

# Whither Regional Governance: Ten years gone, ten years on?

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# Introduction

- Last Decade or More
  - Changing economic and demographic base in regional Australia
  - Growing reform in local and regional governance
- Next Decade or More?
  - Chance to continue the reform of regional governance

# Primary Regional Policy

## Major state and federal policy drivers

- Global market place
- Free Trade and competition for commodities
  - Corporatisation of Agriculture
  - Agricultural adjustment for reduced subsidies
  - Mining – Associated infrastructure
  - Forestry – Managed investment schemes
  - Energy – alternative, nuclear(??)
  - Tourism
- Developmentalism



# Secondary Regional Policy

Secondary state & federal policy drivers

## Federal

- Social participation eg
  - Regional Partnerships
  - Networking the nation
  - Small town regeneration
- Environment eg
  - National Heritage Trust – All the \*Cares
  - Community Water Funds

# Secondary Regional Policy

## States

- Social participation eg
  - Partnerships for capacity building
  - ITC policies for schools, hospitals etc
  - Small town capacity building
- Environment eg
  - Programs for forests etc
  - Renewable energy
  - Environmental flows of water



# New Regionalism

- Attempts at governance restructure
  - Focused on new forms of regional organisations
    - Federal govt bypass states to distribute resources locally?
    - State govt lack of confidence in local government?
  - Growth of *bureaucratic* governance at regional level?
  - Devolution or merely deconcentration?



# New Regionalism

- Arguments to expand democratic processes in specific purpose bodies like:
  - Catchment Management Authorities
  - Area Consultative Committees
  - Tourism Authorities
  - Economic Development Authorities
- Lack of faith in representative forms of governance especially local government
  - Parochialism
  - Too small in size
  - Not professional enough



# Regional Economic Development Next Ten Years

- Need for more focused approach
  - Strategic responses to global, national and states require the presence of stronger regional institutions
  - More devolution to allow involvement in state and national agendas by local/regional agents
  - Greater accountability at local level through strategic partnerships

# Next Ten Years contd

- More cross-sectoral partnerships
  - Economic
  - Social
  - Environmental
- Better approaches to federalism

# Traditional Governance

- Corporate Approach
  - Institutional arrangements for debating, considering, deciding, prioritising, resourcing, implementing and evaluating public policy
  - Vertical or hierarchical approach
  - Internal organizational decision-making structure
- Democratic input
  - Representatives as:
    - Authorised to act
    - Trusteeship
  - Competitive pluralism

# New Governance

- New governance
  - a method whereby state and non-state actors and institutions interact with one another to manage their own affairs.
  - Horizontal partnerships between actors
  - External ties between organizations
- Democratic approach
  - Participation beyond representation
  - Reflection of specific interests
  - Collaborative pluralism

# New Local Governance

- Consists of various agents (public, private, and voluntary) that are connected to one another (by a network or a partnership) so they can negotiate and get involved in policies and in their implementation from local to state to federal levels.
- Does it happen and can it be expanded at regional level?
- Are the local institutions strong enough?

