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The authors in this issue highlight crucial issues facing Commonwealth local governments today – ensuring national influence, maximising revenue generation, encouraging probity in staffing appointments, or dealing with problems of social exclusion and alcoholism, are some of the varied challenges faced by local administrations.

Leading on the Research Papers, is **Mike Reid** of Local Government New Zealand who explores the theoretical and practical arguments for effective central-local engagement. Governing, he suggests, is a 'messy' task of accommodation between plural institutions where the 'command and control' approach of central government is ineffective, and a broader engagement can help local governments reduce risks and influence national decisions. Should this engagement be formalised through constitutional recognition or discretionary partnerships, with LGAs key players?

In a study of action planning in the UK, **Gordon Morris** explores the flagship Market Towns Initiative, a community-led development programme for in rural communities operating from 2000-2006. The MTI worked, he concludes, delivering successful projects but not genuine local empowerment, as volunteers needed more support and better evaluation could have informed subsequent phases so that, for example, resources were not dissipated too many minimal projects.

Managing local government finance is a thorny problem frequently raised in the Journal. **Kate Koutifaris** and **Vince Magnioni** compare rates versus developer contributions as revenue sources in New South Wales, Australia. Rates contribute more to local government funding but are subject to national rate-pegging controls; developer fees fluctuate with the property market. They argue for better financial data, and freedom for local governments to raise funds in order to meet increasing service delivery requirements.

Lazarus Nabaho debates the merits different personnel management systems in supporting local government decentralisation in Uganda. His three models consider personnel systems that are integrated with central government, separate or hybrid. Uganda's separate personnel system, he suggests, encourages staff appointments based on patronage rather than merit, and exacerbates difficulties in attracting and retaining staff. A hybrid system of involving the civil service commission in higher level appointments is proposed.

In the Commentary papers, **Chris Taylor** and **Jed Donoghue** suggest how local governments can lead on combating social isolation, highlighting good practice in North Sydney, Australia, where the council is fostering three programmes: a training video for volunteers, a centre for older single men, and a neighbourhood drop-in centre. They suggest that local councils play a critical role in identifying major risk factors such as age and poor health, and promoting technology and community innovations to tackle these. **Muhammad Sayadur Rahman** explores the role of members of parliament in the newly constituted Upazila Parishad (local governments) in Bangladesh, suggesting that MPs are playing an ambivalent role in directing development projects at local government level, and until locally-elected representatives regain control over development projects, local government will not be fully accountable to its electorate.

Two Practice Notes tackle very different issues. **Julaine Allan, Lynda Bowtells, and Jehan Zeb** discuss a partnership approach to reducing alcohol-related violence which bedevils rural communities in New South Wales. Focus groups with front-line workers including bar staff, taxi drivers, the police and ambulance workers identify pinch points where problems were most likely to occur, but the jury is still out on to tackle drunkenness through shorter opening hours or softer approaches. Finally **Yogesh Mahor and Ram Gopal Singh** describe a fascinating example of bottom-up planning in Madhya Pradesh, where the state government is promoting a community-led development planning. Initiated at grassroots level (Gram Panchayat - village) development proposals are consolidated through a tiered process to be finalised by the District Planning Committee.

From the **CLGF centre** there is news of an exciting new four-year grant to help local government service delivery – watch this space. Researchers please note that the next **CLGF Research Colloquium** has also just been announced, for the 13/14 May in Kampala, Uganda. Participants are invited to address the theme, *which way forward for local government – capacity building, local economic development and inclusiveness?* Through four relevant issues: accountability, value for money, the MDGs ++, and working across boundaries. Please contact the organiser Gareth Wall (Gareth.Wall@clgf.org.uk) for further information or to register your interest.

