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Commonwealth Journal of Local Governance

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PREFACE

Carl Wright
Secretary-General
CLGF

Welcome to this first edition of the Commonwealth e-Journal of Local Governance.

The Commonwealth Local Government Forum (CLGF) was set up in 1995 in response to moves towards greater decentralisation and local democracy in the Commonwealth. Since its inception, it has gone from strength to strength in pursuing its mission of promoting local democracy and good governance in the Commonwealth, supporting local government capacity-building and practitioners work, and maintaining a network of those working in or alongside local government to exchange ideas and best practice.

Commonwealth Heads of Government welcomed the establishment of CLGF at their meeting in Auckland in 1995 and CLGF's work has subsequently been acknowledged and endorsed at the biennial CHOGMs. In 2005 they recognised CLGF's *Aberdeen Agenda: Commonwealth Principles on Good Practice for Local Democracy and Good Governance* as an integral part of the Commonwealth commitment to fundamental political values.

CLGF believes that sharing experience, skills and ideas internationally is hugely beneficial to those who are involved in local government or in making local government policy. It encourages knowledge-sharing through conferences, seminars and events, through partnership projects and technical support and via its publications. Recent themes have included funding for local government, the inclusive city, local government and community leadership, and intergovernmental relations. The Commonwealth Local Government Good Practice Scheme is a major programme that links councils to work together on specific issues such as local government finance and revenue collection, economic development, and improving basic services such as water and sanitation.

CLGF currently has 180 members in over 40 Commonwealth countries. Mayors, council leaders, ministers, representing all regions of the

Commonwealth, come together on the CLGF Board and set the broad policy framework for the organisation.

As part of its membership, CLGF has a number of associate members representing training and research institutions across the Commonwealth with an interest in local government. They play an important role in CLGF, helping it bring together research and practice to deliver its objectives and remain focused and relevant to members' needs.

Associate members held a research colloquium in Auckland, New Zealand in March 2007 prior to CLGF's major event – the Commonwealth Local Government Conference (a biennial conference that brings together the movers and shakers in Commonwealth local government to discuss key issues and guide future policies and work). One of the outcomes of this colloquium was the idea to establish a Commonwealth e-Journal of Local Governance as a means of disseminating advances in research and practice and generating discussion amongst academics and practitioners in this field.

This first issue covers many topical and key themes from intergovernment relations to community indicators and neighbourhood governance to methods of delivering aid, as well as practitioner notes from projects in a number of our member countries. As the idea for the e-journal came about in Auckland, it is appropriate that there is an emphasis on the Pacific in this issue. The partnership between CLGF and researchers is especially evident in the CLGF Pacific Regional Project where our regional office works closely with the University of the South Pacific and universities in Australia and New Zealand.

We are grateful to the University of Technology, Sydney (UTS) for making its e-press facility available for the journal, to members of the editorial board, and to the contributors to this first edition for their hard work in getting the journal up-and-running. In particular I would like to thank Graham Sansom, Director of the Centre for Local Government at UTS and a member of the CLGF Board, for his enthusiasm and drive in putting together this first edition and providing the overall editorial direction.

I hope that you will find the journal stimulating and thought-provoking and look forward to your feedback. We also welcome appropriate contributions from our members and others for future issues.

Carl Wright
Secretary-General, CLGF

EDITORIAL

Graham Sansom
UTS Centre for Local Government
and Editor

This first issue of the Commonwealth e-Journal of Local Governance focuses largely on the Pacific region, but the issues discussed resonate throughout the Commonwealth. It highlights a number of common themes linking research and practice in New Zealand, Australia, Malaysia and the United Kingdom, as well as opportunities and mechanisms to build capacity in the developing countries of the Pacific and elsewhere.

The journal's purpose is to bring together perspectives of both researchers and practitioners from Commonwealth countries, and to disseminate information, ideas and practice. To achieve this objective, it will include a wide range of contributions grouped under four headings.

- **Research and Evaluation:** peer reviewed research papers, typically 6-8000 words
- **Commentary:** shorter scholarly pieces that put forward a particular viewpoint on an area of research or practice
- **Practice:** articles describing current practices in local governance and development
- **News and Reviews:** short notes on current or forthcoming events, and book reviews.

As well, the journal will from time to time publish special articles or background papers to provide in-depth information on a particular aspect of local governance or development in the Commonwealth. This issue includes a background paper on local government in the South Pacific that discusses what 'local government' means in the region's mostly small island states; how it relates to traditional governance; how systems of local government are developing and the challenges they face, especially in terms of funding and resources; and some of the steps being taken to build capacity and initiate necessary reforms. Data is limited and this is very much a work in progress, but a valuable contribution nonetheless, and a building block for further research.

The four peer reviewed research papers and several other contributions to this issue focus on the inter-related issues of local government's place in the system of government and how it interacts with central governments; its key role in bringing about effective neighbourhood governance and addressing neighbourhood disadvantage; and the use of community indicators to inform local strategic planning.

Christine Cheyne examines the recent evolution of a strong central-local government partnership in New Zealand, linked to new legislation that empowers local government to promote social, economic, environmental and cultural wellbeing. She suggests that despite some ongoing tensions and a continuing mismatch in the balance of power between central and local government, there has been a discernible improvement in inter-governmental relations and what may be termed a 'localist turn'. Peter McKinlay's practice note provides further detail on associated developments in New Zealand, specifically the recent inquiry into local government rating (property tax), and the Royal Commission established to review governance of the Auckland metropolitan region – in which central-local relations are a key factor.

Graham Sansom's commentary also echoes some of the issues raised by Cheyne. He outlines some of the challenges for Australian local government in dealing with the new federal Labor government and its ideas for improving the operation of the federal system. Similarly, Phang Siew Nooi's commentary on recent trends in Malaysia deals with central-local relationships in a federation where power is increasingly concentrated at the federal level and local government's future is far from clear.

Ali Memon and Karen Johnston pick up the themes of local strategic planning and the promotion of wellbeing in the context of formulating and applying appropriate community indicators. They explore the issues involved in developing suitable indicators both at local and regional levels, and as part of a national system. Institutional barriers associated with the lack of national frameworks, and with gaps in working relationships between central and local governments, emerge as a significant obstacle.

Harriet Churchill's paper on the challenges of neighbourhood governance in England looks at the potential to enhance both decentralised service delivery based on local partnerships, and more effective community engagement. She notes that recent local government reforms provide opportunities for major improvements in the way neighbourhoods are serviced and governed, but wonders whether there is sufficient recognition within central government of the full gamut of changes and supportive policies required.

Jason Prior explores similar issues in the context of New South Wales, Australia, looking at the problem of concentrations of disadvantage in specific urban neighbourhoods, and the emergence of a range of policies

and programs that utilize integrated forms of governance to address the issues involved. He argues that local governments are amongst the most effective drivers for these integrated governance approaches, but that effective action requires a transformation of the way councils are organized and operate. There are close parallels between emerging approaches to neighbourhood governance and local strategic planning in Australia, New Zealand and England.

The practice note on planning for sustainability in New South Wales local government by Jade Herriman, Emma Partridge, and Mick Paddon complements the contributions by Prior and Memon and Johnston, by describing the processes undertaken by three councils to formulate broadly-based local sustainability strategies, including in one case the development of a substantial set of community indicators. They argue that sustainability indicators can be highly effective not only in informing the community about progress towards or away from agreed goals, but also *engaging* them in the process of developing strategies and actions in response.

The commentary by Philip Amis and the practice notes by Lucy Slack and by Terry Parker and Megan Praeger turn to the issues of supporting decentralization and the strengthening of local governance in developing countries. Philip Amis reflects on changes in the way development aid is being delivered and whether the new modality of general budget support will support or hinder attempts to decentralize responsibilities to local governments and increase local democratic accountability. Lucy Slack, Terry Parker and Megan Praeger detail the ongoing efforts of the Commonwealth Local Government Forum and its partners to strengthen democratic local government across the Commonwealth and specifically in Pacific island countries. The CLGF Pacific program and related projects in the Solomon Islands and Papua New Guinea highlight the need to work on a very broad front to bring about effective capacity building and good governance.

Putting together a new journal has been a very demanding task. I wish to acknowledge the ready cooperation of all contributors; the essential input provided by our ten peer reviewers; and the support and advice received from colleagues on the editorial board. Special thanks go to my assistant editor, Daniel Grafton.

Graham Sansom, **Editor**
University of Technology, Sydney

Local Government in the South Pacific Islands

Graham Hassall & Feue Tipu[1]
University of the South Pacific

1. Introduction

In this paper we seek to answer some basic questions about the condition of local government in the Pacific. Firstly, we examine what is meant by 'local government' in the various islands and for that matter how Pacific Island states have perceived and accepted local government institutions in practice; second, we ask basic questions about existing legal and constitutional recognition and powers; and third, we provide initial findings on current per capita expenditure and local government financial viability in a number of Pacific cities and towns. We also make some observations on current moves towards local government reform.

We ask these questions for a number of pressing reasons. Firstly, although Pacific societies have governed themselves *locally* for thousands of years through traditional institutions, procedures and value systems, the term 'local government' has come to be associated in recent decades with the governing of the few towns and the even fewer 'cities' in the small island developing states of the Pacific region. Local government, in other words, implies not just institutions that are newly created, and that are in urban as distinct from rural (or village) areas, but which are in so many ways *foreign* to Pacific cultures and lifestyles. There is therefore much conceptual work

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[1] The authors acknowledge the research assistance by Raijieli Bulatale and Amrita Nand. Other informants include Ms Cherol Ala, Deputy Director Dept of Local Authorities, Ministry of Internal Affairs, Vanuatu; Ms Benateta Betero, Assistant Secretary, Local Government Division, Ministry of Internal and Social Affairs, Kiribati; Iete Avanitele, Director of Rural Development, Ministry of Home Affairs and Rural Development, Tuvalu; Pita Vuki, Deputy Secretary, Prime Minister's Office, Tonga; Maulolo Tavita Amosa, Department of Local Government, Samoa; Terry Parker, CLGF Pacific Project; and Azmat Khan, Secretary/Treasurer, Fiji Local Government Association, Mr. Pioni Willie, National Statistics Office of Vanuatu, and Professor Ted Wolfers, University of Wollongong. Additional data for tables has been sourced from http://www.paclii.org (Pacific Islands Legal Information Institute) and http://www.state.gov/misc/list/index.htm (the US Department of State), including in some cases local government departments.

to do to articulate the notion of the 'Pacific city' and the 'Pacific town', and to articulate the most desirable relations between towns and their hinterlands. Many Pacific towns have emerged on the foundations of administrative centres associated with colonial authority, and are yet to adequately address questions about how they assist their inhabitants lead satisfying lifestyles and reach their highest developmental aspirations – whether these are economic, social, or even artistic.

Secondly, we feel – and the data identified in the course of researching this paper has confirmed for us this view – that local government bodies in the Pacific region are critically under-resourced. Given the constant influx of migrants from outer islands to the urban and peri-urban areas, and their tendency to enter the informal rather than formal economy and to be non-rate-paying 'free-loaders' on public facilities, there is little prospect that many town and city councils in the Pacific region will be able to significantly improve their capacities for service delivery or for infrastructural development in the short to medium term. This is exacerbated by the current inter-governmental arrangements by which national governments make minimal transfers to local governments to facilitate service delivery. We agree with Storey and others who have noted that: "Pacific Island towns and cities are becoming places of acute poverty and growing inequality", and: "Institutions are failing to cope with demands placed on them" (Storey, 2006).

Thirdly, local government in Pacific Island nations has received inadequate scholarly attention despite the urgency of the issues confronting this level of government. This is notwithstanding the considerable efforts that have been and are being made to make a difference through legal and policy reform, and to some extent through experimentation with styles and degrees of devolution. When decolonization occurred in the Pacific Islands (from the 1960s to 1980s) the newly formed independent states found it necessary to refocus attention on decentralization and the strengthening of local government (Larmour and Qalo in Wolfers, 1985). Public sector reforms in the 1980s and 1990s that aimed at increasing efficiency, productivity and accountability, and that were part of the global phenomenon of 'reinventing government', included efforts to promote and strengthen local government. Fiscal crises, frustration with central government services, and political instability spreading across the Pacific provided the impetus for governance reform.

Globally, reforms aimed at accomplishing the Millennium Development Goals have significance at local level.[2] (The United Nations Economic and Social Commission for Asia and the Pacific - UNESCAP) has an ongoing interest in urban development in Pacific Island countries, although research efforts have been uneven in their coverage. One past project on 'Local

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[2]   For the Pacific region see www.mdgasiapacific.org and www.undp.org.fj See also UNCDF, 2007 & Kiyagi-Nsubuga, 2007 which explore the relationship between local government performance and MDG attainment.

Government in Asia and the Pacific', for example, included Fiji as the sole case study from the Pacific Islands.[3] A major symposium on local government in the Pacific region convened in Suva in 2004 by the Commonwealth Secretariat and Commonwealth Local Government Forum (CLGF) was more comprehensive (CommSec, 2005).

Within the Commonwealth, the 'Commonwealth Principles on Good Practices for Local Democracy and Good Governance' (commonly referred to as 'The Aberdeen Agenda') provides a set of standards for the promotion of healthy democracy and good governance. It is also a basis for research directions for future work relating to local government (CLGF, 2005). However, whilst this paper draws on and supplements information provided in the excellent 2007 Commonwealth Local Government Handbook, and in other works on the Pacific, it has nonetheless been prompted by the lack of published basic data on local government in the Pacific Island states - a paucity of research about the region that can be contrasted with the expanding field of local government internationally. The difficulties that we faced in obtaining basic data for this paper, such as the current populations and budgets of Pacific towns, are indicative of the poor state of information generally available about the sector.

Better baseline information is essential for subsequent research into the actual operation of local government in the Pacific region. Therefore this paper is very much a 'work in progress'.

2. What is local government in Pacific Island states?

The term 'local government' refers to the tier or tiers of government below that of national government. There are twelve independent small island states in the Pacific region and a similar number of dependent states and territories.[4] A majority of these states are in fact archipelagos, and in a number of cases, local government equates with 'government of the island'. In such instances, local government can refer to government of village (or rural) communities, or to a mixture of village and urban communities. In Kiribati and Tuvalu, some islands are classified as '100% urban', and yet others as '100% rural'. Urban councils are referred to as town councils and the rural councils as island councils. Both have the same legal standing but their individual responsibilities vary according to those granted to them at the time of establishment. In the case of Tuvalu, 53% of the population is rural with the other 47% comprising the population of the capital island of Funafuti which is the only urban council in the country. To date we have

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[3] <http://www.unescap.org/huset/lgstudy/index.htm> accessed 30 October 2007.

[4] Independent states: Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu Dependant states and territories: American Samoa (US), Commonwealth of the Mariana Islands (US) , Cook Islands (NZ), Guam (US), New Caledonia (France), Niue (NZ), Norfolk Island (Australia), Papua / West Papua (Indonesia), Pitcairn Island (UK), Rapa Nui (Chile), Tahiti - French Polynesia (France), Tokelau (New Zealand), Wallis & Futuna (France).

not found a comprehensive tabulation of the numbers of cities, towns and villages in the Pacific Island countries. The following chart (Table 1) is therefore an initial enumeration.

Table 1: Numbers of villages, towns, cities, and other local level authorities in nine Pacific Island countries

	Fiji	Vanuatu	Solomon Islands	Papua New Guinea	Kiribati	Nauru	Samoa	Tonga	Tuvalu	Total
Provinces/ Divisions	14	6	9	20	?	?	?	5		49
Districts				89	6	14	11	24	0	144
Cities	2	0	1	3	0	0	0	0	0	6
Towns	10	2	1	50	3	0	0	0	1	66
Villages	1,175	2,149	?	?	?	?	247	167	9	*†
Local-level Gov'ts		8	11	299‡	23		247		8	

Source: Government of Tonga, Statistics Dept (1997); Tonga population census, 1996. Nuku'alofa, Tonga, Statistics Dept.; Khan, A. (2007). Local Government in Fiji. Suva, Fiji Local Government Association.
† Given that there is no figures provided for 4 countries this row has not been tabulated so as to not give a wrong impression of the number of villages.
‡ The 299 local-level governments in Papua New Guinea are comprised of 26 urban municipalities and 273 councils. Local level governments are themselves made up of wards. In PNG's case, there are 6,003 wards. Wards are made up of villages and hamlets

This table suggests the existence of six cities in the nine Pacific Island countries under investigation (Suva, Lautoka, Honiara, Port Moresby, Lae, and Mt Hagen), and some 66 towns. The 'capital' in some states appears not to have the formal designation 'city'. Villages number in the thousands but no reliable figure has yet been tabulated. In fact, traditional habitation in some parts of Papua New Guinea consists of hamlets rather than villages, and the emphasis on the 'village' is more a result of administrative convenience during the colonial era than a reflection of their importance to local communities.

We have suggested that, broadly speaking, the term 'local government' refers to the tier or tiers of government below that of national government, and that local government arrangements for the Pacific countries often blend traditional (or customary) governance with democratic government. Whereas the distinction between 'rural' and 'urban' environments is generally understood, (see Spoehr, 1963; Harre, 1973), clear legal definitions of the 'city', 'town' and 'village' do not necessarily exist in the legislation of Pacific Island countries. What is clear, however, is that references to a village in the majority of cases imply a native settlement that has been recognized as such. In the cases of a city and town, it is usually the case for some kind of legal declaration to be made under the relevant law. The town of Apia in Samoa is an exception to the rule; there is no town authority or municipality and Apia town comprises a number of

traditional villages that are governed under the *Village Fono* Act of 1990. Issues affecting the urban area as a whole are generally matters for central government agencies, but there is no overall authority.

The impacts of urbanization are becoming a major concern for most of the Pacific Island states. Obviously, the growth of towns is matched by a consequent depopulation of rural areas. A significant emerging feature of Pacific towns and cities and including villages, is the proliferation of new settlements that fall outside the legal or traditional boundaries of these centres – what have come to be called 'peri-urban' areas (Storey, 2006). In the cases of towns and cities, there is a rapidly growing challenge of squatter settlements.

The case of Fiji illustrates the escalating challenge facing Pacific Island states.[5] In this country of just two cities, ten towns, and 14 provinces, recent statistics indicate the Suva-Nausori corridor has the highest number of squatter settlements (72 with 8,687 households), followed by Nadi (19 settlements totalling 1208 households), Labasa and Lautoka (15 settlements each), and Ra and Sigatoka (10 settlements each). The situation in Fiji has been aggravated by the demise of the sugar industry, with many farmers migrating to towns and cities to seek employment.

The movement of villagers to settlements just beyond town boundaries raises the issue of how and whether town boundaries should be expanded in recognition of this growth in populations requiring services.[6] Some 83% of the nation's land is owned by indigenous Fijians while 9% is state land and 8% is freehold. Because urban development has already consumed most state and freehold land, future urban growth will require access to adjoining land owned communally by indigenous Fijian clans. This poses major challenges for effective urban governance and community relations.

3. Constitutional and legal frameworks

Five of the island states under review (Papua New Guinea, Solomon Islands, Vanuatu, Kiribati, and the Marshall Islands) have specific constitutional provisions for local government whilst others (Fiji, Samoa, Tuvalu, Cook Islands, Nauru and Tonga) do not. This is not to suggest, however, that local government has no substantive presence in the actual conduct of constitutional systems. In nearly all the island countries, there is constitutional and/or statutory recognition of traditional chiefly leadership, with provisions for the inclusion of chiefs in local government or the

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[5] The pressures on Fiji's cities and towns is attracting increasing media attention: in 2007 Fiji's "squalid shanty towns" drew the attention of Time magazine: Callinan, R. (2007). Wrong Side of Paradise. Time: 27-31. The cover story for Fiji Islands Business in October 2007 read "Urban Explosion: Gripping and choking our main urban centres".

[6] The Urban Fijian Programme Unit within the Ministry of Fijian Affairs has, as part of its remit, to address the issues surrounding the inclusion of Fijian villages within the boundary of a municipality.

establishment of a 'council of chiefs'. Local government arrangements often blend traditional (or customary) governance with democratic governance.

Fiji Islands

Fiji has established municipal councils in urban areas, but has retained a separate administrative system for Fijian villages. Whereas municipal councils come under the ambit of the *Local Government Act* (Cap. 125), Provincial Councils that cover rural areas are established by virtue of the *Fijian Affairs Act* (Cap. 120). As such two sets of local government bodies are governed by different government ministries. The country's 14 provinces are divided into smaller administrative units, commencing with the village *(koro)*. At the head of the village is the *turaga-ni-koro*, elected or appointed by the villagers. Several koro make up a *(tikina)* or district, and several *tikina* make up a *yasana* or province. Each province is headed by a *Roko Tui.*

The Fijian Affairs Board, constituted under the *Fijian Affairs Act* (Cap 120), governs all matters concerning the administration of indigenous Fijian affairs, including Fijian custom services. The Board refers certain matters to the Great Council of Chiefs, constituted by the President under the same Act. The former Qarase government adopted a 20-year development plan for the Enhancement of Participation of Indigenous Fijians and Rotumans in the Socio-economic Development of Fiji Islands, although the status of this program is unclear since the military takeover in December 2006.

In Fiji's case, neither the 1990 or the 1997 constitution made specific provision for local government. The 1996 Constitution Review Commission considered that the constitution should not expressly recognize local government or guarantee local government autonomy. It did, however, recommend that:

> The Government should commission a broad and comprehensive review
> of all local government arrangements in Fiji to be carried out by an
> independent and broadly representative body. This review should, in the
> light of modern needs, re-examine the organization, functions and powers
> of all the existing local government bodies provided by law. The terms of
> reference should include a review of the operation of those bodies that
> exist without a statutory basis. The reviewing body, among things,
> should be required to inquire into appropriate democratic systems of local
> government for rural areas (Reeves et al, 1996).

This recommendation is important on many counts. Firstly, the Commission recognized the complexity of existing arrangements in which parallel local government systems operate side by side. Second, it noted the urgent need to review the current situation with a view to seizing the

opportunities being presented by globalization and the associated advancement in information technology.

Table 2: Local Government Populations in Fiji

Local Government body	Area (km2)	Population (town)	Population (peri-urban)	Total urban population
Ba	327	6,775	8,960	15,735
Suva	2,048	75,225	10,953	86,178
Lami	680	10,474	9,749	20,223
Nadi	577	11,871	30,841	42,712
Nasinu	4,500	75,719	11,051	86,770
Nausori	167	24,630	22,181	46,811
Lautoka	1,607	44,143	8,599	52,742
Levuka	67	1,143	3,147	4,290
Sigatoka	127	1,542	7,904	9,446
Tavua	100	1,076	1,373	2,449
Labasa	360	7,550	19,900	27,450
Savusavu	800	3,372	3,628	7,000

Source: Provisional Results, Population and Housing Census www.statsfiji.gov.fj

Some 32 national laws, spread across a range of government ministries, affect the work of local government in Fiji. The Ministry of Local Government and Urban Development oversees the role and functions of the municipal councils as stipulated in the *Local Government Act* 1985 (Cap 125). Three other key Acts were passed in 1978: the *Town Planning Act* [Cap. 139], the *Fijian Affairs Act* [Cap. 120], and the *Subdivision of Land Act* [Cap. 140]. The *Public Enterprise Act* 1996, which sought to transform some public enterprises into limited companies, and to convert them partially or totally into private organizations, also had some impact on the functions of local government. Electricity supply in towns and fire services, for example, were amalgamated into national services.

Although local councils have a degree of autonomy, they are required by law to submit for approval their annual budget estimates; monthly financial statements/activity reports; annual financial reports; resolutions to increase fees or charges, or create new fees or charges; and loan applications that exceed 5% of the recurrent estimated gross revenue of the council.

Notwithstanding the fact that no full assessment of the performance of Fijian town councils has been undertaken, several have been suspended in recent years due to poor performance. In January 2008 the current Minister for Local Government addressed the issue of improving the quality of governance in an address to the Fiji Local Government Association:

> In Fiji I am saddened to say that our municipal councils have made little or no progress since the system of elected local government councils were inducted in accordance with the prevailing laws of this country. …Over the years there has been no meaningful review of the Local Government Act and relevant regulations to ensure that it met the demands of a changing population and developing towns and cities…As such we have in place local government legislation which is in need of serious and expedient review and I shall be liaising with the Attorney General's Chambers for an urgent review of the Local Government Act… However in recent times, municipal councils have become known more for complaints against them rather than being complimented for the service that they provide or rather ought to provide (Fiji Local Government Association, 2008).

Whereas on the one hand the national government may have good reason to chastise town councils in Fiji for the quality of their performance, we must also ask whether the councils are sufficiently resourced financially and in terms of capacity, to undertake the responsibilities required of them. In 2007 the Fiji Local Government Association issued a 'White Paper' outlining the challenges facing local government in the coming period, among which are an "urgent need to revise and update the legal framework", more "self-upgrading capabilities" by councils, and greater collaboration between government agencies and civil society in order to avoid traditional "top-down" approaches to policy formulation (Khan, 2007). An assessment of per capita expenditure, provided below, suggests that Fijian town councils have minimal resources at their disposal to achieve these objectives, and that exploration of options for expansion of revenue sources is one crucial area for further investigation.

Vanuatu

In the case of Vanuatu, the country's independence constitution provides for local government and decentralization, the division of the country into Local Government Regions, and for each region to be administered by a council on which shall be representatives of custom chiefs. Of the country's 83 islands, 14 have a land surface of more than 100 square kilometres. Its two towns – Port Vila (the capital) situated on Efate, and Luganville, on the northern island of Espiritu Santo – are administered by municipal councils, while rural communities are served by provincial councils. The constitution also provides for the establishment of a National Council of Chiefs (the 'Malvatumauri') to oversee matters relating to custom and tradition. Local government was shaped by Acts passed in 1980 – the year that national independence was attained. These include the *District Administration Act* [Cap 106] and the *Municipalities Act* [Cap. 126]. Subsequent related legislation includes the *Physical Planning Act* [Cap.193] of 1987; the *Decentralisation Act* [Cap. 127] of 1994, which affords the Minister with powers to select chiefs from amongst persons nominated by representative bodies to be members of local government councils.

The national government consolidated the provincial council system through the *Decentralisation and Local Government Regions Act* 1994, which amalgamated single-island authorities and shifted executive powers from the presidents of the provincial councils to secretary generals who are public officers. The names of the six provincial councils derive from the initial letters of their constituent islands, as indicated in Table 3. Each of these six councils has a central administration plus local areas headed by an area secretary who resides in the villages and reports to the council's secretary general (CEO). Provincial councils have the discretion to establish committees as they see fit – none are required by law – but the composition of committees must reflect the political proportionality of the council as a whole. Many establish finance committees and physical planning committees.

Vanuatu provincial councils and the Department of Local Authorities are under the Ministry of Internal Affairs. The Minister responsible for local government ensures that provincial councils operate in accordance with government policy.   The Minister has responsibility for the *Decentralisation Act*; *Municipalities Act*; *Physical Planning Act* and *Foreshore Development Act,* and also has the authority to suspend a council and appoint commissioners as its replacement. As in Fiji, local government authorities in Vanuatu have been suspended on a number of occasions; Port Vila Council in 2005, and Luganville Council in 2006 amidst claims of misappropriation of public funds. Also in 2006, the Sanma provincial council was dissolved on the basis of continued absence of councillors from meetings and allegations of mismanagement and corruption (Jowitt, 2007).

Table 3: Local Government Populations in Vanuatu

Province or Municipality	Area (km2)	Population
Torba (Torres islands, Banks islands)	865	7,774
Sanma (Santo, Malo)	4,136	25,446
Penama (Pentecost, Ambae, Maewo - in French: Pénama)	1,204	26,503
Malampa (Malakula, Ambrym, Paama)	2,772	32,738
Shefa (Shepherds group, Efate - in French: Shéfa)	1,505	24,841
Tafea (Tanna, Aniwa, Futuna, Erromango, Aneityum - in French: Taféa)	1,628	28,915
Port Vila Municipality	-	29,729
Luganville Municipality	-	10,734

Source: Population data for Vanuatu was kindly provided by Cherol Ala, Deputy Director in the Dept. of Local Authorities, Ministry of Internal Affairs, Vanuatu.

Papua New Guinea

Papua New Guinea has the most elaborate and hierarchical local government arrangement, with provincial, district and local-level governments (LLGs) as well as wards for communities and villages. There are 20 provincial governments comprising 89 district councils. Under the district councils are 299 local-level governments (26 urban and 273 rural), which in turn comprise 6,003 wards. These wards are made up of thousands of hamlets and villages. Although the rank of 'chief' exists in many Papua New Guinea societies, this is one constitutional and legal system in the region that does not grant them recognition. Table 4, which shows the distribution of local government bodies across Papua New Guinea's 20 provinces, indicates that only five have more than one urban area and that in Papua New Guinea local government may be predominantly focused on rural communities and concerns, rather than urban.

Table 4: Distribution of Local Governments and Population in Papua New Guinea

Province	Number of Urban LLGs	Number of Rural LLGs	Total Population	% Urban
Bougainville	3		154,000	15.8
Central		13	148,195	4.7
Chimbu	1	18	183,849	3.9
Eastern Highlands	3	8	300,648	8.5
East New Britain	1	17	185,459	11.8
East Sepik	1	25	254,371	10.4
Enga	1	13	235,561	1.7
Gulf	1	9	68,737	10.5
Madang	1	15	253,195	14.2
Manus	1	11	32,840	17.6
Milne Bay	1	15	158,780	6.9
Morobe	3	31	380,117	26.4
National Capital	1		195,570	100
New Ireland	1	8	86,999	9.4
Oro	1	7	96,491	14.5
Sandaun	1	16	139,917	8.3
Southern Highlands	3	27	317,437	2.6
Western	3	11	110,420	18.3
Western Highlands	1	14	336,178	6.2
West New Britain	1	10	130,170	14.8

Source: Commonwealth Local Government Forum (2007). Commonwealth Local Government Handbook 2007. NB: This data is currently being updated

The independence constitution of 1975 provided for local government, and the national government made extensive efforts throughout the 1980s and 1990s to improve the delivery of basic services in education and health, as well as infrastructure and economically sustainable development at the local level. By the mid-1990s, however, an assessment that provincial governments and local governments were not operating efficiently resulted in an extensive overhaul of the system.   The resulting *Provincial Government Reform Act* of 1995 significantly altered the provincial government system such that members of parliament who represented a province automatically became governor of the province while retaining their parliamentary seats. Other key legislation includes the *Organic Law on Provincial Governments and Local-Level Governments* 1995 and the *Local-Level Governments Administration Act* 1997 (see Filer, 2004). To date, unfortunately, there is little evidence suggesting that the reforms have made a significant difference to the performance of local government authorities. In the case of Port Moresby, formally designated the National Capital District, abuse of office and political intrigue were endemic, at least around the time of the 1995 changes. As reported by Gelu:

> The Port Moresby City Council became a bed for corruption by politicians to satisfy their own personal interests. As a result the City Council has collapsed to a stage where it cannot carryout its responsibilities such as collecting the rubbish, cleaning the streets, cutting the grass, providing markets and so on…Two Commissions of Inquiry revealed massive fraud in the financial accounts of the City Council but to date no one has been prosecuted. The reports contained numerous cases of politicians paying money to non-existent contractors and the misuse of properties belonging to the city council Gelu, 2003).

Solomon Islands

In the Solomon Islands, the same period of the 1980s and 1990s saw a shift towards more decentralized democracy. As in the case of Papua New Guinea, the 1978 Solomon Islands independence constitution provides for sub-national government at the provincial level. There are currently nine provinces (Central, Choiseul, Guadalcanal, Isabel, Makira-Ulawa, Malaita, Rennell and Bellona, Temotu, and Western). The *Local Government Act* 1985 replaced an Act dating from 1964 but did not produce the expected results of providing efficient delivery of basic services to rural and outlying areas.[7] There is currently in process an exercise to overhaul the Solomon Islands constitution, and to more fully entrench provincial authorities. The perceived failings of the 'modern' system of government have brought calls for the promotion of the roles of chiefs in government (Ghai, 1990). White notes that the local view of government is that of "a distant presence with uncertain relevance for everyday life" (White, 2003).

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[7]   Other principal legislation includes the 1982 *Provincial Government Act* [Cap 118]; the 1995 *Mamara-Tasivarongo-Mavo Development Agreement Act* [Cap 145]; the 1996 *[Revised Edition] Town and Country Planning Act* [Cap 154] 1996; the *Provincial and Local Government Act* 1997; the Local Government Ordinance, and the *Honiara City Council Act* 1999.

The Ministry of Home Affairs currently has responsibility for oversight of local government in Honiara, including compliance with the law and giving consent to policies, rates, charges, loans and financial matters. The Minister is empowered by the *Honiara City Council Act* to suspend the council. Dissolution of the Honiara City Council took place in 1990 and again in 2004.

Table 5: Local Government Populations in Solomon Islands

Local Government	Area (km2)	Population
Honiara City	22	69,189
Central Province	615	24,491
Choiseul Province	3,837	31,259
Guadacanal Province (excluding Honiara)	5,336	84,438
Isabel Province	4,136	23,638
Makiva Province	3,188	50,026
Malaita Province	4,225	140,569
Rennell & Bellona Province	671	4,409
Temotu Province	895	23,800
Western Province (including Noro Town)	5,475	81,852

Source: Solomon Islands Household Income and Expenditure Survey, National Report 2005/06, p20

Micronesia

In **Kiribati**, local government is enshrined in the 1979 constitution but effectively governed by the *Local Government Act*, first passed in 1984 and revised in 2006. Over the past decades there has been gradual devolution of powers with the aim of engaging and empowering people at the local level to take charge of their own development. Changes include election of the chief councillor by all the island population, but not from amongst newly elected councillors.[8]   In reality however, functions are shared between central and local government and central government retains oversight responsibility. For example, the powers of the Minister set out in the *Local Government Ordinance 1966* and the *Local Government Act 2006* provide for oversight of local government policy, assisting local councils in drafting by-laws, undertaking internal audits, and compiling final accounts for the Auditor General's scrutiny. However, in recent years there has only been one case in which the minister intervened and suspended a council due to corruption/abuse of office.

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[8]   The change is interesting because in one respect it testifies to the faith and acceptance by the people of Kiribati of the manner and process through which their President (Beretitenti) is elected at the national level.

Table 6: Local Government Populations in Kiribati

Local Government body	Area	Population (2005 Census)
Makin	7.89	2385
Butaritari	13.49	3280
Marakei	14.13	2741
Abaiang	17.48	5502
Tarawa – North (rural)	15.25	5678
Tarawa – South (urban)	10.10	27808
Betio Town (urban)	1.50	12507
Maiana	16.72	1908
Abemama	27.37	3404
Kuria	15.48	1082
Aranuka	11.61	1158
Nonouti	19.85	3179
Tabiteua – North	25.78	3600
Tabiteuea – South	11.85	1298
Beru	17.65	2169
Nikunau	19.08	1912
Onotoa	15.62	1644
Tamana	4.73	875
Arorae	9.48	1256
Banaba	6.29	301
Teeraina	9.55	1155
Tabuaeran	33.73	2539
Kiritimati (urban)	388.39	5115
TOTAL	713.03	92496

Source: Data provided by the Local Government Division of Kiribati.

In the case of the republic of **Nauru** (one of the smallest sovereign states anywhere in the world), the fortunes of local government have been as volatile as those of government at national level.[9] In 1992 the national government dissolved the Nauru Local Government Council and replaced it with the Nauru Island Council (NIC). The former council had made poor investment choices and was accused of gross mismanagement. Acting as a local government and providing public services, NIC was elected from the same constituencies as the parliament, except that 7 of the 8 constituencies returned 1 member, and the constituency of Ubenide returned 2 members, making 9 in all. Several members of parliament also served as councillors. NIC was itself dissolved in 1999 and all assets and liabilities became vested

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[9] In the 1990s corruption and mismanagement brought the country near to bankruptcy; in 2008 the country remains without a banking system.

in the national government. Presumably, given Nauru's current fiscal crisis and small size, fewer levels of government will continued to be regarded as the most appropriate course.

