

# Local Government Victoria



## Community strengthening and the role of local government

A discussion paper

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# **Community Strengthening and the Role of Local Government**

A discussion paper

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## Foreword

The Bracks Government's community building approach is based on listening to local experience, supporting local connections, providing responsive services and investing in the infrastructure which makes communities good places to live and work.

Community strengthening is about building the capacity of people to actively engage in a wide variety of social, economic, cultural, recreational, learning and civic activities. It is also about building stronger relationships and linkages across the myriad of institutions and groups which underpin our society and it requires a different way of doing things for both state and local governments.

Such activities and their resultant networks are increasingly being recognised and valued in our society; both as ends in themselves and also because they contribute directly and indirectly to other desirable objectives. These include among many, better educational outcomes, better health outcomes, and more effective participation in the economy. In this context, investments in building strong communities are also investments in prevention and early intervention.

In recent years in Victoria we have seen an explosion of community strengthening activity across all parts of Victoria, but with limited cross fertilisation between our major government, social and private sector institutions. While these initiatives have been of real benefit to people on the ground, some outstanding issues include:

- An understanding about the best ways to achieve strengthened communities.
- How institutions can best integrate services locally either at the planning or service delivery stage.
- How to develop program structures that provide flexibility and reflect local and individual needs.

Local Government is increasingly being viewed by many sections of the community as pivotal to clarifying and driving the community strengthening agenda. Local Government's focus on locality, its closeness to citizens and its interactions with many different levels of government, community and private sector interests, places it in a unique position to inform the direction of future policy.

To this end, my Department has commissioned Professor Mark Considine, who is the Director of the Centre for Public Policy, University of Melbourne, to conduct a research project around the role of local government in community strengthening. This discussion paper is designed to provide both an overview of current international trends relevant to the debate, as well as providing a basis for a more informed discussion between Local Governments and State Government agencies. While this paper is only one component of the broader research project being undertaken, I welcome all views on the key themes and directions which it presents.



**CANDY BROAD MLC**  
**Minister for Local Government**

## Introduction

Community strengthening involves stronger forms of local connectedness and better linkages between government and other agencies to mobilize local assets. This has come to be viewed as an important means to address the twin priorities of prosperity and social inclusion.

This discussion paper identifies a number of examples of the ways in which local collaborations are working in other countries. It also offers some alternative governance pathways through which state and local government and other stakeholders might work together to achieve community strengthening in Victoria.

None of these international examples or alternative pathways is a ready-made answer for Victoria. But by reviewing these different approaches we hope it will be possible to create a dialogue about the elements we all see as important and which might be “mixed and matched” to suit our own unique conditions.

The benefits of using a collaborative approach to achieve community strengthening include

- crafting flexible solutions for local conditions;
- stimulating industry clusters and other public-private connections;
- improving health and wellbeing through expanded public participation;
- fostering new forms of local leadership and skills; and
- improving innovation through better communication and knowledge transfer.

The goal of building stronger communities is supported by comparative studies of countries or regions that are doing well, and also by our understanding of those experiencing unemployment, poor health and increased crime. It is not simply that the stronger cities and regions seem to have fewer social problems, it is that when they experience difficulty they have more and better internal resources to draw upon.

The commitment to community strengthening places emphasis upon two related dimensions. First it aims to build the “social capital” of local communities. This requires forms of leadership that include a variety of different people, better forms of connectedness (networks) between local stakeholders, citizens and organizations, and processes that allow local needs to be identified and local resources and assets mobilized. Second it aims to develop new forms of partnership or collaboration between different governmental, private and civic agencies so that their efforts can be pooled at the local level.

Key Dimensions of Community Strengthening
<ul style="list-style-type: none"><li>• Increased connectedness</li><li>• Distributed leadership</li><li>• Inclusive Partnerships</li><li>• New governance institutions</li></ul>

Yet despite this widespread enthusiasm for community strengthening some fundamental questions remain:

- What part is to be played by local government?
- Are municipal institutions to have a central role in new forms of collaborative governance?
- How will this best be achieved?

