them operating in accordance with sound business practice (NZLGFA 2014a: 6)

Similar to the South Australian LGFA, the NZLGFA conforms to the Dollery, Grant and Kortt (2012) definition of a ‘vertical shared service’. It issues bonds on the open market which are secured by the capital value of New Zealand local government and from which member councils can then draw upon for funding purposes. In other words, the NZLGFA provides access to a potentially far larger source of funds, provided that investors find the bonds attractive in terms of both security and rate of return (Dollery et al 2013).

The NZLGFA has a Board of Directors which is responsible for the strategic direction and control of the organisation’s activities (NZLGFA 2014b: 5). The Board comprises between four and seven directors, with a majority of independent directors who are required to comply with a formal Charter, meet on a regular basis (no less than six times a year) and adhere to a ‘no surprises approach’ in its dealings with its shareholders (NZLGFA 2014b: 5-7). This includes providing shareholders with an Annual Report (including a ‘Directors’ Report’, a ‘Financial Statement’ and an ‘Auditor’s Report’), a ‘Half Yearly Report’, providing the Director’s commentary on operations for the relevant six month period, and a ‘Statement of Intent’ are delivered to Shareholders on or before 30 June each year. All of these documents are made available to the public on the organisation’s website.

The NZLGFA issued its inaugural bonds on 15 February 2012. Local demand was expected from institutional fund managers, retail investors and financial institutions. Demand was also expected from global investors on the basis that the bonds would be tax free to offshore investors (NAB 2012). By March 2012 all of NZLGFA debt issues had been fully subscribed, in every case investors having sought many more bonds than the offered volume (Dollery et al 2013). There are expectations that the LGFA will ‘grow to be the second largest NZ

borrower after the central Government' (National Australia Bank 2012: 1). The net operating profit for the half-year ended 31 December 2013 was \$3.27 million, which was \$0.09 million ahead of the forecast in the 'Statement of Intent'. LGFA has strong credit fundamentals: Both Standard and Poor's and Fitch rated the securities AA+ for the local currency and AA for foreign currency, the same as the New Zealand sovereign ratings (NZLGFA 2014a: 3). In its credit rating for the NZLGFA, Standard and Poor's (2011) noted that its strengths included, first, an 'extremely high' likelihood of extraordinary support from the New Zealand government and second its single-purpose focus in lending to the country's local government sector. Nevertheless, one weakness identified was a modest earnings capacity, reflecting the Agency's low-risk and not-for-profit role. The organisation was also described as similar to municipal funding agencies in countries such as Sweden, Denmark, Finland and Japan, all of which supply low-cost funding to their respective local government sectors (Standard and Poor's 2011: 3). The NZLGFA operates under favourable policy conditions in the sense that the *Local Government Act 2002* [New Zealand] as amended in 2013, recognises 'the crucial role local government plays in developing, attracting and retaining local economic activity to create business friendly environments'. This includes investing over \$8 billion in infrastructure and services annually to enable businesses to operate effectively (Local Government New Zealand 2014).

The Municipal Finance Authority of British Columbia

The Municipal Finance Authority of British Columbia (MFABC) is a somewhat more complex institution. It was established in 1970 under the *Municipal Finance Authority Act* to provide 'long-term and short-term financing for regional districts and their members municipalities, regional hospital districts and other prescribed institutions in British Columbia (BC)' (MFABC 2013: 8). The implementation of the Authority was grounded in the logic of accruing economies of scope and scale for all municipalities in the Province, yet its formal establishment was a vexatious issue at the time, with opponents arguing that borrowings of individual municipalities should be underwritten by the Province itself. This opposition was circumvented by local governments within each regional district being joint and severally liable for each other's long-term debt borrowings through the Authority – in essence the 'tax base' for the authority was at the time of inception and remains a theoretical one residing at the district level as opposed to local or provincial or local level (Bryant 2011: 1).