Polynesia

Local government systems in Samoa and Tonga are both based on traditional and customary practices and norms. In the case of **Tonga**, 23 Districts and 167 Villages are spread across the nation's three main island groups, and their governance is conducted by and through the office of the Governors of Ha'apai and Vava'u, together with a small network of elected and district officials.[10]

For **Samoa**, the village councils which administer local affairs are composed of *Matais,* who are the heads of extended families. For administrative purposes, Samoa is divided into 11 districts which are made up of around 250 villages.[11]   Local government is administered in accordance with the *Village Fono* Act 1990 and the *Internal Affairs Act 1993.* Some 29% of the population lives in urban areas, and the average population of each *fono* is 1,300. A *Matai* is designated by each family to represent it in the village council, which administers local affairs. The Minister for Women, Community and Social Development is responsible for local government matters and for enacting legislation and providing leadership in the sphere. The minister's powers are derived from the *Internal Affairs Act 1995.*[12]   On occasion the minister has suspended *pulenu'u* (village 'mayors' – representatives who liaise with the central government) for not performing well. The Samoan government has in recent years placed particular emphasis on economic revitalization. This has focused on agricultural sector and micro-enterprises and the village economy is at the centre of this policy.

In **Tuvalu**, the creation of the Gilbert and Ellice Islands protectorate in 1892 (covering what are now the separate independent states of Kiribati and Tuvalu) saw the establishment of local administration by elected island councils. A 1966 *Local Government Ordinance* established for the 8 inhabited islands provided the framework for a policy aimed at financing local services at the island level. Island councils are now administered in accordance with the *Falekapule Act of 1997.*[13]   This Act creates elected

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[10] Legislation regarding local government in Tonga comprises the District and Town Officers Act Cap 43] 1930, the Town Regulations Act [Cap 44] 1903, and the *Fonos Act* (Cap 50) of 1924 (note also 1991: *Fonos (Amendment) Act*).

[11] There are variations in estimates of the total number of villages in Samoa. The Britannica On-line gives a figure of 360 or more villages; CLGF (Pacific Project) has estimated that a more realistic figure for Samoa would be around 250.

[12] Note also the 1997 Internal Affairs Amendment Act.

[13] Additional power devolved from Central government to Island Councils through the *Tupe Fakanaa A Falekaupiule Act* 1999 (Local Government Trust Fund Act). Funafuti [the main island] Town Council (1) and the other 7 island councils each consist of 6 elected members and provide a limited range of local services

local governments (called *Kaupule*) to undertake a range of functions in consultation with the *Falekaupule* (traditional island meetings), and to participate fully and actively in national developmental programmes and projects.   The Act effectively extends statutory recognition of the *Falekaupule* as a primary social institution and the sovereign power in the islands by vesting upon them the right to oversee local affairs with the *Kaupule* as their executive arm.

Table 7: Local Government Populations in Tuvalu

Island	Area (sq km)	Population
Funafuti	2.79	4,492
Nanumea	3.87	664
Nanumaga	2.78	589
Niutao	2.53	663
Nui	2.83	548
Vaitupu	5.60	1,571
Nukufetua	2.99	586
Nukulaelae	1.82	393
Niulakita	0.42	35

Source: Data obtained from the Kaupula Financial Year Budget for 2007

In the **Cook Islands**, the *Outer Island Local Government* Act of 1987 consolidated and amended the law relating to establishment and conduct of local government in the islands other than Rarotonga. It was subsequently amended by the *Outer Island Local Government Amendment* Act of 1993.[14] Local government councils in Rarotonga were constituted by virtue of the *Rarotonga Local Government* Act of 1997, but were dissolved early in 2008 due to their poor delivery of services. As indicated in the following table, some of the Cook Islands outer island communities are extremely small, and this characteristic has significant impact on the scale of operation of all local government entities. Due to limited resources and lack of any economies of scale, local government in such micro-states will inevitably remain circumscribed for some time to come.

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[14]   Other relevant provisions are found in the Palmerston Island Local Government 1993, as well as the 1966 *Cook Islands Ordinance Amendment*; 1973-4: *Local Government Amendment*; and 1990 *Outer Islands Local Government Amendment*.

Table 8: Local Government Populations in Cook Islands

Island	Area (sq km)	Population
Te-au-o-tonga*	67.1	5,445
Pauikura*		4,343
Takitumu*		4,365
Aitutaki	18.3	2,194
Mangaia	51.8	654
Atiu	26.9	572
Mauke	18.4	393
Mitiaro	22.3	219
Manihiki	5.4	351
Penrhyn	9.8	251
Rakahanga	4.1	141
Pukapuka	1.3	507
Nassau	1.3	71
Palmerston	2.1	63

Source: Cook Islands "Cook Islands Census 2006."
*Now abolished

4. FINANCING LOCAL GOVERNMENT

Financial viability is crucial to local government effectiveness. In nearly all cases, island councils in the states of the South Pacific are besieged by lack of resources, whether human or financial. Whilst some countries may have the capacity and scope to overcome their financial woes, others clearly need a strong dose of resourcefulness and creativity in terms of revenue generation as well as their expenditure patterns.

In **Fiji**, central government provides supervisory support to municipal councils, but there is no formal policy of revenue-sharing.[15] The total budget for local government in Fiji in 2007 was FJD 37.62 million. Under the new Urban Policy Action Plan the government provides matching grants on a 50-50 basis (Challenge Fund) for infrastructure projects that benefit the poor. The following table indicates that per capita expenditure by urban local governments in Fiji ranges widely. It should be noted that Nasinu, an urban area adjacent to Suva and with about the same population, has per capita expenditure of just $42. When the presence in these urban areas of large numbers of squatters is taken into account, the levels of per capita expenditure are lower still.

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[15] Municipal councils are required to transfer to central government 5% of revenues collected under S16 of the *Business License Act 1978* (Cap 204). This was derived from General Rates on property, Market Fees, Council Properties, Business Licenses, Bus Station Fees, Taxi Base/Carrier Fees, Rental Properties, Garbage Fees, and Recreation Facilities.

Table 9: Local Government Expenditure in Fiji

City or Town	Area (km2)	Population (Town) 2007	Annual Budget (F$)	Local Govt Expenditure F$ per capita
Ba	327	6,775	2,000,000	295
Suva (City)	2,048	75,225	18,000,000	239
Lami	680	10,474	1,300,000	124
Nadi	577	11,871	3,000,000	253
Nasinu (largest urban center)	4,500	75,719	3,200,000	42
Nausori	167	24,630	2,000,000	81
Lautoka	1,607	44,143	5,000,000	113
Levuka	67	1,143	170,000	149
Sigatoka	127	1,542	750,000	486
Tavua	100	1,076	300,000	279
Labasa	360	7,550	n/a	n/a
Savusavu	800	3,372	n/a	n/a

Source: The Secretary, Fiji Local Government Association, Suva [22/10/2008]

In **Vanuatu** substantial transfer payments are made from central to local government, but these are subject to annual budgetary provisions and do not follow a set formula. The grants fall into two categories: 70% for budgetary support (administrative expenses) and 30% for small capital projects.   Central government pays the salaries and allowances of secretaries-general and accountants of provincial councils. Other sources of revenue for local government in Vanuatu are similar to those in Fiji (eg business licenses; vehicle charges; waterfront development and physical planning fees). While local government can alter the fees charged for various services, it has no authority over the level of taxes. A review of recent per capita expenditure at local government level suggests that despite the transfers from central government, expenditure per citizen remains low.

Table 10: Local Government Expenditure in Vanuatu

Province/Municipality	Area (km2)	Population	Annual Budget (Vatu)	Local Govt Expenditure Vatu per capita
Torba	865	7,774	40,198,600	5,170
Sanma	4,136	25,446	54,552,550	2,144
Penama	1,204	26,503	43,307,840	1,634
Malampa	2,772	32,738	54,296,500	1,659
Shefa	1,505	24,841	76,540,694	3,081
Tafea	1,628	28,915	42,498,000	1,470
Port Vila Municipality	-	29,729	287,570,000	9,673
Luganville Municipality	-	10,734	73,472,000	6,843

Source: Commonwealth Local Government Association (2007). "Commonwealth Local Government Handbook."

Table 11: Local Government Expenditure in Tuvalu

Island	Area (sq km)	Population	Annual Budget 2007 (AUD)	Local Govt Expenditure AUD per capita
Funafuti	2.79	4,492	438,881	97.70
Nanumea	3.87	664	383,496	577.55
Nanumaga	2.78	589	238,809	405.45
Niutao	2.53	663	244,469	368.73
Nui	2.83	548	243,666	444.65
Vaitupu	5.60	1,571	272,104	173.20
Nukufetua	2.99	586	237,744	405.71
Nukulaelae	1.82	393	190,484	484.69
Niulakita	0.42	35	22,604	645.83

Source: Data obtained from the Kaupula Financial Year Budget for 2007

A number of Pacific states have established 'trust funds' to generate income through investment. In the case of Tuvalu, where the Tuvalu Trust Fund was first established in 1987 (Finn, 2002) an additional Falekaupule Trust Fund was established in 1999 with the specific purpose of assisting financial development on outer islands. The fund, established under the Falekaupule Act, is an agreement between the national and local governments (Kaupule) who are the beneficiaries of the fund, as distributions are made in proportion to the original contribution of each of the eight participating islands Graham, 2005). Per capita expenditure by local government in Tuvalu is higher all around than is the case in Kiribati, the closest neighbouring state with a somewhat comparable economic environment. While the reasons for this require additional investigation, it

could be surmised that Tuvalu's trust fund is contributing significantly to the wellbeing of communities at local level.

Table 12: Local Government Expenditure per capita in Kiribati

	Area	Population (2005 Census)	Annual Budget A$ (2007)	Local Govt Expenditure per capita A$
Makin	7.89	2385	103,408	43.36
Butaritari	13.49	3280	158,934	48.46
Marakei	14.13	2741	130,521	47.62
Abaiang	17.48	5502	200,661	36.47
Tarawa – North (rural)	15.25	5678	213,312	37.57
Tarawa – South (urban)	10.10	27808	701,718	25.23
Betio Town (urban)	1.50	12507	533,017	42.61
Maiana	16.72	1908	144,028	75.49
Abemama	27.37	3404	230,273	67.65
Kuria	15.48	1082	70,700	65.34
Aranuka	11.61	1158	159,096	137.39
Nonouti	19.85	3179	193,865	60.98
Tabiteua – North	25.78	3600	187,087	51.97
Tabiteuea – South	11.85	1298	113,782	87.66
Beru	17.65	2169	131,225	60.50
Nikunau	19.08	1912	111,473	58.30
Onotoa	15.62	1644	132,022	80.31
Tamana	4.73	875	77,743	88.85
Arorae	9.48	1256	116,430	92.70
Banaba	6.29	301	85,715	284.77
Teeraina	9.55	1155	116,811	101.14
Tabuaeran	33.73	2539	240,686	94.80
Kiritimati (urban)	388.39	5115	118,543	23.18
Total	**713.03**	**92496**		

Source: Local Government Division of Kiribati

In **Kiribati** there is no set policy regarding revenue-sharing between central and local government: transfer payments are made to support balanced individual authority budgets. Certain percentages are reserved for specific activities such as the maintenance of roads and causeways, offices, school buildings, hospitals, and housing for government-seconded staff. Central government pays the full salary of seconded staff and contributes substantially towards the salaries and wages of council staff. Assistance is also given for office stationery and provision of ferries between main islands and islets that cannot be accessed by road. The minister retains the power to approve or reject local authority budgets.

Local government authorities in **Papua New Guinea** raise revenue from taxes, fees and charges, and property rates. Local governments may levy charges on community services, public entertainment, general trading licenses, and domestic animals and corporations. The *Organic Law on Provincial Governments and Local-Level Governments* provides a formula for the sharing of revenue between levels of government, which takes into account administration grants (unconditional), staffing grants, development grants, and town/urban services grants. Local salaries are paid by central government. In each province, local governments feed into the Joint District Planning and Budget Priorities Committee, which in turn reports to the Joint Provincial Planning and Budget Priorities Committee.

In the **Solomon Islands**, substantial transfer payments are made from central government to Honiara City and the provinces to cover running costs and capital expenditure. The Minister's approval is required for variations in tax. The City and provinces are responsible for collecting and raising taxes, while central government is responsible for salaries of staff in schools, health clinics and technical staff seconded to work in local government. The Minister's approval is required for variations in tax. In Honiara, total revenue for the City Council in 2007 was SID $17,096,000. This was drawn from taxes and fees on property, individual residents (a Head tax), business fees, gaming (under the 1961 *Gaming and Lotteries Act* [Cap 139], vehicles, liquor, and services provided.

5. LOCAL GOVERNMENT REFORM

In the face of the considerable challenges facing local government in the Pacific Islands, some encouraging steps toward local government reform have been initiated. At regional level, the Pacific Urban Agenda was agreed by member countries in 2003, and revised in 2007. A few specific reform efforts are mentioned here as examples of what is happening at national level.

A review of local government has taken place in Fiji, but there remain areas for further examination. It is expected that a number of Acts will be amended in addition to the principal *Local Government Act* 1985 (Cap 125).[16] The Fiji Local Government Association (FLGA) is working with the Ministry of Local Government, the Commonwealth Local Government Forum and other agencies on a 'Good Urban Governance' program, in addition to the Urban Policy Action Plan and the Urban Growth Management Action Plan. The Training and Productivity Authority of Fiji (TPAF) provides ongoing training for councils, to which local authorities contribute a levy equivalent to 1% of their payroll.

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[16] These include the Public Health Act 1985; Town Planning Act 1978; Sub-divisional Land Act 1978; Land Transport Authority Act 1998; Shop (Regulation of Hours Employment) Act; and the Litter Decree 1991

Also in Fiji, FLGA and individual councils are pursuing technical partnerships with local governments in New Zealand, Australia and the USA as a means of strengthening their capacity and improving performance. FLGA itself is developing a partnership with Local Government New Zealand (LGNZ – the national association) as part of the regional capacity-building programme for local governments in the Pacific, funded by the New Zealand and Australian agencies for international development (NZAID and AusAID) and managed by CLGF. The CLGF Pacific Project is supporting a number of other partnerships for Fiji town councils. In addition, FLGA is hoping to promote further sister city relationships with the USA, through Sister Cities International (SCI), to include programmes on technology, environment, healthcare and public safety issues.

The CLGF is also managing a NZAID-funded capacity building and good governance project for Honiara City Council. There are also moves to update parts of the *Honiara City Council Act.* In Vanuatu a Decentralization Review Commission is to report and it is expected that this will influence reforms to be introduced over the medium-long term.

6. CONCLUSIONS

Local government in the South Pacific is a complex blend of modern democratic principles and government systems with traditional institutions and practices, and often extremely small-scale. Its current status reflects both a history of robust traditional governance in all of the island states under investigation, and also the failure of central government to provide or support effective service delivery at the local level. In a way, one could argue that local government in the South Pacific are still in a transitional stage to more effective and autonomous entities, but this argument should be set against the backdrop of the social and economic realities of the island countries.

This paper has noted the lack of study of local government in the Pacific Islands, and the need to remedy this situation in light of the immense challenges being faced in the island nations of the region. On the basis of the data presented above, we highlight the following key issues:

❖ Local-level governments in the Pacific Island countries may be constituted as a city, a town, a village, or an island. While approximately half of the Pacific Islands population (excluding Papua New Guinea) live in urban areas, the number of local government entities for cities and towns is much smaller than the number in rural areas (villages and island councils). The latter are usually very small and few can be expected to develop into effective, modern authorities, whereas they often play an important role linked to traditional

governance. Large populations now live in squatter settlements which, jurisdictionally speaking, may place them outside the scope of a recognized local government authority. That is, they live in peri-urban areas beyond city or town limits, and outside the authority of their traditional village leadership or contemporary village council.

❖ Current levels of funding for local government, particularly when expressed in per capita terms, are not sufficient if Pacific cities and towns are to provide adequate levels of service and infrastructure development in the short-medium term. For example, expenditure in the Fiji national capital, Suva, is just FJD239 per citizen per year. Similar low per capita expenditure is found in Kiribati, where just AUD42 per annum is spent in the main urban centre, Betio.

❖ Urban planning has taken place on a small and sporadic scale in the Pacific states, but has not resulted in adequate preparation for current levels of urban growth complexity of intergovernmental relations, or citizens' aspirations. There are considerable constraints on land available for urban development, and the expansion of city and town boundaries, although much needed in some instances, is difficult to achieve due to socio-political constraints associated with customary ownership of adjoining lands. Moreover, there has been little assessment of the quality of life in urban areas. CLGF is pursuing an Urban Governance Indicators project that should advance knowledge in this area.

❖ The quality of inter-governmental relations has not been adequately researched. At a time when the small states require increased transparency, efficiency, and 'whole of government' coordination to make the most effective use of scarce resources, local government is for the most part still treated as a junior subordinate by national authorities, rather than as a necessary and equal partner in the delivery of improved governance to citizens. Further analysis must be made of finance flows to and from central government, together with considerations of equity.

❖ Meanwhile, local government itself has paid little attention to the role of civil society, with a resulting disengagement between local leadership and the community, apart from those interests at local level – particularly in the business community – most affected by local government's regulatory or developmental decisions.

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United Nations Development Program – Fiji Multi-country office www.undp.org.fj
United Nations Economic and Social Council for the Pacific www.unescap.org/huset/lgstudy/index.htm

Empowerment of local government in New Zealand: a new model for contemporary local-central relations?

Christine Cheyne[1]
Massey University

Abstract

Since 2000 intergovernmental relations in New Zealand have been evolving rapidly as a result of a significant shift in government policy discourse towards a strong central-local government partnership. New statutory provisions empowering local government to promote social, economic, environmental and cultural wellbeing have significant implications for the range of activities in which local authorities are engaged. In turn, this has consequences for the relationship between local government and central government. The effectiveness of the new empowerment and the prospects for further strengthening of the role of local government are critically examined. Despite some on-going tensions, and an inevitable mismatch in the balance of power between central and local government, it is argued that there is a discernible rebalancing of intergovernmental relations as a result of new legislation and central government policy settings which reflect a 'localist turn'. On the basis of developments since 2000 it may be argued that the New Zealand system of local government is evolving away from the recognised 'Anglo' model. However, further consolidation is needed in the transformation of intergovernmental relations and mechanisms that will cement a more genuine central-local government partnership.

Key words: intergovernmental relations, empowerment, New Zealand, localism.

Introduction

A virtue is often made of the independence and flexibility enjoyed by local government in New Zealand. This independence is distinctive in cross-national comparison, particularly with the sector's counterparts in Australia and the United Kingdom. With a relatively low level of central government financial transfers and high level of local funding, local government in New Zealand has enjoyed a degree of autonomy that is not found in many other jurisdictions.

This autonomy is somewhat paradoxical given New Zealand's highly centralised, unitary state. Historically, the principle of 'no taxation without representation' produced an elaborate and extensive - in the eyes of some, excessive - layer of local government. To some extent this was streamlined as the result of amalgamations of local authorities in 1989 which significantly reduced the number of units of local government. However, there are still concerns that New Zealand is over-governed and that fewer units would be desirable. Adding to the paradox, and despite units of local government being so prevalent and numerous particularly up to the 1990s, no clear set of principles informs the design of local government in New Zealand. The basic features of the system were imported from the United Kingdom with colonisation in the 1840s, followed by an "unsystematic modification of the original transplants" (Bush 1980, p. 232) to address practical needs. In a similar vein, Palmer and Palmer argue that pragmatism, and a resistance to central government power by the settlers of British and European descent in the latter half of the nineteenth century, characterised thinking about the nature of local government in New Zealand. A more coherent vision, they argue, is still lacking, despite significant new legislation passed in 2002 that gave local government a new power to promote social, economic, environmental and cultural wellbeing.

> Local government really started life as a practical and operational contrivance lacking any fundamental constitutional conception. It is a defect from which we still suffer (Palmer and Palmer 2004, p. 247).

The purpose of this article is to examine and analyse contemporary intergovernmental relations and the new statutory framework reflected in the 2002 legislation. Based on this analysis it is possible to delineate the underlying constitutional conception of local government embodied in the relationship. Subsequently, it may be possible to begin to remedy the defect to which Palmer and Palmer have referred, namely, the predominance of a pragmatic approach over a principle-based approach to the constitutional conception of local government.

First, the constitutional status of local government in New Zealand is outlined, with a focus on the implications of this status for the classification of New Zealand's local government in the 'Anglo' model – one of three such models that have been identified in a typology of local government

systems in western industrialised countries. Three key features of current intergovernmental relations in New Zealand are then addressed, namely, the establishment of a central-local government forum, the new power to promote community wellbeing and associated provisions for long-term community planning, and efforts by central government to engage in local authority planning processes. It is argued that these cumulatively constitute a distinctive model of empowerment of local government if they reach their full potential. However, while there are many positive aspects to the new architecture of intergovernmental relations, a number of unresolved tensions remain, reflecting contradictions in the discourse of partnership and fault-lines in the foundations of the model of empowerment. The final part of the article argues that satisfactory resolution of these tensions and clear recognition, through some constitutional or quasi-constitutional mechanism, of the importance of local government will produce a more genuine partnership and empowerment. As a consequence, a different model of intergovernmental relations is increasingly likely to emerge, which, in turn, has implications for the classification of the New Zealand system of local government.

The constitutional status of New Zealand local government

New Zealand does not have a single written constitution but rather a number of quasi-constitutional statutes, including the Constitution Act 1986, and unwritten constitutional conventions. There is no reference to the existence of, or protection for, a system of local government (Palmer 1993). An ordinary statute, the Local Government Act 2002, and prior to that the Local Government Act 1974 and its predecessors, provide for the existence of local government.

Local government in New Zealand has historically shared features in common with other countries located within the 'Anglo' group of local government systems. Nations which are included in this group are those in which local government is a 'creature of statute', albeit with a significant degree of autonomy from central government at least in terms of day-to-day activities (Hesse and Sharpe 1991; Goldsmith 1996). Local councils in New Zealand, for example, have considerable choice in the form of their decision-making (such as committee structure and number of meetings), and in the activities in which they become involved. Through legislation central (national) government regulates some aspects of local government decision-making (such as open government legislation), and can impose certain requirements where it provides funding to local councils.

In the case of New Zealand, funding from central government comprises a much smaller proportion of local government revenue than in some other countries that belong to the Anglo group where there are more substantial central government revenue transfers. In New Zealand in the year ended 30 June 2006, the local government sector's income was $NZ5.4 billion (£2.17 billion). Fifty-six percent of this came from rates (property tax), while just

12.7 percent came from central government grants and subsidies. Other sources of revenue include investment income (5.7 percent), regulatory fees and fines (5.2 percent), and other miscellaneous sources (approximately 20 percent).

The Anglo group is one of three broad types of local government systems, the others being the 'Franco' group and the 'North and Middle European' group (Hesse and Sharpe 1991). The Franco type has constitutional status although service delivery is delegated to other agencies. The North and Middle European group is characterised by similar central-local relations to the Anglo group but:

> ... in contrast to the Anglo form, equal emphasis tends to be placed on local democracy per se (emphasis in original). In other words, local government is commonly granted a general functional competence over and above specific statutory powers. In this respect, the North and Middle European type is the most overtly decentralist of the three … (Hesse and Sharpe 1991, p. 607).

In Hesse and Sharpe's analysis of twenty western industrialised countries (which includes Australia but not New Zealand), the North and Middle European group is the largest and includes countries outside Europe (for example, Japan). On the basis of their analysis they predict that this model may be the model of the future. This raises the question of whether significant developments in central-local relations in New Zealand since a change in government at the end of 1999 from a conservative government to centre-left Labour-led coalitions, provide a foundation for a future transition of the New Zealand local government system into the North European group.

Hesse and Sharpe's typology is based on an earlier one that distinguishes between legal localism and political localism (Goldsmith 1996). Legal localism - typically found in northern Europe - is "local self-government, incorporated into the constitutional and/or procedural arrangements … which effectively ensures a role for elected local government in the affairs of state" (Goldsmith 1996, pp. 191-92; see also Briffault 1990). Political localism - associated with southern European states - reflects a strong communitarian emphasis on representation of territorial interests (Goldsmith 1996, pp. 187-191). There is commonly a strong interpenetration of central and local tiers of government, with party and political linkages ensuring that local interests are heard at the centre. New Zealand's system of local government reflects elements of legal localism but its conformity to that model is arguably weak given the lack of explicit constitutional recognition of local government.

Following the reforms of 1989, which involved widespread, centrally imposed amalgamations of local authorities, academic and other commentators highlighted the weak constitutional status of local government in New Zealand. At this time there were calls for stronger

constitutional protection (see, for example, Jansen 1992). While the fortunes of local government have historically been subject to the whim of national governments, initiatives since 2000 under three successive Labour-led administrations mean that formal constitutional protection may not be so essential going forward as it might have been.[2]

It is timely to enunciate some principles that can underpin an appropriate constitutional conception of local government. Writing somewhat presciently nearly three decades ago, Bush (1980, p. 240) opined:

> There is a growing discrepancy between the professed claims of Government to vest its junior partner with augmented powers and its own infiltration into the same realm. Whether the accurate image is of being arm-in-arm or of being led by the nose, a changing pattern of central-local relations is undoubtedly emerging. Interaction will be more frequent and intimate, with central probes to ascertain the point at which resistance is offered. … [T]he era of intermittent and unplanned contacts is departing. 'Integrated planning' is the flag fluttering at the masthead and this alone precludes a laissez-faire approach.

As has become evident recently in the case of the partnership between central government and the community and voluntary sector, the potential for a relationship breakdown remains a possibility when there is a lack of clarity about the nature of the partnership and the status of the junior partner. Recently, the Community Sector Taskforce, an umbrella organisation representing the community and voluntary sector, accused the government of paternalism towards the sector and claimed that the sector is being disempowered by government actions.

In 2001 central government released the *Statement of Government Intentions for an Improved Community-Government Relationship* (Clark and Maharey 2001) that formed the basis of further developments designed to forge a genuine partnership. The *Statement* expresses in written, published form an agreed set of understandings between representatives of the two parties.[3] However, the Community Sector Taskforce has questioned the prospects for such a partnership and claimed that the government "cannot handle sector aspirations for an appropriately independent future" (Community Sector Taskforce 2007, n.p.).

It is vital that central-local government relations go from strength to strength, under current and future national governments, and do not give rise to accusations of paternalism and insincere rhetoric about partnership. Later in this article consideration is given to options for greater protection

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[2] It remains the case, however, that a Labour-led government in New Zealand could embark on reforms that fundamentally weakened the sub-national tier of government, and indeed, the fourth Labour government's reforms of local government in 1988-89 were very unpopular in the sector and were justifiably viewed as being imposed in a top-down manner.
[3] In the United Kingdom there is a similar agreement between government and the voluntary and community sector that aims to improve their relationship for mutual advantage and community gain. See http://www.thecompact.org.uk

for the place of local government within the system of intergovernmental relations, but first the focus turns in the next section to the matter of public policy discourse and the evolving status of local government in the wider governance arrangements since the change of central government in 1999.

The new phase in intergovernmental relations post 1999

A change of government in New Zealand at the end of 1999 resulted in the formation of a Labour-Alliance coalition, and both parties had strong manifesto commitments to strengthening local government. A new phase in intergovernmental relations thus emerged, evidenced by three key features: the establishment of a central-local government forum in 2000; the new power to promote wellbeing and the associated long-term community planning process mandated in the Local Government Act 2002; and a new expectation that central government agencies will be engaged in the identification, monitoring and achievement of community outcomes.[4] Together they (potentially) signify a qualitatively different reconfigured relationship between the two tiers of government.

Central-local government forum

In March 2000 the Central-Local Government Forum was established to ensure regular meetings between the political executive of Parliament (the Prime Minister and other senior Cabinet Ministers) and senior local government leaders. The Prime Minister and the President of Local Government New Zealand, the peak body representing New Zealand's 85 units of local government, jointly chair the Forum. This was a significant development as the two leaderships had not met in such a manner and historically local government was often either largely overlooked by central government in policy development, or changed at the whim of central government reformers without adequate consultation. The Forum meets twice yearly and is recognised as giving both central and local government participants an enhanced appreciation of one another's perspectives and pressures.

The establishment of the Forum reflected growing acknowledgement by central government of the contribution of local government, and also increasing dependence on local government, in achieving government outcomes. Participants and observers report a concomitant mutual understanding and trust growing between the two parties. For example, Burton (2006, n.p.) comments:

> Given the vast array of local government functions, there are a number
> of Ministers as well as government departments and agencies who
> need to be aware of the role and function of local government, and the

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[4] Community outcomes are medium and long term goals or desired end-states – "the things that the community thinks are important for its wellbeing" (New Zealand Society of Local Government Managers *et al.* 2003, p. 39) – that are identified by communities through a consultative process facilitated by local government at least once every six years (see section 91 of the Local Government Act 2002).

> decisions that need to be made on a day-to-day basis. I am confident
> the ten meetings held to date have given both central and local
> government participants a valuable understanding of the pressures
> facing each other's respective sectors. As a result of this developing
> relationship, there is a good deal more trust between central and local
> government. This is already paying dividends.

Likewise, writing of developments at the beginning of the present decade, Wallis and Dollery (2001, pp. 556) observe: "The issue of central-local trust therefore appears to have replaced the issue of accountability as the primary focus of the local government policy debate." Building trust between local government and the new Labour-led government was an important task given the legacy of the earlier fourth Labour government (1984-1989), which imposed radical amalgamations over the course of a very short but intense period of reform in 1988-89, and also after nearly a decade of conservative administrations which were characterised by, at best, benign neglect.

The power to promote community wellbeing

Early on in its first term (1999-2002) the Labour-led government introduced a review of local government legislation that produced further shifts in intergovernmental relations, most notably the new Local Government Act 2002 with its broad empowerment of, and new purpose for, local government. Section 10 of the Act sets out the purpose of local government as follows:

> to enable democratic local decision-making and action by, and on
> behalf of, communities; and
> to promote the social, economic, environmental, and cultural wellbeing
> of communities, in the present and for the future.

The overall aim of the Act as set out in section 3 provides for local authorities:

> to play a broad role in promoting the social, economic, environmental
> and cultural wellbeing of their communities, taking a sustainable
> development approach.

This mandates a much broader focus than local government's traditional concerns of the 'three Rs': rats (that is, public health), rubbish, and roads. However, it is also clear that empowerment is for a specific purpose, namely, sustainable development. While local government has considerable flexibility to decide what activities it will undertake, these activities must be consistent with the purpose of local government. The change was particularly significant for regional councils, which historically have had a much narrower range of activities – mostly regulatory roles linked to resource management. However, it was also recognised that it

was unlikely that any local authority (regional or territorial[5]) would have the community mandate or funds to venture into significant new activities.

Section 12 of the Act outlines the powers of local authorities, giving them "full capacity to carry on or undertake any activity or business, do any act, or enter into any transaction". Local authorities have full rights, powers and privileges for the purpose of performing their role, subject to the provisions of the Local Government Act, any other statute and general law. Territorial authorities must exercise their powers wholly or principally to benefit the district while a regional council must exercise its powers wholly or principally to benefit a significant part or more of its region.

Notwithstanding a popular view that the 2002 Act took local government away from its core business (primarily roads, water, stormwater, waste water, waste disposal), in fact local government has undertaken a broad array of functions since at least the mid 1970s, following the enactment of the Local Government Act 1974. However, the earlier Act embodied a prescriptive rather than empowering approach to the range of functions that local government could undertake. As Palmer and Palmer (2004, p. 230) explain:

> The approach in the old Act was: before local authorities did anything they needed to check to see that they were empowered to do it. For example, section 663 reassured they that were empowered to install clocks. Section 659 confirmed they could sell firewood.

The sustainable development emphasis of the 2002 Act represents a significant shift in thinking about the role of local government, and reflects the understanding that wellbeing encompasses (at least) four significant domains: environment, economy, social and cultural aspects. Thus, for local government to contribute to the goal of sustainable development it was essential that it be empowered to address development as it impacts on all dimensions of the wellbeing of current and future generations.

Central government engagement in local authority community planning processes

Local authorities are required to address how they work together with other territorial and regional organisations, central government, and non-governmental organisations to further their community outcomes and priorities. Central government is a particularly significant stakeholder in that its policies and resources have major impact on community wellbeing. In addition, central government agencies collect data that is critical for local authority planning. Following the introduction of the new legislation Cabinet recognised that central government agencies would increasingly

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[5] In New Zealand, local government is made up of two main types of authority: regional councils and territorial authorities. The latter, district or city councils, are grouped into regions. There are also four unitary authorities that perform both regional council and territorial authority functions.

need to contribute to the achievement of community outcomes. In 2004 Cabinet directed a central government agency, the Department of Internal Affairs (which has responsibilities for local government policy and also for community development services), to take a lead role in facilitating central government engagement in community outcomes processes (COPs).

While Cabinet intended that central government agencies would work in partnership with local authorities and communities to achieve mutually agreed outcomes, it also noted that the regional level was an appropriate focus for central government participation in COPs. Because there were already existing regional networks and initiatives, it would be less onerous for central government agencies than district level engagement, and the government's policy was to foster regional development. However, regional and territorial councils have different roles in many cases and it is not feasible for central government agencies to deal only with regional councils. For example, in relation to an issue such as housing affordability, which is an issue for many territorial authorities, progress towards outcomes will require involvement at the territorial level of a number of central government agencies. Some central government agencies have been proactive in engaging with local government while others have been tardy or unwilling.[6]

The emergent new model of empowerment

Together these three developments signal a reconfiguration of intergovernmental relations, referred to by a number of commentators as the 'new local governance'. A key component of this new governance relationship is its incorporation of a 'community, spatial or place perspective on public policy and service delivery' (Reddell 2002, p. 53). Reddell notes that, with increasing research evidence of uneven social and economic development as a result of globalisation, concern about spatial or locational disadvantage has resulted in a focus on regions and local communities. In New Zealand, community-based and regional initiatives have been promoted in a range of social and economic policy domains (see, for example, Casswell 2001).

While there is growing momentum for some modifications to some of the statutory requirements, and some greater central government policy leadership, the localist impetus is likely to remain powerful and not simply at a rhetorical level. The current emphasis on community planning is also prompted by concerns about the 'democratic deficit' (reflected in citizen disengagement from political processes, in particular voting, at the local level), and the need to enhance the responsiveness of local government (Cheyne 2006). It is also suggested that arresting the continuing decline in

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[6] The Ministry of Social Development appears to have been one of the more proactive through its development of Regional Social Policy capability and through producing a comprehensive resource for staff (Ministry of Social Development 2005).

voter turnout at local elections will only be achieved if local government has greater responsibilities.

In order for local government to exercise greater responsibilities some of the evident tensions in the new intergovernmental relations will need to be resolved.   Particular tensions are associated with the financing arrangements for local government given its broad power to promote wellbeing and the emphasis on its sustainable development role; lack of alignment between central and local government planning processes as a result of different political priorities and central government inertia; and the bounded power of general competence.

Financing arrangements

Enhanced empowerment in the 2000s has become a double-edged sword for local government in New Zealand. The neo-liberal economic policies of the 1990s resulted in tight fiscal settings and under-investment in public infrastructure which, when combined with community outcomes processes that elevated community expectations about services, infrastructure and quality of life, have placed significant pressures on local government budgets. Increasingly, questions are being raised about the ability of local government (given its traditional financing arrangements – primarily property tax or 'rates') to fund necessary expenditure on infrastructure and services (Shand, Cheyne and Horsley 2007). The alternative is increased transfers of funding from central government, especially where there is a national interest in having consistent and certain standards of service or infrastructure. However, to the extent that central government will require accountability for funding devolved to local government, this has implications for local government autonomy as alluded to by the former Minister of Local Government (Burton 2006, n.p.):

> The ability of local authorities to provide acceptable levels of infrastructure into the future is uneven. This raises questions about whether and when central government should assume some responsibility for funding local infrastructure, and the relationship between such funding and the local expenditure priorities of each council.

Lack of alignment between central and local government planning processes

While the new community planning process in the LGA 2002 is intended to strengthen the community governance role of local authorities, the desired co-ordinated planning and alignment of central government and community outcomes has been slow to emerge. The planning cycle of central government is based primarily on an annual budget, Statements of Intent between Ministers and chief executives of government departments, and

the three yearly electoral cycle.[7] There is a growing emphasis on 'outcomes-focused' management, which has generated a plethora of strategic planning documents. But, crucially, these are fundamentally driven by Cabinet policy (which reflects the policies of other parties in government and Labour's support agreements with these parties). The planning cycle of central government is not aligned with local authority planning cycles and processes, yet central government agencies are expected to contribute to achievement of community outcomes. In some policy areas, the mismatch has become evident and there are initiatives underway to improve alignment. Improved alignment would tend to be sought through ensuring that local government plans recognise central government political priorities,[8] however, it can also be sought through modifications to central government policy goals (for example, as set out in Statements of Intent). Further research is needed to identify whether there is in fact a two-way process of adjustment of outcomes. To the extent that there is no scope for dialogue between the two tiers of government about central government's policy settings and outcomes, there is a risk that the notion of a community-driven planning process will be compromised. However, community planning is always conducted within the parameters of a nation-state that has international obligations and these are likely to become more pressing (particularly in relation to climate change).