## **Local Government and Local Governance**

Governments in Australia have an impressive record of achievement in the field of community strengthening, perhaps because the unique patterns of urban concentration and rural distance often require active intervention by government to support local resilience. What is exciting about the community strengthening process is that it offers a break through in harnessing the potential already available in many localities. This involves establishing links between groups and issues which might otherwise remain within their traditional sectors. For example

- local traders and residents getting together to plan cultural events;
- council and state government officers working with volunteer groups to tackle environmental problems; and
- indigenous leaders and local education providers working with local business to incubate new business opportunities.

Governments are currently involved in fostering these forms of collaboration through a variety of initiatives. Local governments in Victoria have had a strong tradition in community building since the 1970s. The Victorian Community Capacity Building Initiative (CCBI) succeeded in mobilizing eleven small rural communities, each of which developed action strategies to suit their local needs and resources. The interim evaluation drew attention to the important role of local government in several of these projects and also pointed to the importance of bringing municipalities into strategies of this kind from the beginning. Similarly, the Victorian Government's Neighbourhood Renewal Program has established some important benchmarks for collaboration between key public agencies and representatives of local communities. In addition, the ten local Community Building Demonstration projects funded by the Victorian Government aimed at creating new partnerships. For example, in one project a new network governance structure comprising a Community Building Steering Group convened by the Mayor and Regional Director of Human Services supports and links community-based initiatives in neighbourhoods, including the co-location of joint projects.

In Tasmania an innovative partnership strategy used a "social capital" approach to generate jobs in regional areas. The Commonwealth Department of Family and Community Services has used data on connectedness from family programs, neighbourhood houses and community centres to estimate levels of attachment and social support. A Melbourne metropolitan fringe council has initiated community building partnerships with 15 townships and is employing social capital measures to manage progress towards improved economic outcomes.

Other innovative approaches to community building which take a municipal approach include an innovative strategy to build social connectedness in new housing estates, a strategy to assist older people in a metropolitan council area by building their personal networks, and a project undertaken by another metropolitan council which involves a partnership between the Council and local welfare agencies to create stronger connections with and between disadvantaged and vulnerable families. A further example of a metropolitan council utilising a multi-pronged approach is where many initiatives to reach different community groups combine under a strategy called the “social cohesion project”.

We need to learn more about the range and structure of these various projects and their methods of local governance. To this end each municipality in Victoria is being invited to profile their community strengthening initiatives and this information will be used to inform the development of a strategy.

To see how these important dimensions of community strengthening can be improved and wrong turns avoided it is useful to look at a number of benchmark cases in other countries where these experiments have now had almost ten years to evolve and mature. Every country is unique with regard to its economic, social and political environment. And the process of selection and comparison is complicated by the fact that we often need to compare policies and programs in national systems with those of a single state. Some of these other systems have attributes which are different from those found in Victoria. Those such as Norway and Ireland are smaller than Australia but comparable in size to Victoria. They are also states with big disparities in metropolitan and regional needs. Others such as the UK and Italy are larger countries with very different histories so far as government and public-private institutions are concerned. But they add to our picture a deep experience of local partnership and of the role of local government. So the point of the comparison will be to identify useful strategies and instruments that might be adapted, not to search for a single model to replicate.

#### Comparing Systems: Criteria

- Established record in local community strengthening
- Mandated forms of collaboration between agencies and levels of government
- Progress in developing public policy framework for partnerships
- Engagement of local government

## International Experiences of Improved Local Governance

The growing literature on European and North American experiments to improve local governance and community resilience shows a range of experiences from “formally and tightly defined contractual relationships at one end, and looser more fluid ‘network’ relationships at the other” (Benington & Geddes, 2001:2).

### *The Irish Approach*

The Republic of Ireland is a small country (pop. 3.5 million) with no states but with a strong tradition of local government. The main drivers for community strengthening in the Irish case have been the need to regenerate disadvantaged regions and in the process address employment and social exclusion. A key to the Irish strategy has been the strong commitment of the national government to creating more than 100 local partnerships in disadvantaged areas in order to bring together public agencies, business, trade unions and community groups to tackle local problems.

