"New Paradigms in Local Governance: Australian Local Government Reform in a Context of Asia and the Pacific."

Kevin Sproats

(Director, Western Sydney Research Institute University of Western Sydney)

Introduction

Australian Local Government

Reform in the 1990's

Towards New Paradigms in Local Governance

Conclusion

Introduction

As cities continue to grow; as populations become increasingly urban; as trade between regions becomes as important, or more important, as that between nations; as the Westphalian delineation of countries falls apart; the importance of local government rises. Governments at sub-state or sub-provincial levels everywhere must rise to the challenges of building sustainable communities in which citizens attain fulfilling lives. Almost universally across Asia and the Pacific local government is undergoing considerable reform. Some reform is voluntary as local governments rise to the challenges they face. In some instances higher levels of government force the reform.

In the last decade Australian local government has been subjected to extensive reform; some voluntary, some forced. That reform has been managerialist in both form and substance. It has its foundation solidly in the new public management paradigm, emphasising "optimal use of resources and achievements of results performance excellence, effective outcomes, and value for money" (Tucker 1997:82).

This paper is in three parts. First it provides an overview of some of the main elements of local government reform in Australia. The lack of any research on the veracity of the postulated benefits of the reforms or debate on the very nature of local government, or local governance, is lamented. The second part presents four issues that could gainfully comprise an agenda for debate on the future of local government. Broadening the context, the third part in an extract from a major ESCAP study of local government in the Asian Pacific region.

Australian Local Government

Australia's federal system of government consists of three levels or spheres: federal (or commonwealth), state/territory, and local. There are currently 687 local governments in the six states and two territories, providing the third sphere of government for the 18.5 million Australian citizens. Local government councils range from large urban (Brisbane, Qld – 1220 sq. kms., 750,000 population) to compact inner-urban (Marrickville, NSW – 16 sq. kms., 85,000 population) to sparsely populated large-rural (Brookton, WA – 1630 sq. kms., 1200 population). Local government does not have recognition under the Australian Constitution. After a failed attempt in the early 1990s to gain such constitutional recognition, local governments remain legal creations of state parliaments.

Local governments in Australia provide a narrower range of services than those in, for example, the USA or the UK. Services such as education, hospitals and police are functions of state government. Typically, local government functions include provision of services in the areas of community health and welfare; recreation; libraries; waste removal and disposal; public land and property; tourism; economic development, roads and drainage; water supply and sewerage systems. Councils also exercise regulatory control over land use planning, development and building control and environmental protection. This separation of powers in the Australian federation is sometimes referred to as: the national government having all the money, the state governments having all the power, and local government having all the problems.

Australians elect 224 national politicians, 596 state/territory politicians, and more than 7000 local politicians. Parliaments at the national and most state levels are bicameral with lower houses representing geographic electorates, while those in upper houses represent a whole-of-state constituency. Voting is compulsory in all

commonwealth and state elections. In local government elections voting is also compulsory in most states.

Over the last twenty years Australians have increasingly expressed concern about the appropriateness of their historically given system of government. At a national level this includes debate of whether Australia should become a republic. A national referendum will be held in November this year as part of the republican debate. While the republic debate – severing the last vestiges of ties with Great Britain – is important, for many it is matters of local governance which impact more directly on their lives, and about which they express most concern.

Reform in the 1990's

While each state initiated its own program of reform common characteristics are evident. An overview is presented here under headings of: boundary changes, reviews of legislation, roles and functions, and workplace change.

Boundary changes

Local government does not have within itself the will to adjust boundaries, amalgamation with another council is generally anathema to local representatives. With rare exceptions boundary reform has only been at the intervention of state governments. In the 1990's boundary adjustments and amalgamations of local government units has been arguably the most contentious feature of the reform process. By 1991 there were 826 local government units functioning in the 6 states, down from 1067 at the beginning of the century. It had taken 80 years for a reduction of 241 councils. The largest reduction over that time had been in New

South Wales. In just eight years since 1991 the number of local councils in the states has been reduced by a further 209. The number of local government units in Australia during this century is shown in Table 1. Local government in the Northern Territory has a long history although of the current number only six are municipalities, two are special purpose towns, and the remainder are either community councils or incorporated associations in the sparsely populated areas. Local self-government in the Australian Capital Territory is relatively recent. The number of local councils currently in the two territories has been added to provide completeness.