Limitations on local government autonomy

The new Act does not explicitly provide a full 'power of general competence' – the legal term empowering local government to undertake any function that is not expressly precluded by law or given exclusively to another body – although Palmer and Palmer (2004) consider that the new Act moves closer to such a power, and both many in the local government sector and many commentators refer to the new power to promote wellbeing as a power of general competence.

Thus while technically, or *de jure,* local government does not have a power of general competence, it would appear to have such a power *de facto*. However, that power is also widely acknowledged as being delimited in a number of ways. At an early stage in the development of the Local Government Act 2002 Cabinet agreed that the proposed empowerment of local government would be subject to provisions to ensure clear accountability to communities and open governance. It was noted that, as well as granting broader powers to local authorities, central government should take a greater interest in the exercise of these powers and in local authority performance. Thus there are some provisions for central government to intervene in local government, such as the power to initiate a

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[7] A Statement of Intent (not to be confused with the Statement of Government Intentions between the government and the community and voluntary sector discussed earlier) identifies, for the medium term, the main features of intentions regarding strategy, capability and performance. After being finalised, the Statement of Intent is tabled in Parliament.

[8] One example is land transport policy where the lack of recognition of the goals of the New Zealand Transport Strategy in regional and district council land transport programmes was highlighted in the Next Steps review (Minister of Transport 2007).

Ministerial Review (Office of the Minister of Local Government 2000). However, this is used extremely rarely.

Rather than prioritise 'hard' powers of intervention, less direct influence has been wielded through the use of principles-based statutory provisions in the Act that guide behaviour. These principles cover many aspects of local government's activities, including governance, decision-making and consultation, and potentially open up the sector to legal challenge. More immediately they impose significant new standards, although there is still considerable emphasis on council discretion in the application of principles.

Despite the intention of empowerment, the 2002 Act fell short of a full retreat from prescription. From when it first appeared as a Bill, a wide range of commentators have drawn attention to the cumbersome requirements of the Act, particularly in relation to the statutory planning and accountability requirements (see, for example, McGregor, O'Reilly and Smith 2002). The consultation and decision-making provisions are particularly onerous. As Palmer and Palmer (2004, p. 250) observe:

> Having decided to empower local government … the Act then tends to restrict the exercise of the powers granted by tying them up in a host of prescriptive and procedural requirements that may prove cumbersome and expensive to comply with on the part of local authorities. It almost appears as if, having given local government greater powers, it was necessary to wrap them up in such a way that they could not be exercised too easily.

The detail in the legislation was greater than many anticipated, suggesting that central government has imposed its will on the sector, thus maintaining the greater share of power in the overall relationship. But significant discretion is also given to – and exercised by – local government (for example in deciding how to conduct consultation).

Concerns about the imposition of central government requirements on local government – the so-called 'unfunded mandate' – have led to efforts to monitor and streamline the impacts on councils. Local Government New Zealand has identified a range of different impositions, including intended devolution and unintended devolution (LGNZ 2005). The Department of Internal Affairs recently published guidelines for central government agencies when developing policy that impacts on local government (DIA 2006). As yet there is no evidence of the impact of these guidelines, although new central government strategies continue to emerge in the achievement of which local government is heavily implicated.[9]

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[9] A recent example is the New Zealand Energy and Efficiency Conservation Strategy released in October 2007 (Minister of Energy 2007).

Empowerment versus centralism: contradiction and paradox in the model

In mid 2006 local councils published their first ten-year plans (a new requirement of the Local Government Act 2002, making transparent their planned expenditures and revenue needs over the period from 2006 to 2016. Public concern about rates increases intensified, as the magnitude of local government's funding requirements became clearly visible. Although not necessarily the case, the empowerment of local government in the 2002 Act is often seen by disgruntled ratepayers as the cause of increased local government expenditures and hence rates. Public concern about rates increases led central government to set up a panel to conduct an independent inquiry into local government funding.[10]

The panel, which reported in August 2007, confirmed that rates were an appropriate source of funding but recognised that they were becoming unaffordable – particularly in the Auckland region – because of infrastructure spending requirements. Therefore, the panel, as directed by its terms of reference, considered other sources of funding including income tax, goods and services taxes and environmental taxes. It did not support local or regional income taxes, GST, bed taxes or general revenue sharing by central government. However, it recommended an increase in the current local authority petroleum tax and further consideration of an environmental levy on international visitors as a means of meeting the environmental costs imposed by those visitors and thus of maintaining high environmental standards. It also recommended greater central government transfers (funding given by central government to local government). It noted that the existing system of land transport funding generally worked well as a partnership between central and local government and should be replicated in the funding of water infrastructure. Central government should provide increased funding for infrastructure for water supply, wastewater and stormwater (that is, the 'three waters') through a new Infrastructure Equalisation Fund.

As part of its inquiry, the panel received nearly a thousand submissions and met with the public and with the local government sector. Submissions and presentations from the local government sector often sought increased and new transfers from central government, although a large number also acknowledged that new funding from central government would inevitably lead to greater control by central government in order to ensure accountability for the use of taxpayer funds. It has been the experience of the local government sector in New Zealand (and arguably in many other countries though not necessarily always) that central government funding comes with strings attached. Certainly, the contractualism that emerged in the 1990s following the public sector reforms inspired by New Public Management (Boston et al. 1996) highlighted the need for financial and

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[10] The report of the inquiry was completed in August 2007. Further information and the final report are available at www.ratesinquiry.govt.nz

other accountability by organisations receiving funding from central government to deliver public services. The same is true for funding channelled to local government (for example, for road works). Central government-imposed compliance costs in demonstrating accountability are often very substantial, unresponsive to local situations and preferences, and in conflict with 'common sense'.

While central government benevolence in the form of grants and subsidies was obviously an attractive solution, for many a more serious option is to achieve a more genuine partnership between central and local government so that central government is aware of the implications of new central government policy initiatives on local authority budgets. In particular, new environmental and health standards (for example, drinking water standards), and central government policies to increase international tourism could impose significant costs on rural communities with a small number of ratepayers. A common theme in submissions from the local government sector was the need for enhanced communication between the two sectors. The central-local government forum discussed earlier is one initiative that can contribute to improved mutual understanding.

As intergovernmental relations develop and the role of local government is ostensibly reinforced, there is a growing challenge to establish the necessary balance between local discretion, local accountability and national consistency and standards. This is particularly acute in the area of environmental policy. The Resource Management Act 1991 set in place a regime of devolved environmental management, although with provision for additional national environmental standards and national policy statements. Only one national policy statement was mandated (a national coastal policy statement) and in the 1990s there was neither political will, nor much momentum elsewhere, for national policy statements. More recently there has been a growing consensus that additional policy statements are needed as well as many more national environmental standards; however, progress is glacial. To no small extent the slow progress reflects bureaucratic inertia, but reticence on the part of central government to mandate policy and standards is often a Trojan horse for persistent adherence to the still-powerful market-led model of planning; thus it is not so much endorsement of local decision-making as it is antipathy toward state intervention.

New Zealand's place in the Anglo model

The introduction of the new power for New Zealand's local authorities to promote social, economic, environmental and cultural wellbeing was arguably influenced by the British Local Government Act 2000 which placed a duty on local authorities in England and Wales to prepare 'community strategies' for promoting or improving the economic, social and environmental wellbeing of their areas, and contributing to the achievement of sustainable development in the United Kingdom. It also

gave local authorities broad new powers to improve and promote local wellbeing as a means of helping them to implement those strategies. The Local Government in Scotland Act 2003 introduced similar community plans into Scottish local government.

Implementation of these new powers highlighted the need to consider the financing of local government and this led to the establishment of the Lyons Inquiry into Local Government in July 2004. In September 2005 the inquiry was broadened to encompass local government's role and function. The responsibilities of local government for developing community strategies focused attention on what the Lyons Inquiry termed the 'place-shaping' role of local government and the need to "rebalance the relationship between centre and locality" (2007, p. i). 'Place-shaping' is defined as "the creative use of powers and influence to promote the general wellbeing of a community and its citizens". It includes such things as fostering local identity; regulation of harmful activities; community representation; promoting local economic development; identifying and responding to local needs and preferences; and building social cohesion. The report explicitly argues for the relevance of place (Lyons Inquiry 2007, p. 2):

> As our understanding of the multi-faceted nature of social and economic problems grows, and as our aspirations to solve them and to govern uncertainty and diversity increase, the arguments for a local role in determining the actions of government and the provision of public services are becoming stronger. In addition, economic analysis continues to identify local factors and institutions as important influences on economic change and growth.

As such the report is situated within the 'new localist' paradigm (see Pratchett 2004 for a brief overview of this paradigm). While there are some significant differences between local government in the United Kingdom and New Zealand, with the latter having much greater autonomy through its lack of dependence on central government funding, the Lyons Report has highlighted the importance of local government's place-shaping role. The changes in the United Kingdom as a result of the local government modernisation agenda, and those in New Zealand, suggest that these local government systems may be evolving to become more like the Northern European model as posited by Hesse and Sharp. However, McKinlay (2002) highlights the differences between local government in New Zealand and its counterparts in Australia and the United Kingdom. In Australia and the United Kingdom there is generally a much more top-down relationship, with local government being relatively powerless and subject to the rules and decisions of a higher tier of government (central government in the United Kingdom, the state or federal government, depending on the policy domain, in Australia).

For New Zealand, the prospect of a transition towards the North European model will be dependent on the development of further institutional

features to consolidate and complement evolving intergovernmental relations. One approach would be to introduce an entrenched provision into those parts of the Local Government Act that deal with the existence of the Act and the purpose of local government. This would mean that the relevant statutory provisions could not be changed without meeting a certain threshold of parliamentary support (say, 65 percent). Another approach would be to adopt a charter of local self-government, or public Statement of Government Intentions regarding the relationship with local government, along the lines of the document signed between the government and the community and voluntary sector in 2001 (discussed earlier).

Conclusion

Writing soon after the major reorganisation of local government imposed by central government at the end of the 1980s, Jansen (1993, p. 6) opined that "local government autonomy is rather more pious hope than reality". However, reflecting on the experience of the 1990s, Wallis and Dollery (2001) noted that the impact of reforms reflected the predominance of the 'activist' view of local government over the 'minimalist' view. In the minimalist view, the proper role of local government is the provision of local public goods and local government should not engage in the provision of private goods and services. The activist view encourages local authorities to engage with their communities to identify the community's preferred social and economic outcomes and to work actively towards these (Wallis and Dollery 2001, pp. 546-549).

Nearly twenty years on from the 1989 reorganisation and legislative amendments, and nearly a decade on from the establishment of a new phase in intergovernmental relations, the New Zealand system of local government has achieved a new status in its relationship with central government and the political executive (Prime Minister and Cabinet). Although regarded as belonging to a group of countries that comprise the 'Anglo' model, this new status arguably distinguishes it from others in that group (for example, Australia and the United Kingdom). The Central-Local Government Forum, new statutory provisions for long-term community planning, and central government engagement in the planning processes have altered local government's status – though not necessarily irrevocably. The gains for the two parties may be lost in the future with a different central government executive, and there is still a lack of appropriate balance in the power relationship. The imbalance in, and contingent nature of, the current relationship can be redressed through a more explicit constitutional or other recognition of the vital role of local government in counterbalancing the weight of the sovereign state.

Prior to the change of government in 1999, Reid (1999, p. 181) argued:

> The challenge for local government in New Zealand is whether or not
> the nation's tradition of strong centralism will continue to dominate

policy debate to the detriment of local democracy and effective service delivery, or whether, with the adoption of new frameworks, effective co-governance relationships can be established.

Notwithstanding the broad empowerment provided by the Local Government Act 2002, the fact remains that all local government's powers are derived from statutes passed by Parliament. The Central-Local Government Forum, which first met in 2000, has operated for nearly three parliamentary terms. Constitutional protection of the functions and powers of local government would consolidate this evolving partnership and ensure its continuity at a possible future time when central-local relations might not be so warm or when political management at the centre becomes overly centralising. When central-local relations are positive it is less obvious that such protection is needed. However, it is precisely at a time of enhanced status for local government that it is important to clearly establish its legal competence, and secure the gains that have been made in the partnership between central government and a strong, independent local government sector.

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Communities in control? The challenges of neighbourhood governance with reference to local government reform in England

Harriet Churchill[1]
University of Manchester

Abstract

Recent local government and public service reforms in England have been orientated towards devolving public service delivery and decision-making to the neighbourhood level. These reforms have been driven by political, social and managerial agendas that aim to make local government more accountable and responsive to local communities, to build social capital and to enhance the cost-effectiveness of local services. This paper, with reference to the current policy framework in England, aims to identify and review the possibilities and challenges for local government officials and partner agencies in moving towards decentralised public service provision and governance. The paper initially identifies the key aspects of reform brought in by the central government Department of Communities and Local Government that seek to extend neighbourhood influence and governance structures. The discussion then turns towards considering the challenges in ensuring effective citizen participation – namely responding to multiple policy objectives; devising appropriate neighbourhood governance structures; re-thinking the role of local government; identifying and managing trade-offs; building community and local government capabilities for wide-ranging participation; and ensuring effective partnership working at all levels of local government. In conclusion the important steps towards tackling these challenges in England are recognised although a number of concerns remain.

Introduction

Moves to establish devolved and participative forms of governance have been witnessed across many countries in recent years (Stoker, 2006). In England local government and public service reforms have been orientated towards extending neighbourhood level devolution and participation, with claims of a 'new era of shifting power to our communities' (Kelly 2006) and new neighbourhood governance structures that will "forge more influence, control and ownership by local people of local services" (Department of Communities and Local Government [DCLG] 2008:1). The emphasis on decentralisation is further apparent within public service reform proposals set out by all three of the major political parties in England, and is likely to be a prominent issue in the next general election, cast as a fundamental conflict between 'outdated and ineffective old ways of governing' and the necessity for new ways of governing; that is between top-down hierarchical forms of governance and bottom-up, participatory, inclusive decision-making (Blears, 2008).

However, local authorities (LAs) and public service agencies face a huge task in responding to these agendas and realising the positive outcomes that effective citizen participation can engender. This paper, with reference to the development of neighbourhood participative governance in England, aims to identify and review the possibilities and challenges for local government officials and partner agencies in moving towards decentralised public service provision and governance. The paper begins with a review of the legislative framework for neighbourhood governance in England before examining the rationales, opportunities, challenges and options informing local developments on the ground.

Bringing devolution to the doorstep: recent local government and public service reform in England

Since coming to office in 1997 New Labour has pursued an agenda of modernising public services and revitalising democratic structures. Local government has been criticised for being unresponsive to local needs, unrepresentative of local communities and paternalistic towards service users (Blair 1998). In response, a series of reforms have emphasised "a shift away from representative democracy towards partnership and participatory decision-making" (Daly and Davis 2002: 97). In the 1998 White Paper *Modern local government: In touch with people*, New Labour set out the need for decisions about local public services to be based on local needs and concerns rather than "what suits the council as a service

provider" (DETR 1998: i). The introduction of Best Value[2] duties for LAs, following the 1999 Local Government Act, emphasised partnership working and citizen involvement in public service contracts. LAs have been encouraged to generate new opportunities for citizen participation through the use of citizen consultation, citizen panels, service user groups and e-government initiatives (Daly and Davis 2002). Reforms within housing, social care, education, health and crime prevention have involved institutional reform towards establishing multi-agency partnerships as the vehicle through which local service priorities are set and professionals work together to better coordinate and integrate services.

For example, from 1999 the Sure Start initiative, an early intervention program aimed at families with younger children in neighbourhoods classed as multiply deprived, has involved the establishment of local partnerships whereby professionals delivering services to these families work together to provide an integrated package of services within a specific locality. Sure Start Partnerships from the outset were to work with parents and communities in 'new ways being involving, transparent, non-stigmatising and inclusive' (Williams and Churchill 2006). Reforms in housing have involved an emphasis on tenant participation with the establishment of local housing tenants' management boards (Daly and Davies 2002). Crime prevention and health promotion initiatives have also led to local partnerships, which seek to include community representatives and local citizens in order to be responsive to local concerns.

Alongside the expansion of local service delivery and consultative partnerships that seek to involve communities as well as a range of service providers and interest groups, local government reform progressed towards establishing strategic partnerships at a more executive level with the aim of improving overall strategic planning and coordination. The 2000 Local Government Act called for LAs to produce a Community Plan and detail a comprehensive, coordinated plan for social, economic and environmental wellbeing across areas and communities. Many LAs at this point set up a council-wide Local Strategic Partnership (LSP), made up of senior representatives of local service providers, as the overall strategic body to produce and oversee the implementation of the Community Plan.

In 2006, the White Paper *Strong and Prosperous Communities* brought a new chapter to local government reform in England (DCLG 2006) and led to the 2007 Local Government and Public Involvement in Health Act. The White Paper sought to further re-fashion the leadership role of local government, to strengthen strategic and outward-looking partnership

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[2] The Best Value system was introduced in 1998 as a new framework to guide service contract and delivery decisions for local government services. It aims to improve the quality of local public services via an inspection and audit system that assesses the cost-effectiveness and performance of service providers against locally agreed objectives.

working and, crucially for this paper, further decentralise local decision-making and service delivery/management. With concern for local democracy and accountability, the White Paper put forward radical proposals to allow LAs to choose between three types of executive models – to have a directly elected mayor, a directly elected executive or an indirectly elected executive.[3]

In line with previous reforms, the White Paper sought to strengthen the shift from an input-based approach to public service reform towards an outcome-based approach whereby LAs and partner agencies are given more scope and responsibility to set local priorities, decide on how to best to meet local needs, and improve local services within an agreed framework of service outcomes. The White Paper also upheld the view that multi-agency partnerships were the key mechanism by which local priorities were set and decisions about funding allocations were made (Glendinning et al 2002). However, the White Paper claimed there was a need to clarify central-local accountability by strengthening the leadership role of LAs and simplifying the system of central-local performance management. From late 2007, LSPs are to produce and agree with central government a Local Area Agreement (LAA) whereby 25-35 outcome-based targets would be set out covering four thematic areas of service provision – children and young people, healthier communities and older people, economic development and the environment, and safer and stronger communities.

Two other local frameworks will be significant in steering the work of the LSP and contributing to the LAA – the Sustainable Communities Strategy and the Local Development Framework.[4] A strong leadership role is envisaged for LAs with senior statutory representatives expected to play a major role in LSPs. The White Paper additionally placed a duty on partner agencies to cooperate with the LA, collaborate in establishing local priorities and work towards meeting the targets agreed in the LAA.

The White Paper was also concerned with establishing new neighbourhood governance structures for citizens to 'shape policies, services and places'. More effective community involvement was viewed as important in ensuring that services are designed around the needs of citizens and communities and "not processes and structures of individual agencies" (Blears 2008:1). Several measures aimed to enhance opportunities for community engagement while other aspects of reform aimed to strengthen accountability to citizens. LAs were encouraged to more extensively

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[3] The executive is the 'cabinet' of senior councillors that oversee day-to-day decision-making and management. A directly elected executive involves political parties and individuals standing for senior positions in open local elections and holding office for a fixed term. An indirectly elected executive is selected from amongst the councillors.

[4] The Sustainable Communities Strategy and the Local Development Framework are strategic plans setting out the local 'place vision' and local objectives for economic and social development in line with central government guidance.

establish neighbourhood governance structures such as Town or Parish Councils. Funds were announced for community-led social enterprise and asset management schemes such as community ownership of unused local buildings. Local councillors have seen their role re-defined as 'democratic champions' with a small budget provided to councillors for citizen-led community development. The influence of neighbourhoods is to be further enhanced by more use of tools such as Local Charters and Community Calls for Action. Local Charters, perhaps devised by Town and Parish Councils, are envisaged as a way of setting out service standards, local priorities and the relative responsibilities of LAs, agencies and local communities through a process of dialogue and deliberation. Community Calls for Action were described in the White Paper as a new mechanism whereby local councillors can call for action from the LA, and to which the LA executive are expected to respond within a given timeframe. The Best Value regime has also been reformed so that a greater onus is placed on LAs and service providers to 'inform, consult and devolve to local citizens and communities' as part of their public service agreements.

Two further recent developments will contribute to the expansion of neighbourhood and participatory governance in England. Firstly, in 2008 Hazel Blears, the Secretary for Communities and Local Government, announced an imminent White Paper on Community Empowerment. Blears stated that the White Paper will seek "to give people a real say in public services" and "put communities in control" (Blears, 2008:1). The White Paper will build on proposals set out in the Community Empowerment Action Plan, published in October 2007. In this plan the Department of Communities and Local Government indicated support for more community management and participatory budget schemes[5], greater use of local petitions in calling for local authority and government action, an active role for Parish Councils, and more transparency and openness among service providers.

Secondly, a further significant legislative development has been the Sustainable Communities Act 2007. This Act began as a private members' bill brought forward by campaigners who felt the 2006 Local Government White Paper did not go far enough in radically altering the balance of power between the state and citizens. As a consequence the Act has placed a legal duty on LAs to establish citizen panels, representative bodies of local citizens, which are to have the role of contributing to setting out local priorities and scrutinising local policies. LAs have a duty to take action on the suggestions put forward by the citizens' panels.

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[5] These schemes involve local community members being directly involved in the planning, management and delivery of local community services, such as community collectives bidding to refurbish a vacant local building and use the refurbished building for community groups and events.

Devolution and decentralisation: rationales and opportunities

The legislative changes set out above significantly extend neighbourhood and participatory governance structures and relationships in England; and are driven by three overarching rationales which relate to democratic/civic, social and managerial concerns and objectives (DWP 2006; DfES 2004; SEU 2004; NRU 2002; ODPM 2005; Home Office 2003).

Democratic and civic rationales
Evidence of declining voter turn-out at elections, extremist party recruitment and dwindling party membership raise fundamental concerns about the democratic legitimacy of the policy process. Other changes, such as the shift towards multi-actor and multi-level governance processes and the recognition of the multi-faceted complexity of contemporary social problems that stretch beyond national boundaries and centrally organised departments, also have implications for the health of democracy as policy processes become increasingly complex and extend beyond party politics and civil servant departments (Bovaird and Lofler 2003; Pollitt and Bouckaert 2004; Pollitt and Talbot 2004). Citizen demands, issue-based campaigns, internet-facilitated political participation and diversified media coverage generate and sustain an awareness of unsolved social problems, high expectations and political activity beyond the party political arena (Stoker 2006).

Enhancing opportunities for community involvement in the policy process has become a critical step towards strengthening citizen-government relations in this context. The forms of participation can vary considerably from simply receiving up-to-date information about government activities, to consultation, active participation and even community-led service delivery, such as in the case of a community owned local facility (Bingham et al 2005). Involvement can be short-lived, focused on a specific local initiative, or involve input to debates on complex social problems affecting a range of service providers and community members (Lowndes and Sullivan 2006). Encouraging effective and responsive community involvement activities can strengthen democratic processes in a variety of ways:

- Citizens and government begin to engage more in a personal and meaningful way which can generate a two-way learning process towards a more aware and active citizenship, and better informed and more responsive government actors (Corry et al 2004; Lowndes and Sullivan 2006);
- Citizens become better equipped and more able with knowledge, awareness and real life contact with officials, to hold governments to account (Stoker 2006);

- Citizens feel they have a stake in governance with opportunities to express their views and affect policy decisions (Perri 6 et al 2002);
- A more informed and involved citizenship within a more responsive local governance system is more likely to generate consensus, shared ownership and compliance voluntarily for policy decisions (OECD 2001; Corry et al 2004);
- Hence community participation can enhance accountability, rebuild trust, regenerate democratic legitimacy and encourage responsive policy-making – supplementing and strengthening the representative democratic system (Lowndes and Sullivan 2006; Stoker 2006).

Social rationales

The more social arguments for community participation focus on the close connections between community involvement, social capital, social regeneration, human wellbeing and self-worth. While social networks and identities stretch beyond those operating within spatially defined neighbourhoods, community involvement in and of itself can lead to personal and community development outcomes:

- Community relations can be strengthened, collective identities formed, reciprocal friendships made, and divisions between social/family groups lessened (Beattie et al 2004);
- Being involved in shaping and caring about your community can of itself boost social inclusion, a sense of belonging and self-worth/purpose (Almedom 2005);
- In areas where such community activity and relationships are already well furnished, local agencies can offer more concrete opportunities for sharing and utilising resources and expertise, widening the net for recruiting neighbourhood leaders and further creating opportunities for social bonding within groups and bridging across groups (OECD 2001; DfES 2004).

Managerial rationales

Research recently conducted concluded that while there is a high level of community support for public services in the UK, people were critical of local councils for not providing enough information and a lack of transparency and honesty in decision-making, as well as being concerned about the quality of some services (Audit Commission 2003). Community involvement, if done well, can help regain lost trust and has also been closely tied to service efficiency and effectiveness gains. While centrally designed and standardised services are appropriate for some functions such as welfare benefit distribution, others such as the delivery of police, health or education services need to be appropriate to local problems and conditions (Corry et al 2004). Here, the input of local citizens as well as other stakeholders is crucial in order to fit interventions with local problems

and needs – in effect minimising costly policy failure (Lowndes and Sullivan 2006; Perri 6 et al 2002). Citizen participation, therefore, can be about better policy making:

- Citizens add a unique role and resource to the policy process as experts on their own problems, needs and experiences. Their input can lead to a more holistic and grounded view of an issue or set of needs, and hence a better knowledge base for policy making and review, minimising the risks of policy failure (Corry et al 2004; OECD 2001);
- Citizens can have input across the spectrum of the policy process ranging from debating social problems to policy planning, drafting, implementation and evaluation (OECD 2001).

Hence the 2007 Comprehensive Spending Review in England (HM Treasury 2007) included expectations for efficiency gains to be realised through the implementation of the reforms to partnership working and the Best Value regime as set out in the 2006 White Paper.

These rationales, however, are far from contested and are contingent on effective, fair and representative neighbourhood governance activities. Rather than renew citizens' confidence in government institutions and build community cohesion, citizen participation initiatives can have negative outcomes if participation is tokenistic, unduly complex, duplicates workloads, mystifies accountability, or is co-opted by the most vocal, organised and 'networked' local individuals and groups. It is individuals and groups with higher levels of social, cultural and economic capital that engage in more formal types of community engagement and hence, there is much concern that New Labour's 'decentralised Britain' in practice means 'big remote centralised empires' are broken up into 'municipal based little empires' (Corry et al 2004). Such developments compound rather than reduce social exclusion, democratic deficits and inequalities. Generating support for community involvement initiatives requires a pro-active approach to tackling such inequities. The requirement for Citizen Panels to be representative of the local population and social groups is a step in the right direction – but much will need to be done to enable people to participate and generate local confidence in the process.

Furthermore, it is not necessarily the case that community engagement in decision-making will make for more efficient decision-making. Effectively devolving decision-making and scrutiny functions to the neighbourhood level will require the active investment of financial and human resources, with high transaction costs in the short-term – albeit with the potential of significant savings in the long-run if decision-making reduces ineffective and contested policy designs (OECD 2001). The claim that citizen participation will enhance the responsiveness of services is equally

contentious. There is little recognition in the official policy documents reviewed above that a responsive service could mean a variety of things to different service users, and that neighbourhoods are far from homogenous entities. While there is considerable consensus over some issues, such as the deserving claims of children to social protection, education, health and welfare, other issues can raise considerable conflict, as in the case of criminal justice policies. Recent research has also questioned the degree to which individuals taking part in community participation activities can be said to represent community interests, or whether they merely pursue their own self interests (Daly and Davies 2002). Likewise research has highlighted the anxiety among community members when asked to 'speak for their neighbourhood' or make important service priority decisions (Daly and Davies 2002; Skidmore et al 2006).

A recent review of people's experiences in devolved decision-making indicated the need to focus on appropriate issues. For example, decisions about local recycling services were perceived as far more suitable for devolution and likely to be enhanced by neighbourhood involvement, whereas being asked to make decisions about education, health or social care services caused anxiety as people felt they were rationing services without adequate knowledge of needs (Ipsos/MORI 2007). Research into Citizens Panels undertaken by Ipsos and MORI claimed there were two rationales for limiting decentralised decision-making when it comes to education, health and social care services. Firstly, there appears to be a strong consensus in support of the primary role of professionals in allocating and administering quality local services. Secondly, some community members held discriminatory attitudes towards marginalized groups (Ipsos/MORI 2007). Further, the more deliberative and participatory neighbourhood governance initiatives become, a (healthy) increase in debate and disagreement is likely to occur – but who is to broker the situation? Will a consensus be required? Whose interests will prevail?

In England a strong leadership role for statutory agencies has been emphasised but it is exactly these agencies that neighbourhoods and communities will be seeking to influence, hold to account and make more responsive. Recent community consultation activities undertaken by government officials which involved presenting citizens with 'the evidence' for and against a decision were heavily criticised for bias and providing misleading information (Ipsos/MORI2007). Meanwhile, the role of ward councillors has been re-fashioned as one of community leadership, but this has raised issues around the difficulties of recruiting councillors and the unrepresentativeness of ward councillors in terms of their background – they tend to be drawn from groups considered the 'local elite' or individuals with higher levels of education. It is unclear how

councillors will respond to this new leadership role and whether a wider cross section of the population can be recruited.

Developing effective citizen participation

The evidence suggests that ineffective, symbolic and tokenistic neighbourhood participation in decision-making can be as dangerous to democracy as the often unrepresentative and centralised status quo. The remainder of this paper seeks to contribute to the development of effective citizen participation initiatives by reviewing the opportunities, challenges, options and issues for local officials seeking to generate meaningful participation. In responding to the current legislative framework and concerns about effective implementation, the discussion below considers six key issues for local officials:

- Defining good neighbourhood governance
- Choosing neighbourhood governance institutional arrangements 'fit for purpose'
- Defining the role and responsibilities of local government within the new neighbourhood governance arrangements
- Investing in capacity building
- Encouraging joined-up partnership working
- Managing trade-offs.

Notions of good neighbourhood governance
Local authorities are well placed to engender and model principles of good neighbourhood governance. Corry et al (2004) set out six key principles that need to equally inform neighbourhood governance initiatives and structures. These are:

- Effectiveness: 'The ability to get things done'
- Accountability: 'Providing clear accountability'
- Participation: 'Promoting participation and involvement'
- Equity: 'Being capable of delivering equity'
- Diversity: 'Recognising and underpinning diversity'
- Innovation: 'Encouraging innovation and the evolution of services in line with citizen desires'.

Lowndes et al (2006) devised a framework for effective citizen participation based on their research into citizens' experiences and perspectives. They argue that participation is most effective where citizens:

> **Can do** - they have the resources and knowledge to participate
> **Like to** – they have a sense of attachment furnishing participation
> **Enabled to** – are provided with opportunities and support for participation

Asked to - they are asked to participate by official bodies and local agencies

Responded to – they see evidence that their views have been considered.

The search for appropriate institutional arrangements

There is evidence that different types of neighbourhood institutions are suited to different objectives. A range of challenges therefore face local agencies in developing institutions and tools for participation that are suited to specific political, social or managerial objectives. Lowndes and Sullivan (2006) have provided a useful typology of four ideal types of neighbourhood governance institutions linked to different rationales and objectives: neighbourhood empowerment, partnership, government and management.

Table 1: The four ideal types of neighbour governance institutions

	Neighbourhood Empowerment	Neighbourhood Partnership	Neighbourhood Government	Neighbourhood Management
Primary Rationale	Civic	Social	Political	Managerial/Economic
Key Objective	Active citizens and cohesive communities	Citizen wellbeing and regeneration	Responsive and accountable decision-making	More effective local service delivery
Democratic Device	Participatory democracy	Stakeholder democracy	Representative democracy	Market democracy
Citizen Role	Citizen: voice	Partner: loyalty	Elector: vote	Consumer: choice
Leadership Role	Amateur, enable	Broker, chair	Councillor, mayor	Entrepreneur, director
Institutional Forms	Forums, co-production of services	Service board/ partnership, local service agreements	Town councils, area committees	Contracts and charters

Source: Lowndes and Sullivan 2006

Neighbourhood empowerment models seek to maximise citizen opportunities and capacities for effective participation in decision-making and/or service delivery. A crucial aspect of this objective is that there needs to be real and concrete shifts in power from government and managers to citizens, so that citizens really have a say in policy decisions. Government has to give up exclusive control over policy content and dialogue – although the final decision clearly remains with it (Diamond 2004; Pearce et al 2004). Local authorities have a clear role to empower citizens – to mobilise, facilitate, support and respond to citizen participation through capacity building, participation opportunities, and transparency and responsiveness.

Neighbourhood partnership aims to gain a holistic view of citizens' needs in relation to service development. Partnerships

have been central to the development of complex service areas, such as health promotion, crime prevention, family support or child poverty, that require all stakeholders to be involved in a process of collective decision-making in order to enhance effectiveness. Partners represent different organisations or communities, with different mandates, historical involvement and structural power positions. Interests are brought together by the partnership chair.

Neighbourhood government is about extending openness and representation to and from the neighbourhood level in order to re-establish democratic accountability. The idea of elected neighbourhood representatives is key. These representatives may have functions within a particular service area, joined-up service delivery or across the neighbourhood as a whole. The elected individual represents the community to the local authority, scrutinising the work of the LA as an advocate of the community, rather than representing a committee or party in local government. The aim is to extend and supplement current forms of representation to connect existing structures and activities to the local level (Corry et al 2004).

Neighbourhood management seeks to empower local service managers to deliver services in line with citizens' needs and preferences. The aim is to enhance manager-citizen communication and citizen choice so that services can run more efficiently and effectively at the local level. Options can include devolving budgets, re-locating service operations, commissioning local market research and devolving many aspects of service decision-making down to the neighbourhood level.

Principles for neighbourhood arrangements

The UK government discussion paper *Citizen Engagement and Public Services: Why Neighbourhoods Matter* (ODPM and Home Office 2005) talks about a 'framework for neighbourhoods' as the foundation for a neighbourhood charter. The framework would consist of a national framework statement setting out the principles for neighbourhood arrangements, together with an undertaking by government, local authorities and others to adopt measures to resource and build capacity for neighbourhood engagement. The five key principles to be applied are that:

- councils and service providers provide opportunities and support for neighbourhood engagement;
- neighbourhood arrangements must be capable of making a real difference to citizens' everyday lives;
- neighbourhood arrangements must be appropriate to local circumstances, flexible to changing circumstances and responsive to local needs and the diversity of the community and its organisations;
- neighbourhood arrangements must be consistent with local representative democracy;
- neighbourhood arrangements must be balanced with the demands for efficiency and proportionality.

These principles give plenty of scope to establish arrangements appropriate to local needs. Hilder (2005) suggests that within the broad range of institutional structures and arrangements that may be chosen for different localities, there are some key elements that "need to work together if neighbourhood arrangements are to deliver practical rewards and improve quality of life."   These are shown in Figure 1 below and include:

- *Legitimacy* – political authority grounded in a clear mandate from electors
- *Identification* – the extent to which people feel a sense of belonging and common challenges, identifying with the area defined as a neighbourhood and concerned about its issues
- *Effectiveness* – mechanisms for improving public services and the local public realm
- *Partnership* – the practical process by which a variety of authorities, organisations and individuals works together to make a difference.