A major reason for the success of the Irish strategy has been the willingness of the national government to get its own agencies to work together to remove bureaucratic and regulatory impediments to empowering these local partnerships. Also of critical importance has been the availability of European Union and national funds to give the partnerships enough working capital to tackle real problems.

These partnerships have achieved measured outcomes in such areas as unemployment, community safety and housing. The partnerships are formal agreements with binding accountability requirements. In some cases they involve public elections to fill places for community representatives. They facilitate the local community to identify their problems, harness local resources to help define solutions and then provide services to get the job done. They are sustained by professional staff with skills in business planning, community organisation and advocacy. There is also an impressive national network in place to encourage the exchange of ideas and to foster training and education.

But like any strategy this one also has some weaknesses. The Irish model has been criticized for its “weak line to local government” (Walsh, 2001:111), for being dependent on capital from Brussels, and for having a sometimes incoherent administrative structure. We could add to this list the tendency for this form of partnership to concentrate upon social policy issues and thus to have weaker ties to the business community and to the economy more generally (McCarthy;1998).

#### Features of the Irish Approach

- Strong central support by Ministers
- Commitment to removing bureaucratic impediments
- Provision of working capital
- Flexibility for local priority-setting

## *The British Approach*

The United Kingdom now has a layer of provincial governments between the national and municipal levels, but local government remains a major force, particularly in planning and social policy. The scale of local authorities makes them difficult to compare easily with Victorian municipalities, with the possible exception of the City of Melbourne. Yet the similarity in our two systems of government also suggests that the governance arrangements may offer useful insights.

One of the problems in assessing the UK experience is that there are now so many different uses of the partnership idea that it is doubtful that any single generalization would survive challenge. For example the partnership method has been used in the various Action Zones, in New Deal for Communities, the Neighbourhood Renewal Fund and Communities Against Drugs. In one recent report the relatively small district of Cornwall had over 100 partnerships and the government admitted that “local people and organizations find partnership working resource intensive” (RCU;2002:2).

If we take the general field of Area Based Initiatives (ABIs) as a concrete example we can see where the UK experience informs the more general policy debate (DTLR; 2002). More than a dozen major initiatives focus upon disadvantaged regions or localities and empower different local actors to identify priorities and develop appropriate services. Most depend upon a central government grant scheme. Often the partners include different central government departments and the local authority, plus specialist agencies from the non-profit sector. However where this latter group is also likely to become a recipient of the grant program administered by the partnership, more direct forms of citizen involvement have been used to create legitimacy. A Partnership Reference Forum initiative has been developed to manage this tension (Sullivan and Skelcher, 2002:25).

Local authorities are much larger entities than those we find in Victoria and the distance between them and the departments in Whitehall is undoubtedly greater than between state and local government agencies in our case. For this reason it is helpful to think of the UK case as one involving three different kinds of collaboration, each with its own governance structure. Stewart (2003:281) defines this as the distinction between facilitation, co-ordination and implementation. Some collaborations involve agencies and local communities seeking to identify priorities or resolve conflicts (facilitation). Others focus on providing oversight for a program funded from above (coordination). And in the third case the collaboration actually develops local services using pooled resources (implementation).

Recent initiatives at national level suggest a re-ordering is taking place inside government. Area-based programs are being amalgamated or pooled into more manageable units. A strong priority has emerged to delegate “more responsibility to the local level” (RCU,2003; 1), although this is somewhat ambiguous since it might mean either (or both) the local office of national bureaucracies, local authorities or local partnerships.

There is also a notable shift in policy thinking towards the idea that partnerships should be institutionalized into longer term commitments with legally defined responsibilities suggestive of a new arm of government at regional level. Instead of being viewed simply in terms of centre-local dynamics and debates about decentralization, this new discourse appears to be about re-configuring local governance. Sullivan and Skelcher’s study (2002: 217) concludes as follows, “The pattern of the local state revealed by our analysis suggests that a wider understanding of centre-local relations is required. It is no longer sufficient to focus solely on local authorities; rather analysis must take in the local system of governance”.