Managing Central-Local Government Relationships: The Case of New Zealand

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Abstract

The manner in which central and local governments engage has taken on extra salience in recent years as governments seek to address wicked issues and begin to appreciate the role of place as a key contributor of economic growth. Different approaches exist, ranging from formal and constitutional to informal and political, but none represents a magic bullet with outcomes always subject to local circumstances. In this context the example of New Zealand highlights a particular challenge; how to maintain effective of inter-governmental relationships in the absence of either constitutional recognition of local government or a formal agreement between the two sectors.

In 1839, within six months of arriving in Port Nicholson¹ after leaving their home country of England and a year before the signing of the Treaty of Waitangi which gave Britain legal oversight, the 1400 or so new settlers agreed to establish a council to provide order in the new town, reflecting “those constitutional principles which every Englishman (sic) is taught to regard as his birthright” (Carman 1970 p. 25). Within months of the council’s formation a furious Lieutenant-Governor Hobson, the British Government’s representative in that country, concerned at such an affront to his authority arrived in the barque Integrity, accompanied by 30 troops and constables, to close such “high treason” down. It was an event that in a number of ways has characterised local government’s relationship with central government since that time. It was an inauspicious start to local central relationships.²

¹ Port Nicholson was the early settler name given to what is now known as Wellington, the capital of New Zealand.

² The phrase central-local government relations is used to describe relationships between local governments and either state or provincial governments in federal systems or central governments in unitary systems. In New Zealand local government incorporates regional councils.

While it is much less common today for higher level governments to send warships to sort out their unruly local colleagues, finding the optimal mechanisms for managing inter-governmental relationships remains unfinished business, influenced as it is by local government's constitutional position and is heavily path dependant. Finding the appropriate mix of roles between local and central governments is necessary, as the business of governing requires an ability to balance the differing needs and expectations of both local and national communities. Meeting the social and economic needs of communities is seldom achieved by the actions of the centre acting alone, and clever governments manage to address the national interest while allowing diversity and difference to flourish at the sub-national level. The policy question, for those responsible for designing governance systems, is how to enable local and regional innovation within a national framework - in other words how to recognise the mutual roles of governments at all levels. Consequently managing inter-governmental relationships is a public policy challenge that few countries have satisfactorily resolved. It remains a particularly salient issue in New Zealand.

Governing as a multi-stakeholder exercise

In its briefing paper to the incoming government in November 2011, Local Government New Zealand (the local government association) requested that the relationship between local and central government should be governed by some form of jointly negotiated agreement. As proposed by the association the agreement would set out the mutual expectations of each sphere of government towards the other and provide a basis for negotiating shared goals. At the time of writing there has been no response to the association's request. In fact, rather than the partnership envisaged by the association, the Government appears to be committed to a much more 'hands on' approach to managing if not controlling the performance of its local governments; concepts of shared goals are mere afterthoughts when compared with the twin goals of efficiency and productivity. Yet agreements do seem to be of increasing interest internationally, whether to recognise the value of local collaboration or as relatively frugal mechanisms through which to influence the behaviours of sub-national governments.

The notion of spheres of government engaging in dialogue to achieve some form of improvement in community well-being reflects a new appreciation of the business of governing (Kjaear 2004, Leuprecht and Lazar 2007). The value applies across policy domains, for example, the value of coordination was specifically recognised by the Organisation for Economic Cooperation and Development (OECD) in its study of regulation in Ireland when it noted that:

Local governments within the boundary of a state need increasing flexibility to meet economic, social and environmental goals in their particular geographical and cultural setting... this requires a pro-active consideration of:

- The allocation/sharing of regulatory responsibilities at the different levels of government.
- The coordination mechanisms between different levels of government (OECD 2010, p. 153).