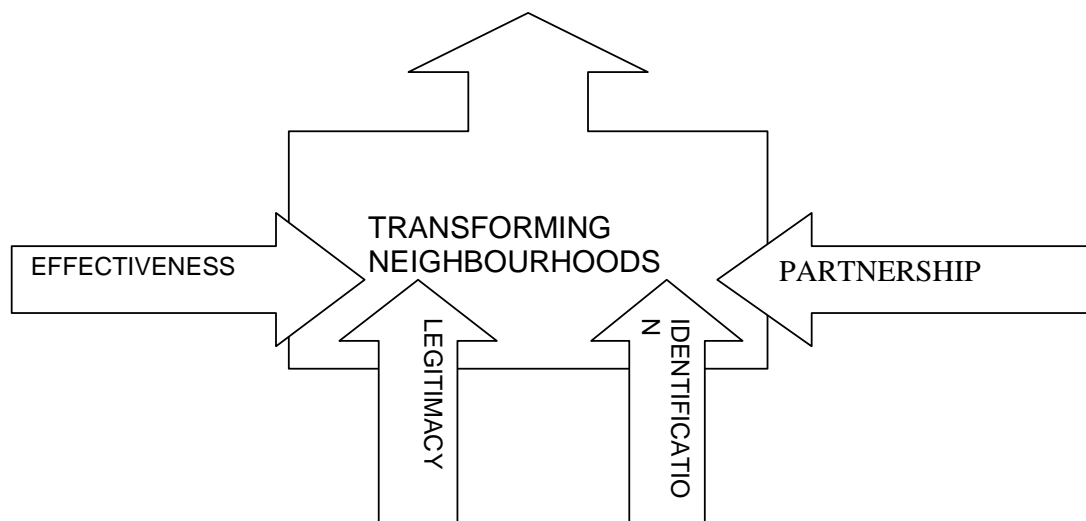**Local government tiers of decision-making**

Figure 1: Dynamics for neighbourhood arrangements (Hilder, 2005)

In the same paper by the Young Foundation (Hilder 2005), there are also some headline recommendations:

- The policy design needs to combine rights and powers with neighbourhood capacity building and public authority change agendas.
- Neighbourhoods should have the opportunity for considerable power in a limited range of core areas dictated by subsidiarity, focused where there are likely to be few negative externalities.
- Neighbourhoods should have some budget power, and the flexibility to win further powers in time.
- Where there is clear demand for a formal neighbourhood structure, it should be easy for citizens to establish it – disestablishment should be equally easy provided there is broad support.
- A variety of arrangements should be available dependent on context – processes and outcomes matter most.
- Ward councillors should have the chance to lead, but not a general right to block (meaning that they should be empowered to play a leading role in neighbourhoods, but not given a direct veto over all neighbourhood initiatives or arrangements).
- Public authorities need to tackle administrative barriers that may frustrate neighbourhood working, from constraints around Local Area Agreements to the paucity of neighbourhood data; as well as decide on whether improvements in services are best met by needs-

based authority wide interventions or neighbourhood level planning.

These suggestions indicate the need to consider the multiple ways that neighbourhoods can be more involved in local decision-making and to establish stronger mechanisms by which neighbourhoods can hold local agencies to account.

The re-orientation of local authority roles

The decentralisation of collective decision-making and/or service delivery involves a strong role for LAs as enablers of community 'voice and choice' as: brokers of interests; overseers of the principles and standards for good governance; and, coordinators of a multi-actor and multi-level system of governance. The earlier points raised in relation to developing the principles of good governance are relevant here, and we will now further examine the tasks of managing trade-offs and tensions between good governance principles, capacity building and joining up services. The paper then concludes by identifying a strategic way forward for local leaders.

Managing trade-offs

The wider literature in this area discusses a number of common tensions in developing neighbourhood governance in line with the political, social and economic rationales above. These can be characterised as: consultation versus influence; access versus competence; cohesion versus pluralism; and choice versus equity.

> **Consultation and influence:** Citizen participation can be described in terms of a spectrum of participation ranging from being consulted (having a say about your service needs or public service preferences) to meaningful influence and participation (having a significant influence in decision-making at the strategic level). Cynical views about citizen participation can arise when consultation leads to very little change at the level of strategic decision-making or front-line public service delivery. However, both consultation and more meaningful participation can be highly valued and different types of participation are appropriate for different types of decisions. Evidence suggests that citizens highly value being heard, listened to, consulted and respected for their contribution to the policy process, and are capable of grasping the bigger picture of governmental resource allocation and prioritisation (MORI/Audit Commission 2003). Citizens have emphasised that being consulted and having your views respected and taken into consideration are important to them as well as having an influence in the decision-making process. Citizens say

they want leaders that are honest, trustworthy, communicative and competent, who treat people well, are interested in their views and keep their promises (MORI/Audit Commission 2003). Ethnic minorities and young people are examples of groups that tend to feel they are not treated with respect or fairly – views that can change following positive experiences of 'being heard' even if services are not altered radically (MORI/Audit Commission 2003; Curtis et al 2004).

A vital task here is for local agencies to be clear and communicative about the objectives of involvement and the scope of citizen influence and decision-making capacity. Therefore blends of neighbourhood empowerment with neighbourhood partnership and management are useful – a mixture of civic education, involvement, consultation, redress and participation. Clear responsibilities and appropriate institutional arrangements will need to be applied to specific areas of service delivery or more generic coordination, consultation or guidance functions across services (OECD 2001). In the English case, the introduction of a Community Call for Action and the strengthening of the ward councillor's right to call for action will be vital mechanisms through which communities could hold government agencies and service providers to account.

Access and competence: This is a tension between the need for inclusive and representative participation and the need for competent, respectful and responsible citizen involvement. Whereas some neighbourhoods and individuals have a strong tradition of neighbourhood involvement, others will not. Broader citizen involvement means moving beyond the engagement of well- organised individuals. Here it is important to offer a range of participation options, build people's capacities, and engage in creative forms of community consultation and market research to find out citizens' interests, to harness the commitment of community minded people, and to find ways of resourcing and expanding capacity building activities. Mechanisms for sustaining community involvement can include ensuring any neighbourhood representative involved in local service or strategic partnerships only stands for a limited period; and that representatives are sought from a range of local community groups and populations. Again it is about harnessing the competences and capacities that citizens can contribute and joining these up with existing managerial, political and professional expertise.

Cohesion and pluralism: This tension involves a concern that small neighbourhood units for governance can exacerbate

boundaries and divisions that feed into exclusionary or elitist community relations. 'Strong communities' can also be insular ones, unwelcoming of change and diversity, as they may be founded on close-knit family bonds or social networks based on similar backgrounds or identities. Not only are smaller community units more likely to be less diverse, but group dynamics can become dominated by particular individuals, and the personal nature of relationships can reinforce boundaries between cliques, favourites, friends and outsiders.

Thus neighbourhood units can be poor at establishing links between communities and across distinct personal relationships (Lowndes and Sullivan 2006). Here a clear role exists for LAs to open up more tightly-knit areas and encourage a welcoming approach to newcomers or outsiders. The management of community relationships may involve training on respect for diverse lifestyles or resources for encouraging sharing information and experiences across communities and neighbourhoods. The LA will need to develop mechanisms for non-discriminatory practice using awareness training, modelling and rewarding 'good' behaviour, advocating for minority groups and addressing incidents of discrimination.

Choice and equity: This tension expresses a concern that devolution of public services leads to differences in forms of delivery – and more worryingly in the standards and levels of services. At worst we could have a 'postcode' lottery of differential standards in services depending on where you live (Lowndes and Sullivan 2006). Central and local governments have a key role to play in ensuring this is not the case and that poorer or disadvantaged neighbourhoods do not become ghettos of poor provision because of a lack of voice, capacity or choice for community governance.

Capacity building
Capacity building relates to a number of issues: the capacities of local officials and departments, as well as the capacities of citizens to engage in neighbourhood governance. Local agencies need to facilitate conditions that furnish effective neighbourhood governance. Ongoing developments now include citizenship education, community participation training, user perspective training and identifying barriers to participation on both sides. New competencies, ethics and attitudes need to be nurtured, harnessed and modelled. Training for local officials in managing community relationships, user perspective awareness and community development approaches has proved useful in some councils (ODPM 2005).

Joining-Up

Concerns often aired about decentralised decision-making and service delivery relate to the generation of complex, overlapping and competitive service domains.   Joining-up service activities and developments both across sectors and between the various tiers of organisational and governmental hierarchies has therefore been a long-standing issue. Central and local governments have a vital role in determining which service areas require a joined-up approach and providing the mechanisms and incentives for vertical and horizontal integration. Vertical integration refers to the different functional departments in an organisation with shared objectives, resources and outputs, whereas horizontal integration refers to individuals and organisations across services sectors or constituencies.   Extending neighbourhood governance involves thinking through where sectors and organisations depend on one another and require a joined-up approach. Encouraging common perspectives around shared outcomes, a clear line of accountability to the LA, an ethos of public service, appropriate rewards and obligations, and transparent decision-making will all contribute towards joined-up working (Corry et al, 2004)

Conclusion

This paper has reflected on the opportunities and challenges associated with devolved and decentralised decision-making in relation to public services and neighbourhood renewal with reference to recent policy developments in England. The paper has identified a series of challenges that face local agencies in ensuring that the moves towards neighbourhood involvement in reforming public services really does 'forge more influence, control and ownership by local people'. These challenges include:

- working across the political, social and managerial agendas driving devolution initiatives;
- establishing the appropriate neighbourhood level institutional structures;
- investing in engaging all sectors of local communities;
- ensuring public services offer choice, responsiveness and equity;
- devising a range of citizen participation opportunities; and,
- providing local neighbourhoods with meaningful influence and accountability mechanisms.

Where LAs and partner local agencies are motivated to engage and involve neighbourhoods and communities to a significant extent, recent local government reforms in England provide opportunities for important structural changes. For example, the move towards more directly elected local leaders and executive members all offer much scope for strengthening local democracy and neighbourhood influence, including:

- more opportunities for neighbourhood involvement in local priority setting and service planning;

- embedding service user perspectives into the system of performance monitoring and service provider contract allocation; and
- a strengthening of the powers and role of local councillors as representatives of local neighbourhoods

However, with efficiency savings expected as part of these reforms, and limited powers for neighbourhoods to influence the highest levels of strategic decision-making in LAs, there appears to be insufficient recognition from central government of the need to invest hugely in building a representative and inclusive programme of citizen involvement; protecting marginalized or vulnerable service users from discriminatory attitudes; ensuring local equity of service provision alongside local responsiveness; and significantly reforming the checks and balances ensuring LAs and public service providers are directly accountable to local citizens and services users.

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Institutional Barriers to Developing Community Indicators in New Zealand: A Preliminary Assessment

Ali Memon & Karen Johnston
Lincoln University

Abstract

There has been enormous activity in many countries and by international agencies during the last few decades to develop indicators to measure trends in different attributes of the environment, including indicators for community wellbeing and for sustainable development. Identifying appropriate indicators of economic, social, environmental, cultural and democratic progress across local government boundaries, as a basis for a strategy to enhance community governance, and as part of a national system of sustainability indicators, is a challenging task. An important dimension that is implicit rather than explicit in the current literature is the significance of institutional barriers to developing indicators. Informed by recent New Zealand experiences, our objective in this paper is to examine those institutional barriers within the context of achieving the wider objectives of the New Zealand Local Government Act 2002 to strengthen participatory democracy and community governance, and the 'whole-of-government' sustainable development paradigm that underpins it. We argue that the significance of undertaking the task of indicator development in a collaborative and participatory as well as technically satisfactory manner should not be under-estimated.

Key words: indicators, community wellbeing, sustainable development, institutional barriers, community governance, New Zealand.

1. Introduction

Many governments are striving to improve the way they measure progress and plan for change from an integrated participatory, 'whole-of-government', and sustainable development perspective.   Historically, interest in the development of indicators to measure wellbeing can be traced to philosophical debates about the nature of the 'good life', 'good society' and 'progress'.   More recently, since the 1970s, there has been enormous activity in many countries and by international agencies to develop indicators to measure trends in different attributes of the environment for healthy cities and for sustainable development, including State of the Environment reporting as well as indicators for community wellbeing (Waring 1990; Meadows 1998; Salvaris 2000). [1]

Identifying appropriate indicators of economic, social, environmental, cultural and democratic progress across local government boundaries as a basis for a strategy to enhance community governance and as part of a national system of sustainability indicators is a challenging task requiring social-scientific and technical expertise. But indicator development is not just a technical exercise and it is imperative that indicators should also reflect the values of the diverse communities they serve. This is best achieved through a participatory indicator development process. These issues are well traversed in the recent literature on the broad theme of sustainability indicators (Eckerberg and Mineur 2003; Rydin, Holman and Wolff 2003; Phillips 2005; Blair and Murphy Greene 2006). However, an important dimension that is implicit rather than explicit in the current literature is the significance of institutional barriers to developing community indicators. [2] Informed by recent New Zealand experience, our objective in this paper is to examine those institutional barriers within the context of achieving the wider objectives of the New Zealand Local Government Act 2002 (henceforth the LGA or the Act) to strengthen participatory democracy and community governance, and the whole-of-government sustainable development paradigm that underpins it. We argue that the significance of undertaking the task of indicator development in a collaborative and participatory as well as technically satisfactory manner should not be under-estimated.

This paper is organised as follows. In Section 2, key institutional considerations pertinent to indicator development are reviewed to set the context. Next, Section 3 provides an overview of the current New Zealand

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[1] The term environment is used in this paper in a holistic sense inclusive of social, economic, ecological and good governance attributes.

[2] Community indicators measure broad trends in community outcomes and are different from programme evaluation and performance indicators which measure the effectiveness and efficiency of specific agency initiatives and programmes. In the New Zealand context, community indicators is a term for indicators that are developed at the local and regional scale through a process that has involved the community and inter-governmental collaboration, as explained in Section 3.

institutional setting for community indicator development as a case study. The focus in Section 4 is on interrogating barriers to indicator development from two related perspectives: inter-governmental collaboration and local government interpretation of the indicator development mandate in the LGA. The study findings are discussed in Section 5, and Section 6 concludes.

2. The Wider Context

The analytical approach in this study draws on the institutional analysis research paradigm in recent policy and planning literatures. Recently, there has been a rapid rise in interest in institutional arrangements that underpin various aspects of our lives in economic, political and social spheres. The term 'institutional arrangements' is used broadly, inclusive of both the formal organisations of government and those informal mechanisms ie rules, mores, practices (or indeed the lack of them) that provide incentives and disincentives for actors to behave in particular ways. The core of the institutionalist perspective is the insight that formal organisational arrangements on their own do not provide an adequate explanation of dynamics and outcomes, and that informal organisational forms are equally significant (Rydin and Falleth 2006). All kinds of external influences affect the way in which individuals form their decision-making processes. Thus, it is how both the formal institutions ('hard infrastructure') and informal institutions ('soft infrastructure') shape the patterns of social interactions which produce social phenomena, and how those institutions emerge from such interactions that is of increasing concern (Hajer and Wagenaar 2003).

The formal and informal networks between actors help explain how governance processes work. Institutional capacities at the macro and micro level are set within time-place relations which are complex and ever-changing. The shifting social context means that transformation processes are not static; too much emphasis on habitual practices and ways of doing things can stifle participants, whereas being open to others' views and being able to deliberate in network arrangements will allow trust in community governance to develop (Healey et al. 2002; Kothari 2001).

The literature on the nature, purpose and compilation of community indicators is now extensive and offers a valuable source of ideas and information for policy makers and practitioners to draw on (Waring 1990; Meadows 1998; Salvaris 2000; Hings and White 2000; Hoernig and Seasons 2005; VCIP 2005; Innes 1997; Blair and Murphy-Greene 2006). This literature provides potentially useful leads to interrogate institutional barriers manifest in emerging approaches to indicator development for monitoring and reporting progress towards desired community outcomes in New Zealand, as explained below. There are two basic criteria against which to examine emergent approaches towards indicator development: community involvement to develop meaningful indicators; and expert input to ensure that the content and calibre of indicators are technically sound.

Community involvement

Community indicators are statistical tools for translating broad community goals into clear, tangible and commonly understood outcomes, and for assessing and communicating progress in achieving these goals and outcomes (VCIP 2005). Community indicators should represent open, value choices. They should be chosen not just for technical or statistical reasons, but also on the basis of the political and philosophical values of those who choose them. Thus, a community indicator suite should sit within a long-term vision for the community's future, and high levels of community and stakeholder involvement are essential to obtaining meaningful indicators to complement expert input.

Community indicators can also play an important role in mobilising citizens to set priorities and goals and to participate in community planning and problem-solving efforts. Strengthening citizen engagement in identifying community concerns and priorities is itself a key democratic objective in the development of community indicators. Developing community indicators enables participants to recognise shared goals and visions, and the limitations of conventional indicators such as GDP (Besleme and Mullin 1997). This means the choice of community indicators should be made as openly and democratically as possible (VCIP 2005). Community involvement in indicator development enhances their purposefulness dramatically. It helps build community awareness across many facets of society, brings wider acceptance and allows attention to be devoted to resolving difficult issues in the community.

Lack of stakeholder and wider community awareness and involvement in indicator construction is likely to mean that behaviour changes towards sustainability values will be more difficult to achieve. "Information does not influence unless it represents a socially constructed and shared understanding created in the community of policy actors" (Innes 1997, p. 56). An indicator development process also has an important communication function in social learning including educating, informing, and linking diverse communities. Again, an indicator suite constructed with minimal community input will have difficulty fulfilling this function.

For all the above reasons, it is imperative that institutional arrangements facilitate public engagement in the process of indicator development. The role of local government in western societies, including New Zealand, has changed significantly since the 1990s in response to wide ranging trends including globalisation and economic competition, the progressive erosion of the role of the central state, international migration, and increasing social diversity. Today's local governments have more need than ever to understand and engage their communities in order to meet these challenges, and play a more direct role in community wellbeing. This can potentially form a foundation towards new models of local governance (Salvaris 2000).

Expert input

Desirable technical attributes of indicators include plausible and measurable goals, targets and standards, and robustness. These are significantly dependent on appropriate institutional arrangements to facilitate collaborative input by central and local government officials and other experts. Input by such experts in indicator development should complement community and stakeholder participation to ensure that indicators are technically robust. It has been argued by some critics that attempts to determine just what sustainability is and how it will be achieved tend to be top-down and expert-led, with limited public input, a command-and-control orientation, and use of indicators "developed by scientists for scientists" (Bell and Morse 1999, p. 48). However, the role of central government expert input should not be negated; technical and professional people bring knowledge of social, economic and environmental issues, as well as knowledge of indicator principles and data availability.

Community wellbeing indicators should, as far as possible, be co-ordinated and complementary at local, regional and national levels (multi-scalar). There are real benefits and efficiencies – democratic, planning and policy – when different levels of government and different governments within these levels have a common accountability framework and a common language for measuring progress. This applies both horizontally or spatially between districts and regions, and vertically from the national to the regional and local levels. A nationwide system of comparable community indicators based on each local government area can be used as a building block for wellbeing measurement at the national level within a broader sustainability context, and as a basis for central government department planning. A collaborative indicator development process also has considerable potential for coordinating the numerous central government and other agencies working on environmental, social, economic, human health and natural resource problems within a local authority area. It will be difficult to capitalize on this function if central government officials have little awareness of, or stake in, the indicator development process.

Co-ordination offers a number other advantages as well:

- Consistent measurement with the ability to map trends at city, district, regional and national levels to chart progress towards desired outcomes;
- Alignment of national monitoring initiatives with sectoral (departmental) and regional and local indicators (whole-of-government approach to monitoring);
- Cost savings and efficiencies associated with joint data purchasing, collection and dissemination;
- Benefits associated with building on the experience gained through existing monitoring initiatives (including support in the selection of robust indicator measures and the ability to tap into existing monitoring systems); and

       • Opportunities for joint consultation with feedback from and collaboration with data providers around the core indicator set.

To sum up, the challenge in designing community indicators is to successfully integrate a broad community based 'bottom-up' approach to indicator development with a central and local government expert-driven methodology. Thus, the task of indicator development is akin to marrying *government* with *governance* rather than signifying a shift from *government* to *governance.*[3] This emphasises the significance of a collaborative strategy for indicator development.

Based on the above literature review, we adapted a schematic model for developing community outcomes proposed by Blair and Murphy-Greene (2006) to steer our interrogation of how New Zealand local authorities have developed their community indicator programmes in a collaborative fashion (Figure 1 below). Expert guidance by central and local government officials and other experts during the construction of the process and at the end of each major iteration in the process, as suggested in Figure 1, is recommended. Blending the public's views with technical input in this way helps to bring about a set of realistic and technically robust community indicators that are supported by the wider community.

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[3] While 'government' reflects a hierarchical 'top-down' form of policy-making, more recent forms of spatial 'governance' utilize local partnerships, networks and collaboration between civil society, private sector and government.

Schematic Process Model for Developing Community Indicators[4]
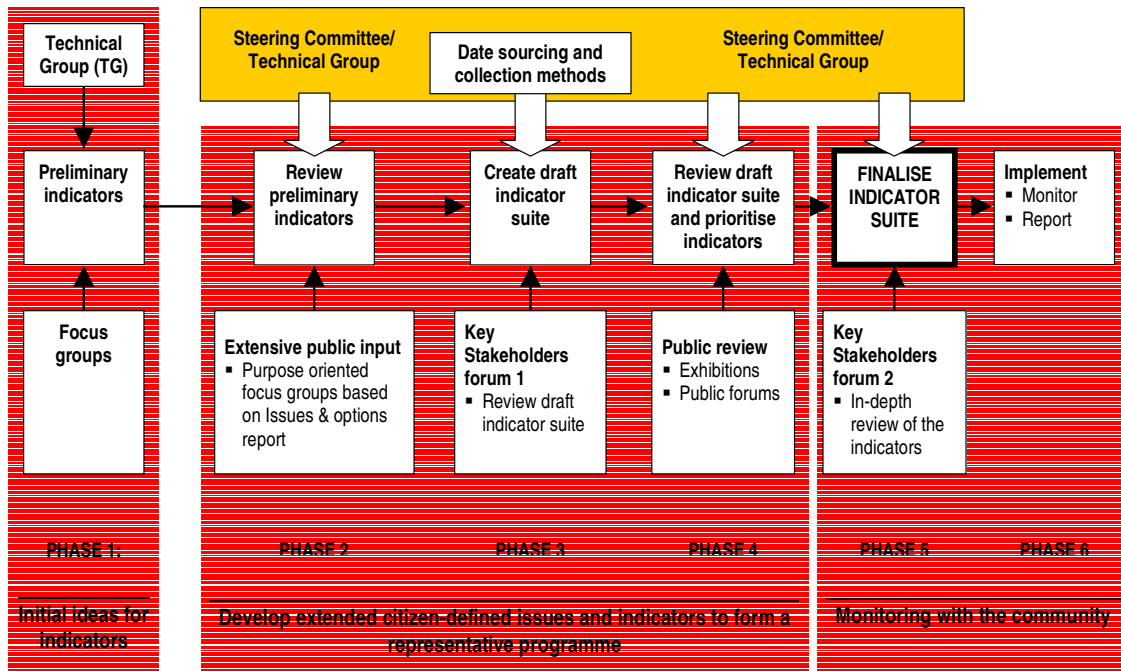
3. The New Zealand Context

New Zealand is a lead country in having a legal requirement for community indicators to report progress towards agreed goals at the local and regional level within a whole-of-government strategic planning policy context. For this reason, New Zealand provides a useful setting for a case study. The LGA requires each local authority every six years to consult its community and facilitate identification of desired socio-economic, cultural and environmental 'community outcomes' within its geographical jurisdiction.[5] The local authority must then identify which outcomes it will assist in promoting and delivering in consultation with other service providers, how it will do so, costs associated with achieving those outcomes, and how it will fund those costs. This information is to be contained in a long term (minimum 10 years) strategic planning document called a Long Term Council Community Plan (henceforth LTCCP), which must be reviewed every six years. Local authorities are also required to regularly monitor and, every three years, report on progress made in the district or region towards achievement of planned community outcomes.

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[4]   Adapted from Blair and Murphy-Greene 2006.

[5]   The two-tier system of local government in New Zealand comprises territorial (district) local authorities and regional councils, both of which are directly elected.

Under the LGA, indicator development is an integral part of the wider process of facilitating identification of community outcomes, monitoring, communicating progress, negotiating central and local government agency responses, and implementing policy changes. A wider underlying objective is to strengthen community governance and enable central and local government to reconnect with communities following two decades of neo-liberal policy dominance in New Zealand (Thomas and Memon 2007). Seen from this wider perspective, an ultimate rationale for the indicator development and monitoring and reporting mandate under the LGA is to make peoples' lives better. Indicators are also a vital element of a council's performance management framework for the LTCCP, prescribed in the Act. In this respect, community indicators are also part of the accountability and performance enhancement framework embedded in the LGA for purposes of auditing local authorities by central government.[6] Arguably, there is tension between competing community governance and public management rationales for inclusion of indicator development and reporting provisions in the Act.

Local authorities need to develop an indicator framework that comprises a suite of indicators for community outcomes and associated monitoring and reporting regimes, developed in collaboration with central government and other stakeholders, and the wider civic society. An indicator framework helps organise potential indicators in such a way that they will provide an accurate picture of progress towards community outcomes. It also provides a context for understanding how indicators relate to each other, how the appropriate data will be collected and reported on, and how the findings will be communicated to all the different stakeholders including the wider community.

4. Research Findings

This section presents preliminary findings on emergent local authority responses to their indicator development and monitoring and reporting mandate within a whole-of-government strategic planning framework for community governance, underpinned by the sustainable development purpose of the Act. As reported below, the capability of local governments across New Zealand to implement their mandate effectively varies significantly. For the first generation LTCCPs, most councils have focussed their limited resources on facilitating community outcomes processes and seeking agreement with their communities and service delivery agencies on what the council should be doing to make progress towards achieving desired outcomes. The process has proved to be a steep learning curve for

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[6] A review of indicators of local authority performance for audit purposes is beyond the scope of this study, notwithstanding the links that exist, from a local authority perspective, between the two levels of monitoring.

most councils as well as other key stakeholders (Leonard and Memon, 2008). There has been considerable interest within the central government sector during the last few years in developing sectoral indicators; the national association of New Zealand local authorities Local Government New Zealand (LGNZ) and Statistics New Zealand have been keen to link these initiatives with meeting the needs of local authorities, however, there has been an absence of co-ordinated and timely guidance from central government to assist development of local government capability. This is reflected, for example, in the slow progress made in developing indicators and monitoring and reporting frameworks to assess achievement of desired community outcomes *across* local government boundaries.

4.1 Inter-governmental Collaboration

Over recent years there has been a growing technical sophistication within the public sector as to what should be monitored and how it should be monitored. There is now a range of indicators available to councils to choose from to monitor progress towards community outcomes. However, as discussed below, achieving inter-governmental collaboration has been a major impediment to developing capability and commitment within the local government sector.

Monitoring and reporting is not new to local government in New Zealand. There is a wealth of experience and past initiatives that can be drawn upon in response to the requirements now imposed under the LGA. All councils were required as part of the earlier 1996 amendment to the Local Government Act 1974 to have in place performance measures to evaluate effectiveness of their activities. Likewise, local authorities are required under the Resource Management Act 1991 to monitor and report on effectiveness of environmental/land-use plans and on planning consent applications.

The most pertinent recent local government-led initiative is the Quality of Life Indicators project commenced in 1999 by the Metropolitan Sector Group of LGNZ (www.bigcities.govt.nz). It aims to develop social, economic and environmental indicators of quality of life in New Zealand's cities. This project has had a notable impact on developing indicator suites for both local and central governments, and also in a general sense in mobilising a whole-of-government approach to indicator development. Its results are well publicised (Metropolitan Sector Group 2007).

Other more recent local government initiatives, such as the Canterbury Region Community Plans Group (Canterbury Region Community Plans Group 2005), the MARCO[7] group from the Waikato (MARCO 2005 and

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[7] The MARCO Team (Monitoring and Reporting Community Outcomes) was formed to develop co-ordinated procedures for monitoring progress towards the achievement of community outcomes. The team includes representatives from local authorities, central government and the Waikato District Health Board.

2006), and Future Taranaki (Future Taranaki Facilitation Group 2006) have also had an impact in providing best practice examples for others to learn from. They are all regional groupings, combining regional and territorial (city and district) local authorities, and their experience shows that by sharing resources and expertise significant gains can be made, particularly for smaller councils that would not have had the technical or financial resources to do it alone. Cooperation between regional councils and territorial local authorities is thus seen as important for designing robust community indicator programmes and managing them.

In contrast to the above, the recent Statistics New Zealand-led Linked Indicators Project, which appeared so promising as a whole-of-government initiative, has stalled due to lack of funding and enthusiasm from both local and central governments (Statistics New Zealand 2006). It was designed to serve both central and local government purposes by creating a core set of indicators that is comparable from national to regional to the local level and also uses the same outcome areas. However, the project has been unsuccessful in its latest two funding bids for further development.

During the last seven years some central government departments have also intensified work on developing department-led sectoral indicators and data sets that both they and local government can draw from, with varying degrees of success. Whilst useful, their experience demonstrates that for a whole-of-government approach to work, there needs to be integration and comparability of information and indicators not only horizontally across levels of government, but also vertically. This should occur from national to regional to local levels of government and across the four areas of wellbeing defined in the LGA (social, cultural, environmental and economic).

Encompassing the above local and central government departmental initiatives, the sustainable development movement has to some extent also generated an interest in sustainability indicators in New Zealand. In this context, monitoring is seen as an essential ingredient for the community, local government, central government, the business sector and others to assess if there is movement towards or away from sustainable development goals. The real difficulty has been that there is no single acceptable framework for measuring sustainable development within New Zealand as there is no national sustainable development strategy to measure progress against. There is still disagreement about what sustainable development means in a practical sense within a whole-of-government setting in New Zealand, and thus about how it can be operationalised and measured in relation to community outcomes.

Brown-Santirso (2006) has reviewed recent New Zealand initiatives for sustainability indicators and notes that these provide important learning opportunities for future development. There is an array of different types of approaches in current use. These include the *Monitoring Progress towards a Sustainable New Zealand* (Statistics New Zealand 2002) and *Quality of Life*

in Twelve of New Zealand's Cities 2007 (Metropolitan Sector Group 2007) projects. These initiatives aim to serve policy-making, link the different components of sustainability and address the interfaces between the different elements of wellbeing. There are then the various indicator reports prepared for particular sectors such as the *Social Report* (Ministry of Social Development 2006) for social wellbeing attributes; indicators for economic wellbeing attributes (Ministry of Economic Development 2005); cultural and heritage indicators (Statistics New Zealand and Ministry for Culture and Heritage 2006); and environmental performance indicators (Ministry for the Environment 2006). In addition, SANZ[8] is promoting a suite of indicators that are based on a systems approach that measures the fundamental needs of the environment.

There are also composite measures such as the Genuine Progress Indicator and the Ecological Footprint, and the 'pressure-state-response' approach that has been used particularly for environmental indicators and for State of Environment reporting (Ministry for the Environment 1997). There has been a movement over time from indicators that measure *discrete areas* (like social, economic and water quality), to a search for indicators that measure the inter-relationships *between* the different areas.

Most of these efforts relate to specific aspects of sustainable development, and have been developed in isolation without a common framework to link them together. Also, there has been a lack of continuity as several of the initiatives have been one-off projects with no regular follow-up. The lack of a consistent national framework is compelling local authorities to produce information from a combination of local sources, national estimates and modelling. These regional and local statistics are often well researched and meet reporting standards but they are seldom comparable across regions or with national statistics (Brown-Santirso 2006).

Looking specifically at recent central government initiatives, there appears to be a sense of reinventing the wheel with very slow progress forward. While not wanting to be seen to pour cold water on new initiatives, the continual reinvention of indicators for discrete areas does not take New Zealand further ahead towards a whole-of-government sustainable development approach. The recent experience with development of indicators can be seen as a microcosm of how difficult it is to foster the whole-of-government approach within the public sector that was anticipated in the LGA 2002. It appears that some central government departments are building up larger departmental capabilities for indicators and monitoring but despite this, or maybe because of this, there is an apparent lack of commitment to work together.

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[8] SANZ (Sustainable Aotearoa New Zealand) is a network of practitioners who share a common goal of driving New Zealand towards achieving long -term sustainability. Originally, a number of members were under the umbrella of the Royal Society of New Zealand.

In some cases, progress has been incredibly slow even for indicators in one particular sector. Environmental performance indicators are a case in point, however, the Ministry for the Environment has learned many valuable lessons from its long experience in developing indicators. Some of those lessons are not to have too many indicators, not to be captured by experts, and to seriously consider how data is to be collected over a long period (Johnston and Reid 2006). The lessons are equally relevant to developing community indicator programmes. Although each indicator programme serves a purpose, the raft of central government sector-focused indicator initiatives need to be drawn together under the umbrella of a national sustainable development strategy.

While recent central government driven initiatives have played an important role in developing institutional capability, there is still an area where there is considerable room for improvement. This is Māori indicators: measures based on Māori world views and reflecting Māori wellbeing. A number of observers have acknowledged the lack of a Māori perspective in indicators over the last 15 years, but significant progress does not seem to have been achieved. This is despite the work undertaken by Durie et al. (2002) for Te Puni Kokiri by KCSM Consultancy Solutions and IGCI (the International Global Change Institute) (Jefferies and Kennedy 2005, and Kennedy and Jefferies 2005), as well as more recent work by Durie (2006) which sets out possible frameworks and indicators. Community indicator programmes need to make space for Māori indicators to comply with legislative directions in the LGA.

4.2 Local Authority Interpretation of the Indicator Development Mandate in the LGA

A two-pronged study approach was used to examine local authority interpretation of the indicator development mandate in the LGA:

- a scoping analysis of community indicator programmes in 26 selected local authority LTCCPs, representing a range of council types (city, regional and district) and population size;
- scoping case studies of the community indicator programmes of five local authorities.

This review is based on LTCCPs produced in 2006 which are the first generation of fully-fledged LTCCPs required by the LGA to be prepared by all district and regional councils. Though reflecting the limited experience in the local government sector in implementing the Act, the analysis provides an initial assessment of current practice and areas for improvement.

LTCCP Analysis

The purpose of this scoping exercise was to get an overview as to how councils have approached and communicated the monitoring and reporting requirements of the LGA through their LTCCPs. It was expected, at the very least, that all the LTCCPs would provide enough detail to comply with the requirements of the LGA. However, the first surprising outcome of the scan was the lack of a complete list of measures in almost half the LTCCPs reviewed. This reflects the fact that a majority of councils are at a relatively early stage of developing community indicator programmes.

Communication of information about councils' indicators and monitoring regimes to the public through their LTCCPs has been patchy. Interviews revealed that some councils have done more extensive work but this is not always described in their LTCCPs. Fifteen councils out of the 26 examined had identified a complete list of indicators or measures. Eleven had yet to do so. Less than half of the councils (10) stated how their indicators had been developed. Most of these described the consultation and collaboration they had with other organisations, but little reference was made to the general public's participation in the indicator development process. Very few LTCCPs included base-line data with the indicators. Only three councils had set targets.

From the scan of the LTCCPs and other council monitoring and reporting documents, it appears that with notable exceptions, mainly amongst larger cities, councils are not involving the general public to any significant extent in deciding how to monitor and report progress towards community outcomes. Deciding on monitoring frameworks and indicators has generally been carried out by the council in consultation and/or collaboration only with other organisations, such as government departments.

Council Case Studies

Because of the limited amount of information about community indicator programmes contained in the 2006 LTCCPs, it was decided to undertake scoping case studies of the programmes of a selected small group of councils.

Five councils were chosen to explore how they had gone about establishing a monitoring and reporting framework and selection of indicators. They were: Waitaki District Council (population 20,223), Environment Waikato (a regional council with a population of 382,716), Manukau City Council (population 328,968), Environment Southland (a regional council with a population of 90,876), and Christchurch City Council (population 348,435). The councils were chosen in consultation with LGNZ as examples of relatively successful cases of developing community indicator programmes. The five case study councils offered an array of data with which to paint an initial, reasonably informative picture of a community indicator framework.

With the exception of Environment Southland, our case study councils all have in place robust monitoring and reporting indicators for their community outcomes. The councils have had extensive participation from other agencies in their indicator development, and they all expect that the data will be utilised to inform and in some cases set priorities for the next community outcomes process and the 2009 LTCCP. It is clear from examining their documentation that the councils have in common considerable project planning expertise and skills. Processes have been thoughtfully set out, agreed upon and then implemented in order to meet the legislative requirements in a robust way.

The councils have used slightly different approaches to their indicator development, monitoring and reporting regimes. We have identified four key characteristics from these case studies that have assisted them to meet their obligations. These are outlined below.

Strong Partnerships: The five case study councils have developed strong partnerships for developing their community indicator frameworks. Manukau City Council has a history of partnership development dating back to the 1990s which has continued to the present day. Stakeholders, organisations and the wider public were involved in developing the process, identifying indicators, collecting data and overseeing implementation. Similarly, Waitaki District Council had a process which was very strong on working with stakeholder partners.[9] The partners not only supplied data, but were also involved in the development of the process to identify indicators. Environment Southland also enjoys strong partnerships: it is behind in the area of identifying indicators and establishing monitoring and data collection systems, but because of its close regional network and shared services forum[10] the council should have a good cooperative base on which to build.