## Features of the British Approach

- Central commitment to multi-agency solutions
- Focus upon social inclusion
- Redirection of program funds into local partnerships
- A collaboration spectrum from facilitation to implementation
- Direct citizen involvement in some partnerships
- Emerging interest in planning and formalizing governance

### *The Italian Approach*

With some 57 million inhabitants and an elaborate set of regional, provincial and municipal authorities, Italy is unquestionably an example of complex governance arrangements. It is also the country where Putnam and his colleagues first demonstrated the social capital effects on local democracy (Putnam, 1993). Stimulated by European Union programs to assist under developed regions through the Social Fund and European Employment Policy, the Italian central government has since 1996 been promoting its Programmazione Negoziata, or negotiated plans as a method for fostering development in vulnerable regions such as southern Italy. Melo (OCED, 2001b) points out that two elements create the framework of this approach. The first is use of “territorial pacts” for development. Here we find area-based committees formed to receive national and European funds for economic development. A second strand includes two special laws, one designed to foster local businesses to modernise or restructure, the other to promote youth entrepreneurship.

The Italian partnerships fall into two types pacts (patti) established in response to European Union opportunities or those in response to national programs established in Rome. The European pacts provide a useful point of comparison with our other cases since they involve some common requirements and a good deal of external accountability. Typically they use a private company structure limited by shares in which no individual may derive profit and in which any surplus must be devoted to furthering the aims of the organisation. Through this method they employ a private structure to receive public funds and to perform public services.

So for example, in the Alto-Belice-Corleone Pact, some 20 municipalities (for the most part these are small towns) each contributed a small start-up fund on a per-capita basis. The partners meet at least once a year and each is represented by their local mayor. They elect from their ranks a Board of 9 directors who in turn appoint one of their number to be executive president or managing director. This places the mayors in the driving seat and requires very effective political communication and leadership.

In other cases the membership may also include the peak organisations representing employers, artisan and unions. The Board receives EU funds to employ a small secretariat and to draw up a development plan. Projects must show real improvements in designated targets such as employment, exports or new services.

A high level of transparency is desirable in these pacts but the methodology for achieving this varies a great deal between different cases. One particularly useful innovation has been to involve local banks in the decision to fund economic development projects and to require the bank to guarantee their processes of assessment.

Although most of these partnerships focus upon mobilising local businesses or farmers, there are some examples of good practice with regard to public services. In order to make it easier for establish businesses in disadvantaged locations the national government has brokered a “single window” (sportello unico) through which applicants can gain permits from the various government agencies involved in regulating business. Pacts provide an ideal platform for this initiative since they have no vested interest in any particular bureaucracy and have strong links with local business and government agencies.

Although all the pacts have strong representation from private partners they are less developed with regard to civic groups and citizen involvement. The rather formal legal model is necessary to achieve government support and to ward off any accountability problems, including corruption. This does not stop the individuals in those pacts being well networked into the local communities. But the focus on job targets, together with the formal structure, limits the role of NGOs. There have been a number of special social projects funded under these arrangements but they have not produced the sustainable results of the private businesses. As one of the administrators put it “the problem with the social projects is that they only grow while it rains”, that is, only while subsidies are being centrally provided.

#### Features of the Italian Approach

- Strong focus upon economic development
- Key role of EU funding and target-setting
- Central role of municipalities and mayors
- Some forms of public service innovation
- Hierarchical role of “social partners”
- Limited civic engagement

## *The Austrian Approach*

Austria is a federal republic with approximately 8 million people and a constitution which cedes only a limited power to the provinces or Lander. A tradition of “social partnership” includes the representatives of business and unions on a wide variety of governmental boards and planning agencies. Local government includes both large municipalities and very small villages, leading to some of the same differences of scale also seen in Victoria. The Territorial policies described below are designed to include local government, but only as one of many agencies.

The Austrian Territorial Pacts (TEPS) provide a contrasting experience to the Italian case. While the Italians begin with the question of economic development, the Austrians start with the issue of labour market exclusion. In other words the focus is upon helping unemployed or at-risk workers. During the 1980s Austria began to deliver public employment programs with the help of locally based institutions, mainly non-profit organizations. It was felt that they were closer to local issues, more flexible and free of officialdom.