The OECD goes on to recommend that the coordination and consultation mechanisms operating between local and central government in the Irish Republic should be reviewed with the objective of strengthening existing mechanisms. It specifically mentions the possibility of holding an annual forum. The OECD's report on regulation within the Republic also acknowledges that good governance is what we might describe as a multi-stakeholder exercise which places particular emphasis on both spheres of government having effective coordination mechanisms. The analysis reflects the growing influence of governance theory on the topic of inter-governmental discourse (Kjaer 2004, Albrow 2001). Governance theory itself tends to focus on:

- The existence of multiple stakeholders, particularly in relation to collective problems that cannot be solved by the public sector working by itself but requires the co-operation of other players (for example, citizens, business, voluntary not-for-profit sector and media);
- The presence of formal rules (such as constitutions, laws and regulations) and informal rules (such as codes of ethics, customs and traditions);
- The role of market and quasi-market structures (as a form of steering), hierarchies (such as bureaucracies) and co-operative networks (as possible structures for facilitating change in some situations) (see Loffler 2003).

In short governance is concerned with the behaviour of multiple actors and involves the formation and stewardship of rules, both formal and informal, that control the public space in which economic and social actors interact to make decisions. This process is underpinned by negotiation, "the means for achieving direction, control, and co-ordination of individuals and organisations with varying degrees of autonomy to advance joint objectives" (Kjaer 2004, p. 282).

Simply put, governance involves operating across institutional boundaries in a context where traditional command and control approaches are increasingly inappropriate and ineffective in order to address particular problems. Consequently a new set of governing skills is required, skills that recognise the autonomy of agents and place more emphasis on persuasion and negotiation than direction. It is a challenging prospect for higher level governments where the normal local central government relationship is strongly hierarchical and the narrative is concerned with managing risk

and strengthening accountability. A focus on governance also raises questions of formality and whether or not relationships can over time move from informal to formal in order to compensate for the constitutional weakness of many local government systems.

The nature of engagement

One of the public policy issues that all governments confront at some point is how best to engage with their local and regional governments. Should the relationship be hierarchical, reflecting their relative constitutional positions, or more of a partnership, recognising their complementary roles in governance? Alternatively, should the relationship have elements of both? 'Engagement' is a term that has become increasingly popular for describing, what is frequently, a broad church of interaction between spheres of government (Aulich *et al* 2011). It implies a meaningful interaction but stops short of a commitment to ongoing collaboration or partnership, although both might be a consequence of good engagement. It occurs across a range of dimensions, from the operational and policy dimensions to the political. While operational and policy engagement tends to be strongly issue-focused and driven by events, for example the joint response to the Christchurch earthquakes, the political dimension is considerably more complex particularly in local government systems lacking a strong 'formal' political party presence.

Engagement implies at the very least two parties that, while not being equal in constitutional terms, participate as independent entities. While constitutional authority will frequently lie with higher spheres of government, a range of measures - from legislative and regulatory to persuasive - can be employed to 'steer local governments'. This paper is primarily concerned with the non-coercive dimension of those relationships which primarily involve dialogue and what might be called institutionalised discourse.

In their study of what makes successful cities, the Fannie Mae Foundation (2007), a US think tank, noted two principles that higher level governments should ascribe to in their relationships with local government. One was the simple principle of 'do no harm', reflecting the ever-present danger of unintended consequences when governments intervene. The other was the desirability of enabling local governments and their representative bodies to contribute to decision-making processes that have the potential to impact directly on citizens. In the Foundation's view, local governments play a

critical role through their ability to critique proposals put forward by national and/or state legislators and to identify potential negative impacts.³

Diminishing or avoiding harm and providing opportunities to contribute to decision-making necessarily implies some form of engagement, and indeed agreement, and a range of models exist. New Zealand has gone some way towards achieving this by its practice of holding an annual meeting between local government leaders, the Prime Minister and senior Cabinet Ministers.⁴ However, New Zealand is not the only country to experiment with new institutional mechanisms for enhancing engagement. We see continual evidence that governments and associations throughout the world are working on innovative and constructive approaches to improve engagement, and many offer interesting lessons.