History of Monitoring: Environment Waikato, Manukau City, and Christchurch City Council had the advantage of already having significant monitoring and reporting frameworks in place prior to the LGA, and had been collecting data for monitoring for a long period of time. Consequently, they have built up considerable expertise and knowledge in monitoring and reporting. Environment Waikato has acknowledged expertise in monitoring: it has produced manuals and guidance material on monitoring and reporting. Under the LGA the council formed MARCO, which is a group of strategic planners who have formulated their core set of indicators for the region. It

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[9] The 'Waitaki Tomorrow' partners consist of: Alliance Group Pukeuri, Canterbury Regional Council, Department of Conservation, Department of Internal Affairs, Housing NZ Corporation, Land Transport NZ, Ministry of Education, Ministry of Social Development/WINZ, Otago Regional Council, NZ Police Oamaru, Public Health South, Sport Waitaki, Te Runanga o Moeraki, Waitaki Development Board, and the Waitaki District Council.

[10] The Southland Shared Services Forum is made up of chief executives and councillors. It provides leadership, direction, and oversight of the various joint arrangements, and creates and supports a culture of working together at councillor and chief executive level.

has also explicitly recognised the need to integrate the monitoring required under both the Resource Management Act and the LGA.

Manukau and Christchurch were part of the original six cities in the Quality of Life reporting project mentioned earlier. Like Environment Waikato, they not only have the expertise to develop indicators and systematically collect data, but also the technical capability to analyse the information that they collect.

Regional Co-operation: Environment Waikato, Christchurch City Council and Environment Southland have all worked collaboratively with partners at a local and regional government level. These regional groupings have been able to learn together about the new monitoring requirements, to provide a forum in which central government departments have participated and shared information, and to formulate a core set of regional indicators. A regional grouping thus makes sense in terms of efficiency, sharing expertise and recognising common regional interests.

Community Driven Indicator Development: Manukau City Council has placed a strong emphasis on community involvement in its plans and policy development. This is exemplified by its process for identifying indicators and community outcomes, the way in which different groups are now working on detailed action plans, and how targets have been set by the community and key stakeholders. Manukau City was one of the first councils in New Zealand to develop an indicator programme, *The Changing Face of Manukau* (Manukau City Council 2004). This process began in the mid 1990s with community input. Preparation of a detailed strategy to guide long-term city development, *Tomorrow's Manukau – Manukau Āpōpō* (Manukau City Council 2006), involved 70 organisations and stakeholder groups.

5. Discussion

The analysis of emergent council community indicator frameworks presented in this study is exploratory in view of the relative newness of the LGA. The findings nevertheless pose a number of interesting questions and suggest recommendations for good practice from an institutional perspective.

5.1   Re-kindling of a Community Indicator Movement in New Zealand?

With notable exceptions, local authority and community enthusiasm and latitude to develop innovative locally-based community indictor initiatives, evident in other OECD countries, was suppressed in New Zealand until recently by the political dominance of a New Right neo-conservative policy discourse between 1984 and 1999. To a much greater degree than in other OECD states, management of the public sector during this period became

radically politicised and contestable with a shift to a minimalist state ideology based on the New Public Management policy paradigm. Public sector key performance indicators and performance targets in central and local government agencies focussed on measuring outputs rather than outcomes. In hindsight, corporatist public sector management reforms have failed to deliver value to the public. It is now recognised that central and local government politicians and bureaucrats need to do things differently and look outwards by engaging in dialogue with citizens (Thomas and Memon 2007)**.**

The re-kindling of a community indicator movement in New Zealand, following the election of 'Third Way' centre-left Labour coalition governments since 2000, has been shaped by a twin political dynamic. First, greater support is now evident on the part of central and local governments for citizen engagement and community strengthening. This in turn reflects recognition by central government of the role of local government as a means of implementing national strategies to promote citizen engagement and community strengthening (Thomas and Memon 2007). Second, there is enhanced interest on the part of central and local governments in the role of community indicators in the context of the sustainable development policy discourse. This interest is shaped by the recognition of complex inter-relationships between social, environmental, economic and cultural conditions, and the wellbeing of individuals and communities; a stance advocated for for many years by a number of civil society and *iwi* (Maori tribal group) organisations without significant political buy-in by central and local governments and corporate leaders.

However, as discussed below, institutional constraints have made it problematic for the nascent community indicator movement to make significant progress.

5.2 How Appropriate is a Decentralised Model?

From an institutional perspective, a key research finding of our study is that New Zealand has leant heavily towards a decentralised, locally-based approach to developing community indicator frameworks, with responsibility largely left to individual local authorities. There has been limited specific guidance from central government to assist local government with implementation of the monitoring and reporting obligations placed on local government under the LGA. This is notwithstanding the fact that a few key central government departments have made an effort to develop sectoral indicators relevant to their individual policy mandates.

One may argue that a devolved indicator development strategy within the LGA institutional planning framework based on the principle of subsidiarity is logical and appropriate in a number of respects. A risk of a 'top-down' centrally driven indicator development strategy is that it runs the risk of

homogenising the community and does not reflect the varied experiences of different communities and localities within society. However, a manifest drawback of the current New Zealand approach is that there is clearly considerable variation across New Zealand in the capability of local governments to develop community indicator frameworks and the results hitherto are therefore patchy. The central government stance is that the LGA is designed so as to provide local authorities with the autonomy to make their own decisions on how they will address the various requirements of the Act. Central government expects councils to make these decisions based on considerations such as local circumstances and recognition of their capacity.

The Linked Indicators Project (Statistics New Zealand 2006) was set up as a joint central and local government initiative to aid the implementation of the Act by developing a core set of indicators useful to both. But some key central government agencies have been reluctant to let Statistics New Zealand take the lead to identify core indicators within a whole-of-government framework, preferring instead to enhance their in-house departmental capacity. The delay of the Linked Indicators Project also reflects lack of sufficient support on the part of the local government sector. This lack of enthusiasm at both the central and local government level demonstrates institutional barriers to collaboration for comparable indicators, both across functional and geographical boundaries, and vertically from central to local government, and negates the whole-of-government stance which underpins the LGA.

5.3 The Processes for Developing Community Indicator Suites

A related key research finding is that relatively few local authorities in New Zealand have had significant levels of community involvement in developing their community indicators and monitoring and reporting regimes. There have been cognitive institutional barriers to using the community outcomes processes as a forum for developing community indicators. In New Zealand, there has been an emphasis on involving key stakeholders such as government departments and other holders of information, rather than community organisations and individuals within the wider civil society. With a few exceptions, community involvement has been mainly confined to the process of identifying community outcomes and not in the development of indicators to measure progress towards achieving those outcomes (Leonard and Memon 2008).

While community outcomes visioning exercises routinely incorporate extensive consultation, the process to identify relevant indicators should also involve public consultation on a comparable scale. The participation model for developing a suite of community indicators presented earlier is a useful tool for New Zealand councils to consider when designing their community indicator frameworks. The model suggests going to the wider community on more than one occasion with key stakeholder forums to

review proposed indicators in-between. In New Zealand, there is a general tendency to put a proposal out for consultation only once, and not to go back to the community to reconsider and deliberate.

5.4 Technical Attributes of Indicator Monitoring and Reporting Regimes

We found in our study that assessing technical attributes of indicators developed in LTCCPs at this stage is premature as almost half of the councils in our scan of 26 LTCCPs have not finalised their suite of indicators. Also, councils have not provided much of the background contextual information about their proposed indicators in their LTCCPs, even though some appear to have this information.

Examining the actual indicators that were reported in the LTCCPs shows that the majority of indicators being used are based on either council-generated or easily accessible public information. Most indicators are of a quantitative and technical nature rather than being qualitative and community oriented (for example, monitoring community perceptions of health to complement statistical measures).

A small group of local authorities are relatively advanced technically with their indicators. Amongst the five case study councils, it was evident that those that had completed their indicator suites had done so using robust methodologies that involved a number of criteria. The five councils were all similar in that they had established strong working relationships with other organisations. The smallest council, Waitaki District Council, had made very strong key stakeholder links through its community outcomes process, including indicator development and monitoring, and this seems to have been helpful.

Some of the technical weaknesses of indicators and monitoring and reporting regimes identified in the international literature apply to the New Zealand situation, beginning with a lack of plausible and measurable goals and objectives. In New Zealand, many desired community outcomes are intangible and, although well-meaning, remain difficult to measure. A lack of targets and norms is also a weakness in the New Zealand context. (In our scan of 26 LTCCPs, 23 did not have any targets.)

As reported above, central and local governments are now coming together at a technical level to create a menu of indicators that local government can use, for example through the Linked Indicators Project, *Quality of Life in Twelve of New Zealand's Cities 2007* (Metropolitan Sector Group 2007), and MARCO group. Guides and manuals have been produced by, for example, Choosing Futures Waikato (MARCO 2005), and central government departments are working with these groups. This work is not yet complete and was not therefore readily applicable to the 2006 LTCCPs. As indicated earlier, there is still no nationally agreed set of indicators for

sustainability and no national sustainable development strategy. This makes it difficult for territorial local authorities (cities and districts) and regional councils to link community indicators into a wider sustainability framework.

New Zealand's fragmented and strongly decentralised approach to community indicator development stands in marked contrast to the collaborative integrated approach that is currently being adopted in the State of Victoria in Australia (VCIP, 2005 and 2006). The Victorian initiative provides useful pointers for New Zealand to consider in adopting a similar strategic approach to indicator development.

6. Conclusion

New Zealand local authorities and central government data providers face significant resourcing issues in meeting the requirements of the LGA. Many local authorities have neither the financial resources nor the skills and expertise needed to develop and maintain an outcomes monitoring programme. Further, some of the central government agencies that are likely to be called upon to provide data for community outcomes monitoring will not be able to handle multiple requests for data at the local level. A more co-orientated and integrated approach to monitoring is needed under the collaborative leadership of Statistics New Zealand and the Department of Internal Affairs (DIA).

It seems evident that in order to overcome the barriers to indicator development, Statistics New Zealand should maintain a core set of indicators on behalf of local authorities, with data placed on a central website for ease of access by local authorities. Indicator trend data can be made available through a searchable data-base, as recommended by the Canterbury Region Community Plans Group (2005). Drawing on the experience of monitoring specialists, and on work done in the area to date, a core outcome indicator set should have relevance for all New Zealand local authorities, given the high degree of commonality in community outcomes themes that has become apparent across many local authorities (DIA 2007). Individual councils could complement this shared data by identifying additional local measures specific to their communities and desired community outcomes. This approach would: ensure a co-ordinated approach by data providers; generate cost savings; free-up local authority resources to allow councils to concentrate on provision of data for supplementary local indicators; create the potential for better standardisation of measures to ensure consistent outcomes monitoring across the country; and, facilitate sharing of existing monitoring experience and expertise.

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The role of local government in redressing neighbourhood disadvantage: A case study from Penrith City Council

Jason Prior
University of Technology, Sydney

Abstract

The concentration of disadvantage in specific neighbourhoods is a widespread characteristic of many Australian cities. A broad range of policies and programs which utilize integrated forms of governance have been designed and implemented to redress this. Within the state of New South Wales, Australia, local governments have been identified as being amongst the most effective drivers for these integrated governance approaches. Utilizing a case study of the Penrith Neighbourhood Renewal Program, this paper explores recent attempts by Penrith City Council to develop a framework to redress neighbourhood disadvantage, firstly by establishing an integrated governance framework for the program, and secondly by transforming the council's operational structure.

Introduction

Disadvantage concentrated in specific localities has become a widespread characteristic of many modern western cities, including those in Australia. Academics and policy makers alike have sought to understand the multi-dimensional nature of the problems facing the inhabitants of these disadvantaged urban localities. Concurrently, there has been a growing interest in understanding the factors that give rise to these disadvantaged areas, and the extent to which policies and initiatives can help combat the problem (Randolph 2004). This paper begins by outlining the emerging policy and practice context, providing insight into the developing understanding of the multiple underlying physical, economic, cultural and social processes that have triggered the problems facing these urban neighbourhoods (O'Conner & Stimson 1995; Baum 1997; Fagan & Weber 1999; Gleeson 2006). This outline also highlights the emergent understanding that more 'joined-up' approaches are required by all levels

of government, the private sector *and* communities to address the problems of disadvantaged localities.

Within the Australian context, particularly New South Wales (NSW), local governments have been amongst the most effective drivers for joined-up approaches aimed at remedying multi-deprivation faced by some residents. In driving these programs local governments in Australian cities are faced with the task of balancing their traditional roles in service delivery with the provision of a framework for more integrated forms of governance. Drawing on research from a recent evaluation process, the paper provides an insight into the way in which one local council, the City of Penrith, took up this challenge of creating a program – the Penrith Neighbourhood Renewal Program and action planning process – to address neighbourhood disadvantage within its local government area (LGA). The paper uses the Penrith program as a case study. It explores the emergence of the program within the context of Penrith City Council's strategic planning framework, the development of the program's integrated governance framework, and the way in which council's operational structure was transformed to create a supportive environment for the program.

Redressing localized disadvantage: The emerging policy and practice context

Australian cities have undergone significant social, economic and demographic change over the past few decades. In terms of socio-economic advantage and disadvantage these changes, often associated with globalisation and economic and technological restructuring, are not evenly distributed across cities. Recent studies have illustrated the social and spatial polarization in Australian cities and the growth of areas of significant disadvantage (Murphy & Watson 1994; Babcock 1997; Baum et al 1999; Gleeson & Randolph 2001; Gleeson 2006). It is now widely accepted that Australian cities have become more socially and economically polarized at the neighbourhood level as a result of these restructuring processes (Randolph 2003). Whilst the emergence of localized disadvantage in Australian cities is often described as being less intense than in Europe or North America, Gleeson (2006, p. 46) notes that it is moving rapidly towards the situation of "cities in the US, where socio-economic differences are often highly localized, even street by street."

One group of policy responses developed to address localized disadvantage has been neighbourhood renewal programs (NSW Department of Housing 1999; Dodson & Berry 2002; Wood et al 2002; Wood 2002; Randolph 2004; Victoria Department of Human Services 2002). Renewal as a loosely defined concept has taken on currency not only in Australia but internationally (UK Government 2000; Randolph 2004; Katz 2004). In the early 21st century in Australia renewal tends to be described in terms of both 'urban' and 'community' renewal, the former referring to activities such as the physical upgrading of properties and neighbourhoods, the latter

denoting social and economic community development activities (Dodson & Berry 2002; Wood 2002; Wood et al 2002; Randolph 2004).

A traditional assumption of physical planners has been that physical upgrading will eventually promote a 'nice' living environment that fosters 'nice' people, a belief based upon environmental determinism. Physical renewal emerged in planning activity in the decades following the mid 1950s through the mass redevelopment of public housing estates based around modernist inspired, formalist physical solutions to urban decay. More recent physical renewal has embraced 'New Urbanism', an orientation resembling earlier planning approaches that used spatial relations to create a close-knit social community that allows diverse elements to interact, for instance, through a variety of building types, mixed uses, intermingling of housing for different income groups and a strong privileging of the public realm.

Critics have questioned the appropriateness of outcome-oriented physical planning, arguing that whilst physical renewal programs address some of the symptoms of disadvantage, they do not address the underlying causes, such as the social and economic marginalisation of residents in disadvantaged areas. Physical renewal schemes can improve the place, but often at a cost to the community. Consequently, initiatives aimed at improving social and employment aspects of disadvantaged localities have become prominent within renewal programs.

The development of these social and economic initiatives has been supported through an understanding of emerging concepts such as capital and social exclusion and inclusion. The concept of 'capital' in relation to disadvantaged communities has attracted much interest in Australia in recent years (Bourdieu 1985, 1986; Webb et al. 2002). It involves economic, cultural and social components. An individual needs access to economic capital to provide sustenance and self-esteem. S/he also needs cultural (or informational) capital: "instruments of appropriation of valued cultural products, which exist in the embodied, objectified and institutionalised form" (Waquant 1998, p. 26; see also Gibson, 2006; Throsby, 2006). Cultural capital is connected to having 'roots' and the feeling of belonging to a place that is 'home'. Social capital consists of the totality of resources an individual or group has by virtue of being "enmeshed in networks of more or less institutionalised relationships of mutual acquaintance and recognition, or through membership in a group" (Waquant 1998). All these forms of capital intertwine with one another.

However, the concept of capital is only half the story and this is where forms of social, cultural, economic and political exclusion become important. Policy makers have adopted the term 'exclusion' to encapsulate the multi-dimensional nature of the problems facing inhabitants of disadvantaged urban areas. Power and Wilson (2000, p. 1) summarise

social exclusion as "the inability of our society to keep all groups and individuals within reach of what we expect as a society".

The concept of social exclusion is often used uncritically to encompass economic and cultural exclusion. Social exclusion is related to poverty, but makes sense only in the broader perspective of citizenship and integration into the social context. Economic exclusion is traditionally related to concepts such as poverty, underclass and a lack of the economic resources normally secured through decent employment. Cultural exclusion can be defined as a marginalisation from shared symbols, meaning, ritual and discourse. The final aspect of exclusion is political exclusion, which relates to the lack of a stake in power or decision- making. It exists when people are unable to participate in decision-making affecting their lives and community (for instance in the local neighbourhood), beyond simply voting and electing politicians to represent their interests.

The advantage of exclusion as a framework for policy action is that it focuses on the interconnectedness of issues to promote joined-up policies that address the concentration of disadvantage within specific localities, where people can become trapped in a cycle of related problems such as unemployment, poor skills, low incomes, poverty, poor housing, cultural fragmentation, limited access to participatory mechanisms, bad health and family breakdown. The role localities play in forging patterns of disadvantage is implicitly recognised in the notion of exclusion. The greater the problems of disadvantage within specific localities, the stronger the cumulative impact, leading to the flight of those more able to go, and gradual loss of control resulting from chronic instability and disempowerment. Policy responses framed in terms of exclusion therefore tend to stress the problems of places, rather than just those of individuals and families.

A key consequence of this emerging research and policy development, and the focus of the following case study, is a growing awareness of a need to shift away from sectoral planning and service delivery towards more integrated governance of problems within disadvantaged areas in order to deal more effectively with the diverse aspects of exclusion they display. More integrated approaches are required to go beyond the sectoral solutions imposed by physical renewal and public intervention in the traditional sense (child support, social workers and so forth). In isolation, the 'top-down', expert-driven approach, which forms the foundation of the traditional sectoral solution of welfare governance, reduces residents within disadvantaged areas to client-like and passive receivers of services. To foster self-esteem, an important prerequisite for social inclusion, residents must accept an obligation to take more responsibility and be given opportunities to be involved and empowered.

Reflecting on this new approach a series of policy and program interventions have emerged within Australian cities to develop joined-up or

'whole-of-government' approaches to addressing issues in disadvantaged areas (see for example Wood et al 2002). The case study below provides a detailed insight into one of these emerging programs. In NSW the Department of Housing and local councils have implemented and attempted to drive these more integrated approaches in many locations, moving beyond a whole-of-government to a 'whole-of-community' approach, built upon partnerships between government, the local business sector, and the community in all its forms (Wood et al 2002). However, many of these initiatives face the problem of short-term funding – a barrier to the effective longer-term solutions that are required to address the complex and multifaceted problems faced by residents in disadvantaged localities. While this issue is widely recognised by most project stakeholders, no realistic solution has been developed to move beyond the funding-round approach to more sustainable models. Long-term integrated governance approaches to localized disadvantage also need to be driven by strong and committed organisations. As noted above, in NSW this role has been played by both local and state government agencies, such as the Department of Housing. The success of these organisations is based on their control over physical and social planning within local areas, their awareness of local community needs and strengths, and their ability to integrate these to create responses to local issues.

Several studies have shown how the rigid organisational structures of modern government may impede the innovative program delivery needed in disadvantaged localities. The development of more integrated approaches by local government has led to a cultural change in the way local governments organise the provision of services (Mant 2002). This includes more collaborative approaches to planning which integrate economic, land use and social planning, and embrace a 'bottom-up' approach in which the starting point is to understand the local community rather than imposing the ideals of experts from the top down. The failure of planning during the heyday of massive physical urban renewal programs (carried out without community involvement) substantiates many of the objections made by opponents of the top-down, expert-driven form of planning oriented towards physical outcomes, and supports a move to integrated, inclusive and consultative planning practices.

The Penrith Neighbourhood Renewal Program

The remainder of this paper focuses on a case study of the Penrith Neighbourhood Renewal Program action planning process that the City Council has been using to address growing disadvantage within a handful of neighbourhoods since April 2001 (Penrith City Council 2001). Penrith City is one of 152 local government areas (LGAs) within the state of NSW, and one of 43 LGAs that make up the Sydney metropolitan area. It is located on the western fringes of the metropolitan area, and has been shaped by rapid urban expansion over the last 40 years. Penrith has been

identified as the most important city in the outer western sub-region (NSW Department of Planning 2005).

The case study provides an overview of some key findings from an evaluation of the Neighbourhood Renewal Program during 2004-2006. Following the first four years of operations, the evaluation was used by council to determine the future direction of the program, develop a more effective program framework in consultation with stakeholders, and identify the most appropriate framework for council's own future involvement. The methodology utilised for the evaluation was rigorous and independent. The evaluation focused on collaboration, organisational development and learning, creating opportunities to build organisational capacity, and recommending guidelines for the strategic direction of the program's future. Research involved quantitative data collection and analysis; stakeholder interviews,[1] literature reviews; analysis of the program's objectives; reviews of program documentation; analysis of corporate history and profile; assessment of program management and support; and a series of stakeholder workshops.[2]

The case study discusses first, the development of the program in the early 21st century as part of the council's emerging whole-of-community strategic planning process. Secondly, it explores the emergence of a formal integrated governance framework for the program in 2004, developed through a series of collaborative workshops with program stakeholders and built on the evaluation of the informal arrangements that emerged during the early years of the program's operation. The final section explores the changes instigated by the council to its operational structure (management, departmental and staffing) in order to accommodate the integrated governance framework for the program. A broader cultural shift within the council supported this departure from the traditional rigid organisational structures of local government that were seen to be impeding innovative program delivery, towards cluster formations which allowed the dissolving of boundaries between traditional functional service areas (physical, economic and social planning), and the reconfiguration of the professional-client role. It should be stressed that the case study presented here is unlikely to be comprehensive in its description of the program as it is focused on particular aspects of the program's transformation and development. Neither does the case study explore the program's local level area-based initiatives and, given that the evaluation itself was programmatic rather than project specific, reference to area-based initiatives will only be made where they enhance the understanding of the case study.

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[1] Quotes from in-depth interviews are coded with the number of the interview completed and one of three generic descriptors – Council (i.e. Council officer, Councillor etc), Community Member (i.e. business representative, resident etc), Strategic Partner (government agency representative etc).

[2] Interviews and workshops involved residents, community members, council officers, councillors, council managers, and strategic partners such as the NSW Department of Housing,

Emergence of a program based on Social Justice: 2001-2004

The origin of the program lay in the last few strategic plans developed by the council. Strategic planning within Penrith only has a short history. Its commencement in the early 1990s was driven by two factors. The first was the redrafting in 1993 of the NSW Local Government Act. The new legislation introduced greater autonomy for councils with a flexible range of functions and broader responsibilities outlined in a 'charter'. This charter called upon councils "to exercise community leadership", a provision which was clearly seen by Penrith City Council as providing a mandate for whole-of-community strategic planning. The second factor was a NSW local government department audit of the council's performance which was critical of the council's lack of strategic planning (Interview 12: Council).

Over the next decade the council developed a whole-of-community strategic planning process based on successive strategic plans formulated every four years by newly elected councillors.[3] In creating the strategic plans the councillors drew on the research, experience and professional insights of council officers, together with the insights of the local communities that they represented. Whilst elements of NSW government legislation and policies throughout the past few decades have encouraged local government to engage in strategic planning, there are currently no formal statutory requirements for councils to prepare this type of broad strategic plan, either for themselves as an organisation, or for their communities.[4] Consequently, strategic planning processes developed by local councils in NSW are discretionary and use widely varying models and processes.[5]

As part of the development of Penrith's 2000–2004 Strategic Plan, the councillors identified the increasing disparity between infrastructure and services available to local communities in the older established suburbs of the LGA compared to those available in the areas developed since the

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[3] In NSW local councillors are elected for a four year term, consequently Penrith councillors during their first year of office prepared a strategic plan for the second, third and fourth year of their term and the first year of the following term, recognising that the next newly elected council would need time to create its own strategic plan.

[4] At the time that this paper was being prepared the NSW government was investigating the possibility of legislating a new strategic planning and reporting regime for councils that has clear outcomes and accountabilities. The new system proposes a 10 year strategic plan (to be known as a Community Strategic Plan) to be created by each council that includes social, environmental, economic and governance outcomes. It will be revised and rolled forward every 4 years, within 6-18 months after each council election.

[5] For example the Penrith City Council strategic planning process is different from that used by the Blue Mountains City Council (BMCC) that adjoins it. Whilst Penrith's process is focused on 4-yearly strategic plans that are formulated by new councillors as representatives of the community (supported by a strong research/information base), BMCC's approach is based on 25 year strategic plans, with the most recent plan being created through an extensive community participatory process. BMCC first adopted a 25 year strategic plan in the 1970s. In 2000/2001 BMCC committed "to develop[ing] a [further] long-term strategy in consultation with the community and other levels of government … [to set the] directions for the City over the next 25 years" (BMCC Management Plan 2000/2001).

1980s. Older areas were facing ageing infrastructure, redevelopment pressures, increased strain on existing services and facilities, and changing demographics. Unlike newer development that had benefited from 'Section 94' funding,[6] these areas were dependent on council intervention and resources, and possibly NSW government agencies, for their regeneration. In response, Penrith City Council (2000) identified within its 2000–2004 Strategic Plan the longer-term objective of achieving "equitable provision of services and facilities across the City, with special consideration to disadvantaged areas [within established areas built prior to the 1980s]."

Whilst councillors thus identified the need for long-term objectives within the strategic plan to address emerging disadvantage within established neighbourhoods, it was left to the council officers to devise the program to fulfil that objective. Drawing on discussions with human service agencies that already operated in some of Penrith's most disadvantaged areas, and based on emerging neighbourhood renewal literature, council officers developed an initial framework for the Neighbourhood Renewal Program. This framework centred around the development of location action plans that set out an integrated approach to provision of infrastructure and services by the council, community groups, non-government organisations and NSW government agencies. The action plans were based on the principle that community members themselves, as well as council and other service delivery partners, are essential participants in the process of determining priorities and approaches to the delivery of services, projects and maintenance of infrastructure within disadvantaged established neighbourhoods. This is in line with the council's broader strategic goal of providing more equitable access to economic, cultural and social opportunities for all within the Penrith LGA. The strategic plan set out the longer-term direction of council and the parameters within which council operated. The local action plans that emerged from the program act as localised versions of the strategic plan, functioning as a set of considerations to guide how council works with the community at the local level to develop policy and to deliver vital services that are genuinely responsive to community needs and meet the objectives of more equitable access to opportunities.

During its early years neighbourhoods were selected for the program for a variety of reasons, ranging from political through to identification of disadvantage from a series of wellbeing indicators, such as the Australian Bureau of Statistics' Socio-Economic Index for Areas (ABS 2001). In 2001 initiatives were commenced with the development of neighbourhood action plans for Cranebrook and Werrington/Cambridge Park. A further initiative in North St Marys was added in 2002. In 2002/2003 the council identified

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[6] Within NSW public infrastructure has traditionally been provided through a mix of funding sources including Commonwealth, State and local government budget allocations, plus developer charges and user pays fees. Section 94 of the *NSW Environmental Planning and Assessment Act 1979* enables local councils and some other government authorities to levy contributions for public amenities and services required as a consequence of new development.

the need to accelerate the program's funding by increasing property tax ('rates') by 4.8% per annum for 10 years. During the early years of the program there was a shift from an initial focus on the repair and maintenance of physical infrastructure to working with communities to resolve issues of social, economic, political and cultural exclusion. This shift was viewed by many of the program's stakeholders during the later evaluation process as a positive move towards a more holistic approach to the strengthening of disadvantaged communities through addressing both physical and social aspects.

In 2005 the council renewed its commitment through the inclusion of a long-term objective within the 2005–2009 Strategic Plan that identified the need to continue the implementation of a program of "renewal for selected [established] neighbourhoods that contributes to a sense of community identity and cohesiveness" (Penrith City Council 2005, p. 7). This is one of a group of objectives aimed at achieving the council's vision of social justice through seeking "to secure social wellbeing by being alert when designing its programs to issues of *social justice* and by championing the city's case to others" (Penrith City Council 2005, p. 6, emphasis added).

Underlying this vision for the city is the concept of a 'just city' (Harvey 1973; Harvey 1992). The actors for 'just city' endeavours have sometimes been radical urban social movements for whom a 'just city' results from mobilizing the public rather than prescribing a methodology to those in office. During the heyday of mass urban renewal and the cruelties of mass clearance carried out as part of those renewal programs, the mobilisation of social movements in opposition to top-down, expert-driven planning, and the business and political interests which constituted its power base, engendered a review of the approaches being taken. The lessons learned have influenced a generation of planners and councillors who support programs that aim to empower those who have previously been excluded from power, through promoting an active citizenry, strengthening community wellbeing and reducing the causes of disadvantage and exclusion. This approach takes an explicitly normative position concerning the distribution of social benefits, where social justice is about access to the same rights and services for all citizens. Reflecting this philosophy, the Neighbourhood Renewal Program can be seen as a policy framework and action planning process through which Penrith City Council strives to build a just and inclusive city.

Identification of a program framework: 2004-2005
As part of the evaluation of the program in 2004 the council brought together a wide range of stakeholders, including various government agencies, non-government organisations, community representatives and organisations from the program's existing place-based initiatives, and local business enterprises, through workshops and working groups to develop a future program framework.

During its first few years the program had developed an important, although informal, framework for addressing the needs of residents in the selected established neighbourhoods. However, by 2004 there was growing apprehension about the program's apparent lack of an overall 'documented' framework and understanding of its sustainability, and about how council understood its position within the overall planning processes for the LGA. The lack of a strong program identity among stakeholders propagated a perception of the program as disconnected activities/area based initiatives occurring across different parts of the Penrith LGA. This perception led to differing expectations and understandings of priorities, financial and resourcing constraints. To identify a formal framework for the program, the evaluation sought to build on two distinct sources: leading practice principles for addressing multi-deprivation within disadvantaged neighbourhoods, and stakeholders' perceptions of the existing program and its future. The intent behind determining those perceptions was to unpack the assumed, although undocumented, knowledge held by the project's stakeholders about the program's framework.

As the program existed in 2004, stakeholders noted that it already reflected some of what recent research exploring place-based initiatives recommended might be implemented within the NSW context if place-based disadvantage was to be effectively tackled (Randolph 2004, p. 8). This included: the need for greater local coordination and integration of place-focused initiatives; a move towards a more coherent spatial targeting framework for the diverse patchwork of agencies and programs addressing localised disadvantage within the Penrith LGA; the identification of a local council role to coordinate delivery of local renewal programs; and, the integration of land use and social planning (Randolph 2004, pp. 8-11).

The program was particularly valued by stakeholders for its ability to provide an environment which enhanced communication/information sharing and partnership formation between communities, agencies and the council, leading to more effective responses to community needs and continuity and coordination of delivery at the local level. Council was seen as providing a supportive context for the development of synergies and integration of the diverse patchwork of programs and agencies within particular place-based projects such as Cranebrook, Werrington/Cambridge Park and North St Marys. The program was also valued for its ability to develop integrated land use and social planning responses to issues and concerns 'on the ground' (for example mentoring programs, public domain maintenance teams, establishment and support for Neighbourhood Advisory Boards). The following brief examples of the neighbourhood renewal action planning processes at North St Marys and Cranebrook provide a clear insight into the way in which the program, as reported by its stakeholders during the evaluation, provided a crucial mechanism for dealing with the multifaceted issues of neighbourhood disadvantage on the ground.

North St Marys

The North St Marys neighbourhood renewal action planning process commenced with two workshops in 2002 that were attended by over 30 participating agencies, including government agencies, community organisations and local services, the two local schools, and North St Marys Neighbourhood Centre Incorporated. The second workshop 'signed off' to a North St Marys neighbourhood renewal action plan with priority actions identified across a range of themes – community development and social services; access to education, training and employment; community safety; service coordination and physical infrastructure. As the project stakeholders explained during the evaluation, the collaborative forum created by the North St Marys workshops provided an environment that allowed a broad range of previously disparate service providers and local community groups, many of whom were already working within the North St Marys area, to come together and explore the way in which synergies could be created between the services and support being provided to the community, and how more effective and holistic outcomes could be developed for the communities through these synergies.

One of the key outcomes of this synergistic process which stakeholders identified, and which would not have occurred otherwise, was the joint realisation that a new neighbourhood centre for North St Marys would be a fundamental step in enabling enhanced local service provision in the area, including outreach services from St Marys Community Health Centre, the NSW Department of Housing and other key support service agencies. The centre was identified as a key initiative within the Neighbourhood Renewal Action Plan. Funding for the centre was provided by several of the organisations that had committed to the plan, with the council providing over $800,000, the NSW Department of Housing and NSW Premier's Department committing $350,000, and St Marys Leagues Club and other registered clubs contributing over $100,000. The creation of the centre enabled much needed programs and services to be delivered to the North St Marys community including youth activities, a women's multicultural group, antenatal clinic, family counselling, and other recreation activities for local residents. The development of the centre, which opened in August 2005, also enabled the neighbourhood renewal initiative at St Marys to secure Strengthening Communities funding from the NSW Government for family fun days, kids craft activities, parenting information sessions, young parents support network, and dads and kids activities in the local park.

Cranebrook

Whilst the council had taken a leading role in creating the workshop forums to facilitate the neighbourhood renewal action planning process at North St Marys, the implementation of an action planning process at Cranebrook built on a Neighbourhood Advisory Board (NAB) which had already been established by the NSW Department of Housing to coordinate delivery of services and programs within that locality. The action plan developed for Cranebrook through the NAB included a wide variety of activities that were

aimed at providing a more cohesive approach to a range of social, economic and infrastructure issues that were seen to be contributing to deprivation within the suburb. Examples of the programs initiated through the plan include: the establishment of a Metropolitan Technology Centre to provide residents with e-commerce training and development; achieving the reinstatement of evening public bus services through the Cranebrook Housing Estate, as well as working with the bus service (Westbus), the Transport Workers Union and the NSW Department of Housing on a memorandum of understanding to establish an agreed process for managing bus safety incidents in the suburb; establishing a local youth service network to support coordination and partnerships on service delivery to young people aged 9-11 years of age; and the formation of a working group within the Cranebrook NAB that coordinated the development of the Cranebrook Town Centre Strategic Plan as well as a landscape masterplan, to address issues of ageing infrastructure in the town centre precinct and enhance community safety.

Whilst key building blocks put in place over the first four years of the Neighbourhood Renewal Program were believed by many stakeholders to be alleviating disadvantage within particular neighbourhoods, the evaluation also identified a series of key concerns that impacted on the program's effectiveness. These included the need for a 'life cycle' approach for the long-term interventions required to address multiple deprivation within disadvantaged localities. Current research suggests that addressing multiple deprivation requires interventions of 15-20 years. Such a life cycle approach has an internal logic incorporating clearly identified aims, objectives, priority needs and issues which are then translated into activities, outputs, impacts and outcomes. It also allows incremental change over time and has well articulated and agreed exit strategies triggered by an evaluation framework that can be used to measure progress against original aims, and to adjust those aims in line with changes in resources as well as the community's changing needs.

Given previous political intervention into management of the Neighbourhood Renewal Program, stakeholders also identified the need for clear selection criteria to identify place-based initiatives for inclusion in the program based on social, economic and cultural indicators (the ABS Social and Economic Index for Areas and other wellbeing indices), as well as other local sources of information (crime and personal safety reporting, council and non-government organisations data etc). Stakeholders also identified the need for the indicator data to be tested for validity through consultation with the residents of identified localities.