The resulting institutional structures involved formal Regional Agreements between: (1) each regional government, (2) the public employment service, and (3) the social partners, labour and business. The agreement involved the sharing or pooling of resources so as to focus attention on specific local needs. This was to break with the top-down approach of universal responses across the whole country. This “agreement” instrument became a significant method for keeping partners involved over time. The first agreement was signed with the regional government of Styria in 1993. When Austria joined the EU in 1995 the framework of the EU Structural Fund helped stimulate the signing of agreements with other regions.

Because no additional budget was available, the partnerships had to focus upon ways to pool existing resources in a region. Data was shared regarding common problems. Formal consortia were put in place to enable common decision making. Agreements were then signed between key regional actors such as the employment service, local employers and community groups. The federal ministry responsible for stimulating these actions was not considered one of the partners, leaving it free to be an “honest broker”.

Förschner (2002) and Campbell (2000) argue that the outcomes include real improvements in employment and economic activity. They also acknowledge that the Austrian case had some distinctive governance characteristics. First and most important was the decision by the federal ministry to use its limited funds to support the operating structures of the partnerships, rather than to fund individual projects. Second was the decision to create a Partnership & Pacts Coordination Unit as a bureau independent of the federal ministry. Its purpose is helping the partnerships to gather and share data, benchmark good ideas, foster staff training, and design joint public relations initiatives to ensure good public knowledge of the visibility and benefits of the structures. Together these provide the foundation of what became the “Austrian approach” to capacity building.

Another key contribution was made by the EU Social Fund which helped secure a budget for these initiatives over and above what could be found by pooling local resources. Of course the Social Fund resources were only available to poorer regions and projects.

Despite their obvious virtues, the Austrian partnerships have “relatively weak cooperation with economic departments and entrepreneurs” (Förschner; 2003). Their starting point within the social policy sector of the national bureaucracy has meant that they have less connections at formal and informal level with economic actors. In Austria, as in Ireland, the challenge is to avoid a public sector dominance. Paradoxically in both cases there are strong links to public services but weaker ties to local government and local politicians.

## Features of the Austrian Approach

- Central sponsorship by central employment ministry
- National funding for local secretariats
- Pooled funding by different public agencies
- National agency to support and advocate for partnerships
- Strong social policy focus

### *The Norwegian Approach*

Norway is a small country (pop. 4.3 million) with a unitary system of government, supported by regional (county) and municipal institutions. The main driver for change in Norway has been the problem of uneven economic and social opportunity. A significant disparity exists between prosperous metropolitan areas, particularly in the south, and more fragile communities in the rural and regional centres. A long tradition exists for national governments to intervene in these areas by way of development programs, special assistance measures and various forms of subsidy.

A recent White Paper issued by the national government has established that from January 2003 funds allocated for regional development will be pooled and given as a lump sum to county councils (i.e. elected regional governments). These regional governments will become the lead actor in economic development, while the municipalities will take the lead with respect to social services.

To generate this budget the national government has assessed the current programs of support in the existing appropriations and found that a mix of special programs and sectoral policies with strong regional importance totalled more than 20 percent of the national budget. The special program funds amount to about 3 percent. The new model requires the regional governments to assume leadership with respect to the special funds and the sectoral policies would be managed by state agencies at the regional level, but in partnerships established with the regional governments.

Further work on this new framework is expected to take place to deal with the fact that state agencies will need greater leeway to adjust their programs at the regional level if they are to respond to the priorities being generated by the new regional partnerships. In other words the departments responsible for such portfolios as training or fisheries will need to develop collaborative processes so they can help regional governments address structural problems such as the decline in some fishing areas, the changing skill demands for new markets, and the need to promote greater flexibility in local labour markets.

Interestingly these lump sum national allocations do not come to the regions with strings attached. It is up to the regional level politicians to develop a consultation and partnership strategy with other local stakeholders, to agree upon priorities, and to develop a four year plan. Provided they establish such a strategy they can define their own goals.