# New Localism

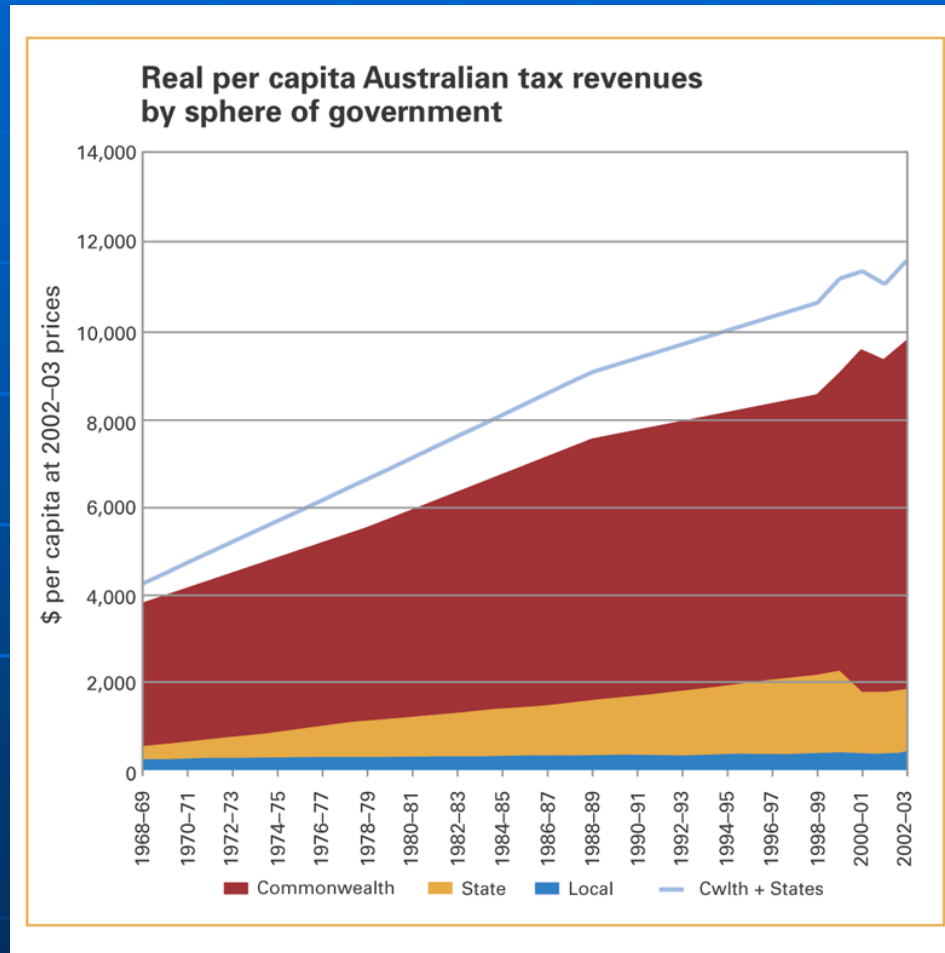
Importance of reformed local governance in economic development:

- Maintenance of regional infrastructure
- Local area coordination and planning
- Custodianship of local environment for sustainability of all systems
- Knowledge of local issues

# Present Obstacles to New Localism

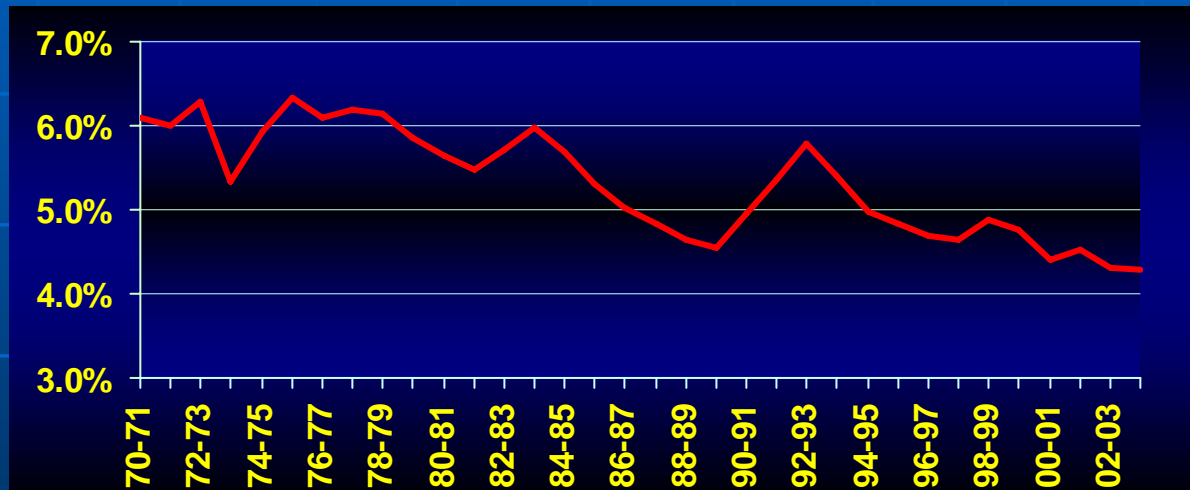
- Hawker Inquiry (2003) indicated that there was a significant infrastructure renewal gap across the country
- Lack of economies of scale for investment support and development
- Lack of local financial power in federal system