The constitutional context of inter-governmental relationships in unitary countries is nicely captured by the central-local concordant, signed between the English Parliament and the Local Government Association in 2007, which states:

Central and local government both derive their legitimacy from Parliament and the electoral mandate granted them by individual citizens who look to central and local government to take the lead in ensuring better places and better services (DCLG 2007).

The Concordant goes on to argue that this shared mandate means that both central and local government are effectively partners in delivering improved services and strengthening democracy. While central government has responsibility to act in the national interest, councils have a similar responsibility in relation to the interests of citizens in communities defined by place. It is a statement, however, that demands some clarification as to how the boundary between the national and local interest should be defined - a question for which there can never be a simple answer and which is clearly negotiated within particular contexts and influenced by the nature of inter-governmental relationships. Not surprisingly approaches to engagement vary, reflecting countries' different constitutional settings, historical patterns of development and the varied preferences of political actors, both local and national.

³ A particular sore point is New Zealand where government departments often develop detailed legislative proposals that directly affect local government without consultation.

⁴ In 2007 the President of Local Government New Zealand (the local government association) was invited to brief the House of Commons' Local Government Select Committee about the way in which engagement between the two spheres of government in New Zealand was operating.

Why engage?

The emergence of multi-level governance “challenges much of our traditional understanding of how the state operates, what determines its capacities, what its contingencies are and ultimately the organisation of democratic and accountable government” (Peters and Pierre 2001, p. 131). Formal constitutional arrangements are today less aligned with the locus of political power, which is increasingly found in the ability of agencies to coordinate resources drawn from both public and private interests. The command and control state is shifting towards an enabling state, more concerned with defining objectives and mustering resources (Peters and Pierre 2001, p. 131), with the result that the process of governing is more about aligning and steering than directing. This is particularly relevant to spheres of government, national, provincial and local.

Higher level governments have a number of reasons for wishing to influence the behaviour of their sub-national colleagues, including engagement with national local government bodies. These include for example:

- To encourage councils to voluntarily promote the government’s (national) objectives, such as to support efforts to grow the economy or contribute to initiatives to ameliorate climate change;
- To diminish the risk of councils undermining the government’s (national) objectives, for example, by failing to invest in local infrastructure with the risk of municipal service failure and investor flight;
- To make use of locally gained knowledge and experience in order to improve the development of national policies and programmes;
- To help resolve conflict, particularly where additional mandates, especially unfunded mandates, have been imposed on local government (Gormley 2006).

The overriding motive, however, is likely to be to protect the national interest, whether from fiscal risk or to protect a landscape of national importance. To achieve their objectives governments possess a number of instruments with which to influence the behaviour of councils - these range from instruments which are coercive and direct, like legislation and regulation, to instruments that are non-coercive and indirect, such as tied grants, training incentives and investment in best practice. In reality, however, the number of coercive instruments governments can use without either diminishing local democracy (which is the point of local government), or creating substantial costs and community resistance, is limited. Legislation is not inexpensive; there is competition for both analyst and parliamentary time and the risk that a government’s original objective might be lost as draft

legislation works its way through the system is ever present. Consequently using less direct and more persuasive steering mechanisms is increasingly favoured (Dollery and Wallis 2001).

It is a trend that appears to be occurring in many OECD countries with a shift away from prescriptive and hierarchical steering approaches, which are often expensive to implement, to approaches based on voluntary compliance. For example, Banner (2002) argues that in the future governments will make increasing use of three dominant steering strategies, each of them a “bottom-up” form of steering.

These are:

- Empowering the market through measures that require councils to subject their activities to competitive testing. This a form of ‘non-steering’ which operates on the basis that the appropriate direction is whatever the market chooses. In New Zealand the best example is the requirement that councils receiving roading funds from the New Zealand Transport Agency must put all projects out for competitive tender;
- Empowering the community through enabling greater participation in council affairs and increased voice. In New Zealand this strategy is given expression through the requirement that councils publish draft plans and budgets and subject them to formal consultation with citizens;⁵
- Increasing transparency and promoting a “sustained public discussion on City Hall performance” (ibid p. 227). In New Zealand the requirement on councils to develop and publish ten year financial strategies and more recently publish pre-election reports describing their financial circumstances are all intended to promote sustained dialogue on performance. A framework that removes the government from hands-on steering (using instead markets and citizens themselves) reduces the need for “top down” direction and improves the opportunity for local and central government to engage as equals or partners.