TABLE 1

Local Government Units in Australian States

State	1910	1991	1995	1999
NSW	324	176	177	177
Vic	206	210	78	78
Qld	164	134	125	115
SA	175	122	118	74
WA	147	138	142	144
Tas	51	46	29	29
	1067	826	669	(617)
Northern Territory				69
Australian Capital Territory(Canberra)				1
				687

Source: Data for 1910 and 1991 from Jones (1993)

Victoria

Boundary reform has been fastest and most dramatic in the three southern states: Victoria, South Australia and Tasmania. Amalgamations of councils were not the main element of reform in Victoria, state politicians and officials regarded it as just one, even minor, factor in a process of wider reform of the public sector. The real reform was micro-economic: structural changes, labour market changes, efficiencies

to be gained through such things as economies of scale, competition and technologies.   Fundamentally, the Government's agenda was to move service delivery out of the public sector. Privatisation and compulsory competitive tendering of services were major mechanisms for this transfer. An amalgamation of councils was a structural adjustment to facilitate these wider reforms in local government. The initial program was expected to take three years and deliver savings of $300 million in the form of reduced local property taxes.

Initial resistance by Victorian councils – including a failed court challenge – quickly dissipated as they could see the inevitability of reform. Councils began to talk to their neighbours to secure the best possible deal for their area. Once new local government units were approved existing elected councillors were unilaterally dismissed and commissioners appointed by the Government to manage the transition period. Significant to the government's success in achieving these dramatic changes was the lack of any widespread public resistance to this loss of locally elected representation, raising the question of whether the community really cared. As it turned out the amalgamations took just 18 months, the number of councils was reduced to 78, and local property taxes dropped by $249 million in the first year. It should be pointed out, however, that the new councils were required to submit their budget to the state government for approval before proceeding; it is not surprising that savings targets were achieved. The term of the commissioners was limited and elections in the new areas commenced in 1995. When it came time for elections one local community made it clear they preferred to retain the appointed commissioners rather than elect new councillors; a request the state government granted.

Tasmania

By the late 1980's there was general recognition in Tasmania that the state was

conservative, little change had occurred since 1910, local government was firmly entrenched, and the state was over-governed; change was needed. A new coalition government - of Labor and Green parties- initiated a modernisation program. A Local Government Advisory Board, with wide representation, was chosen as the mechanism. At the instigation of the Local Government Association of Tasmania the terms of reference for the Board were widened to include boundary adjustment, legislative reforms, and roles and functions of local government. The Board's work became an Inquiry "Into The Modernisation of Local Government". Boundary adjustment was initiated first to establish new structures to enable councils to better undertake their existing roles before expanding them. The reasoning was that if widened powers were provided first it was unlikely that boundary adjustment would follow.

Widespread consultation with Tasmanians and a series of Modernisation Proposals papers and reports marked relatively straightforward boundary adjustments. Although a wider modernisation program was promoted it was boundary adjustments that captured media attention. New structures were proclaimed in August 1992 and became operational in April 1993. Importantly, in contrast with Victoria, existing councils remained during this transitional period pending new local government elections. That is, elected community representation remained while new local units came into place and fresh elections could be held on the new boundaries. By 1995 the number had been reduced to 29 councils. The current (1999) state government has signalled a further round of amalgamations to just 10 councils.

In October 1994 a Ministerial Advisory Group on Local Government Reform (MAG) was established by the South Australian Government with terms of reference covering: roles and functions, performance and benchmarking, competitive tendering, structural arrangements, amalgamation incentives, legislative amendments. An earlier Royal Commission into boundary reform in 1974 did not work. The State

Government and the Local Government Association of South Australia signed a Memorandum of Understanding in February 1994, designed to develop closer working relationships between state and local governments. The work of MAG ended in June 1995 with the presentation of its report to government. The Group's recommendations covered: recasting the roles and functions of local government; structural arrangements, including restructuring boundaries; principles for effective management: benchmarking, competitive tendering; implementing the reforms to produce invigoration of local government: processes, timeframes, financial assistance, legislative reform. The report expressed the belief that appropriate reforms would produce efficiency gains of $100 million to $150 million per year.

South Australia

Proposals for restructuring South Australian local government units down from 118 to 34 councils were made by MAG but the government did not proceed to force amalgamations. Rather, new legislation was introduced into the parliament providing for the establishment of a Local Government Reform Board charged with assisting councils into voluntary implementation of the MAG recommendations. The Board could initiate its own proposals for amalgamations or, desirably, respond to initiatives taken by groups of councils. Incentives, including financial incentives, could be provided by the Board to encourage amalgamations. The approach was successful in reducing the number of councils to 74, although the Board was directive in its negotiations with councils.