# Local Government and Tax Share



Source: Russell & Tregilgas 2005

# LG share of national tax collection (%)



Source: Spokes (2005)

# Financial Assistance Grants

The value of FAGS as a proportion of total federal taxation revenue, had fallen from 1.18% in 1993-94 to 0.97% in 1996-97. It will be 0.77% by 2007-08 if trend continues.

Source: Spokes 2005

# Existing Reform

- Reform already underway at local level in all states eg
  - Intergovernmental Agreement on Local Government Matters – Cost Shifting
  - Structural reform in NSW and WA local governments
  - Regional partnership arrangements in Tasmania and SA
  - Regional managers forums in Victoria and regional planning projects in Queensland
- But greater need by state and federal governments to review their relationships with local government as more equal partners

# Reformed Localism

- Structural
- Functional
- Financial
- Jurisdictional
- Governance and management

# Structural Reform

- Changing type of local government organisation for regions
  - Amalgamation? - evidence suggests that amalgamation not necessarily the way, but smaller LGs usually in regional areas. A need to rethink at regional level so that there is a
    - Greater ability to negotiate partnerships?
    - Stronger institutions for taxation sharing?
    - Better ability for full time councillors?
  - Alternative models?
    - Regional Organisations of Councils (ROCS)
    - Joint Board models
    - Virtual Local Governments

# Functional Reform

- Changing role and responsibilities of local government
  - Partnerships on more equal basis if better share of taxation arrangements
  - Joining state and federal activities at local level leads to more local economic activity
  - More coordination and facilitation
    - Eg skills base, workforce planning

# Financial Reform

Improve vertical fiscal imbalance (VFI) and vertical horizontal imbalance (VHI) by:

- Changing tax share arrangements
  - Include Local Government in GST mix
  - Increase aggregate value of financial assistance grants (FAGs)
  - Modify indexing basis for FAGs
  - Give tax collection of Rates to ATO – allow local councils to set rate

# Financial Reform

- Ensure that the Intergovernmental Agreement on Local Government Matters is a *reality*.
- Remove restrictions on LG source revenue raising and cost recovery
- Allocate tax share premised on network activity preferably at some form of regional scale.

# Jurisdictional Reforms

- Ensure activities that are extra-local are located at more appropriate levels
  - Water to Catchment level,
- Negotiate service delivery options appropriate to size
  - Principle of subsidiarity
- Create opportunity for more partnership activities and thus set the scene for institutional change at local level.
  - Shared economic development strategies
  - Better coordination of regulatory regimes

# Governance

- Greater levels of community governance to incorporate area based activities into larger regional activities
- Greater involvement in intergovernmental relations at regional level
- Intergovernmental staff exchange

# Sustainable Economic Development and New Localism

- Stronger institutions that can compete in Australia and the Global economy
- Local government as local democracy with the task of enabling the local community to develop
  - Economically
  - Socially
  - Environmentally
- Institutions of scale that can meaningfully join partnerships with other levels of government

# Where Have Come From?

Economic Development	Sustainable Development
Whole of government	Joined-up government
Top Down	Bottom up
Relationships	Partnerships
Economic Bottom Line	Triple Bottom Line
Government	Governance
Representative democracy	Participative democracy
Community development	Social Capital
Global Warming	Climate Change

# Importance of Institutions

- Address a perceived challenge in the socio-economic environment
- Establishment of own narrative of what needs to be done and what things can be achieved
- The attraction of a group of users and supporters who identify with the institution
- The development of emotional attachments, especially loyalty
- Rituals, both of a formal type as well as the mundane repeated behaviours.