As of 2013, the Authority was governed by 39 members appointed from each of the 28 regional districts within the province. The members meet twice a year and approve appointments to a ten-member Board of Trustees, which exercises executive and administrative powers and duties, including policy, strategy and business plans (MFABC 2014). Since its founding, the Authority has focused on providing long-term capital financing for its clients for periods of five to 30 years (MFABC 2014). The range of financial services was expanded in the early 1990s by the inclusion of short-term investment opportunities (up to a maximum of five years), interim financing (bridge funding in advance of revenue collections of for those awaiting long-term borrowing); and leasing (floating rate financing of capital leases for terms up to five years). The Authority also facilitates access to its clients for pooled investments (fixed income mutual funds offering investing opportunity for operating cash or surplus funds) managed by a professional investment firm. It also operates a 'Municipal Investment Plan', which is a portal for municipal employees and elected officials to access self-directed investment opportunities at reduced management fees (MFABC 2014). The *Municipal Finance Authority Act* also requires the establishment of a 'Debt Reserve Fund', which accumulates by withholding one per cent of principal amounts of each loan request. Under the provision of the Act, the Authority has unfettered access to the full property assessment base in the province without requiring approval of any senior level of government. If the Debt Reserve Fund is required to meet obligations, and payments cannot

be recovered under the terms of the loan agreements with the regional district, the Trustees may impose a tax on British Columbia taxable land and improvements to restore the fund. The loan agreements stipulate that the Authority will invoice clients for principal payments and interest charged at the regional district level. The regional districts are then responsible for the collection of funds subsequently lent to member municipalities. The loan repayment process follows a 'sinking fund' methodology in which clients repay principal amounts in equal annual instalments. Funds received are invested by the Authority and held as an offset against the associated source of financing, which is typically accomplished through providing clients with budget certainty (a fixed loan repayment stream), while eliminating the requirement for 'balloon payment's at loan expiry (MFABC 2013: 11).

The Authority has been described as 'a good example of the mutual guarantee model' of financing for local governments (Ernst and Young 2013: 4). Unlike the LGFA in South Australia, it issues bonds on the open market and as thus has access to a far greater quantum of funds. The transactions of the Authority are *not* guaranteed by government, which again is different from the LGFA. It is nevertheless a 'vertical shared service' – as defined by Dollery et al. (2012) – due to the fact that the equity for the Authority resides in the taxing power of British Columbia's Regional Districts that were created in 1968, and not in the municipalities themselves. Its *modus operandi* is grounded in operations other than profit maximisation, especially in providing a source of credit to local government authorities and other entities. The secure nature of the Authority, grounded in the taxation capacity of the regional district system, sees it enjoying the highest possible credit rating. As a consequence, it is able to borrow at extremely low rates, to offer loans to its constituent members at extremely competitive rates, and to develop a range of additional financial instruments, including Pooled Investment Funds and a vehicle for local authorities to invest excess funds. While it is obliged to offer low yields on deposits, these deposits are nonetheless regarded as very secure (Dollery et al. 2013: 254).

Observations

Having set out the salient characteristics of local government finance in Australia, we have noted that the system is characterised by high degrees of own-source funding alongside a high degree of VFI – although the imbalance is between state and federal government. Further, the system of public administration is grappling with the issue of sub-national finance: The 'White Paper on the Federation' may not amount to structural reform of finance; alternatively it may entail reinforcement of state fiscal authority. In this context municipal bond banks provide one course of public policy, particularly to buttress own-source revenue beyond its already high levels.

There have been some recent indications that institutions of this type are being developed in jurisdictions other than South Australia. At the time of writing the Municipal Association of Victoria (MAV) was poised to establish a pooled borrowing vehicle for councils, bonds for which will be issued as secure obligations of the MAV in a similar way that they are issued by the LGFA and the MFABC. On October 9 Moody's Investor Services assigned an Aa2 issuer rating to the LGFV, stating: 'The very high credit quality of the participating councils and the mature and supportive institutional framework under which they operate support the ratings' (Moody's 2014). Similarly, the NSW Government's response to the Independent Local Government Review Panel (ILGRP) has agreed with a recommendation that the statutory finance authority of that state, Treasury Corporation, develop a low-cost borrowing facility for local government bodies in that jurisdiction – although the eventual shape of this facility is still unclear (NSW Government 2014: 5). However (arguably) these new financial instruments ought not to be viewed as being capable of replacing extant grants from the federal government through the states' grant commissions.

As we have already noted in this paper, the theoretical simplicity of ‘ideal-type’ municipal bond banks ought not to lead us into assuming that they are immune from institutional sophistry. This potential problem is noteworthy, for while sub-national debt is not *prima facie* sovereign debt this does not militate against the requirement for careful design, maintenance and oversight of institutions by higher tiers of government. Nevertheless, conceivably municipal bond banks could be used to assist with the financial requirements of groups of smaller local governments and for serving local demand for investments. That ‘the devil is in the detail’ of the design of particular institutions and regimes of oversight is our final point in this brief discussion. Perhaps most intriguingly, further research would appear to be required to combine studies in public administration, political economy and financial economics in a bid to satisfy investigating options for ‘finance following function’ in the context of decentralisation. More importantly, it would be remiss for those scholars with a declared interest in political economy not to pass a keen eye over the development of such financial instruments, rather than leave their design and potential proliferation to those with a narrower view of the efficacy of such institutions.