Based on a review of leading practice principles and stakeholders' perceptions of the existing program, the evaluation then identified a series of 'building blocks' to guide the development of the program's future framework. In brief they include the need for (Prior 2006):

- A conceptual framework and program logic
- Clear selection criteria for disadvantaged neighbourhoods
- The program to be expressed in an evaluation framework
- A shift from a needs-based (deficit) approach to a strengths-based approach to community development (see below)
- Appropriate community involvement and ownership
- Appropriate partnerships to be established
- Council to be the program's driver
- The support of long-term intervention
- Acknowledgement of finite resources
- An operational structure to support the program with integrated land use and social planning mechanisms.

In developing the program's framework, stakeholders stressed the importance of utilising a 'bottom up' approach to attain a truly integrated governance framework for each place-based intervention. This was to enable collaboration with, and empowerment of, the local community, and to be grounded and informed by community involvement during all phases of planning, design, implementation and review. It was agreed that disadvantage within specific geographical locations was most effectively addressed by involving the local community from the outset and building on their existing strengths. Thus one of the main aims in developing this underpinning for the program was a shift away from a needs-based (deficit) approach to a strengths-based approach, building on existing social, cultural and economic capital within a neighbourhood.

Using the above building blocks stakeholders identified a framework for the program structured around a hierarchy of outcomes approach and involving three steps in a causal chain leading from immediate to intermediate and ultimate outcomes (see Figure 1 below). Key outputs and resources required to achieve the identified program outcomes were also identified. The hierarchy starts with 'needs' at the base, continues up to 'outputs/resources' (developed in response to 'needs'), building up to 'immediate outcomes' and 'intermediate outcomes', and finally to 'ultimate outcomes.' (see Figure 1) The priority need identified was the strengthening of "established neighbourhoods within the Penrith LGA that face significant disadvantage/inequity compared to other parts of the Penrith LGA" (Prior 2006, p. 2). The key outputs and resources identified included:

> Delivery plans being established for each … place-based initiative
> which indicated methods of implementation, review, evaluation, and
> planned exit strategy and the establishment of a partnership structure
> including community, agencies etc to adequately resource each
> initiative. (Prior 2006, p. 35)

Building on the priority needs and resources, the hierarchy of program outcomes identified by stakeholders started with the establishment of positive partnership structures for each place-based initiative to support a

bottom-up approach; through to strengthened communities within the target locality; and with the ultimate goal of developing structurally enduring community processes and mechanisms within the locality that can be supplemented by the council's broader suite of planning programs, and do not require ongoing high-level resourcing through the program.

The following goal for the program emerged from an understanding of the identified framework:

> A program of renewal that targets particular established neighbourhoods, develops positive partnerships, and builds on existing community strengths to redress disadvantage leading to a more sustainable [Penrith] LGA. (Prior 2006, p. 19)

A further step in the development of a formal program logic and framework involved incorporation of the hierarchy of outcomes approach into an evaluation framework (Prior 2006). The stakeholders had identified the lack of an official evaluation program or data collection measures for the existing program, the only existing review process being qualitative reporting prepared by steering groups set up for each of the place-based initiatives. Stakeholders saw formal evaluation as essential given the need to establish mechanisms that could measure the program's progress, to adjust the program's focus as communities changed, and to secure ongoing funding.

It was agreed that evaluation should commence from the outset of program activities and should be locally relevant, objective and independent, be adequately resourced, have clearly articulated and measurable objectives and recognisable spatial scales, have good baseline data, measure both short and long-term outcomes, and be able to take into account external influences as well as the impact of particular local initiatives. Given the complex nature of the program and its diverse objectives, both qualitative and quantitative approaches to evaluation were seen to be necessary. Whilst it was agreed that the evaluation model would rely in part on quantitative performance indicators measured against benchmarks established by baseline surveys and administrative data provided by both the council and other agency partners, this approach needed to be augmented by qualitative techniques to obtain more fine-grained data on the program's progress and processes, and to identify winners and losers.

This need for a mix of quantitative and qualitative approaches reflects the complexity of the task of assessing renewal outcomes at a hierarchy of levels to capture evidence of shifts not reducible to simple performance measures. Stakeholders also identified a need for the evaluation framework to focus on how and why programs worked in addition to measuring outcomes. It was the view that a focus solely on outcomes may reveal little about how the policy or program actually delivered the outcome, how well it delivered, or who actually benefited. Based on this mixed evaluation methodology the stakeholders formulated a draft program evaluation

framework. It was agreed that this draft framework would be further developed through its application to individual renewal projects within the Penrith LGA, but also to provide a basis for comparative evaluation across several place-based projects.

A supportive operational structure: 2006 - present
In establishing a supportive environment for the program, the development of the formal program framework identified in the previous section of this paper only represented half the equation for council. The second half was to ensure that the program framework could be supported within the council's operational structure, given that the council was to function as the program's driver or steward.

Lack of a supportive operational environment was identified as a key stumbling block within the early years of the program. The rigid organisational structures of council were seen to be impeding the innovative program delivery required to address disadvantaged neighbourhoods. The program had been the responsibility of one of council's functional areas: City Operations. The fulfilment of program goals was the responsibility of the director of City Operations in the first instance, and the day-to-day operation of the program was the responsibility of a series of council officers who were responsible for a variety of other tasks. Two key factors impeded the program's success: there was no direct allocation of officers who could pay adequate attention to the program, and it was placed within one functional area of council while related functions such as social planning were in another, thus limiting its ability to provide joined-up solutions.

Beyond the need for better resourcing for the program (made possible through the provision of a dedicated coordinator, consultation expert and enterprise worker) it was clear that the creation of a supportive operational environment required the dissolving of boundaries between functional service areas within the council's existing operational structure. The division of services into separate departments reinforced professional boundaries and impeded the implementation of joined-up solutions to delivering services to specific localities, which was the core task of the program.

At the time council turned its attention to creating a more supportive operational environment for the program, it was undergoing an internal reorganisation of its entire operational structure that was being driven by a range of issues. Firstly, by the emerging need within a variety of council's programs, not just the neighbourhood renewal program, for localised responses that required more joined-up solutions from within the council (e.g. integration of land use, economic and social planning). Secondly, by legislative changes, policies and directives of the NSW state government that enabled and called for local governments to transform their operational structures from traditional sectoral models to more integrated frameworks

(see for example Mant 2002; NSW Department of Local Government 2005). Council's solution for the transformation of its internal operational structure was through the formation of clusters[7], made up of place management teams composed of a range of council officers and managers from diverse areas of council in order to provide joined-up solutions to particular areas within the city (see Figure 1). The Neighbourhood Renewal Program was to be linked to the Established Areas cluster team focused on solutions to the management of older developed areas of the city (see Figure 1 below).

In determining the placement of the program within the council's proposed new operational framework, extensive discussions were generated within council regarding linkages between the particular focus of the program on disadvantage and broader issues affecting the established areas within the LGA. Whilst it was generally accepted that the intense level of coordination and focus that the program brought to severely disadvantaged neighbourhoods was not required in all of the established areas in the LGA, it was also agreed that there was a need to develop a related action planning process with a less intense focus than that of the program for other established neighbourhoods that did not need the same high level of intensive intervention. It was considered that many of the public domain, infrastructure maintenance and community development issues identified in established areas could be addressed through the development of this new Established Neighbourhoods Program action planning process. The Neighbourhood Renewal Program process would complement this broader program by bringing an additional level of more intensive coordination, including social and economic/employment development programs, to selected established areas which were identified as having the greatest need for such services (for details on this relationship see Figure 1 next page). Many of the principles adopted within the policy framework for the Neighbourhood Renewal Program action planning process, such as community engagement, were seen as transferable to the new Established Areas Program.

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[7] The cluster concept explicitly focuses on combining a diverse set of skills to address specific needs and therefore takes into account all those actors that have a role in addressing complex goals (e.g. maintaining and developing established areas). As the cluster concept captures all forms of knowledge sharing, it goes beyond and provides an alternative to a traditional sectoral approach. Cluster governance formations are noted for their ability to bring together groups with both complementary and dissimilar skills; to use those diverse skills to address shared needs and constraints; and to allow problems to be resolved through synergies and new combinations of resources.
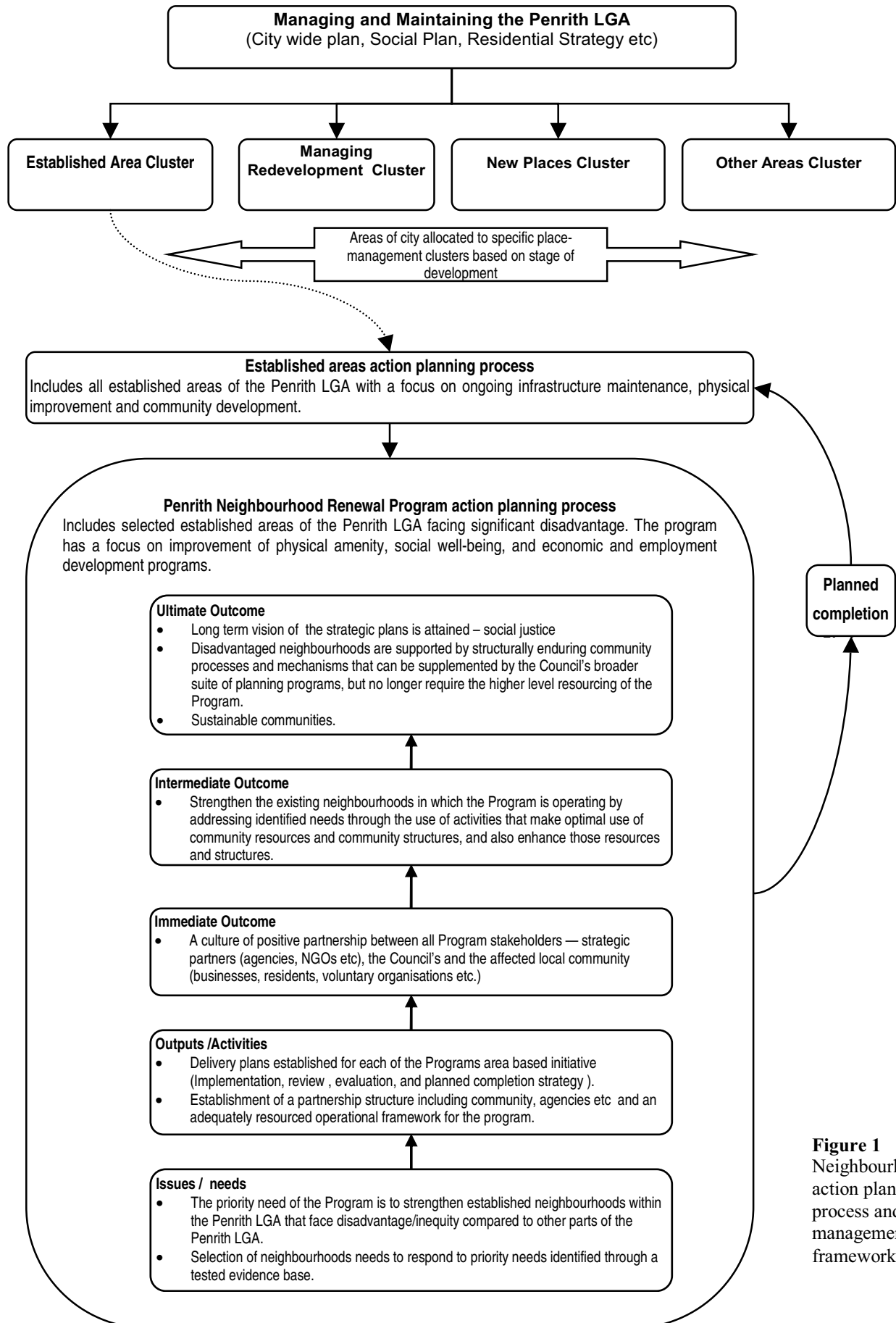
Managing and Maintaining the Penrith LGA
(City wide plan, Social Plan, Residential Strategy etc)

| Established Area Cluster | Managing Redevelopment Cluster | New Places Cluster | Other Areas Cluster |

Areas of city allocated to specific place-management clusters based on stage of development

Established areas action planning process
Includes all established areas of the Penrith LGA with a focus on ongoing infrastructure maintenance, physical improvement and community development.

Penrith Neighbourhood Renewal Program action planning process
Includes selected established areas of the Penrith LGA facing significant disadvantage. The program has a focus on improvement of physical amenity, social well-being, and economic and employment development programs.

Ultimate Outcome
- Long term vision of the strategic plans is attained – social justice
- Disadvantaged neighbourhoods are supported by structurally enduring community processes and mechanisms that can be supplemented by the Council's broader suite of planning programs, but no longer require the higher level resourcing of the Program.
- Sustainable communities.

Intermediate Outcome
- Strengthen the existing neighbourhoods in which the Program is operating by addressing identified needs through the use of activities that make optimal use of community resources and community structures, and also enhance those resources and structures.

Immediate Outcome
- A culture of positive partnership between all Program stakeholders — strategic partners (agencies, NGOs etc), the Council's and the affected local community (businesses, residents, voluntary organisations etc.)

Outputs /Activities
- Delivery plans established for each of the Programs area based initiative (Implementation, review , evaluation, and planned completion strategy).
- Establishment of a partnership structure including community, agencies etc and an adequately resourced operational framework for the program.

Issues / needs
- The priority need of the Program is to strengthen established neighbourhoods within the Penrith LGA that face disadvantage/inequity compared to other parts of the Penrith LGA.
- Selection of neighbourhoods needs to respond to priority needs identified through a tested evidence base.

Planned completion

Figure 1
Neighbourhood action planning process and place management framework

The Established Areas cluster team was established in late 2006. It comprised a core group of council representatives: the Community Development Manager, the proposed Neighbourhood Renewal Coordinator, the city's Asset Manager, the Local Economic Development Program Manager, the Local Planning Manager, the Corporate Development Manager and the Director of City Planning. It was agreed that other managers with important service and local infrastructure maintenance and development responsibilities pertaining to the city's established areas could be called on as required to participate in the team's planning activities. The structure of the cluster team was seen as providing a flexible yet formal operational platform that had several key advantages over the council's previous sectoral service structure, such as:

- a "greater opportunity for innovation" (Interview 12: Council) through knowledge sharing and interactive learning processes that were able to draw on a diverse set of skills;
- the opportunity to create joined-up solutions by overcoming the "hesitancy to cooperate that was entrenched in the council's previous operational structures" (Interview 10: Council); and,
- the opportunity to develop "efficiency and productivity" (Interview 8: Council) through the sharing of common technology, skills, and information.

Conclusion

This paper has investigated the emergence of policies and programs that have been developed to redress concentration of disadvantage in specific neighbourhoods of Australian cities. In particular it has explored the role that local government has played in the development of these initiatives. The paper began by providing an overview of the emerging policy and practice context that has been marked by a growing realisation of the complexity and diversity of factors that need to be addressed simultaneously to break the cycle of deprivation within disadvantaged neighbourhoods, the diversity of players that need to work together with these affected communities to address those factors, and recognition of the time that it takes to redress the disadvantage within such localities.

Within this rapidly developing policy and practice context local governments have been identified as potential drivers for renewal initiatives because of their control over physical and social planning at the local level, their awareness of local community needs and strengths, and their ability to integrate these to create responses to local issues. Through a case study the paper has showed how one local council, the City of Penrith, has taken up this challenge of creating, driving and developing an ambitious and innovative program – the Penrith Neighbourhood Renewal Program – to redress the multiple deprivation

faced by communities in certain disadvantaged neighbourhoods within its LGA. Drawing on the findings of an evaluation of the program that took place during 2004-2006, the case study provided insight into three key aspects of the program's history which have resulted in the program as it operates today: the emergence of the program as a key strategic focus for the council; the development of the program's integrated governance framework; and the creation of a supportive operational environment for the program within the council's organisation structure. In conclusion we reflect on these three key shifts and the challenges and barriers that were overcome.

The first part of the case study explored the way in which the program emerged as a result of a new local government Act and charter that challenged the council to think in new ways. This legislation along with other forces provided an impetus for the emergence of whole-of-community strategic planning processes within the council in the early 1990s, which in turn created a foundation for the development of longer-term strategies that were needed to redress multiple deprivation faced by populations within disadvantaged established neighbourhoods. Also, the council was able to commit to long-term funding for the Neighbourhood Renewal Program through a special 10-year rates levy.

The second part of the case study showed how stakeholders developed a clear program framework to overcome a range of internal barriers and constraints within the program that hampered its success. Concerns revolved around differing expectations and understandings of priorities, and the ability to carry through on commitments in the longer-term due to resourcing, funding and time limitations. A key factor in the development of a clearer framework for the program involved systematic identification of the program's logic. Whilst each area-based initiative was unique, stakeholders identified an overall logic that could be applied across the board. This was structured around a hierarchy of outcomes which began with the development of positive partnerships and community based planning, then built on community strengths through community development activities supported by physical improvements, with the ultimate aim of breaking the cycle of deprivation faced by communities within disadvantaged established neighbourhoods and creating what can notionally be called sustainable communities. This logic provided the foundation on which to build other elements of the new program framework such as clear selection criteria for target neighbourhoods, community based action planning and engagement, and an evaluation framework. The development of this structure has:

> ... enabled better communication/information sharing and partnership
> formations between communities, agencies and Penrith City Council

> leading to more effective responsiveness, continuity and coordination at the
> level of local delivery. (Interview 5: Strategic Partner).

Whilst the first two parts of the case study examined how the program overcame structural and internal barriers, the final part explored the way in which it overcame bureaucratic barriers. It showed how the council's operational structure was transformed to create a supportive environment for the program by dismantling the silos and territoriality resulting from a long cultural history of sectoral service provision, and by introducing an operational framework based on clusters that accommodate the more flexible and integrated approaches to service delivery required within disadvantaged localities.

Although one size certainly does not fit all, the program developed by Penrith City Council in collaboration with its strategic partners and local communities offers a successful model that other councils might draw on as they develop their own approaches to addressing disadvantage. As one strategic partner noted:

> Council deserves recognition for this program. Council has created a
> program that has enabled not only council but its strategic partners to
> provide services in a more effective, productive, and innovative way to
> communities that really need help. The new program is clearly a success in
> my eyes (Interview 6: Strategic Partner).

However, in seeking to adapt and apply the Penrith model others should note carefully the following comment made by one council officer associated with the Neighbourhood Renewal Program throughout the last decade:

> The development of integrated programs like the Penrith Neighbourhood
> Renewal Program require a collaborative process and a willingness to
> change. The program that we have today was only made possible through
> dialogue, which takes time, and our willingness to accept and adjust to the
> domino effect of change that impacted right the way down into the way in
> which council operates (Interview 5: Strategic partner).

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New Aid Modalities and Local Government: Are they supporting or hindering processes of decentralization?

Philip Amis
University of Birmingham

Introduction

This commentary reviews contemporary changes in aid modalities and their impact on processes of decentralization. The main change in aid delivery and disbursement considered is towards a greater emphasis on general budget support (GBS) and sector wide approaches (SWAPs). This includes considering the broad questions of firstly, the impact of emphasising GBS on local government and governance systems, and secondly, the extent to which processes of decentralization can fit in with this new approach.

The paper is not the result of a formal research project, but reflects the findings of a wide range of consultancy activities; in particular, work for OECD in 2002 on aid effectiveness in Uganda; work for the UK Department for International Development (DFID) on aid instruments in India and Asia; evaluation of budget support in Uganda and Malawi; and work for UNDP in Rwanda on donor coordination and harmonisation.

The paper is structured as follows. The first section provides the general background and a discussion of new aid modalities. The following sections are concerned with the relationship between new aid modalities and decentralisation in general; a review of the experience of Uganda; and finally a discussion of the question of whether these new aid modalities are strengthening or weakening processes of decentralization and local government and governance.

New Aid Modalities

Since the late 1990s there has been a move amongst many donors to provide budget support as a mechanism to improve the effectiveness of aid. General budget support involves the transfer of un-earmarked donor funds directly to the recipient government's budget. This is often discussed in

contradistinction to traditional project funding and to sector wide approaches.

The broad philosophy behind the move to GBS is an attempt to make the donor-recipient relationship a more mature one than under previous approaches – especially project funding. Thus where both sides agree on broad objectives – a poverty focus within a market framework – the donor need not worry about the detail and can provide the recipient government with a stable source of funding and some flexibility in expenditure.[1] This approach is based upon ideas of partnership rather than a relationship based on patronage and/or charity. A key aspect is to work with and use existing government systems. This approach also requires complementary inputs: dialogue and conditionality, harmonization and alignment, and technical assistance and capacity building.

A final and sometimes unspoken aspect of GBS is that it is a relatively easy way of disbursing aid. It is likely to take a more significant role if the G8 pledges to substantially increase aid to Sub-Saharan Africa are implemented. It also seems inevitable that these new aid modalities will be critical in meeting the Millennium Development Goals (MDGs) to which the international donor community agreed in the late 1990s. We note that a leadership role for local government in meeting the MDGs was one of the themes of the 2007 Commonwealth Local Government Conference held in Auckland, New Zealand.

To a substantial extent the move to sector and budget support was a reaction to the problems of the project-based approaches that had been well documented. These include *inter alia*: their time bound nature; their tendency to pay high salaries and to attract the best personnel; and most importantly their tendency to 'honeycomb' established institutional structures and in many cases to bypass and undermine and weaken existing government systems.[2] The result was that international assistance was systematically weakening the government systems it was supposed to be supporting. This process has been well established and documented across much of Sub-Saharan Africa.

It is worth noting that there are significant differences within the donor community in the extent to which they support GBS. Budget support is widely supported by the UK (DFID), the Netherlands, Scandinavian donors (SIDA, Norway and Danida), and by multilateral agencies, notably the European Commission and the World Bank. The United States (USAID), France and Japan are the main donors opposed to this approach, for a variety of reasons including accountability for funding to Congress (US),

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[1] The philosophy behind GBS is very clearly outlined in the UK 'New Labour' government's first White Paper (1997) on development assistance: *Eliminating World Poverty – A challenge for the 21st Century,* HMSO, London.
[2] See Amis (2002) for a discussion of this evolution from projects through a sector wide approach to budget support in the Uganda context.

other political factors, and simple inertia. German donors (GTZ and KfW) are also currently in the 'outgroup' but may be changing their approach. More broadly, there may have been a slight change in attitudes with the 2005 *Paris Declaration on Aid Effectiveness*, which included a commitment to "increased use of programme-based aid…" (OECD 2005, p6). Precisely how this is implemented depends upon how it is interpreted in detail, but the impression conveyed is that all the major donors effectively signed up to a non-project way of disbursing aid.[3]

The International Development Department (IDD) of the University of Birmingham led an international consortium to carry out a Joint Evaluation of Budget Support between 2004 and 2006. This was a major, and the largest to date, evaluation of the impact of GBS, funded by 20 donors. It involved a rigorous methodology; the development of a 'causality map' of the relationship between inputs and outputs, outcomes and possible impacts; plus individual country studies in Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam. These results are published and available on the Internet elsewhere;[4] and in this section we shall highlight some of the major findings.

The literature suggests that the main advantages of general budget support are the following: improved harmonization amongst donors; alignment with partner countries; a reduction in transaction costs; improved efficiency in public expenditure; more predictable funding; more effective state and public funding; and finally improved domestic accountability through increased focus on the government's own accountability channels.

The Joint Evaluation was to give a positive assessment in five out of the seven countries (the exceptions were Malawi where there was a breakdown in the partnership, and Nicaragua where the process had hardly begun). This way of disbursing aid was found to have important positive and systematic effects, particularly in the field of public financial management in terms of bringing about an increase in discretionary budget funds, improved financial management, and in using government systems and budgets rather than setting up separate systems. There were also some gains in the efficiency and effectiveness of expenditure. These gains were all basically the result of working with and strengthening existing government systems. Capacity building and technical assistance (TA) were important complimentary inputs but were often not well coordinated. It was not really possible to judge the impacts of this approach on poverty reduction given the length of time needed to measure any impact, the problem of attribution, and data constraints. However, it was broadly possible to trace through increases in expenditure in service delivery

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[3] However, differences remained apparent in the Joint Evaluation of Budget Support carried out in 2004-06 (IDD and Associates 2006).

[4] All the GBS studies can be obtained from the DFID website http://www.gov.uk/aboutdfid/performance/evaluation-news.asp or from the OECD/DAC website www.oecd.org/dac/evaluation

ministries, in particular in health and education. The results tended to confirm an increase in terms of quantitative coverage of services rather than improvements in quality in service delivery.

In relation to aid delivery GBS was very successful in supporting donor harmonization and alignment, but it should be noted that this was also being promoted by other initiatives aimed at donor harmonization. Finally, the evaluation also suggested the value of a complementary approach in using the different aid modalities, rather than suggesting that one modality was *per se* superior.

On the negative side the principal observed drawback was for GBS to be unpredictable. This mainly results from the fact that GBS is a very high profile way of disbursing aid with an implicit 'seal of approval' of the partner country on the recipient by the donor. The result is that as a way of disbursing aid it is much more vulnerable to domestic political considerations affecting the donor country. For example, in the last few years some donors have removed support from Uganda for 'governance reasons', while others (DFID) have limited support to Ethiopia on human rights grounds (repressive response to student demonstrations). The starkest example is the removal of budget support to the Palestinian Authority following the recent Hamas electoral victory. This is a major concern as it undermines one of the key theoretical advantages of GBS, namely the stability of funding arrangements.

The second major area of concern was in relation to the claim that GBS increases domestic accountability: the evaluation found only limited examples of this effect taking place. Thus the idea that GBS would increase the processes through which citizens, non-government organisations and others would hold their respective governments to account were (as yet) not materialising. This has also be confirmed elsewhere (see Renzio, 2006).

There is also some evidence that there is a degree of tension between GBS as an aid modality and the operation of a competitive multi-party democratic system. Thus there are suggestions that in both Indian States and Sri Lanka opposition parties would not honour GBS agreements and that these would have to be renegotiated with a new political regime. The practicality of operating GBS in genuinely democratic political systems is therefore somewhat problematic and has not received sufficient attention. That GBS seems to work best in one-party and/or authoritarian regimes may have some validity; however the driver for this seems to depend more upon a desire for donors to talk/negotiate with technocrats than on other more sinister political motives.[5]

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[5] See UNRISD Research and Policy Brief 3 (2004) *Technocratic Policy Making and Democratic Accountability.*

Finally, the Joint Evaluation examined three potential negative effects. Firstly, the suggestion that GBS would lead to an increase in fiduciary risk; secondly, that GBS would result in a substitution effect for local revenue collection; and finally, that it had an inherently pro public sector bias and might inhibit the private sector and/or growth. On all three counts the study did not find adverse effects occurring. In summary, the Joint Evaluation was 'cautiously optimistic' about the impact of GBS as a mechanism for disbursing aid.

So it looks very much as if there has been a major change in the mechanism of aid disbursement and that the new approach associated with GBS is here to stay. Furthermore, the processes of scaling up of aid and of some donors (eg DFID) putting limits on administrative costs are likely to significantly increase the importance of GBS as a way of delivering assistance. The remainder of this paper addresses the significance of this change for processes of decentralization and local government and governance. Or to put it in a more vulgar form: how can local government 'get in' on this new aid act?[6]

GBS and Decentralization: Supporting or Weakening?

In relation to decentralization the first point to make is that amongst many national government officials and donor economists local government is often treated as if it were invisible. This partly reflects a pre-occupation with national policy and financial systems, but also an implicitly aspatial approach by economists. This blind spot is all the more remarkable given that in most contemporary approaches to poverty reduction primary education and health are given a starring role. In most political systems – including across the Commonwealth – local governments play an important role in delivering these services (Shah and Shan, 2006).[7]

The process of GBS with its emphasis on the critical role of central ministries of finance and the importance of public financial management (PFM) is likely to increase this centralizing tendency. That GBS supports the role of ministries of finance *viz-a-viz* other ministries was a common finding in the Joint Evaluation. Indeed the emphasis of putting everything 'on budget' is a deliberate attempt to try to strengthen the ministries of finance as the sole provider of financial resources.[8]

It is important to understand that this is partly an attempt to undermine both a project and a sector wide (or SWAP) approach. The latter often sets up a

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[6] This may seem a crude way of raising the issue but it has often been aired to the author by various interested government and donor officials.

[7] There are some indications that the primary education and health plus market-led economic growth approach to poverty reduction may be beginning to be challenged. It is likely that the future may see a stronger emphasis on the provision of infrastructure for economic growth. The *Report of the Commission for Africa* 2005 can be read as suggesting this shift.

[8] Providing aid on budget was one of the indicators (indicator 5) highlighted in the 2005 *Paris Declaration on Aid Effectiveness*; (OECD, 2005, p5 and p9).

situation where interest groups (or policy networks or communities) including *both* ministry and donor officials are established to promote aid and expenditure in specific sectors. To caricature the situation, it is quite common for a donor official with a particular sector objective (say health or education advisors) to form an alliance with the personnel in the relevant ministry. Their objectives are to get more funds for their specific sector, often in the form of sector wide budget support and/or a SWAP. These interests are often not congruent with macro-economic considerations, general budget support and the thinking of the relevant ministry of finance.

While working in Uganda in 2002 I was able to observe a dispute between the Ministry of Finance and the Ministry of Health around such an issue. The latter was in the process of receiving sector support for health and HIV/AIDs that it had negotiated separately with specific donors. Meanwhile the Ministry of Finance was sought to prevent the transfer of funds arguing that it would jeopardize Uganda's overall macro-economic stability, exchange rate and inflation targets.[9] This was a clear illustration of the conflict around the mechanisms through which overseas aid could be disbursed in the Ugandan context. The mandate of ministries of finance in most countries, together with the logic of GBS, supports the former taking the lead in managing external assistance. This is entirely consistent with the notion that all external assistance should use existing governmental systems.

The majority of SWAPs and/or sector plans are a vehicle for a multiple donor approach, whereby a range of donors seek to combine their efforts within a given sector. This usually involves designing a sector plan to which a multiplicity of donors are able to contribute either through 'basket funding' or with each donor agreeing to fund separate sections of the plan. The development of such a sector approach is thus a very important component of a general donor attempt at harmonization and alignment.

In most cases the sector approaches, depending upon local circumstances, are first developed in the health and education ministries. This seems to reflect both the importance of the two sectors in poverty reduction and also the relative ease of coordination.[10] At its simplest the negotiation is between the relevant donors in a sector plan and the ministry, which is seen as the major institution for service delivery in the sector.[11] The impression

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[9] There was a heated debate between the two ministries, even using international experts to support their respective positions. Unfortunately I was not there to see the result but am inclined to agree with the IMF country representative who noted that they were both 'overstating' their respective cases.

[10] Broadly speaking the donors who are interested in new aid modalities are also those with a keener focus explicitly on poverty reduction. This is perhaps not accidental as it is the impact on poverty that is often used to justify such an approach to the taxpayers of the North.

[11] This comfortable assumption may not be as clear as it seems. In many countries, for example Malawi, the public sector is not the main provider of health and education services. These are primarily provided by non-state actors, in particular faith-based NGOs who account for more than 50 % of the delivery of both education and health

gained is that these are the two easiest sectors in which to achieve a joint sector plan and a multiple donor funded SWAP. Nevertheless the amount of time and effort required on all sides to make such arrangements work should not be underestimated – in particular amongst donor officials. This is particularly the case with personnel from the lead donor who must usually not only organise the relevant groups and/or committees, but also persuade new donors to join the partnership and energise the process.[12] All the anecdotal evidence suggests that these are not easy arrangements to establish: they require substantial personnel and resource inputs.

For many donors a commitment to donor harmonisation and such sector approaches is effectively a central directive from their headquarters, as is the case with most north European and Scandinavian donor agencies. Thus there are pressures to extend such arrangements to other sectors. The next sectors are often agriculture, water and sanitation, and law and justice, with local government and decentralization being somewhat of a laggard. The complexity of arrangements seems to depend in part upon the extent to which the core ministry is really the main actor in the sector, as is the case in education and health.

Local government would seem an obvious candidate for a sector approach, not least given its importance in poverty reduction. However for reasons we shall discuss it is somewhat problematic for the design of such programs. In Kenya, Malawi, Ghana, Mozambique and Rwanda, to name those known to the author, there are ongoing attempts to develop sector programs for local government. As we shall discuss Uganda is an exception in having completed the development of a program.

The following reasons seem to explain why it is difficult to design sector programs for local government and decentralization:

- The number and diversity of stakeholders
- Potential confusion as to who are the key stakeholders: eg the Ministry of Finance, the Ministry of Local Government or the local government bodies themselves
- Donors unable to agree about the most appropriate approach to decentralisation[13]

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services. Nevertheless it can still be argued that the public sector is the main organizing agency for the two sectors.

[12] There is an issue in many donor agencies about how to account for time spent in this way.

[13] It is tempting to suggest that each donor has a tendency to seek to replicate its own country's system of local government, more so than in other sectors. Thus there are more competing 'models' and examples of 'best practice' in local government. Perhaps the differences are at a more fundamental level and it is thus harder to get agreement than in, say, education and health. This observation is partly based on discussions with Danida, DFID, GTZ and USAID representatives whilst undertaking consultancy missions.

- Tension with the Ministry of Finance controlling agenda: who ultimately should control the funds and how they are allocated out to lower tiers of government?
- Weak financial and management capacity both at the Ministry of Local Government and in local government bodies themselves: in most countries local government is one of the weaker line ministries
- Confusion with other line ministries such as health and education that may have already devolved programs to a local level
- A tendency for public sector reform programs not to include local government as a national priority.

There is also a debate about the most effective system of central-local transfers to be used, depending upon specific government objectives (see Shah and Shah, 2006). However, it is clear that it is important to have a system of central-local transfers that is regular, robust and formula driven through which funds can flow easily and effectively.

In summary there is a somewhat worrying possibility that decentralization processes do not easily fit into the new aid architecture. The issues set out above will need to be addressed if GBS and local governments are both to play their respective roles in reducing poverty and achieving the MDGs. This is a complex, awkward, daunting but potentially achievable task.

As part of the Joint Evaluation a special study was commissioned into the relationship between GBS and decentralization in Uganda (see Annex 6 by Jesper Steffensen in Lister et al, 2006). The main conclusions were as follows.

- GBS strongly facilitated an increase in funding to local government and related service delivery functions that would not have happened with other aid modalities. The combination of GBS with a Poverty Action Fund (PAF), ring fencing of funds, some SWAPs and inter-governmental fiscal transfers gave both sector ministries and donors sufficient confidence to channel funds to local government and service delivery.
- This was supported by capacity building and harmonisation and alignment with Ugandan government procedures and processes.
- However, there have been problems with local government autonomy and flexibility in financial management, with concerns being raised about sustainability and local revenue collection.[14]
- There was also a tendency to increase upward accountability, often associated with conditions attached to SWAP and PAF funds. It is pertinent to note that these conditionalities are in fact to a large extent a function of those funds being debt relief. Conditions are

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[14] The Ugandan government has ceased to require local governments from collecting their own revenues. Central local transfers have effectively substituted for this politically unpopular revenue source.

applied to reassure Northern taxpayers that debt 'write offs' are being used for poverty alleviation.

The central question that needs to be posed is: do these new mechanisms of aid disbursement strengthen or weaken local systems of government? Or to put it another way: is decentralization compatible with the new aid modalities, increased funding flows and related commitments to meeting the MDGs? This is both a very important and disquieting question.

One interpretation suggests that increasing funding from the centre strengthens upward accountability to line ministries with a resultant 'hollowing out' of local government systems and functions. This was apparent in Uganda in the early 2000s; it made more sense for local government officials to spend time seeking to access funds from their respective line ministries than either collecting local taxation or working to coordinate activities within the local government system. This tendency seems particularly likely in new aid disbursement systems that have a strong sector approach. That the SWAP approach may be harmful to processes of decentralization is a relatively familiar argument and concern amongst reflective practitioners in the field.

An alternative view – at least in theory - is that GBS should strengthen local systems of accountability as the funds are dispersed through government systems. That GBS by strengthening and government systems would support local accountability was not confirmed by the Joint Evaluation. However, two caveats on those findings may be appropriate. Firstly, the new funding arrangements may not have had sufficient time to 'bed-down' with politicians, citizens and others learning new roles and responsibilities. Secondly, it is worth noting that other ways of disbursing aid – especially projects – have lines of accountability that are internal to the project rather than to local democratic systems. In reality most forms of dispensing aid are not democratically accountable.