Queensland

Reform of local government in Queensland has transpired with little trauma. A feature has been the good relations between state and local government officials. Another factor was the long held view that local government was more than simply

a service provider. It was these building blocks of history on which the reform progressed. In some instances local-state relations were formalised in a series of protocols – signed by the respective State Ministers and the Local Government Association – setting out working relations between the two spheres of government. Protocols covered issues of planning, transport and environment. Boundaries were not a major issue in Queensland, although there have been some amalgamations. Provision had always existed for voluntary amalgamations but typically councils had not come forward with voluntary proposals.

Western Australia

In the mid-1990s time a Local Government Structural Reform Advisory Committee was established in Western Australia. It was to initiate discussion on whether the structure of local government could be enhanced in the State so that the efficiency, effectiveness, and the value-for-money of the local government sector can be improved. Topics for discussion included: representation, community of interest, community councils, financial base and financial stress, comparative service costs and economies of scale, benchmarks and best practice, cooperative arrangements and resource sharing, utilisation of staff, competitive tendering and contracting out, key factors for determining local government structure. A new Local Government Act made provision for a subsequent Local Government Advisory Board to inquire into any proposals made to it under the Act or by the Minister for Local Government, making recommendations to the Minister.

There had been some restructuring of the City of Perth but the Local Government Structural Reform Advisory Committee now had no set agenda for amalgamations of councils, even though 50% of councils in Western Australia have populations of less than 2000. In Western Australia a problem is small populations in vast areas. It is not uncommon to have population densities of less than two persons per square

kilometre. The spectre of amalgamations emerged as an issue, however, with the publication of a 'boundaries map' showing groupings of councils. These grouping were presented to stimulate discussion on potential for resource sharing, not as proposed amalgamations, but reactions showed how close to the surface the amalgamations issue lies.

New South Wales

Boundary reform in New South Wales has not been addressed seriously. This was due partly to a series of previous boundary reforms over the years. Unlike Victoria, by 1991 New South Wales had reduced by nearly 50% the number of councils in the state. Concerns are expressed that further amalgamations are necessary: for example, where a rural council rings a regional urban council with the rural citizens utilising the urban infrastructure and services. In many such cases both councils' offices are located in the urban area. The development industry regularly advocates amalgamations among the 45 or so councils within metropolitan Sydney. The local government legislation provides for voluntary amalgamations and several councils are now investigating possible amalgamations.

Reviews of Legislation

Victoria reformed its local government legislation in 1989. South Australia commenced in 1984 a process of incremental change of its legislation. Three states – New South Wales, Tasmania and Queensland passed new Acts in 1993. Western Australia introduced a Bill for a new local government act in 1995. Generally the move has been away from prescription – what councils can and cannot do – to providing a more enabling framework within which councils will have some degree of freedom to initiate their own policy directions. In most states reform of complementary legislation has been undertaken; legislation to do with roads,

environmental planning, environmental management, public sector ethics.

Workplace Change

While council amalgamations dominated the headlines, arguably it was workplace reform that had wider impacts on the operations of local government. Those reforms are presented here as: labour markets; separation of responsibilities; competition policies; accounting practices and asset management; and regulatory reform.

Labour Markets

In 1986 the Local Government Minister's Conference commissioned a National Review of Local Government Labour Markets. The major aims of the review given to the Steering Committee were: (i) to recommend steps to improve the supply of skilled labour to meet the needs of local government; and (ii) to identify ways in which Local Government could improve its employment practices so that there were better career opportunities, more meaningful and rewarding jobs and higher productivity. The local government workforce at the time was about 144,000 representing 2.2% of the Australian workforce or 8.6% of total public sector employees.

The final report, released in 1989, identified key issues for reform: improving flexibility in local government employment; human resource development; education and training; award structuring; personnel practices, equal employment opportunities and the merit principle; occupational; shortages in local government; occupational regulation: statutory positions in local government.

These issues have been taken up progressively by local government through new work practices and legislation. In NSW such workplace reforms dominated the early years of the decade. The NSW Local Government and Shires Associations and the

unions, unfettered by the imperative of council amalgamations, developed a new industrial award. The new four-level award for employees was introduced in June 1992, replacing the previous fragmented awards with excessive classifications, and initiated a new era of relationships in the industrial arena. A guiding force behind this award restructuring was the Structural Efficiency Principle established by the 1988 National Wage Case and endorsed by subsequent National and State Wage Cases. The wage case involved a fundamental review of awards aimed at improving the efficiency of industry and providing workers with access to more varied, fulfilling and better paid jobs.