References

- ALGA [Australian Local Government Association]. (2014a) 'Home'. Available: <http://alga.asn.au/?ID=59&Menu=41,83> [accessed 17 November 2014].
- ALGA [Australian Local Government Association]. (2014b) Financial Assistance Grants payments. Available: <http://alga.asn.au/?ID=12528> [accessed 18 August 2014].
- Aulich, C. (2005) 'Australia: Still a tale of Cinderella?' Denters, B. and Rose, L. E. (eds), *Comparing Local Governance – Trends and Developments*. Palgrave Macmillan: London.
- Bryant, R.T. (2011) '40 years of history: Municipal Finance Authority of British Columbia', from the 2010 Annual Report of the Municipal Finance Authority of British Columbia. Available: <http://mfa.bc.ca/pdfs/MFA201> [accessed August 2014].
- Comrie, J. (2013) 'Debt is not a dirty word: The role and use of debt in local government'. Report prepared for Australian Centre for Excellence in Local Government (ACELG) and Institute of Public Works Engineering Australasia (IPWEA). Available: [file:///C:/Users/119416/Downloads/ACELG_Role-Use-of-Debt%20\(1\).pdf](file:///C:/Users/119416/Downloads/ACELG_Role-Use-of-Debt%20(1).pdf) [accessed 18 August].
- Dollery, B. E., Grant, B. and Crase, L. (2010) 'Not what they seem: An analysis of strategic service delivery partnerships in local government', *Australasian Canadian Studies*, 28(2), pp. 59-74.
- Dollery, B. E., O'Keefe, S. and Crase, L. (2010) 'State Oversight models for Australian local government', *Economic Papers*, 28(4), pp. 279-290.
- Dollery, B., Kortt, M. and Grant, B. (2013) *Funding the Future: Financial sustainability and infrastructure finance in Australian local government*. The Federation Press, Sydney.
- Dollery, B.E., Grant, B. and Kortt, M. (2012) *Councils in Cooperation: Shared Services and Australian Local Government*. The Federation Press, Sydney.
- Doty, R. (2012) *Bloomberg Visual Guide to Municipal Bonds*. Bloomberg Press, New Jersey.
- Ernst and Young. (2013) *National financing authority for local government: Options assessment*. Report prepared for the Department of Regional Australia, Local Government, Arts and Sport. Ernst and Young, Melbourne.
- Feldstein, S. G. and Fabozzi, F. J. (eds), (2008) *The Handbook of Municipal Bonds*. John Wiley & Sons, New Jersey.
- Grant, B. and Dollery, B. E. (2012) 'Autonomy versus oversight in local government reform: The implications of "home rule" for Australian local government'. *Australian Journal of Political Science* 47(3), pp. 99-214.
- Head, B. (2006) 'Taking subsidiarity seriously: What role for the states?' in Brown, A. J. and Bellamy, J. (eds), *Federalism and regionalism in Australia: New approaches, New institutions?* ANU E Press, Canberra, pp. 155-170.
- Johnson, C. L., Martin, J. L. and Moldogaziev, T. T. (2014) *State and Local Financial Instruments: Policy Changes and Management*, Edward Elgar Cheltenham.
- Kelly, A., Dollery, B. E. and Grant, B. (2009) 'Regional development and local government: Three generations of federal government intervention'. *Australasian Journal of Regional Studies* 15(2), pp. 171-193.
- LGNR [Local Government National Report]. (2013) *Local Government National Report*. Available: <http://regional.gov.au/local/publications/reports/index.aspx> [accessed 3 September 2014].
- LGFA [Local Government Finance Authority of South Australia] (2013) *Annual Report 2013*. LGFA, Adelaide.
- LGFA [Local Government Finance Authority of South Australia] (2014) *LGFA Newsletter, Issue 2, March 2014*.

