

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

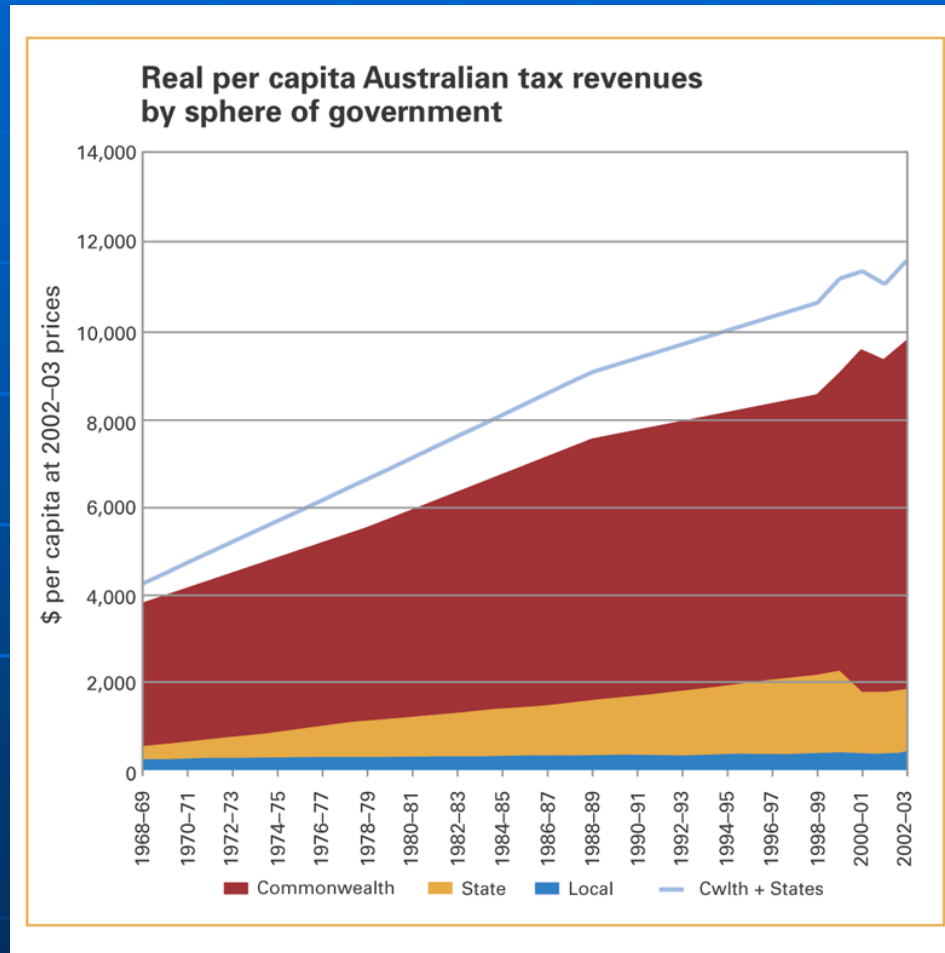
Importance of reformed local governance in economic development:

- 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

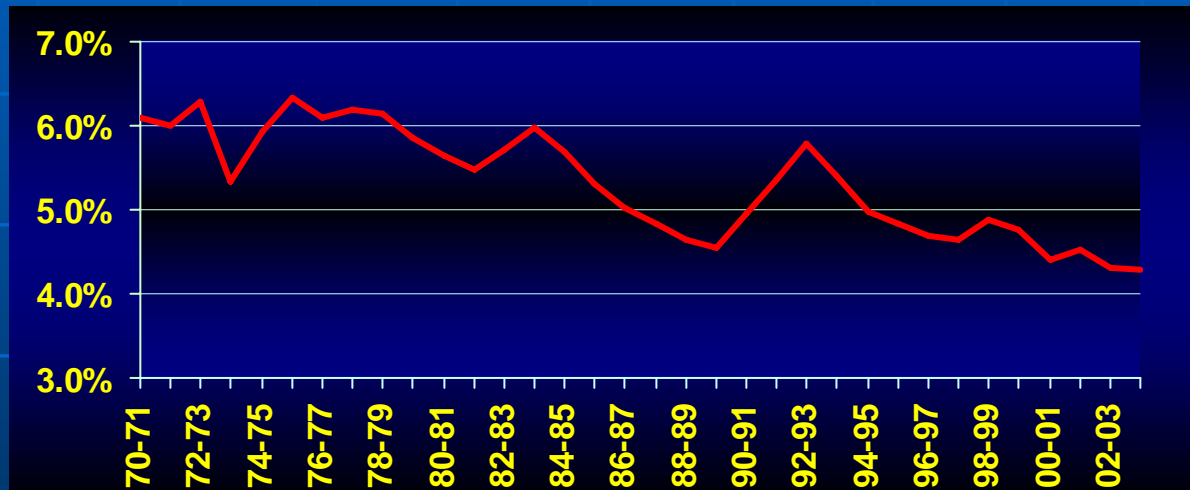
- Hawker Inquiry (2003) indicated that there was a significant infrastructure renewal gap across the country
- Lack of economies of scale for investment support and development
- Lack of local financial power in federal system

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.