Restrictive employment practices have also been removed. This applies particularly to the old regulated statutory positions. Traditionally, positions such as town clerk, engineer, planner, building and health surveyors had been prescribed by legislation constraining cross-disciplinary moves unless dual qualifications were held. Deregulation of the labour market has opened up management positions to professionals other than those in the previously prescribed discipline. CEO′s, Directors and Managers now come from a wide range of disciplines, with, for example, lawyers managing engineering departments, building surveyors managing planning offices. Swept along by the pervasive managerialist tide there has been a shift to employing CEO′s from the private sector. At this stage the shift has not been widespread and some of the new CEO′s have stayed for only one term. In endeavours to reform management practices, long termed commitment to public service appears to be undervalued.

Contract employment of staff, particularly senior staff, is becoming widespread. In New South Wales, for example, senior management staff must be employed under contract with maximum lengths of 5 years. There has been a steep learning curve for many senior local government staff used to long-term job security.

Separation of responsibilities

New local government legislation has provided for separation of responsibilities between elected councillors and executive officers within the councils. This has created problems of the definition of roles; problems of getting the council to be strategic and the staff to be operational. In its simplest form councillors are encouraged to concentrate on policy, strategy, conceptual issues with the staff being responsible for operations within those policy guidelines. For councillors used to having 'hands on' operations, to now be confined to addressing issues at a conceptual level has impacted on their relationship with staff.

Separation is also taking place in other areas. It is sometimes made between those who determine policy and those who evaluate against policy; as for example, those who determine environmental policies and those who assess the environmental impacts of proposed developments. Difficulties arise also when elected members are both advocates of community activities or proposed developments and at the same time arbiters and decision-makers. Similar separation can be between those who award and administer contracts and those who contract for work; as an example, in a road department. These issues of separation are, in some instances, forcing complete organisational re-design.

Probity, corruption prevention, pecuniary interests and the like have all become core concerns in local government. Formal state agencies such as the Criminal Justice Commission (Queensland) and the Independent Commission Against Corruption (New South Wales) have the operation of local government included in their terms of reference. The necessity for codes of conduct, and declarations of interests are enshrined in the new local government legislation.

Competition

A National Competition Policy, agreed by the Council of Australian Governments in February 1994, is contributing to the reform process. Free and open competition is seen as the engine which drives efficiency. The National Competition Policy includes:

- general application of trade practices legislation to all government and unincorporated businesses;
- a systematic process for revising and reforming regulatory restrictions on competition;
- national prices oversight mechanism for markets or firms where competition is deficient;
- pro-competitive principles to be adopted where public monopolies are corporatised or privatised;
- competitive neutrality between public and private businesses where they compete.

To create a competitive environment within their organisation many councils are restructuring by introducing a provider/purchaser or funder/provider split. Staff are designated as either providers of goods and services or purchasers of goods and services. Restrictions have been lifted as to how and to whom services and goods will be provided or how and from whom they will be purchased. Such restructuring aims to introduce a competitive environment previously absent. Areas of council operations that trade their goods and services are brought together into business units to operate under commercial charters competing in both the public and private sectors.

To force this competition agenda, Victoria has introduced 'Compulsory Competitive Tendering'. Victorian Councils are required to open up at least 50% of

their budget to competitive tendering. When depreciation provision is included it results effectively in 60%-80% of the operations being subjected to competition. While Victoria has been at the vanguard of compulsory competitiveness, it is accepted widely by local government that it must adopt mechanisms for contestability through the competitive provision of services. New South Wales contemplated compulsion in its legislation but drew short of making it so, although many councils are moving voluntarily to Victorian levels of competitive provision of services.

Accounting practice and asset management

Accrual accounting has replaced traditional fund accounting. As Australian Accounting Standard No 27 (AAS27) has been adopted and incorporated instate legislation councils have been required to move to the new accrual basis. For some councils the transition was relatively straight forward, some were operating on an accrual basis already. For others, particularly councils comfortable with the traditional fund accounting, the transition has demanded a steeper learning curve. More importantly, AAS27 introduced a new asset management regime. For the first time local governments are required to bring onto the balance sheet all physical assets under their control. Since 1992 buildings and parks, roads, utilities, communication networks have been brought progressively to account. This has involved councils in identification, classification, condition assessment, valuation, and depreciation of previously unrecorded community infrastructure. This has been major reform with substantial demand on council resources. Once this task is completed councils may find their communities questioning their fiscal responsibility when presented with such balance sheets.