The Ugandan experience and overall success seems to pose a more complicated and fundamental question: Is it fair and/or realistic to expect local government to be sustainable and self-financing in a national economy which is itself highly aid dependent? This question was stimulated by discussions with Danida officials who were concerned that local and district governments were too dependent upon external funding and therefore not sustainable. The discussion would then note that this reliance on external funds could be and was replicated at the national level. In a situation of commitment to MDGs and poverty reduction in an aid-dependent country, increased transfers to local government from the centre can easily undermine decentralization processes.

Conclusion

Is the apparent tension between new aid modalities – GBS – and local government/decentralisation largely one between short run and long run objectives, or does it reflect a more fundamental contradiction? There is no simple answer. It is interesting to compare the neighbouring countries of Kenya and Uganda: in the former the central government is now effectively independent of external assistance, while the latter is highly aid-dependent. The impact of changes in aid disbursement arrangements will clearly have a greater impact in Uganda than Kenya.

A tentative conclusion is that is in aid-dependent countries the new ways of disbursing aid are likely to weaken and/or undermine local government, whilst the same instruments in non aid-dependent countries are likely to strengthen local governments. In making such arrangements work the key variable remains local government capacity, and capacity building remains the principal intervention required in the sector.

One of the advantages of providing GBS to local government is that it not as politically visible as such assistance is to a sovereign government. It is thus somewhat less likely to suffer from the problems of uncertainty and unpredictability associated with the transfer of funds directly to national governments as discussed earlier. Furthermore local governments in general do not have the potentially repressive functions that central governments control. Human rights issues are rarely directly associated with local governments.

It is possible to make the case that such new aid modalities could also be used to *directly* fund larger municipal governments. Within Sub-Saharan Africa there is no question that the larger urban areas (for example Johannesburg and perhaps Nairobi) have higher GDPs than many countries that have received GBS (for example Malawi). There are of course questions about whether national governments would allow such transfers.[15]   Nevertheless it is worth noting that DFID's relatively successful slum improvement projects in India were effectively using a very similar method by providing funding directly to local governments, albeit with conditions over expenditure and a process of monitoring (Amis, 2001).

Finally, despite the evidence not being clear we are left with two worrying questions. Firstly, can decentralized governance and accountability be integrated into new ways of disbursing aid? And secondly, is the new aid architecture itself in danger of undermining the decentralization process and emerging systems of local government?"

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[15] This mirrors the debate in India about whether GBS could be provided directly to State Governments. Both the UK (DFID) and the Netherlands have provided such assistance to the States of Andra Pradesh and Kerala respectively.

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COMMENTARY

Decentralisation or Recentralisation? Trends in Local Government in Malaysia

Phang Siew Nooi
University of Malaya

Introduction

Local government in Malaysia occupies the third and lowest level after federal and state governments. Under the Malaysian federal constitution (paragraphs 4 and 5 of the Ninth Schedule), local government is the responsibility of the states, but the federal government also exercises considerable power and influence over local government, especially in peninsular Malaysia.[1] The dynamic of the Malaysian federal system is such that it has shifted the balance of power to the centre.

Local government accounts for only 1% of GDP. There are 144 local authorities divided into cities (major administrative and commercial centres), municipalities (other urban areas), and districts (chiefly rural areas). Executive powers rest with the Mayor (cities) or President, supported and/or overseen by a system of committees. Currently, local councils in Malaysia are not elected: councillors are appointed by the state government for 3-year terms (with the option of re-appointment) and in most cases come from the ruling coalition.[2]

Dynamics of Inter-government Relations

The Malaysian federal constitution, which came into force when the nation obtained its independence in 1957, outlines the framework of the relationship between the three levels of government. It was conceived to strike a balance between the need for a strong central government at the federal level, the rights and powers of the states, and the expectations and

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[1] Sarawak and Sabah have special constitutional status and exercise more independent control over local government than the peninsular states.
[2] Recent elections have significantly weakened the coalition's position nationally and in several states.

needs of the local level (Sheridan and Groves, 1987). However, the division of powers between levels of governments reveals a central bias. While each state is recognized as an independent tier of government exercising legislative and executive powers within constitutional limits, federal laws take precedence over those of the states if for any reason there happens to be conflict or inconsistency. It has been observed that "in practice the states have little real autonomy. Although some federal functions have been decentralized, most decision-making remains at national level" (Morrison, 1994).

The table below shows the constitutional division of powers between federal and state governments:

Federal List	State List	Concurrent List
External Affairs	Muslim Religious Law	Social Welfare
Defense and Security	Land Ownership and Use	Public Health
Trade, Commerce and Industry	Agriculture and Forestry	Town and Country Planning
Shipping, Communication and Transport	State Works and Water Supply, when not federalized	Drainage and Irrigation
Water Supply, Rivers and Canals	Loans for State Development and Public Debt	Rehabilitation of Mining Land and Soil Erosion
Finance and Taxation	Malay Reservation and Custom	National Parks and Wildlife
Education and Health	***Local Government***	
Labor and Social Security		
Public Works and Utilities		

Source: Andrew Harding, *Law, Government and the Constitution of Malaysia*, 1996

Historically, state-local relations in Malaysia were problematic, with intermittent federal interventions whenever the occasion demanded, especially in financial and political matters (Norris, 1980; Phang, 1997; Garzia-Jansen, 2002). State governments were seldom in a position to offer financial assistance to their local authorities, which therefore came to rely extensively on federal funding. This further enabled central government to reinforce its control.

Extensive reforms took place in the 1970s. Under the Local Government Act 1976 the federal Minister for Housing and Local Government is responsible for implementing laws relating to local government policy in peninsular Malaysia. Federal influence is also exercised through the National Council for Local Government (NCLG), which was established in

1960 to ensure uniformity of local government laws and policies in peninsular Malaysia. Section 95A of the federal constitution provides that after consultation with state governments the NCLG can "formulate policies for the promotion, development, control of local government throughout the federation and for the administration of any laws relating thereto."

Current Position of Local Government

State and local governments in Malaysia now operate within a framework of being politically, financially and economically subordinate to the federal government. Whilst previous moves for reform, such as the 1976 Royal Commission of Enquiry to Investigate into the Workings of Local Authorities in West Malaysia, have proposed redistributing responsibilities between tiers of government and greater community participation, local government remains tightly controlled from the centre with limited revenues and only a minor role.

As a result, the local government system has serious difficulties meeting the challenges of a changing global environment and of a community that has become more aware of local government's inability to deliver what it wants. As a consequence, local government's perception of what is being 'delivered' may often not match that of the community. There is a gap between 'demand' and 'supply' both in service delivery and in judgements of local government's performance. Increasingly communities are focusing on the need for more efficient and effective provision of services by local government, and for more public participation.

Rhetorical support for decentralization has not been translated into practice and local government continues to function from a position of weakness. Indeed, recent research suggests an emerging neo-centralism: there is a growing tendency for central government, under the pretext of providing better services to the public, to remove traditional functions of local government and privatise them (Phang and Beh, 2006; Kuppusamy, 2001). This approach means cutting back on local autonomy and strengthens an apparent trend towards re-centralization in the federal-local government relationship.

At the same time, local government autonomy and capacity has been further constrained by the delegation of burdensome services from central government. Two current examples are highlighted here. The first involves the central government's objective of reducing urban poverty, in pursuit of which local government has been given a major role. Secondly, the need to address a rise in the nation's urban crime rate has also been linked to the role of local government, which has therefore had to engage in crime prevention activities. These additional responsibilities have severely taxed local government's financial and human resources. As a consequence, its performance is generally considered poor and its

relationship with the public is fragile. Yet local government has never been mandated to carry out these services in the first place, and its pleas for more and better infrastructure, personnel and finance are oftentimes ignored.

Consequences for Participation and Service Delivery

Local government in Malaysia thus operates within a centralized political system that does little to encourage autonomy or public participation at the local level. While the federal government exhorts application of the principles of good governance such as transparency, accountability and participation, local government's subordinate position within the government hierarchy stymies or curtails its ability to engage freely with the community. Local government faces constant criticisms over delays, poor attitude, weak enforcement and displaying arrogance.

Such problems are not confined to local government. When the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) conducted a week's survey on how to improve the public service delivery system, it received nearly 700 emails of criticisms and suggestions from the public (The Sun, 2007). As far back as 2000, the Complaints Bureau of the Prime Minister's Department had received complaints regarding weaknesses in government administration including slow and ill-mannered public counter services (New Straits Times, August and September, 2000).

In response to such problems, the Ninth Malaysia Plan 2006-2010 highlighted the urgency of improving the local government delivery system:

> The Government commits to improve the quality of public services as it is a fundamental prerequisite toward achieving the National Mission. Towards this end, the Government will continue to reduce bureaucratic red tape, especially at the local authority and district levels (Malaysia, 2006).

This is indicative that for a nation to deliver services efficiently and effectively, effective leadership at the local level is essential. The government appears anxious to bridge the perception gap between the demands coming from the community and what local authorities are currently delivering.

Addressing the Weakness

While much depends upon local government, it cannot be denied that central agencies too are responsible for effectiveness in service delivery. The civil service has to re-examine its work manuals and try to reduce burdensome procedures. "Public organizations are identified as rigid bureaucratic cultures which are shaped by their own internal interests, and are therefore not responsive to the needs or preferences of those who receive public services: ordinary citizens." (Minogue, 1998) Clearly,

cutting back complex bureaucratic procedures is one of the proclaimed objectives of the New Public Management philosophy to which Malaysia is committed. This is evident in various government reports espousing the need for excellence in service delivery and performance (see unpublished reports of Ministry of Finance, 2006; Ministry of Housing and Local Government and Economic Planning Unit, 2006; Ninth Malaysia Plan, 2006).

A number of research projects have been carried out, some in collaboration with the relevant ministries, to address the issue of public dissatisfaction with local government service delivery and seek measures to improve its performance. For instance, a recent report of the Ministry of Finance discussed work culture and monitoring mechanisms, as well as questioning the calibre of local leadership that has been responsible for a decline in the quality of service delivery (Ministry of Finance, 2006). Prior to this, the National Institute of Public Administration had reported to federal cabinet on how local authorities can improve their functions and services by following a prescribed format (National Institute of Public Administration, 2004). This was followed closely by a report of the Ministry of Housing and Local Government and the Economic Planning Unit on necessary local government reforms (Ministry of Housing and Local Government, 2006).

Various studies have revealed that current adverse perceptions of local government are not solely the result of a weak service delivery system, but can also be attributed to the absence of a transparent method for public participation and consultation. The community wants to be involved in the decision making process of its local authority, and hesitates to accept decisions which appear autocratic and are viewed as 'top-down' directives (Ministry of Housing and Local Government and Economic Planning Unit, 2006; Phang, 2006; Kaur, 2005). In response, in 1998 the Ministry of Housing and Local Government supported a national program for implementation of Local Agenda 21 (LA 21), highlighting the need to expand community participation and involvement in the work of local government. However, the initial enthusiasm for this program was not sustained and not all local authorities embraced LA21 or actively promoted public participation (Ministry of Housing and Local Government, 2002). Nevertheless, LA21 did generate a number of promising initiatives and associated research (Kuppusamy, 2006; Kaur, 2005; Noor Hazilah, 2003), whilst various non-governmental organizations and voluntary groups have renewed calls for better community participation and transparency.

Conclusion

The current situation in Malaysia highlights the traditional top-down approach to local administration (Phang and Ahmad, 2001). However, global influences and growing community awareness are now challenging the practice of centralized administration, and local government leadership is being forced to reappraise its role and contribution in local affairs. The

community seeks empowerment and to reinforce its right to be consulted in the decision making process of its local council. Nonetheless, it seems unlikely that federal and state governments will accede to calls for greater devolution of powers, or to change the current system of appointment of councillors. This lack of political decentralization strains the relationship between citizens and their local councils: implementing *administrative* decentralization without adequate *political* reforms will result in formal harmony but informal discord. In the absence of a legitimate transfer of powers and increased accountability to the community, the local leadership may instead become primarily accountable to itself and to local elites (Phang, 2006). The system lacks the necessary link between decentralization and participation through democratic representation (Gaventa, 2004).

Under such circumstances, questions arise as to the viability of local government within the federal system and its capacity to sustain challenges from an increasingly aware community. Its weakness in sources of finance, service delivery and community participation have given local government a negative reputation. Without elected councillors, further attempts at local government restructuring to make local government more transparent, accountable and efficient may well fail. It seems likely that decentralization will remain elusive with powers remaining consolidated at the centre.

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The Commonwealth Local Government Forum: An Overview

Lucy Slack
Commonwealth Local Government Forum

Introduction

The Commonwealth Local Government Forum (CLGF) was established in 1994, coinciding with rapid moves towards decentralisation at that time, especially in Commonwealth Africa. It uniquely brings together national associations of local government and individual councils, ministries responsible for local government, and training and research institutes with an interest in local government, on a common platform. This reflects an understanding that local government needs effective central government and vice versa if decentralisation is to be truly successful, and that research, training and practice need to be brought together in a constructive and creative way.

CLGF's developmental work can be divided into three main categories:

- Promotion and advocacy of local democracy and good governance
- Exchange of experience
- Capacity building

This article provides a brief overview of the activities and projects which CLGF has underway in respect of these objectives. It will be complemented by more detailed papers on specific programmes and projects in this and future issues of the *Commonwealth Journal of Local Governance*.

Promotion and advocacy of local democracy and good governance

CLGF actively promotes and advocates for democratic, elected local government around the Commonwealth. The organisation's commitment to democratic values is set out in the *Aberdeen Agenda: Commonwealth principles on good practice for local democracy and good governance*, which was developed and adopted at its 2005 Conference in Aberdeen, and

subsequently endorsed by Commonwealth Heads of Government in the same year. CLGF aims to ensure that local government's role as a sphere of government is recognised and reflected nationally and internationally. It also works directly with its members to strengthen local governance structures and to develop more democratic local government.

For example CLGF regularly collaborates with the Commonwealth Secretariat to monitor local elections, at the request of the countries concerned.   This support usually focuses on countries which are establishing elected local government for the first time or re-establishing it after a long gap eg Sierra Leone in 2004 and Lesotho in 2005. Typically, a small expert team observes the whole electoral process and then produces a report which focuses on identifying capacity building needs to ensure ongoing improvement in the electoral system.

CLGF has also piloted a process for turning the principles in the Aberdeen Agenda into a practical tool for its members to use to assess the health of local democracy in their countries. Developed together with its partners in Uganda (Ministry of Local Government, Uganda Local Governments Association, Ugandan Management Institute and Makerere University), the approach involves a research study into each of the principles undertaken by a local research organisation/university, followed by a national verification workshop bringing together all of the key stakeholders – councillors, local government officials, ministry representatives, MPs, NGOs, community leaders etc to discuss the report and to make recommendations for strengthening local democratic processes.

In Uganda discussion highlighted the enabling legislation which makes provision for all of the principles. Detailed discussions focused around the local accountability of centrally appointed district administrators and the reduction in locally raised revenue. Another key element of the review was to identify good practices through specific case studies. The final report reflecting workshop discussions and containing a series of recommendations for change and development was presented to President Museveni and widely published. This approach has been endorsed by Commonwealth Heads of Government and further studies are planned.

Exchange of Experience

The Commonwealth offers a vast array of experience, expertise and good practice in decentralisation and local government. CLGF seeks to draw out case studies of good practice and identify expertise and knowledge which can be shared to support learning and strengthen systems and practice more effectively. Alongside the *Commonwealth Journal of Local Governance,* CLGF publishes an annual *Commonwealth Local Government Handbook.* This sets out within a comparative framework a summary of local government systems and structures in all Commonwealth countries. The entries are also available on the CLGF website at www.clgf.org.uk

CLGF convenes a biennial Commonwealth Local Government Conference and also convenes regional and country-specific seminars and symposiums on policy issues such as gender, local government service partnerships, strengthening national associations of local government and localising the Millennium Development Goals (MDGs).

A recent workshop in Nigeria, organised with the national association of local government, ALGON focused specifically on sharing Commonwealth experience to assist ALGON to improve their lobbying strategy and also to address the relationship between local government and state government. Similarly a workshop in Kuala Lumpur, 2005 brought together practitioners from across Asia to address ways in which partnerships, including with the private sector, can help local governments to innovate and deliver better services to their communities.

 CLGF's Research Advisory Group provides another vehicle for exchange of information and experience through meetings and preparation of research papers. Recent papers include *Delivering Development through Local Leadership* by Mike Geddes and Helen Sullivan (the background paper for the 2007 Auckland Conference); and *Obtaining a Municipal Credit Rating* by Barry Jackson, prepared in partnership with the Development Bank of Southern Africa (see http://www.clgf.org.uk/index.cfm/pageid/78/Publications).

Capacity building

CLGF manages a number of major capacity building partnerships across the Commonwealth. Initiatives are designed to strengthen local democratic structures, improve governance and facilitate better service delivery, within the overall context of contributing towards the achievement of global poverty reduction targets including the MDGs.

The Commonwealth Local Government Good Practice Scheme supports capacity building partnerships between local authorities in the UK, Africa and India; and Australia and Papua New Guinea. It is now being extended to New Zealand and Pacific Island states. To date around 30 projects have been funded. For example eThekwini (Durban) Metro in South Africa and Leeds City Council in the UK have worked together on improving procurement in eThekwini and identifying strategies to open up local authority procurement to small, black and ethnic minority businesses. Rajkot in India has partnered with Leicester in the UK to strengthen community consultation as a way of improving water supply in two wards in the city.

Current target countries are South Africa, India, Jamaica, Ghana, Pakistan, Sierra Leone and Papua New Guinea. With the extension to the Pacific, it is expected that over the next five years the Scheme will support more than

45 individual partnerships. CLGF is also working with a range of stakeholders to launch a regional capacity building project in the Caribbean, similar to its programme in the Pacific (see below). This would also include expansion of the Good Practice Scheme in the Caribbean.

CLGF recently completed a successful Democracy Enhancement Programme in Zimbabwe, which focused on identifying weaknesses in governance and service delivery and facilitated the development of change plans to address them. It brings local practitioners and stakeholders together to agree on their indicators for local democracy, and uses two tools – a system of international peer review developed by CLGF and the Urban Councils Association of Zimbabwe (UCAZ) as part of the project, and the UN-Habitat Urban Governance Index. The latter involves a group of local stakeholders reviewing the quality of governance against certain agreed criteria such as access to information and services. These reviews are combined to provide a basis for change plans.

The Zimbabwe project has been operating in challenging circumstances, however the feedback on its impact has been significant. Not only have the councils involved and their local communities benefited directly, but also UCAZ has been able to secure further funding to roll it out to other councils in Zimbabwe. CLGF for its part, following a successful regional dissemination workshop, is committed to rolling the model out to other member countries, including Zambia and Mauritius. A toolkit setting out the methodology which the project has used will be published shortly and will be available on the CLGF website.

Working with a team of training institutes in South Asia, CLGF is developing training modules based on the Aberdeen Agenda principles. The training modules are being designed for councillors and mayors in the region and will use case practical studies and participatory training tools as part of the methodology. The training tools will be available via the CLGF website and it is hoped that the partner training institutes involved in the project will mainstream them into their regular training.

CLGF's other main capacity building projects are in the Pacific: the Pacific Regional Project and the Honiara City Council capacity building project. These are described in detail in the accompanying paper in this issue by Terry Parker and Megan Praeger.

Commonwealth Local Government Forum Pacific Project

Terry Parker & Megan Praeger
CLGF Pacific Project

Introduction

The Commonwealth Local Government Forum (CLGF) Pacific Project works with local government and other stakeholders in nine Pacific Island countries – Cook Islands, Fiji Islands, Kiribati, Samoa, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Vanuatu. It seeks to strengthen local democracy and good governance, and to help local governments deal with the increasing challenges of service delivery and urban management in the unique Pacific environment.

Human settlement patterns in the region are changing rapidly. The Pacific has traditionally been a rural agricultural/subsistence society, but this is no longer the case. The accelerated pace of urbanisation has impacted significantly on Pacific nations and in the very near future the majority of Pacific Islanders will be found in urban areas. Already over 50% of Fiji's population are urban dwellers. Rapid urbanisation brings with it unique challenges and opportunities. Local governments are at the forefront of this phenomenon, with the responsibility to manage urban development and the transition from rural areas to cities and towns. Their success or failure to manage urbanisation and provide the required levels of physical and social infrastructure will affect many lives in a new urban Pacific.

The project now has three components – the main Pacific Regional Project and two country-specific programmes: the Honiara City Council Institutional Capacity Building Project and the Commonwealth Local Government Good Practice Scheme in Papua New Guinea.

Background

The project was initiated at a roundtable meeting held in 1997 in Port Moresby, convened by CLGF and hosted by the Papua New Guinea Minister for Inter-Government Relations. Initial financial support was received from the European Union and the New Zealand Agency for International Development (NZAID), and an office and resource centre was established in Suva, Fiji Islands in 2000. Building on this early work, in late 2004 CLGF and the Commonwealth Secretariat, together with the Government of Fiji, co-sponsored a Regional Symposium on Local Governance in the Pacific, held in Suva. This event, the first of its type to focus solely on local government, was attended by 90 representatives of 14 Pacific countries and development partners.

Emerging from the symposium was a proposal for a greatly expanded five-year regional local government capacity building project with the goal *to improve quality of life for communities in the Pacific region through strengthened local democracy and good governance.*

In 2005 NZAID agreed to support this scaled-up project. The Australian Agency for International Development (AusAID) also became a project partner, and in addition funded a series of CLGF Good Practice Scheme council partnerships between Australia and PNG. This led in 2007 to the establishment of a sub-office in Port Moresby. The regional office has steadily expanded and now works closely with a growing network of local government and development partners across the region to share information, ideas and good practice. A Technical Advisory Panel (TAP) comprising representatives of participating countries and partner agencies provides policy guidance and direction to the project.

In parallel with the establishment of the regional project, and at the request of the government of the Solomon Islands, in 2004 CLGF began working with Honiara City Council on a post-conflict institutional rebuilding and service delivery improvement project. The goal is *to bring about sustainable improvements in quality of life for all citizens of the City of Honiara through sound city management, improved local services, planned urban development and good governance.*

CLGF Pacific Regional Project

The overall regional project has activities in each of the nine participating countries. Key components are:

- Strengthening regional networks and cooperation between local government practitioners
- Enhancing training and capacity building opportunities for local government

- Institutional strengthening programmes and activities that demonstrate fundamental values such as a human rights-based approach and mainstreaming of the tenets of good urban governance
- Regional exchange of policy and good practice, and technical cooperation.

The project is based on six key objectives:

1   *Encourage appropriate, participatory, representative and responsive local government in the Pacific Region.* Making sure that stakeholders and communities are empowered to engage in the processes of local governance. Effective engagement requires a combination of awareness, education, information dissemination, advocacy and consultation at all levels. Creation of sound legislative frameworks to ensure an enabling environment is also essential.

2   *Ensure effective intergovernmental relations and central government support to local government.* To create stronger partnerships and collaboration between the different levels of government – an important ingredient for better local governance and councils' service delivery in the Pacific. The project facilitates closer working relationships between national, local and traditional leaders, and civil society, through creating safe spaces for dialogue.

3   *Enhance international and regional cooperation to promote effective local governance.* Improving collaboration between international and regional agencies to address local governance issues by initiating and sustaining partnerships to promote good and effective local governance. The important role of local government associations in advocacy, coordination and capacity building is also a focus area of the project.

4   *Build capacity of local government institutions and structures to respond to rapid urbanisation, deliver better services and hence provide an enabling environment for economic and social development.* Building the capacity of those who are responsible for local government as well as their community and other stakeholders.

5   *Promote effective management of urbanisation and good local governance.* Regional and national initiatives designed to address the impacts of rapid urbanisation in the region, and also to promote good local governance in Fiji through awareness programmes, monitoring, workshops, information sharing and public relations programmes.

6   *Ensure recommendations and outcomes of the Regional Symposium are implemented and monitored, and adequate capacity exists with CLGF to manage the project implementation.* Managing in the best interests of the project through effective project governance, management, administration and monitoring and evaluation, and ensuring that activities fit within the framework established by the 2004 Regional Symposium.

Over 100 separate regional and country-specific activities are included in the workplan to meet these objectives. Examples include:

- Research on the state of local governance in the Pacific and the interface between traditional structures and local government
- Regional training of trainer programmes for Local Elected Leadership development and financial management, and national adaptation/roll out in all nine countries
- Training on leadership and management for city and town managers
- The Fiji Good Local Governance Campaign
- Voter education and awareness of local government
- Support for local government associations
- Promoting the role of women in local government
- Corporate planning, organisational reform and performance measurement
- Dialogues on appropriate local government systems, intergovernmental relations and relations with traditional leaders and civil society
- Regional activities under the Pacific Plan, particularly the Pacific Urban Agenda
- Establishment of a Capital Cities network
- Exchange programmes for local government practitioners and with Australia and New Zealand.

In addition to funding from NZAID and AusAID, the project is also supported by the Commonwealth Secretariat (which has financed the position of Regional Adviser), United Nations agencies, the University of the South Pacific (Pacific Institute of Advanced Studies in Development and Governance), the Pacific Islands Forum Secretariat, Local Government New Zealand, Local Government Managers Australia and others. It is firmly based on this network of relationships, involving a variety of regional partners with shared values and beliefs in the institution of local government and the desire to see it improved in the Pacific Region.

Box 1

> **Fiji Good Local Governance Campaign**
>
> The Fiji Good Local Governance Campaign is a key activity supported by the CLGF Pacific Project designed to promote effective management of urbanization and good local governance in the Fiji context. Its goal is *'to improve local level governance as a means for more sustainable and inclusive urban development and management that leads to efficient and effective service delivery'.* Key objectives are:
>
> 1.   Raised awareness and advocacy for good local governance concepts, initiatives and activities
> 2.   Strengthened partnerships at all levels for increased integration and coordination of good local governance initiatives and activities
> 3.   Enhanced capacity of central government to promote good local governance and facilitate effective decentralisation for sustainable urban development
> 4.   Enhanced capacity of municipal councils to practice good local governance and effectively manage decentralisation for sustainable urban development
>
> The Campaign responds to needs identified in Fiji's Urban Policy Action Plan (UPAP) for local government capacity building to ensure sustainable urban development and address urban poverty. In doing so, it also meets the objectives of the Pacific Urban Agenda (an outcome of the Pacific Plan) to implement initiatives and build capacity to address priority urban planning and management challenges in Pacific Island Countries.
>
> The strategic approach for the Campaign is broadly derived from UN-HABITAT's Global Campaign on Urban Governance, adapted to respond to local needs, priorities, realities and activities. It has its own core programme of activities and also plays a coordinating role in the implementation of activities more broadly identified for Fiji under the CLGF Pacific Project workplan.
>
> Core activities primarily focus on advocacy and knowledge management such as the development of awareness materials on the role of local government; public relations programmes including the 2007 Pacific Urban Art Competition; the development of an urban governance index; documentation of best practice cases through a film documentary (to be completed in September 2008); and support for increased participation of women in local government. Other activities coordinated by the Campaign include training on Local Elected Leadership (LEL), financial management and strategic planning.
>
> The Campaign places a high priority on monitoring and evaluation of its activities and is piloting the 'Most Significant Change' (MSC) story collection technique to measure outcomes and in particular the impact of its training programmes. MSC documentation has shown that there is already

a positive shift in thinking occurring and this is gradually translating into practical projects (see Box 2).

The Campaign is implemented by the Fiji Department of Local Government within the Ministry of Local Government, Urban Development and Housing. In the initial pilot phase (April 2005 -November 2007), a full-time coordinator was appointed to establish the Campaign and manage the day-to-day coordination of activities. From 2008 the focus will be on integrating this role into the core responsibilities of departmental staff and strengthening the partnership with the Fiji Local Government Association within the broader framework of the CLGF Pacific Project. Other key partners include UN agencies, the University of the South Pacific and civil society organizations. A National Steering Group of partners meets periodically to exchange information and provide guidance

Box 2

Excerpts from Most Significant Stories about
Local Elected Leadership Training

'*[Before] Councillors did not understand the meaning of 'good governance' and how it applied to the decision-making process of the Council…[After] now Councillors understand the importance of ensuring the active and constructive participation of community stakeholders in the decision making process and this has greatly influenced the process undertaken to draw up a master plan for the town (Sigatoka)…'*

'*[Before] The Council did not involve stakeholders in solving community problems…[After] now the Council seeks stakeholders involvement in problem solving such as crime prevention, anti-littering and control/supervision of illegal activities creating more community accountability for the outcomes.'*

'*[Before] Our views were very limited and focused on local domestic issues…[After] now our views are broader in focus in terms of identifying international and regional impacts on local decision-making…'*

Source: Excerpts from story collection on the LEL Decision-Making Competency

'*[Before] Council would inform citizens about increases in service fees but would always come up against resistance…[After] now the Council consults (rather than just informs) citizens before fees are increased and provides proper justification on a cost versus efficiency platform leading to more acceptance and ownership…'*

'*[Before] The Council did not realise the roles NGOs can play in raising awareness about council decisions and activities…[After] since the workshop the Council has engaged with FemLINKPACIFIC to raise awareness through community radio about rate collections, clean-up programmes and other activities in the town. The Council has seen the*

Honiara City Council Institutional Capacity Building Project

This project represents a significant regional technical partnership to support Honiara City Council and its stakeholders rebuild the institutional and service delivery capacity of the council following several years of national instability. The council operates within a changing and complex environment, characterised by amongst other things rapid urbanisation and high expectations but inadequate resources.

There are five key objectives:

1. *Strengthened management capacity and processes.* Including a restructured organisation, a new management team and counterparts, introduction of new rating systems and improvements to the council's revenue base, plus training and skills improvement.

2. *Improved quality and delivery of essential services.* Activities comprise upgrading office and depot facilities, improvements in refuse collection and disposal, upgrading central markets, roadworks and law enforcement.

3. *Coordinated and well-planned urban development.* This includes an enhanced zoning, development and building control framework, including a new local planning scheme and urban development strategy.

4. *Promotion of good governance and local democracy.* To be achieved through legislative review, orientation and leadership development for councillors, improved community consultation and engagement, and corporate planning.

5. *Management of the Project effectively and in the City's best interests.* Effective management by CLGF and support by partners.

The project is being implemented jointly by Honiara City Council and CLGF. The national Ministry of Home Affairs also supports project management and provides appropriate oversight. Other key partners are Local Government New Zealand (until recently principally through Kapiti Coast District Council) and Maryborough City Council in Queensland, Australia. The project is largely funded by NZAID.

Commonwealth Local Government Good Practice Scheme in Papua New Guinea

The Commonwealth Local Government Good Practice Scheme (CLGGPS) was launched in 1998 and is designed to support projects based on the exchange of good practice and skills between local government practitioners. The aim is to use council partnerships to *promote effective, responsive and accountable delivery of local authority services, particularly to poor and disadvantaged communities, identifying examples of good practice for application elsewhere.*

The CLGGPS in Papua New Guinea began in 2000 with support from AusAID and addresses the challenges and realities being faced by urban local level governments in a rapidly changing environment. It seeks to build capacity within and amongst councils to improve the management and delivery of services to communities. The scheme has three key elements:

1. Council to Council partnerships, which currently include:

    ▪ *Mt Hagen City/Orange City* – development of a city plan, refuse collection and disposal plan, and women's empowerment/ economic development project.
    ▪ *National Capital District Commission (Port Moresby)/Townsville City* – improvement of regulatory services, property rating and information technology.
    ▪ *Lae City/Cairns City* – development of an integrated waste management strategy for the City of Lae.
    ▪ *Alotau/Sunshine Coast* – enhanced management of solid waste collection and disposal, improved billing system and new information technology.

2. Capacity building for the Papua New Guinea Urban Local Level Government Association (PNGULLGA). This follows assistance from the New South Wales Local Government and Shires Association for the development of a corporate plan for the Association.

3. Disseminating the outcomes and learning from the partnership projects to other local government stakeholders in PNG and beyond through information sharing and training seminars.

A further stage of the scheme is now being initiated, including at least three new partnerships for Goroka, Madang and Kokopo with councils in Australia.

Conclusion

All three elements of the Pacific Project are now entering a consolidation phase. Although certainly not without its challenges, notably coordination within countries, responding to changing local priorities and unexpected circumstances, and ensuring adequate reporting and information dissemination, the project continues to register many successes. These are derived to a large extent from its partnership philosophy and approach: assembling a network of local governments, ministries and development partners across the region who are willing to forge close working relationships, share information and ideas, and invest the time, energy and resources necessary for a concerted capacity building effort.

The value of this approach is demonstrated very clearly by the project's 'flagship' component, the Local Elected Leadership (LEL) training programme carried out in conjunction with UN-HABITAT. So far, around 500 local leaders in the region have experienced this programme. In many cases, this is the first time they have been exposed to such training and it is undoubtedly contributing to an increase in leadership knowledge and skills across the region, enabling local governments to better respond to the many challenges they face. Positive changes in attitude have been observed as a result of LEL training (see Box 2), and the innovative activities now emerging indicate that this is being translated into practical development outcomes.

Challenging times for local government in Labor's new federation

Graham Sansom
University of Technology, Sydney

"Vice-chancellors have a responsibility to get down and say that we're prepared to reform the sector in the following sensible and constructive ways ... rather than going back in a traditional way and saying, 'Give us more money and leave us alone'. We will get nothing simply by asking for more money."[1]

The Australian Labor Party went to the 2007 election promising a new era of cooperative federalism that would end the 'blame game' between federal and state governments and re-energise reform and productivity agendas. On the evidence of the Council of Australian Governments (COAG) meeting on 26 March 2008, these agendas are advancing rapidly. The communiqué foreshadowed a raft of new commonwealth-state agreements, streamlined arrangements for special purpose grants and, perhaps most significantly, performance criteria for payment of at least some of those grants.[2]

Local government, in the person of the president of the Australian Local Government Association (ALGA), has been a member of COAG since its inception.[3] At the first meeting of COAG after last year's election, ALGA joined three new working groups – on infrastructure, housing and climate change. Another key area of COAG activity – reform of business regulation – addresses two core concerns for local government, namely development assessment and building control. These received detailed attention at the March meeting. In particular, COAG:

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[1] Prof Ian Chubb of the Australian National University, quoted in *The Sydney Morning Herald*, 14 March 2008.
[2] Communique of Council of Australian Governments' Meeting, Adelaide, 26 March 2008, viewed at http://www.coag.gov.au/meetings/260308/docs/communique20080326.rtf
[3] COAG consists of the prime minister, state premiers, territory chief ministers and the ALGA president.

- noted the federal commitment of up to $30 million to assist local councils across Australia to introduce electronic development assessment (eDA) systems

- requested the Local Government and Planning Ministers' Council to report back in July 2008 on the scope and timelines for taking the streamlining of processes further, options for fast-tracking the introduction of common performance measurement criteria, and progress with rapid adoption of eDA across local councils to help speed up land release and reduce development costs

- agreed that councils' systems must be implemented in an integrated and co-ordinated manner using national frameworks and standards, and that the national eDA data protocol that underpins these systems must be properly established and maintained

- sought a review of processes that apply to the Building Code of Australia (BCA) and removal of unnecessary state-based and local government variations to the BCA.

The revitalised COAG agenda thus poses major challenges for local councils to perform effectively, both in areas of core business and in addressing broader national priorities. Local government aspires to a stronger position in the federation through constitutional recognition and, according to the ALGA President "represents all Australians and delivers an increasingly broad range of services that make a difference to the lives of communities across our nation."[4] So can local government demonstrate that it has a real contribution to make to national productivity, infrastructure improvement, housing affordability, Indigenous wellbeing, climate change, water reforms and other issues on the COAG agenda?

ALGA's position paper for the 2007 federal election did indeed address several of these critical national issues, notably aspects of infrastructure, climate change, water resources, urban sustainability and broadband access. In some cases it was able to highlight the positive steps already being taken by local councils. However, the *10-Point Plan to Reinvigorate Local Communities* was dominated by calls for additional federal funding to enable local government to address its own financial problems. These included bids for an increase in untied financial assistance grants (FAGs) to 1% of Commonwealth taxation revenue (net of the goods and services tax which is transferred to the states), and for $1 billion over 4 years to fund a community infrastructure renewal program.