The idea behind the model is that the regional leaders will have new opportunities to “stimulate the other actors to make stronger efforts to back up regional political priorities through common strategies” (Knutsen, 2003; 347). So, for example they will be better placed to form on-going partnerships with, for example, state fisheries, agriculture and training departments to devise actions to assist at-risk local industries.

The Norwegians are aware that past experiments of this type have resulted in a power struggle between local and national agencies over the ownership of tasks. Partnerships are viewed as a better method of co-ordination than “silo-based” programs because they offer joint ownership and shared objectives. But there is also an awareness that “a lot of barriers have to be broken down” with respect to these traditions of “turf warfare” and departmentalism.

It is obviously intended that by providing real resources through the lump-sum budgets the national policy makers will be able to induce bureaucrats and local politicians to take the new structures seriously. It is also interesting to note that other than stipulating a need to bring other stakeholders on board, the Norwegian model has so far avoided any proscribed methodology for stimulating local projects, funding partnership infrastructure, or linking these initiatives to a particular national agency. This is quite different to the Austrian model, for example.

#### Features of the Norwegian Approach

- National allocations for local development to be pooled
- Strong emphasis on economic and employment development
- Regional governments given lump-sum allocations for development initiatives
- Municipalities identified as locus for social policy leadership
- Flexibility for regions to identify priorities and bring stakeholders on-board
- Regional legislators (politicians) take responsibility for these budget priorities
- Concern that national agencies develop sympathetic norms towards others

## Summary of International Cases

These five different applications have different starting points, different attributes and diverse strengths. Because each of these systems is quite different from our own, how can we expect to apply these experiences? One answer is to think about community strengthening as involving a number of possible elements and think about the way these instruments might combine to form a locally adapted local governance arrangement.

Attributes of Different Strategies	
• Strong political leadership	All
• Significant authority for a central lead department	All
• Collaboration protocols agreed between main government departments	All
• Budget for local projects and secretariat	All
• Formal agreements between central and local (or regional) government concerning principles of collaboration	Some
• Methods to pool central & local resources	Some
• Use of formal partnerships to empower local actions	Some
• Key local government role in setting priorities	Some
• Citizen engagement in local governance	Some

## Pathways for Local Government Collaboration in Victoria

We can observe that community strengthening involves both individual and institutional development at the local level. Not only must key public agencies become enrolled, but citizens and any excluded groups need to be brought into the process for determining priorities and co-ordinating services. The development of an authoritative structure to carry forward this kind of collaboration obviously requires leadership and some form of formal or informal partnership between different public agencies. Such a framework also has the potential to address both social and economic priorities and to improve productivity of both public and private services. Given this broad scope it is unlikely that any single, standardized model will provide all the answers. Victoria will need to develop pathways of its own and allow this to be adapted in different kinds of locality.

In considering the governance requirements of such strategies from the perspective of local government there appear to be at least three major pathways to consider, reflecting the kinds of experiences found in the case study and evaluation literature. While these have contrasting characteristics they could also be viewed as a potential source of adaptation, with Victoria potentially devising a strategy with elements taken from more than one approach.

## Three Potential Pathways

### 1. *Decentralised Governance*

- Some state services delivered alongside municipal services.

### 2. *Joint Governance*

- Separate coordination and budget structures developed alongside existing institutions.

### 3. *Devolved Governance*

- Local government empowered to become a leader in an expanded local governance system.

### *Decentralised Governance Pathway*

The core idea in decentralization is for the state to stimulate stronger local relationships by reorganizing some of its services along municipal lines with as much of the service system as possible being delivered alongside cognate municipal services. This allows community strengthening through greater focus upon priority clients and localities. It increases opportunities for skill sharing, know-how trading, harnessing local resources and increased productivity.

An important element of this approach is for state officials working at the local level to have flexibility to vary services to suit the locality needs of citizens and stakeholders. Involving local politicians in these priority-setting arrangements is also a means to increase political responsiveness. This contributes to community strengthening by making sure services and resources build knowledge and organization at the local level and foster strong processes of consultation.