From a local government perspective there are two major reasons for formalising relationships between spheres of government. The first, and instrumental, approach is very simply an attempt, particularly by sub-national governments, to gain a greater role in decision-making about their own roles and legislative frameworks. We might speculate that this approach is likely to be stronger in countries where local governments lack constitutional recognition and face an unstable and uncertain legislative environment – effectively operating at the whim of whichever party secures a majority in the national or state parliament. These relationships are likely to stress principles guaranteeing early involvement in the design of central or provincial policies and regulations directly affecting the local

⁵ Tellingly in her speech to the third reading of the Local Government Bill 2002 the then Minister of Local Government, the Hon. Sandra Lee, stated that this bill is not about empowering councils but rather empowering citizens to control their councils.

government sector.⁶ The second rationale is more pragmatic and views engagement as necessary to address so called “wicked issues”. Wicked issues, or malignant problems, are issues which have the following characteristics:

- There is no definitive statement of the problem (and there may be disagreement on its nature);
- Without a definition the search for solutions is open-ended, with a tendency for people to frame “problems” to better connect with their preferred solutions;
- The problem-solving process is complex because constraints, such as resources and political ramifications, are constantly changing;
- Constraints change because they are generated by numerous interested parties, which selectively choose to share information and may change the rules by which the problem must be solved (Roberts 2000).

Addressing wicked issues inevitably requires multiple collaborations and predicated a shift away from governments as providers of services to one of governing - an exercise that is inherently collaborative.

As Kooiman argues:

No single actor, public or private, has all the knowledge and information required to solve complex, dynamic and diversified problems; no actor has sufficient overview to make the application of needed instruments effective: no single actor has sufficient action potential to dominate unilaterally in a particular governing model (Kooiman 1993:4 in Kennett 2010).

If we accept that governing is a task that occurs amongst multiple public and plural institutions, then we are left with an understanding that governing is inherently messy, that is, it represents a policy space where rules and command and control approaches are unlikely to work and new instruments are required which balance ‘top down’ and ‘bottom up’ approaches. From a local government perspective, councils’ generally subservient constitutional status means that engagement is, if nothing else, a form of risk insurance which ensures that national decision-makers are aware of local government’s views when developing policy and making decisions. Yet engagement is more than simply good risk management, other rationales include:

- That councils provide citizens with a mechanism for making decisions about the way their cities, districts and regions are governed. Councils need to engage with central government in order to ensure they have the ‘tools’ and frequently the resources to meet community expectations and

⁶ For example, an ongoing cause for concern expressed by members of New Zealand and Australian local governments has been the tendency for higher level governments to design policies and programmes for local government implementation without any consultation with local government.

develop innovative solutions to local issues. Addressing local expectations often means ‘lining up’ government departments working in the district;

- That because of their role in communities, councils acquire considerable knowledge and information about community issues and concerns. Engagement enables this information to be brought to the attention of the government and its departments and consequently inform policy and operational decisions affecting particular localities. Accepting the role that ‘place’ plays in national economic development, engagement enables local authorities to seek support from higher level governments for proposals that may have both local and national benefits;
- That effective relationships at a national level can also be used to model relationships between individual councils and government agencies, enabling local and central government officials to build relationships in order to increase understanding of each others’ roles and how they contribute to common outcomes. Alignment can reduce the risk of unnecessary duplication and provides opportunities for officials from both sectors to identify more innovative and effective solutions to common problems. Initiatives introduced by New Labour in England, such as Local Area Agreements (LAAs) and Total Place, were ways of attempting to provide institutional form to such collaboration. The current Conservative Liberal democratic government continues to experiment with similar approaches.