Regulatory reform

Local government has traditionally exercised regulatory powers over an array of activities affecting the lives of the community. A local authority or council regulates land use planning and building by requiring approval prior to undertaking development and/or building. In granting approval it is able to impose conditions for planning, engineering, building, environmental control. Compliance with standards – either imposed as a condition of approval or required generally by legislation – can be enforced by way of penalties and court action under the local authority′s enforcement powers. Development and building control is the largest part of a council′s regulatory functions. It can also have responsibilities over a wide range of other regulatory functions: clean air, clean water and noise control; pollution control and other environmental offences; heritage; dog registration; water and sewerage supply; bushfire control; food and other public health inspection; coastal protection; emergency services, although in some of those the state government has the primary responsibility. Regulation has been seen traditionally as necessary as checks and balances of market forces on behalf of general public interest.

Impetus for regulatory reform has come from the national level as part of the general microeconomic reforms. and, increasingly, in response to the ecologically sustainable development debate. The need for efficiency reforms was expressed by the development industry with claims of fragmentation of decision points both within council and across a number of government agencies; non-value adding processes; duplicated requirements and decisions; outdated requirements and standards; unnecessary delays; uncertainty; non-uniformity of standards. Monopolies were perceived to exist in the exclusiveness of council′s approval and control roles and the statutory certification of regulatory officers.

Considerable reform of regulations has commenced and continues:

- Privatisation and deregulation of statutory positions – Certification of planning and building approvals by private professionals is now possible in several States. Under conditions of compulsory competitive tendering councils are required to open up even further the approvals processes to public tender.

- Structural reform – There has been a general move towards separation of regulatory functions from other functions; separation of those who assess applications from those who determine.

- Procedural reforms – The national Local Approvals Review Program (LARP) has been very successful in many councils across the nation. Integrated approvals procedures, 'one-stop-shops', fast tracking, and the like have been adopted. Introduction of computers and information technology generally is reforming many of the processes, leading in the long term to electronic commerce. Performance measurement and benchmarking is also hastening reforms and a changed management process.

Towards New Paradigms in Local Governance

Most reform of the Australian public sector over the past decade has been managerialist in both form and substance (Dixon and Kouzmin, 1994; Dixon, Kouzmin and Korac-Kakabadse, 1998). Claims are made of the outstanding benefits of these reforms but there has been little research on either the veracity of the claimed outcomes or their social benefit. Evaluative research of the public sector reforms is needed. A feature of the reform in local government has been the almost complete absence of any widespread debate on the very nature of local government itself. Attention has been focused primarily on efficiency and effectiveness of local

government as economic units. This is not surprising in an era of economic rationalism, but it is essential to also consider the sustainability of local government as local democracy, as a third sphere of good government. Reform should be as much about effective and viable local government as much as achieving economics of scale. Review of the roles and functions of local government as a sphere of government is a significant next step more generally in Australia. The issue will be between service delivery and governance. The size, composition and corporate governance of councils to effectively and efficiently deliver services may well be very different from those required to sustain meaningful community governance. The latter term used here has the meaning given by Osborne and Gaebler (1995): "Governance is the process by which we collectively solve our problems and meet society's needs. Government is the instrument we use." Its focus is on consensus building, citizenship, community, social justice, equity. Community building involves creating civic a culture that is about human connections and interactions, that encourages people to participate in building communities of mutual respect and obligations, where people are caring and thoughtful, where our youth are engaged and not alienated.

Speaking at a conference of the Strategic Management Society in London in 1992, Prahalal identified three simultaneous agendas in creating change: an intellectual agenda, a behavioural agenda and a management agenda. Behaviourally, the agenda "...focuses on creating corporate values and ethics, developing appropriate leadership styles, learning systems, competencies and skills, reinforcement and rewards for appropriate employee behaviours." (Prahalal 1992) The management agenda is "...concerned with building appropriate structures and networks, introducing appropriate technologies and systems and having the courage to re-allocate resources". (Prahalal 1992) On the intellectual agenda are the vision, "strategic

intent″ and business strategy positioning of an organization. The intellectual agenda stretches the limits of thinking about the value the organization is able to add for stakeholders, customers and society as a whole.

Much of the local government reform has been swept along in the tide of managerial reform of state government agencies. Local government is seen simply, as another ″departmental″ function of state government needing reform just like all others.   In the absence of any debate on what is local government, topics for an intellectual agenda might include issues such as:

- As decisions move to the supra-national level, they become increasingly removed from the citizen who becomes alienated from decision processes. How does one ensure the citizen remains in community in the so-called global village?