The Labor Party's local government policy did not respond directly to either of these bids, although local councils will be able to apply for a share

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[4] Australian Local Government Association, *A 10-Point Plan to Reinvigorate Local Communities*, Deakin ACT, September 2007.

of a proposed Housing Affordability Fund to meet part of the cost of housing-related infrastructure. Responding recently to questions about local government funding, the new federal minister, Anthony Albanese, has pointed to the scale of existing federal support (over $2.1bn per annum), and to the forthcoming Productivity Commission[5] report on local government's own revenue raising capacity.[6] It may well prove highly significant that the Commission's draft report found that over the last decade local government property taxes ('rates') have declined as a percentage of GDP, depriving councils of a potential $1.7bn in extra revenue, and that most councils across Australia have scope to increase rates within reasonable affordability limits.[7]

Local government tends to overlook the fact that there are two ways to address the 'vertical fiscal imbalance' in Australia's federal system (by which the federal government collects far more tax than it needs for its expenditure, whilst the states and to a much lesser extent local government need to spend more than they collect). The solution constantly promoted by local councils and their associations involves ever increasing federal grants, but the other way is to change the balance of taxation, in part by substantially increasing property rates. The Productivity Commission's report may suggest the latter path, and this could prove highly attractive to a federal government committed to lowering income tax rates whilst simultaneously cutting expenditure in order to curb inflationary pressures.

It remains true that many small (in terms of population) rural and remote councils have little or no scope to increase rates. However, rather than increased federal funding for all councils, this problem could be addressed by changing the way FAGs are distributed, as suggested in the 2003 House of Representatives report on cost shifting.[8]   Again, the new government may find such an option worth exploring.

Labor's election policies relating to local government involved the establishment of three new organizations: Infrastructure Australia, Regional Development Australia, and the Council of Australian Local Governments. Infrastructure Australia will be a broadly representative body that will formulate and review proposals for nationally significant projects: local government has been promised representation. The situation is less clear with Regional Development Australia: this agency will have a national board drawn from a national network of regional committees, based on the existing Area Consultative Committees that advise the federal government

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[5] The Productivity Commission is an independent advisory body which undertakes inquiries requested by the federal government.

[6] See *Local Government Focus*, Vol 24, No.2, February 2008 p.1; and *Local Agenda*, Issue 15, March 2008 p.25 (NSW Local Government and Shires Associations).

[7] Productivity Commission, *Assessing Local Government Revenue Raising Capacity*, Draft Research Report, Commonwealth of Australia, 2007.

[8] House of Representatives Standing Committee on Economics, Finance and Public Administration, *Rates and Taxes: A Fair Share for Responsible Local Government*, Parliament of the Commonwealth of Australia, Canberra, 2003.

on regional issues and formulate projects for funding under various programs.[9] However, whilst local government can be a significant player in these committees, it does not necessarily have a leading or major role.

The proposed Council of Australian Local Governments (CALG) will perhaps offer the greatest challenge to local government's national leadership. This is to be a consultative and advisory forum comprising senior federal ministers and a broad cross-section of local government representatives drawn from ALGA and the state/territory associations, the Council of Capital City Lord Mayors (CCCLM), regional bodies and other stakeholder organizations.[10] It is intended to enable local government to discuss national issues directly with the federal government, including infrastructure and transport, regional development, housing affordability and, as a top priority, a process that *may* lead ultimately to constitutional recognition.[11]

Establishing CALG will create both opportunities and risks for local government. Until now, local government's interests at the national level have been pursued primarily through ALGA, which has been recognised by successive federal governments as its principal representative. This was demonstrated most clearly in the negotiation by the Keating Labor government of the *Commonwealth-Local Government Accord*, signed by the then Prime Minister and ALGA President in November 2005. The *Accord* achieved precisely what CALG is now charged to do – set out an agreed policy framework. However, it is debatable whether that could have been done with a somewhat disparate group of local government representatives around the table. State and territory local government associations have different priorities, as do groups such as CCCLM, the Seachange councils (who have already met separately with the federal treasurer[12]), Local Government Managers Australia (the peak body for senior management) and others. Will local government be able to present a coherent and united view on key issues, and reinforce its credentials as a valuable partner, or will CALG become a Tower of Babel?

Responding to the opportunity once again to pursue constitutional recognition will be another difficult test. ALGA has enthusiastically embraced this element of Labor policy and is planning a National Constitutional Summit in Melbourne in December 2008. The hard question is what form of recognition to seek: the wording defeated at the last referendum on this issue in 1988 would simply have required all states to legislate for a system of elected local government. This would not have lessened state control over councils, nor would it necessarily have brought about any change in underlying federal relations – and local government

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[9] See *LG News*, 27 March 2008, Hallmark Editions, viewed at http://www.lgcentre.com.au/

[10] Senator Kate Lundy, speech to the Local Government Association of Queensland, 29 August 2007, viewed at http://www.katelundy.com.au/localgovernment.htm

[11] See *Local Agenda*, Issue 15, March 2008 p.25.

[12] See *LG News*, 28 February 2008, viewed at http://www.lgcentre.com.au/

has already gained federal funding as well as membership of COAG and other federal forums even without recognition. So should it now press for more far-reaching constitutional change in order to become a "truly equal partner"?[13] The chances of gaining necessary bi-partisan support federally and in a majority of states for such a bold move look slim, given that it would challenge state authority. But is it worth taking the risk of another failed referendum aimed at merely 'symbolic' recognition?

If local government is to prosper under the new Labor government it will have to demonstrate its relevance, capacity and credibility in terms of the emerging federal agenda. Simply asserting that councils have an important role to play, and then asking for more money to help them perform, is an unlikely recipe for success. As the Productivity Commission's draft report suggests, there is a growing divide in Australian local government. On the one hand there is a group of perhaps 150 large, financially robust urban and regional councils that can do much to advance the wellbeing of local communities with little or no external support, and can also become significant partners in the federal system. On the other hand are the many (too many) small councils that in their current form will increasingly struggle to remain financially sustainable and can make only a very limited contribution to national objectives. The recent widespread amalgamations of councils in Queensland were explicitly designed to strengthen local government's capacity to deal with 'big picture' issues,[14] and most of Australia's largest, most robust and (potentially at least) politically influential councils are now to be found in that state.

Local government thus faces a clear choice. It can continue to pursue an agenda of constitutional recognition and bids for additional financial support that tends to focus attention on its weaknesses and seems unlikely to achieve very much in the short-medium term. Or it can accept unpalatable structural and financial reforms to address the problems of small councils, whilst asserting and capitalising on its strengths, especially the real capacity of big councils to add value to federal initiatives.

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[13] ALGA President Cllr Paul Bell quoted in *ALGA News*, 14 March 2008, viewed at http://www.alga.asn.au
[14] Report of the Local Government Reform Commission – Volume 1, State of Queensland, July 2007.

Current developments in New Zealand local government

Peter McKinlay
AUT University

Local Government Funding and Rating

August 2007 saw the release of 'Funding Local Government', the report of the Local Government Rates Inquiry (available at www.ratesinquiry.govt.nz).

New Zealand local government has one of the world's most flexible rating (property tax) systems. Councils may choose between capital value, land value or annual (rental) value. Rates may be levied primarily as an ad valorem charge but councils may also use a variety of fixed charges. In addition they may levy a targeted rate or rates, which may be either a fixed amount or ad valorem, charged on a single property or category of properties to recover the cost of a specific service or services. Councils also have the power, in consultation with their communities, to adopt highly flexible postponement policies allowing people to defer, indefinitely, payment of rates. (Normally when this is done, councils take a first charge on the property and recover interest at their marginal cost of borrowing.)

Despite this high degree of flexibility, there is a sense that the rating system as such is reaching the limits of its potential to provide adequate funding for local government activities. The Rating Inquiry itself noted that approximately 56% of local government operating revenue came from rates but recommended that, long-term, this proportion should not exceed 50%. More generally, in respect of local government itself, the Inquiry concluded:

> Local government works well in meeting the diverse needs of New Zealanders. It provides, at reasonable cost, a substantial range of basic services, which can broadly be categorised as either network infrastructure (roads and public transport, the "three waters" - water supply, waste water and stormwater - plus solid waste disposal), or community and social infrastructure (cultural and recreational

facilities), as well as a range of regulatory activities. Overall it accounts for somewhat less than 5% of national expenditure.

Ironically, some of New Zealand's difficulties result from attempts to ensure greater fairness, transparency and accountability. Councils are required to revalue properties for rating purposes at least once every three years (some do so annually). New Zealand, like much of the world, has recently come through a major property boom. This impacted differentially with residential property in premium locations (coastal, lakeside for example) rising in value much more rapidly than residential property generally. When rates are levied on an ad valorem basis, the result can be major shifts in rating burden between different homeowners even though total rate revenues for the council may not increase greatly.

This coincided with new accountability requirements, with New Zealand local authorities required to produce 10-year forecasts which are reviewed by the office of the Auditor-General to ensure their robustness. The purpose was to make sure local authorities were properly providing for maintenance, upgrading and investment in needed infrastructure. The result was a one-off step jump in projected future expenditure, and thus rating requirements, as local authorities 'came clean' about the extent of required investment.

A further factor is that New Zealand local authorities are required to report in accordance with international financial reporting requirements. Among other things this means making full provision for depreciation. For some councils this is now the single largest item in their operating expenses. Councils have a statutory obligation to operate a balanced budget but with an exception that, if they deem it prudent to do so, they may operate at a deficit. This was intended to provide some flexibility around full recovery of depreciation, especially for councils which were investing very heavily in new long-life infrastructure.

There is thus a theoretical opportunity for councils to relax the pressure of depreciation on current rating but this comes at a price – publicly revealing that they are operating at a deficit with the consequent risk of ill-informed criticism. Few councils have been prepared to take this risk, preferring instead to try and hold their total expenditure down.

The Rating Inquiry undertook a commendably thorough review of local government funding and has produced a very useful report. Some of it focuses on improving local government practice, for example, making greater use of borrowing for long-life assets. It also made some helpful recommendations on tidying up anomalies in statutory exemptions or partial exemptions from rating (a number of central government funded activities are partly or wholly exempt, effectively amounting to a subsidy from the local ratepayer to the national taxpayer).

Overall, however, the report has not produced any 'magic bullet'. It recognizes the practical reality that higher tiers of government are not falling over themselves to provide additional funding for local government. It did include a relatively modest proposal designed to provide smaller local authorities with some assistance towards the cost of necessary water and waste water infrastructure, but disappointed those advocating major increases in funding support.

Whether and to what extent any of its recommendations will be taken up is still a matter of conjecture. At least the government is giving it serious consideration, seemingly in contrast to the immediate response to the report of the UK Lyons Inquiry, and of the Scottish Rating Inquiry.

In contrast with the relative lack of progress with the Rating Inquiry, some New Zealand local authorities are demonstrating how our flexible rating powers can be used creatively to help individual ratepayers or groups of ratepayers in quite innovative ways. As examples:

➢ A large industrial estate was having very real difficulties with security. Break-ins and vandalism were at a relatively high level. A contributing factor was the disparate range of security arrangements in place for individual firms. The local council worked with a group of businesses in the estate to find a solution. The estate formed a business association to act as the single purchaser of security arrangements for the entire estate. The local authority agreed to facilitate funding by using a targeted rate provided it received a two-thirds majority in a vote of estate ratepayers (this was essential to overcome the free-rider and transaction costs problems which make it extremely difficult to introduce these kinds of arrangements on a purely voluntary contractual basis). The majority was forthcoming. The new security arrangements have seen a dramatic drop in break-ins and a very real improvement in response time on call outs.

➢ Central government's Energy Efficiency and Conservation Authority is introducing a subsidised loan scheme for home retrofit, including upgrading home heating. It recognized that many homeowners in its priority group would not be able to afford loan repayments (older people on limited incomes as an example). It has reached agreement with a group of councils that they will use a combination of a targeted rate and rates postponement to allow a very cost-effective means of home equity release ('reverse mortgage') which is also extremely safe (unlike a private provider, local government has no incentive to encourage people to borrow more than they absolutely need – and by statute is not permitted to make a profit but only to break even on the cost).

> Consideration is being given to other uses for targeted rates and rates postponement to support ageing-in-place: one possibility is a home maintenance service.

Royal Commission on Auckland Governance

In December 2007 the New Zealand government announced the establishment of a Royal Commission on Auckland Governance. The decision to establish a Royal Commission followed on from significant lobbying by interests within Auckland, especially from the business community, who believed that existing governance arrangements were hampering the region's growth. Amongst their concerns were fragmentation of a region of around 1.2 million people into seven city or district councils plus a regional council; the multiplicity of providers of bulk and retail water; and that some 15 agencies from central and local government were involved in decision-making on planning and provision of regional roading, together with what they saw as a general lack of progress in addressing Auckland's infrastructure challenges.

The terms of reference appear comprehensive. They range from the ownership, governance and institutional arrangements for public infrastructure, services and facilities, to the governance and representation arrangements which will best:

- Enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Auckland region; and
- provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes.

However there are also significant exclusions. They include the purposes and principles of local government; local government arrangements in New Zealand generally; the extent to which recommendations relating to the Auckland region may also be appropriately implemented elsewhere; and central government agency and institutional arrangements dealing with expenditure of appropriated funds, provision of services and the stewardship of assets within ministerial portfolios.

The Commissioners (from left to right)
David Shand, Hon Peter Salmon,
Dame Margaret Bazley

The Commission has set a tight timetable. Submissions were required by the 22nd of April. Hearings will take place in the last three weeks of May and throughout June and early July. The final report must be delivered by December 2008. There is a very real sense that the opportunity for existing local authorities, key stakeholders, and the general public to engage effectively and on an informed basis will be prejudiced by the tightness of the timetable.

Despite this, and the extensive exclusions from the terms of reference, it is clear that the Royal Commission process is resulting in a very intense debate on possible options. One council has already suggested the creation of a single local authority for the whole of the Auckland region, to be responsible for all local government functions, ranging from metropolitan governance and regional spatial planning to economic development, and including infrastructure currently handled by arm's-length organisations. Others have reacted criticising this as a power grab that would effectively eliminate local democracy.

Alternative approaches are reflecting on how to balance factors such as:

> The need for effective, efficient and timely decision-making on major infrastructure, as compared with the demand for democratic local decision-making, which at an extreme can see NIMBYism bring decision-making almost to a halt.

> The demand for greater efficiency in service delivery, which many New Zealanders believe means larger local authorities, but also the importance of preserving local democracy. A greater emphasis on shared services, and recognition of international research on the limitations of amalgamation, and on the cost of larger authorities, are influencing this part of the debate.

> The proper role and function of local government: should modern local authorities be treated as though they are in practice publicly owned infrastructure companies, or is their overriding role the promotion and enhancement of local democracy?

Other challenges include the difference between administrative and functional boundaries. The economic impact of the Auckland region extends well beyond its formal boundaries, raising the question of how functions such as transport and economic development, including the role of export ports, can properly be managed.

Whilst it is always dangerous to make predictions with an undertaking such as this, there does seem to be a growing interest in the Greater London Authority model as an acceptable means both for managing region-wide functions, and for enabling the 'single voice for Auckland' which is seen as an essential requirement. Certainly, there is going to be a very major focus on the design of the structural arrangements, including the question of whether major regional functions can properly be placed within a single entity, or whether they require their own separate structures complete with 'fit for purpose' governance.

PRACTICE

Planning for Sustainability in NSW Local Government

Jade Herriman, Emma Partridge and Mick Paddon[1]
University of Technology, Sydney

Introduction

Local councils in the state of New South Wales (NSW) in Australia are starting to give serious consideration to how they can include 'sustainability' in their planning for the future. There is no statutory requirement to create a sustainability plan – and therefore no standard definition of what constitutes such a plan for local government in NSW. The same is true of the term 'sustainability', for which there is no standard or legislative definition. However, the NSW state division of Local Government Managers Australia (LGMA - a professional organization for council managers) has recently released a 'Sustainability Health Check' as a resource to assist councils in assessing their current performance and devising appropriate strategies and action plans for sustainability. In addition, several individual councils have used the opportunity provided by the state government's Urban Sustainability Program to make a first attempt at developing a sustainability plan.

This practice note reports on work undertaken by the Sydney-based Institute for Sustainable Futures (ISF) with three councils: Hunters Hill, a small council in the middle-ring suburbs of Sydney; Hawkesbury City, the largest council (by area) in metropolitan Sydney, situated on the Hawkesbury River approximately 50 kilometres north-west of the CBD; and Gosford City, on the NSW Central Coast midway between Sydney, where many of its residents travel to work, and the industrial city of Newcastle to the north. In this work the approach taken has been either to

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[1] Jade Herriman, Emma Partridge and Mick Paddon are based in the Institute for Sustainable Futures (ISF) at the University of Technology, Sydney. The Institute is a research and consulting organization that works with industry, government and the community to help create sustainable futures through research, consultancy and training. For further information about ISF's work in this area, contact the authors +61 2 9514 4950 or view the website: www.isf.uts.edu.au or email: emma.partridge@uts.edu.au or jade.herriman@uts.edu.au

adopt the definition of sustainability used by the council already,[2] or to work with the council to establish a definition appropriate to its concerns and circumstances, rather than impose a notion of definition of sustainability from outside.

Hunters Hill and Hawkesbury

Both councils initiated their sustainability programs after receiving grant funding from the state government. The grant conditions and guidelines did not define what constitutes a sustainability plan, but left this up to individual councils to determine. This provided a high degree of flexibility for councils to approach the task of sustainability planning in different ways depending on local context and need. However, it also left room for a degree of confusion about what a sustainability plan might consist of and how councils should go about preparing one.

Broadly, sustainability planning could relate to either the council's own operations (governance and/or organisational functions), or its programs for the community (in any of its roles, including strategic land use planning, development control, provision of public works, regulation and enforcement of activities, provision of community services and provision of information). It might encompass both internal and external elements. The potential for confusion is exacerbated by the fact that a recent review of planning and reporting in local government, carried out by the NSW state department of local government in 2006/07, does not make reference to 'sustainability' plans in its description of either current or possible future planning and reporting models, although it does refer to a 'quadruple bottom line' and notes that some innovative councils have attempted to adopt sustainability frameworks as an overarching planning mechanism.

At both Hunters Hill and Hawkesbury there was an interest in discussing all these various ways in which sustainability might be relevant. Consequently the approach taken was a broad one, which aimed not to specify what particular approach to sustainability planning to take, but to assist each council to develop a strategy that was appropriate for its situation. There was also a desire in both councils for staff training and capacity building on core concepts of sustainability. At Hawkesbury the focus was on building the capacity of the strategic planning team to initiate a broader process within council, while at Hunters Hill, there was an interest in involving all staff early in the process, via a discussion about how sustainability might relate in practical terms to a diverse array of work areas.

Hawkesbury City Council had an existing commitment to 'sustainable and liveable communities' and 'sustainable development' in its draft strategic plan. Also, the council was already undertaking many activities that relate

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[2] Where this has been informed by a range of commonly accepted sustainability principles and existing definitions.

to the various dimensions of sustainability. However, strategic planning staff identified a need to achieve a better integration of sustainability issues across council. In response, ISF worked with the strategic planning team to explore the concept of sustainability and how a sustainability framework might be applied at a strategic level within council.

Training and interactive workshops were used to help strategic planning staff understand some core sustainability concepts, and to develop a set of sustainability principles, objectives and approaches that suited the specific needs of the organisation. The workshops drew on aspects of the 2007 LGMA Sustainability Health Check, mentioned earlier, as a framework for reviewing strategic planning and corporate systems, processes and culture in relation to sustainability.

The report produced at the conclusion of this work provides a framework for sustainability planning at Hawkesbury City Council. It contains:

1. A series of **sustainability principles.** These are based on leading-edge thinking about sustainability, and can be used to guide a high-level strategic approach to sustainability at the council. They can also function as a 'check' on planning and decision-making: in other words, various options for action can be assessed according to whether they will effectively implement these principles.

2. A number of **sustainability objectives** for the council to work towards.

3. Suggested **strategic directions** for council. Tailored to the specific context of Hawkesbury City, these demonstrate a variety of approaches that the council might take in working towards the sustainability objectives.

4. A range of **implementation examples**. These are specific actions that could be taken under each of the strategic directions. The implementation options included are practical, workable examples, many of which are based on work undertaken elsewhere, both in the local government sector and beyond.

The report creates a strategic sustainability framework for Hawkesbury City Council and provides a set of appropriate objectives and suggested directions and implementation examples that would build on what already exists within the council. The strategic planning team will now seek endorsement of this framework by the elected councillors. Once endorsed, actions can be taken within the broad framework, however the precise details of implementation can be discussed internally to ensure that the implementation process is appropriate and realistic.

Hunters Hill Council took a slightly different approach. Council staff decided that as the smallest (by area) council in NSW they would design a very inclusive, 'bottom-up' process that involved every single staff member in the first phase. They also chose to use the whole of the LGMA Sustainability Health Check as a means of assessing current practice and future opportunities, and to inform the later development of a sustainability plan.

ISF designed and developed a staff training and engagement workshop for all council staff. The workshop had multiple objectives. Firstly, it aimed to help all staff understand the concept of sustainability, and its relevance to their own jobs. Secondly, it provided an opportunity for staff to be involved in and consulted about the sustainability planning process from the outset. Thirdly, it allowed council sustainability officers who would be leading the planning process to better understand how staff currently relate to issues of sustainability – this was useful in helping to inform the subsequent steps in the sustainability planning processes. In practice, the workshops were also a valuable opportunity to promote cross-team discussion on sustainability, allowing staff to prepare for the subsequent Health Check workshop.

Various interactive techniques and strategies were used in the workshops to help staff members think about the kind of future they would like to see in the Hunters Hill area. These visions were then linked to aspects of sustainability, and the various roles and functions of the council. Staff members were given an opportunity to brainstorm the ways in which sustainability might relate to their individual jobs, and to their day-to-day work, and to discuss what the challenges and opportunities might be in relation to implementing sustainability in their particular section of the council. Material was also presented that assisted people to understand the 'bigger picture' – explaining sustainability as a concept, and as a planning framework for local government.

Engaging all staff in issues of sustainability can be challenging. Sustainability can be conceptually difficult for people to grasp, and its relevance to roles across council – from planners to parks and maintenance staff – is not always understood. Further, not all staff are equally equipped to participate in strategic discussions of this kind. Some are not interested, or do not see what it could achieve, and others do not feel it is their responsibility to be involved in this way. The all-staff workshops ISF developed in collaboration with Hunters Hill Council perhaps highlighted these barriers as much as overcame them. Many staff did appreciate the inclusive approach, and the workshops did generate a range of ideas for strategic planning staff to consider as they plan the next steps of the process. However, it remains a significant challenge for the council to develop a sustainability plan that reflects this input, provides opportunities for innovation and implementation in all areas of the council's operations, and enables all staff to engage with it.

Gosford

Gosford is a large city of over 150,000 people. In 2007 the council worked with ISF to develop a suite of sustainability indicators to enable it to better track progress towards meeting the community's vision of what the area should be like in 2025.

Gosford is one of an increasing number of councils in Australia which have been adopting a 'triple bottom line' approach to their planning. This approach recognises the interconnectedness of economic, social and environmental objectives, and that achievements on one of these dimensions can impact on the others, either positively or negatively. Councils have also been acknowledging the difference between planning for the development of the local community and area, and planning and managing the operations of the council itself. In the wider community, the council is just one of a number of stakeholders, service providers and agencies. When councils begin to adopt sustainability or triple bottom line planning, they also need to adjust their approach to reporting. In particular they need to consider how best to communicate how well the area is performing to their local communities.

The objective of this project was to prepare high level, strategic, community indicators for the whole of the Gosford City area, which collectively would measure the progress of the area towards its vision for sustainability. The project drew on examples from the available literature of best practice approaches to indicator development and use in other organisations. Existing council indicators were also reviewed, in order that the information already held by the council and other local agencies, as well as the knowledge of council staff, could be put to best use.

The approach to sustainability taken in this project was framed by two overarching considerations. First, the definition of sustainability developed by Gosford City Council itself, which is that it involves "*meeting the needs of current and future generations through simultaneous environmental, social and economic improvement*" (Gosford City Council, *Sustainability Report 2005).* Second, the *Gosford Vision 2025* – a document developed by the council through extensive community consultation that expresses the Gosford community's aspirations for the future. The eight key focus areas (KFAs) in the vision provided a framework for the sustainability indicators. These are:

- Creating economic opportunity and employment
- Improving transportation and infrastructure
- Protecting the environment
- Strengthening local and regional identity
- Enhancing arts and culture
- Promoting health and safety
- Supporting families, youth and the elderly

■   Expanding education and skills development.

In moving from these general statements of the preferred vision for the city to a suite of specific indicators that might track progress towards that vision, the project used a three-stage process (indicated in the diagram that follows).

"What do we want for the future?"

Overarching Vision for Gosford 2025,
including Key Focus Areas
(Gosford 2025 document)

"What would a sustainable outcome for each Key Focus Area look like?"

A specific vision for each KFA, describing the desired outcomes for that KFA.

(Can be drawn from the descriptive text under each Key Focus Area in the Vision document)

"How will we know if we are heading towards that outcome?"

Sustainability indicators that relate to each of the desired outcomes

(To be chosen....)

Vision 2025 asks the very broad question 'what do we want for the future?' and provides an answer by grouping a wide range of issues under the KFAs. The first step was to adopt these KFAs as the structure for the indicator suite. The second step, before considering what indicators might align with each KFA, was to define the specific *outcomes* desired for each. This was done by collating the range of outcome statements found throughout *Vision 2025* and validating them with key council staff. If the vision statement provides a high level picture of 'what would we like to see?' the outcome statements provide the detail of what this will involve – which pathways will lead towards the vision. For example, the broad key focus area of 'protecting the environment' was translated into nine desired outcomes.   These   included   'agricultural   land   is   protected   from development'; 'Aboriginal cultural heritage sites are protected and managed'; and 'air and water resources are protected'. Once these specific outcomes were established, it was possible to move to the third step – developing indicators that would track progress towards the outcomes.

A list of potential indicators was compiled from a mapping of the council's existing indicators across the range of its plans and reports, and this was augmented with other possible indicators either adapted from the relevant literature, inspired by examples of current practice in other organisations, or devised specifically by ISF.

The indicators were reviewed against a set of criteria developed for the project, and known by the first letters of each word as 'RMSIC'. Indicators were thus intended to be:

- **R**elevant – they tell a clear 'sustainability story', and address issues that are important to decision making
- **M**easurable – they use data that is readily available, accurate, and enables comparisons over time
- **S**ignificant – they contain information that penetrates to the 'heart of the matter'
- **I**ntelligible – they can be easily comprehended by the general community, *and preferably*
- **C**ross-cutting **–** one indicator can provide information on multiple related concerns.

Using these criteria, the list of potential indicators was refined and the selected indicators were then validated and data sources checked at a series of workshops with the relevant council staff. The final report of the project describes a suite of sustainability indicators (below). For each recommended indicator a suitable measure or measures was suggested, as well as some alternative indicators that might be used if accessing or using the required data for the preferred indicator is too difficult. Many of the chosen indicators are 'cross cutting' which means that they reveal information about the movement towards or away from several of the *Vision 2025* KFAs, rather than just one.

Key Focus Area	Relevant indicators
Creating economic opportunity and employment	Education enrolment levels
	Volunteering levels
	Employment rate
	Local employment rate
	Growth in number of jobs
	Employment by industry
	Level of relative socio-economic disadvantage
	Method of travel to work
Improving transportation and infrastructure	Method of travel to work
	Water consumption
	Use of recycled water
Protecting the environment	Volunteering levels
	Employment rate (local)
	Method of travel to work
	Water consumption
	Use of recycled water
	Water quality
	Amount of bushland (remnant vegetation)
	Population and abundance of indicator species
	Waste to landfill
	Greenhouse gas emissions
Strengthening local and regional identity	Attendance / participation at arts/cultural events
	Population and abundance of indicator species
	Use of land for agricultural and horticultural production
Enhancing arts and culture strategies	Attendance / participation at arts/cultural events
	Aboriginal cultural heritage protection
Promoting health and safety strategies	Volunteering levels
	Method of travel to work
	Health of community
	Use of and satisfaction with human/community services
Supporting families, youth and the elderly	Education enrolment levels
	Volunteering levels
	Use of and satisfaction with human/community services
	Level of relative socio-economic disadvantage
Expanding education and skills development	Education enrolment levels
	Volunteering levels

For organisations of all kinds, sustainability indicators are both a practical monitoring tool and a valuable means of communicating progress to others. For local councils, if sustainability indicators are developed to clearly align with a community's vision and a set of agreed goals, they can be a highly effective way of not only informing the community about progress towards or away from those goals, but *engaging* them in the process of developing strategies and actions in response.

Sustainability planning: Some considerations

Based on our experience working with the councils described here, as well as on the wide range of other sustainability planning and organisational change work we have conducted, ISF suggests the following questions might be a useful starting point for councils embarking on sustainability planning:

Things to consider when embarking on sustainability planning in your organization

- Do people understand the key concepts? Will you need to first build staff capacity – either about sustainability in general, or about the state of issues in your local government area, or different ways to do sustainability planning?

- Do you have a shared understanding of what sustainability means for your organisation? Will you need to do some visioning about your preferred future? Can you agree on a set of sustainability principles? Who will be involved in developing these?

- How will you know which areas are most 'in need' of improvement? Will you base your decisions on an assessment of the social, environmental and economic status of your community and local government area? On some kind of industry benchmarking? On staff concerns? On community concerns? Or all of these? What information will you need?

- Are you looking at planning changes to the council's operations (how it does what it does) or also at its programs and deliverables to the community (what it does)?

- What will you do with the results of the planning that you do? Will there be a new or updated 'sustainability plan' document? Or will this thinking feed sustainability considerations and actions into other, existing plans (such as land use plans, strategic or corporate plans, an environmental management plan, an infrastructure plan)?

- How will the work you do on sustainability feed into the council's strategic and/or corporate plans – and is there a way to actually transform these plans into a sustainability plan (because good management is about delivering sustainability)?

- How will these strategic and corporate level plans for sustainability feed into the operational plans that departments, units and teams of council use to guide their daily and weekly activities?

- How will you assess whether the council is being successful in meeting its plans for moving towards sustainability? How will you report the council's progress to the community? What sorts of reporting will make most sense to and be of most interest to the community?

News and Announcements

The annual **Conference of the International Association of Schools and Institutes of Administration** (IASIA) will take place from 14-18 July 2008 in Kampala, Uganda on the theme of "Enhancing Efficiency, Effectiveness and Equity in Public Service Delivery: challenges, opportunities and good practices". More information can be viewed at the conference website:
www.iiasiisa.be/schools/aeconf/kampala/kampala-index.php

The **Technical Working Group of the Caribbean Forum of Local Government Ministers** has started working on developing a Regional Policy for Local Governance in the Caribbean. Cognizant that in the Commonwealth Caribbean the structures and practices of local governance differ from country to country, it is hoped that a regional policy will at least formalize a broad framework within which local governance can be implemented in the region.
It is anticipated that the draft of this regional policy will be completed by November 2008. For more information contact Dr. Bishnu Ragoonath, Senior Lecturer in Government, Department of Behavioural Sciences, The University of the West Indies. Weblink:
http://cflgm.org/index.php?option=com_content&task=view&id=65&Itemid=95

UKZN/Democracy Development Programme - National Conference On Local Government Financing And Development. The School of Public Administration of the University of Kwazulu – Natal in collaboration with the Democracy Development Programme (DDP) will be hosting the fourth national local government conference in Durban on the 11 and 12 August 2008. The Conference will be held at the Holiday Inn Crowne Plaza on the Durban beachfront and the theme this year is "Local Government Financing and Development in South Africa". The South African Government has introduced a futuristic policy and legislative framework for local government financing and development. The country is currently in the second decade of local democracy and it is now opportune to critically examine the impact of the new legislative and policy frameworks on local government financing and development and more specifically financial viability and sustainability.
The Conference will focus on *inter alia*:
- municipal financial viability;

- intergovernmental fiscal relations;
- indigent management;
- creativity and innovativeness in generating new sources of revenue;
- public accountability; maladministration/fraud and corruption;
- local economic development;
- municipal services partnerships;
- accessing donor and grant funding; and
- municipal valuation and property rating and supply chain management.

The presenters/speakers are high ranking officials from national, provincial, local government and non governmental organizations and senior consultants. The target audience for the Conference are senior municipal functionaries; academics; researchers and non - governmental organizations. It is anticipated that approximately 200 delegates will attend the Conference. Conference website: www.ddp.org.za/events-1/5th-national-annual-local-government-conference

The **New Zealand Political Studies Association** annual conference and post graduate research meeting will be held at Massey University (Auckland) 28-29 August 2008. The conference theme is: MMP: An Evaluation. Keynote Speakers include the Hon. Peter Salmon, Chairman, Royal Commission on Auckland Governance, and Prof. Marilyn Waring, Professor of Public Policy, Auckland University of Technology. A call for papers was extended to 1 May. Contact Dr. Andy Asquith, Department of Management and International Business: a.asquith@massey.ac.nz

The **Australian Local Government Association** (ALGA) has launched the Constitutional Recognition Website. They write: "Recognition in the Australian Constitution is one of the most important challenges facing local government today. It is an issue that we need to manage properly if we are to maximise our chance of success. Today, ALGA launched a special website dedicated to constitutional recognition. The website provides a range of material for councils including fact sheets, technical resources, a copy of the Australian Constitution and a CD with materials in electronic format. Over the next few months Councils are asked to consider this important issue and provide feedback regarding their ideas, aspirations and desired outcomes. ALGA President Cr Paul Bell said that, with the backing of the Rudd Government, there has never been a better time to achieve one of local government's most important goals: 'Having local government recognised in the Australian Constitution has been at the forefront of debate in successive National General Assemblies of Local Government and remains one of the main objectives of ALGA. We, as local government, have never been in a better position to steer this issue forward.'"
Weblink: www.alga.asn.au/constitutionalrecognition includes links to fact sheets on the issue.

The **Local Government Association of South Australia** has drawn on global best practice to produce a handbook that is designed to improve the way councils engage their local communities. The handbook incorporates a framework developed by the International Association of Public Practitioners, a body founded in 1990 with the aim of promoting values and best practices to involve communities in government and industry decisions which affect their lives. Joy Baluch, President of South Australia's Local Government Association, says local government in the state is increasingly looking to world's best practice models in its operations and dealings with people. Mayor Baluch says councils are finding that public meetings are not always the best way for them to achieve community input into annual programs and budgets or long-term planning. She says other techniques such as undertaking surveys and establishing panels and focus groups are more appealing to communities, particularly those with young people who are accustomed to responding via mobile phones or the internet.

For further information: www.lga.sa.gov.au/site/page.cfm?u=1324

The **UTS Centre for Local Government, Sydney Australia** has been commissioned by the Commonwealth Secretariat to undertake research into local government systems and legislation in a number of Pacific island countries. This will involve a review of existing local government Acts or equivalent legislation, convening a regional workshop to discuss good practice principles, and action research projects in three or four countries. The research will be closely linked to the Commonwealth Local Government Forum's *Pacific Project*, which the Centre is also assisting. It will be carried out in cooperation with Local Government New Zealand and other regional partners. A Regional workshop was held in Suva, Fiji Islands, on 15 November 2007. Please follow this link www.clg.uts.edu.au/research/paclocgov.html to view a Background Paper and documents that comprise the 'Index of Pacific Country Local Government Legislation'. Full documentation of the project will be progressively added to this link over the next few months.

And also from the Centre, each year we run a series of seminars by visiting international practitioners and academics related to local government and governance. The most recent presentation was by Tony Jackson (University of Dundee, Scotland) who, in "Policies for Economic Development: What Works?" used recently released data to query current government policy frameworks regional economic development in the UK. To view his presentation and other UTS CLG past events, go to: www.clg.uts.edu.au/event/index.html

The **United Nations Development Programme Oslo Governance Centre** has launched the 'Democratic Governance Training Referral Service' to assist

country offices in identifying providers of training services in democratic governance. The service combines a helpdesk for handling training enquiries with an online database of training institutions. It is designed for development practitioners on the ground, who are interested in identifying institutions that can provide relevant training in various regions. The database profiles institutions from across the world that offer professional training services for development practitioners and government officials wishing to enhance their knowledge and develop their skills in various areas of democratic governance. Institutions are searchable by subject expertise, region, language, and keyword. Information on the background of staff, pedagogical approach, and available services is also available. The Training Referral Service can be accessed at http://www.undp.org/oslocentre/resources/trs.html The service is meant as a 'live' tool and will be regularly updated. If you would like to recommend additional training providers for inclusion in this database, please send an email to training@oslogovcentre.org