Place as a driver for engagement

If there was one particular justification for an increased interest in inter-governmental engagement over recent years it is the perception that ‘place’ matters, that despite the growth of technologies which create new communities of interest, communities based on geography continue to play a critical role. Michael Lyons' inquiry into local government (Lyons 2007) tackled this question head on and concluded that the local role was becoming stronger as society becomes more diverse. Noting that different local authority areas have different views on what constitutes the good life. Lyons quotes the Tavistock Institute which suggested that in the future:

Many of the pressures on government will manifest most dramatically at a local level. More flexibility and responsiveness at a local level would significantly enhance government's capacity to meet those challenges successfully (Lyons 2007 p. 57).

Economic policy globalisation and the mobility of skilled workers makes place an important asset, and local governments are well placed to engage with citizens and work with local partners to plan and deliver services to meet community priorities. In addition there has been a growing acknowledgement of the importance of cities as a locus of growth, innovation and investment (Albrechts 1991). If cities are to achieve their potential, and in doing so contribute to national

economic and social well-being, then councils will need to not only maintain but to increase their investment in city infrastructure, both soft and hard. In a world of constrained choices Lyons suggests that local choice, exercised through a democratic framework, to prioritise resources in the face of competing needs is critically important.

In the face of growing diversity and information asymmetry, national governments often lack the policy capacity and legitimacy to ensure successful outcomes at a community level and are poorly suited to deliver policies and programmes to communities with diverse preferences (Oates 1972). In a world in which innovation and knowledge have become the attributes of success, institutional arrangements which disperse public decision-making and empower citizens to have greater influence over how decisions are made are more likely to prosper. Lyons has drawn on the concept of place in his approach to governance. This is reflected in the notion of 'place-shaping' defined as the "creative use of powers and influence to promote the general well-being of a community and its citizens" (ibid p.60). Particular aspects of the place-shaping role include building and shaping local identity; understanding local needs and preferences; representing the community and local partnerships.

It is in the context of place and its importance to the outcomes that governments seek to promote that the topic of central-local government engagement has become of greater interest, not only to the parties involved but also to academics and commentators.

The dynamics of engagement

Much of the academic interest in engagement is drawn from the European context where councils play a major role in the delivery of social services, and where failure of local governance is likely to deliver diminishing outcomes to citizens. Comparative studies tend to focus on the different factors that influence the interface between spheres of government and seek to answer the question why it works well in some societies and not in others. Blom-Hansen (1999), for example, notes that the characteristics of inter-governmental relationships vary considerably across jurisdictions and are influenced by:

- the nature of the constitutional makeup, whether it is federal or unitary;
- the existence and strength of political parties;
- level of urbanisation;
- the nature of the welfare state – decentred or not;
- the nature of the recruitment patterns to national parliaments;
- the historical backgrounds of the local government systems.

The result is a range of factors that determine the nature of the central-local government relationship, which may also vary according to policy area. Governments will take a stronger interest in those activities of local governments that affect the national interest than those which are purely local in impact. In New Zealand, for example, this is particularly noticeable in relation to local government's role in environmental management and land use, with increasing central government intervention (using a command and control approach) in relation to urban growth and the effect of metropolitan urban limits. The government is concerned that national policies focused in creating more affordable housing might be put at risk by council policies favouring more compact cities.

In addition to Blom-Hansen's list of factors we might add the influence of local actors or agents. The interface between central and local government is a dynamic one, constantly evolving and affected by the attitude and performance of key agencies, such as government departments and individual local authorities. Governments cannot act as free agents. Although Parliament may have the authority to abolish local government it ultimately depends on the resources of councils and other local actors for political support, information, expertise and the implementation of policies. As a result the 'nuclear' option, that is the removal altogether of the local government system, is not one that we have seen exercised in advanced democracies. While formal structures, such as constitutions or parliamentary conventions, set the context for relationships it is often the informal networks, local and national, that have a significant influence on what happens. Formal institutions are in fact underpinned by informal policy networks in which central government actors interact with other actors, such as local government staff and local politicians. One way of describing the nature of these inter-governmental relationships involves distinguishing between three types of actors: Topocrats, Expenditure Advocates and Expenditure Guardians (Blom-Hansen 1999).