- Economic criteria for effectiveness and efficiency of service delivery currently determine the critical mass of a local government area. This inevitably leads to larger local units. Urgent attention needs to be given to determining the critical mass for local governance. Larger local units may deliver better service, but does one know whether they provide better governance? What is sustainable local governance?

- Local governance is about identity, a sense of place, community building, participation in strategic local choice, collective responsibility for the local area and the like. It concerns the citizen, the family, the neighbourhood. What is sustainable community in a technological or crisis-ridden age?

- Local government can play a vital role as a socially binding agent in an increasingly de-limited world. How does one ensure citizens do not become pawns in a global game of economic chess?

Prospects of an intellectual debate in Australia are not good. There are, however, prospects of further consideration of management issues (to use Prahalal's agendas) and from these to construct an intellectual agenda. The current reforms have focused on customers/clients, management techniques and models, public opinion, and physical and financial capital. For there to be a move from local government to local governance to each of these must be added a countervailing focus. Countervailing the customer/client must be the citizen; countervailing management must be leadership; countervailing opinion must be judgement; countervailing physical and financial capital must be human and social capital. Each of these countervailing dimensions is discussed briefly.

Citizenship

In recent times staff in the public sector have been admonished to treat people dealing with their organisation as customers or clients. CEOs strive to build customer-oriented or customer-friendly organisational cultures. Cox argues that a focus on people as customers implies undue reliance on the marketplace as an effective mechanism for addressing community issues, and the market only individualises needs. (Cox 1995) On the other hand "the notion of citizenship implies a notion of the city of the polis, of the public realm, of public purposes, publicly debated and determined. To narrow the scope of public power, to take activities out of the public domain and put them in the private, is, by definition, to narrow the sphere of citizenship." (Marquand 1989)

The two dimensions are contrasted between U.S. Vice-President Gore and Daniel Kemmis the Mayor of Missoula, Montana. In his National Performance Review the Vice President urged Americans to view "themselves as customers of government rather than citizens" as the role of citizen was inherently weak. (Lynn 1997) In

contrast the Mayor sees hope for the future in a revival of citizenship.

> No amount of reforming institutions that are widely and rightly perceived to be beyond human scale will heal our political culture until we begin to pay attention once again to democracy as a human enterprise. Without healing the human enterprise, without healing the human base of politics, we will not restore democracy itself. One thing alone will give us the capacity to heal our politics and confront the problems and opportunities that politics must address. That one thing is a deeply renewed human experience of citizenship. (Kemmis 1996:6)

Leadership

There seems little need to explain management; its influence has been all pervading in the public sector for the last twenty years. Shelves groan under the weight of management books advocating the latest techniques, certain to produce better organisations. There is no shortage of management advice, consultant abound. Immense resources have been expended on becoming better local government managers and, to be fair, the dividends are evident in better managed councils.

Countervailing management, however, is leadership. The two, management and leadership, are manifested in successful organisations. (Kotter 1990, 1996, Stace and Dunphy 1994) Hickman (1990) makes an interesting distinction, arguing that what organisations need are the skills of both: the practical, analytical, orderly mind of the manager, and the experimental, visionary, creative soul of the leader. From his experience working in disadvantaged communities on the fringe of Washington D.C., Wallis (1995) claims that "we long for political leaders who would be community builders and not polarisers, public servants who practice the art of bringing diverse people together for projects of common good, instead of power brokers who represent only those who have the most clout."

Public Judgement

Public opinion has always been poor determinant of public policy. Opinion may have a role in seeking reaction to policy proposals but judgement is demanded for policy adoption. After a long career in the British Civil Service, Sir Geoffrey Vickers wrote one of the most useful contributions to public management. In discussing judgement as an art he differentiated between judgements of facts and judgements of values. (Vickers 1967) More recently Yankelovich reinforces this when he describes public judgement as

> "a particular form of public opinion that exhibits (1) more thoughtfulness, more weighting of alternatives, more genuine engagement with the issue, more taking into account a wider variety of factors than ordinary public opinion polls, and (2) more emphasis on the normative, valuing, ethical side of questions than on the factual, informational side." [It] "is a state of highly developed public opinion that exists once people have engaged an issue, considered it from all sides, understood the choices it leads to, and accepted the full consequences of the choices they make." (Yankelovich 1991:5-6)

Engagement with the issues is central to deliberative democracy. In a heavy work, Nino examines this deliberative character of democracy. Comparing the moral philosophies of Rawls and Habermas, he argues that democracy can be likened to moral conversation and can be valued because of its capacity to generate an impartial perspective, one that takes into account the interests of all citizens. "Democracy can be defined as a process of moral discussion with a time limit." (Nino 1996:118)

One of the reasons we so readily rely on opinion is that judgement as defined by these writers is hard. It is easier to parade public opinion as justification for decisions. It may be hard but we need to explore ways of engaging citizens in moving beyond mere opinion to exercising community judgement.