The municipality becomes the key unit of action and planning from a “whole-of-government” perspective. In some countries the municipalities combine together to deal with larger economic and environmental issues, but still remain the constitutional building-blocks for service co-ordination and community engagement.

This process of decentralization also makes greater use of the Town Hall as a physical and electronic location for citizens to engage with public services. The local council and politicians do not assume direct responsibility for state-delivered services. But Council does increase the avenues for representation of local citizen needs, increases local feedback and accountability for service delivery agencies, and helps strengthen the local outcome-focus of state and national programs.

Better working relationships between agency staff at local level, improved knowledge of methods to co-operate across organizational borders, and better community networks among agencies are all pre-conditions for success in community strengthening.

## Decentralised Governance Pathway

- Placing more services at municipal level creates flexibility and increased local capacity
- Selected state services are run from municipal co-locations
- Officials working at locality level have flexibility
- Some parts of budgets are pooled to maximize local outcomes
- Governance includes a Service Co-ordination Agreement
- Non-government stakeholders help set targets

Decentralised governance involves the selection of certain key state departments for participation in devolution planning. This could be organized either by a Collaborative Services Agreement between these core departments and the municipality, or by an inter-government partnership (supported, for example by a Memorandum of Understanding). In this arrangement departments and municipalities remain accountable to their own organizations but enter into agreements to pool resources for agreed priorities. The key actors would be local politicians (both state and municipal) and leaders of public agencies. Businesses, NGOs and citizens would participate at a secondary level, below the level of key public agencies and politicians. Typically they would contribute to planning sessions and have a sub-committee of their own through which to influence government decisions.

The strength of the Decentralised Governance pathway lies in its high level of feasibility. Agreements between government agencies provide the basic structure and these can be developed without a new level of government being created or implied. The accountability systems within these departments remain central. The most visible aspects of the model are likely to be popular with citizens and interest groups (one-stop shops, single-window service, integrated processes for applications and approvals, etc).

The potential weakness of the model is that it may become government-centric. This has led to problems in some other countries where agencies spend time on turf wars over service responsibilities performance agreements etc, and fail to develop a common culture of problem solving and shared responsibility. A related risk is that this approach may undervalue important opportunities to engage non-government actors such as local groups, business and citizens. The two most critical conditions for success are the nature of discretion available to service delivery leaders at local level, and the means available for increasing expertise and experience at local level. The Irish case suggests that it may be helpful to promote secondments, internships, out-placements and shared appointments so that these skills and common outlooks increase at the local level.

### *Joint Governance Pathway*

A second path forward is to seek community strengthening through a structure that fosters a third domain of desirable collaborations. The municipality (as a community) or a small group of municipalities is viewed as the site for building relationships between key individuals and groups. It is also viewed as a unit of action for economic and environmental development (clusters, the territorial economy, catchment management etc).

Alongside the existing state and municipal institutions the joint governance model builds a new structure of formal partnerships and joint ventures. These follow the kind of path laid out by the UK and Austrian partnerships. These have a strong local focus, use the municipality as the frame of reference, but not the legal framework. They engage local agencies and leaders, and require central bureaucracies to commit to locally authorized forms of priority setting.

To achieve this new localism the joint governance pathway develops its own legal structures and institutions, its own leadership and even its own local electoral system to assure accountability. The national and state bureaucracies are the primary force in shaping the mandate for the local board or consortium and the capital base comes from pooled resources from all of these agencies, plus contributions by local businesses and non-profits.

The attraction of this joint governance pathway is that it can be developed as a fresh start with a new set of goals. It can be implemented without any major change to existing bureaucratic arrangements and accountabilities. It may be free of obligations to entrenched local elites, and can avoid accountability confusion between local and central government. It has the potential to be an honest broker in securing “joined-up” government among local and central agencies.