- Local Government New Zealand (2014) *Business Friendly Councils: Guidelines and case studies from New Zealand's Core Cities*. Local Government New Zealand, Wellington.
- McKibbin, W. J. and Stoeckel, A. (2010) 'The global financial crisis: Causes and consequences', *Asian Economic Papers* 9(1) pp.54-86.
- McNutt, P. (1999) 'Public goods and club goods', in B. Bouckaert and G. de Geest, (eds), *Encyclopaedia of Law and Economics*. Edward Elgar, Cheltenham.
- Moody's Investor Service. (2014) 'Moody's assigns Aa2 issuer rating to the local government funding vehicle set up by the Municipal Association of Victoria (Australia)'. Available: https://www.moodys.com/research/Moodys-assigns-Aa2-issuer-rating-to-the-local-government-funding--PR_306575 [accessed 9 October 2014].
- MFABC [Municipal Finance Authority of British Columbia]. (2013) *Annual Report 2013*. Municipal Finance Authority of British Columbia, Victoria.
- MFABC [Municipal Finance Authority of British Columbia]. (2014) 'Who is the Municipal Finance Authority?', Available: <http://mfa.bc.ca> [accessed August 2014].
- Mysac, J. (2012) *Encyclopaedia of Municipal Bonds: A Reference Guide to Market Events, Structures, Dynamics, and Investment Knowledge*, John Wiley and Sons: New Jersey.
- NAB [National Australia Bank]. (2012) 'Launching NZ Local Government Funding Agency (LGFA) Bonds', Available: <https://www.wholesale.nabgroup.com/sites/research/Publications/2012/Interest%20Rate%20Strategy%20%5BNew%20Zealand%2013-2-2012%5D7044.pdf> [accessed August 2014].
- New Zealand Government. (2011) *Local Government Borrowing Act 2011, Public Act 2011 No 77*. Government of New Zealand, Wellington.
- NZLGFA [New Zealand Local Government Funding Agency] (2011) *New Zealand Local Government Funding Agency*, <http://www.lgfa.co.nz/>, [accessed August 2014].
- NZLGFA [New Zealand Local Government Funding Agency] (2014a) *Half Year Report 31 December 2013*, <http://www.lgfa.co.nz/en/Investors/~media/LGFA/Files/Annual%20Reports%20and%20SOI%20Upload%20July%202014/1312%20Half%20Year%20Draft%20FINAL.ashx>, accessed August 2014.
- NZLGFA [New Zealand Local Government Funding Agency] (2014b). *Statement of Intent 2014/15*, Available: <http://www.lgfa.co.nz/en/Investors/~media/LGFA/Files/Annual%20Reports%20and%20SOI%20Upload%20July%202014/SOI%202014-15%20FINAL.ashx> [accessed August 2014].
- Standard and Poor's. (2011) *Ratings Direct: New Zealand Local Government Funding Agency Ltd*. Global Credit Portal. Standard and Poor Financial Services, subsidiary of the McGraw-Hill Companies, Inc., Melbourne.
- NSW Government. (2014) 'Fit for the future: NSW Government response. Independent Local Government review Panel and Local Government Acts Taskforce recommendations'. Available: <http://www.fitforthefuture.nsw.gov.au/sites/fftf/files/NSW-Government-Response-Panel-and-Taskforce-recommendations.pdf> [accessed 8 October 2014].
- O'Hara, N. (2012) *The Fundamentals of Municipal Bonds* (6th ed). Securities Industry and PC [Productivity Commission]. (2014) *Public infrastructure*. Productivity Commission Inquiry Report Volume 1, Available: http://www.pc.gov.au/_data/assets/pdf_file/0003/137280/infrastructure-volume1.pdf [accessed 3 September 2014].

- PM [Prime Minister of Australia. The Hon. Tony Abbott MP]. (2014) 'White Paper on the reform of the federation' Available: <https://www.pm.gov.au/media/2014-06-28/white-paper-reform-federation> [accessed 18 August].
- Robotti, L. and Dollery, B. E. (2009) 'Structural reform, revenue adequacy and optimal tax assignment in local government', *Commonwealth Journal of Local Governance*, 3, pp.52-67.
- Shah, A. and Shah, S. (2006) 'The new vision of local governance and the evolving roles of local government' in Shah, A. (ed), *Local Governance in Developing Countries*. The World Bank: Washington.
- South Australian Auditor-General. (2013) 'Audit of the Local Government Finance Authority of South Australia' Available: <http://www.audit.sa.gov.au/publications/10-11/b/b2/Local%20Government%20Finance%20Authority%20of%20South%20Australia.pdf> [accessed August 2014].
- Standard and Poor's. (2011) *Ratings Direct: New Zealand Local Government Funding Agency Ltd*. Global Credit Portal. Standard and Poor Financial Services, subsidiary of the McGraw-Hill Companies, Inc., Melbourne.