Human and Social Capital

Production of physical and, particularly, financial capital has dominated local government activity in what have been the pioneering years of building Australian communities. (Cox 1995) Building communities requires more than investment in financial and physical capital, it demands investment in human capital -"the total of our skills and knowledge" - and social capital. (Cox 1995:15) Social capital in Cox's terms refers to "the processes between people which establish networks, norms and social trust and facilitate co-ordination and co-operation for mutual benefit. (Cox 1995:15) Building civil societies must put a high priority "on growing social capital by offering opportunities for trust and co-operation. The social institutions that govern and influence us must operate in ways that value diversity and belonging. (Cox 1995:16)

Based on his extensive research of local democracy in Italy, Robert Putnam makes the point that "building social capital will not be easy, but it is the key to making democracy work." (Putnam 1993:185. Putnam concludes that democracy works best where civic community is strong. Mark Latham the Federal Labor Member of Parliament, representing Werriwa, an electorate in Western Sydney argues that "issues concerning the strength and composition of social capital are critical to the successful governance of society." The basis of governance in civil society, he argues, is more than the formal institutions of government, it includes "the interaction of citizens through voluntary associations, networks and other forms of contact which, when regarded as a whole, represent the self-governance of community life." (Latham 1997:7)

Conclusion

Some of these reforms have now been in place for more than a decade, yet there has been no substantive research on their validity. Neither has there been any serious debate on the nature of governance at the local level. The new public management has reigned supreme and, in some cases, continues unfettered. It is time to scrutinise the outcomes. Have all these reforms resulted in a more engaged community? Is local democracy any stronger? It is time some serious work was done.

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APPENDIX

During 1997-1998 the Economic and Social Commission for Asia and the Pacific (ESCAP), in partnership with the Asian and Pacific Section of the International Union of Local Authorities (IULA-ASPAC), the Korea Local Authorities Foundation for International Relations (KLAFIR) and the All India Institute of Local Self Government (AIILSG) initiated a study of local government systems. Country reporters carried out the study in 15 countries of the region, namely: Australia, Bangladesh, China, Fiji, India, Indonesia, Japan, Kyrgyzstan, Malaysia, New Zealand, Pakistan, Philippines, Sri Lanka, Republic of Korea and Thailand. The country papers went through two rounds of peer review before final editing and publication. Individually and collectively they provide a unique and valuable snapshot of local government in 15 countries in which nearly half the world's population live. The country reports are on the ESCAP web site www.unescap.org/huset/lgstudy. A comparative analysis that discussed local government issues outlined in the reports was published separately in print. (It is also available at the ESCAP web site.) The intention of analysis was to draw issues in local self-government from the country reports. For the most part this analysis rests in the country reports as the country authors presented them.

The comparative analysis concluded with an Asia Pacific agenda for action. That agenda is included here as a contribution to this conference.

The Asia Pacific Agenda : Issues for action and examination

The fifteen country reports show that local government reforms are needed in several areas. The following issues have been extracted from the analysis to comprise an agenda for action on local government reform.

Local autonomy

The key issue in reforming local government systems to meet the challenges of globalization determining the appropriate level of government to which functions and powers need to be devolved. In undertaking local government reforms governments need to consider the following issues:

1. Principles of autonomy, subsidiarity and proximity should be promoted in keeping with the world charter on local self-government;

2. Strategies for pursuing these principles will need to proceed within the national context and motivations; and

3. One of the most significant challenges facing local governments will be to reinvent their roles in the rising trends towards privatisation and corporatisation.

Legislation

The country reports show that in many countries local governments are formed or disbanded at the whims of higher levels of governments. This is detrimental to the development of local institutions. Local governments are the corner stone of democracy and governance reforms should take this aspect of local government into consideration in the process of reform. Legislative reforms should ensure that :

1. In accordance with the principle of subsidiarity, local governments, as they are the level of government closest to the people, should be allowed to generally exercise public responsibilities. Any allocation of governmental responsibilities to another authority or level must be based on the requirements of technical or economic efficiency.