The weakness of the approach is that this extra form of government is in addition to all existing arrangements and must eventually gain the involvement of both if long term problems are to be addressed. Great care must also be taken to ensure that the new domain of local governance is not a target for blame shifting and position taking. Much depends upon the process used to broker these new structures. It may be best to commence only where there is genuine and widely shared willingness to collaborate. Where this is absent it may be prudent to first engage in processes designed to build trust and awareness of the benefits of partnership.

#### Joint Governance Pathway

- State and local agencies remain separate
- New level of formal partnership organisation established
- Partners contribute pooled budget
- Partnership may coordinate and/or deliver new services
- Non-government leaders may be included on Board
- Citizen representatives may be elected

### *Devolved Governance Pathway*

The third path is to view local government as a new, empowered structure for the development of priorities, coordination of services and the delivery of a wider range of enhanced programs. This might mean a single municipality or a group of municipalities assuming responsibility for major economic, social and environmental policy objectives. The two key elements of this approach are legislative change to grant wider responsibilities to municipalities, and organisational change to enable the state (and federal) government to contract, plan and hold accountable the municipalities.

In this path, the local political leadership at municipal level is called upon to lead the process for setting objectives. The Norwegian example shows how this might be anticipated through budget and priority setting protocols. This model also includes partnerships and joint-action between agencies. However in this case the municipality and its elected leadership hold the responsibility for local representation and accountability.

In the successful cases this devolved governance pathway has required some process for re-invigorating local politics, widening the types of leaders likely to participate, and breaking down traditional barriers to participation and local responsibility. For example, one of the keys to the success of the Italian pacts was a change of electoral rules to give mayors more authority (independent election in somewhat similar circumstances to the City of Melbourne case) and thus more capacity to negotiate successfully with one another and lead the new collaborative organisations.

Similarly, the US experience with Community Development Corporations has been that success depends upon finding and supporting leaders from excluded inner city communities and maintaining an adequate skill base among administrators who deal with these groups.

Devolved Governance Pathway
<ul style="list-style-type: none"><li>• Local government becomes the leader in coordination, planning and joint-action</li><li>• Municipalities carry responsibility for accountability to citizens</li><li>• Partnerships, projects and consortia are run from within the municipality or by groups of municipalities.</li><li>• State contracts with municipality for agreed services.</li></ul>

## Discussion Opportunities for Dialogue

The key to strong communities lies in better use of conventional resources and assets and also in important new forms of connectedness. These connections involve both individuals and groups becoming engaged in joint actions to set local priorities and resolve local problems. Only when these local initiatives are linked to institutional change can we expect the benefits of increased productivity and resilience to be sustained over time.

Governments are not external to these communities. Public services are an important means to organise, focus and enhance local goals. Public leadership provides the platform for identifying and addressing priorities. Public resources offer a means to respond flexibly to local conditions and to leverage private resources for greatest joint benefit.

In considering the particular role of local government we have noted great diversity in the international case evidence. While localism and partnership are widely practiced, the role of municipalities varies greatly. In some cases this is the natural consequence of state and national governments having more resources to devote, while in others it reflects a serious lack of institutional capacity on the part of municipal institutions to accommodate the new agenda of collaboration.

In considering ways in which international best practice might be utilized to inform the community strengthening role of local government in Victoria the discussion paper has identified three pathways. None requires local government to give up its traditional role in supporting individuals and groups in its own preferred way, but each offers a new means for collaboration with other actors, including state and national governments and their agencies.

Given that Australia has only recently begun experimenting with new governance strategies to support community strengthening it makes little sense to view these three as exclusive options. Instead there is value in seeing them as paths with some common, and some different attributes. Variations or adaptations are also possible. The three key questions that need to be addressed are;

1. In what ways might your community benefit from any of the approaches to community strengthening described in these different cases?
2. Which kinds of areas (social, economic, environmental etc) would you view as your highest priorities for a community strengthening strategy?
3. Which governance features would you see as the most useful for achieving your community strengthening objectives?

While Victoria must adapt its own particular set of answers to these questions, there is confidence to be taken from the success being achieved in a wide variety of other places and in the improving knowledge base concerning the best instruments and institutions for sustained improvements in community strengthening and better local governance.

**Comments to be received by COB on 23 April 2004.**

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