2. Basic powers and responsibilities of local government are prescribed by the constitution or by law.

3. The role of local governments needs to be clearly specified: whether local government is to be predominantly the provider of services or regulator and

enabler of the private sector to provide services. This determination of the role of the local government has considerable implications on the administrative structures of local government

Central-local relations

Country reports indicate that except for a few countries, most have highly centralized systems of government, with either the central or the provincial/state level governments exercising extensive control over local government. This has resulted in weakening the institution of local government. Reform would include overcoming the reluctance of central governments to relinquish power. Governments should ensure that:

1. Responsibilities provided to local governments are accompanied by full powers and resources to meet those responsibilities and that these are not just line agency functions but aim towards true local self-government.
2. When authorities or levels of government other than local government are entrusted to carry out certain functions because of technical reasons or because of economies of scale, powers and responsibilities are clearly defined. In many instances partnerships of power sharing between the levels of government are more productive than just separation of powers.
3. Local governments clearly understand that attaining freedom from central control must not be pursued as a means of reducing public accountability. In fact steps should be undertaken to make local government more responsive and accountable to the local population.

Administration

Local government administration is another key aspect of reforming local governments. Administrative reforms are needed in three areas, namely division of powers between the local legislative and executive branches, reform of the

administrative structure of the executive branch and lastly, coordination with other governmental authorities and levels. The following principles should be followed while undertaking administrative reforms:

1. While determining the structure of local government a balance is maintained between the legislative and executive branches of local governments. The legislative branch should have appropriate powers to hold the executive branch accountable, particularly when the executive branch is appointed as is the case with the city-manager system.

2. Administrative reforms should aim towards making local governments more accountable and responsive to the local population rather than to higher levels of government.

3. Higher levels of government control and interfere in local government affairs through various administrative measures. In some countries this includes deputing staff from higher levels to serve in key position in the local government for specified periods of time. This undermines the continuity, efficiency and transparency of decision making in local government administration. Local governments should be enabled to explore new administrative arrangements and staffing options.

Local government finance

One of the key components to strengthen local governments is local government finance. Governments must make a commitment to:

1. Study ways and means to increase the income of local governments, that are independent and reliable;

2. Develop mechanisms, which ensure greater local financial autonomy, as well as, responsibility and accountability to local communities.

3. Provide more attention to develop and adequately maintain infrastructure.

Human resources

One of the key constraints to good governance at the local level is the lack of qualified human resources. Human resources capacities of local governments need to be strengthened concurrent to institutional capacity building. Human resources development is dependent on three factors: recruitment of appropriate staff, training to build their capabilities, and retaining their services.

1. Appointments must be related to the specific functions of the local governments and must be made transparently and on merit. The country reports provide examples of different approaches which might be examined by the countries;

2. Just as appointing good staff is essential, so too is the ongoing training and equipping. Local governments, particularly smaller local governments often do not have the capacity for training their staff. Collective training mechanisms either through local government training institutions or through local government associations should be strengthened.

3. Greater education and training is needed for elected members of local governments; and

4. Local governments should not only appoint good staff and provide ongoing training and development, they must instigate mechanisms to keep good staff. The reports provide some examples of how various countries have addressed this issue. These need to examined in greater detail.

Public participation

Another prerequisite for good governance is public participation in decision-making and public oversight over government functions. The country reports show that at the local level, the level and extent of public participation varies considerably. Some countries allow full participation while others do not allow any participation. The country reports also show that there are several channels of

participation. The most common and traditional system is the fully or partially elected local council. In some countries organized civil society groups interact with local governments on issues of interest to them. However, the existence of a civil society is not a guarantee that healthy and inclusive public participation will take place. Systems need to be devised to provide all groups in society a voice in decision making.

One common feature of all local governments seems to be the low number of women and minority representatives in local councils. Another issue seems to be the representation of the urban poor in the local councils. Countries may wish to consider the following recommendations while examining policies to increase public participation at the local level

1. Other countries could consider taking the lead provided by India and Bangladesh in reserving special places for women, minorities and disadvantaged groups in local elections.
2. Dual systems of elected (political) and nominated (technical) councillors are worthy of consideration.
3. Central governments espousing participation as a basic element of democracy, if applicable and civic groups emerging are no guarantee of successful participation. Instead they should devise innovative techniques of civic engagement and equip them to participate; and
4. Social inclusion and gender equality are major issues that need to researched in greater detail.