- *Topocrats* are the representatives of sub-national governments, usually associations set up to defend the interest of their members at the national level. Blom-Hansen argues that these associations are increasingly important in national policy making and act as guardians of local government interests in the national political process. Their default focus tends to be to protect the autonomy, fiscal viability and integrity of the particular level of government they speak for.
- *Expenditure Advocates* are actors in the bureaucracy who have an interest in promoting new public programmes, increasing funding for existing programmes or developing new types of regulations. Essentially they are a bureaucratic force working for specific sector goals within the public sector and have a propensity for increasing the range of activities provided by sub-national governments or enhancing the quality and quantity of existing services.

- *Expenditure Guardians* are those actors within the bureaucracy who have an interest in macro-economic control and restraining public expenditure and activity. They are typically central agencies, such as the New Zealand Treasury.

Inter-governmental relationships are consequently the result of processes intended to resolve tensions between the idea of local autonomy (promoted by Topocrats), sector policy goals (advocated by Expenditure Advocates), and macroeconomic control (promoted by state sector agencies concerned with macro-economic policy or Expenditure Guardians). Good public policy is achieved when a balance is reached between the three participants, that is, council autonomy is not undermined and departments achieve their policy goals while operating within a sound macro-economic and fiscal policy envelope. In the New Zealand context there is a single local government association, Local Government New Zealand, which has an undisputed mandate to represent local government's national interests.⁷ The Expenditure Guardian is the Treasury, the Government's financial adviser while an example of an Expenditure Advocate is the Ministry of Health. Policies promoted by the Ministry of Health frequently have an impact on council balance sheets, such as its recent policy to require councils to improve the quality of drinking water. Local Government New Zealand advocated that compliance by councils should be voluntary in order to reduce the cost, an approach that government Ministers eventually agreed with.

Political theory can also have an impact on the nature of the central-local government relationship. For example, the last two decades has seen a significant interest in decentralisation, driven by agencies like the World Bank that argue that public decision-making should be located as closely as possible to the citizens affected by those decisions, essentially the principle of subsidiarity. Subsidiarity is a normative principle in the sense that it argues that governance responsibilities should occur locally unless there are reasons, such as economies of scale or equity considerations, which justify locating responsibilities at a higher sphere of governance, either regionally or nationally. As a principle it is variously endorsed around the world, most notably in the European Treaty, which enshrines the doctrine of subsidiarity as a fundamental criterion in European law making.⁸ Subsidiarity first appeared in New Zealand policy discourse with the publication of the report of the *Royal Commission on Social Policy* (Royal Commission 1988) and its recommendation that the New Zealand government adopt subsidiarity as a policy framework. While providing a theoretical justification for local governments to argue for greater authority and autonomy it has not featured at

⁷ Local Government New Zealand was formed in 1996 with the amalgamation of three separate associations. There are seventy eight councils, all of which are currently members.

⁸ As an example of the principle at work see the European Charter of Local Self Government.

all since the Royal Commission's proposals, which have been generally ignored by successive governments.

Where there has been greater decentralisation and/or a move to giving local government greater autonomy (such as the effect of local government reform in 2002 in New Zealand) the nature of the dialogue between central and local government has inevitably changed. Hand in hand with the idea that councils might exercise increased discretion has been the recognition that some form of mechanism to share information and discuss policy with higher level governments is necessary, leading to a consequential change in governance models. Montin (2000), for example, describes the growth of an integration list model of local government, particularly in Scandinavia, which has developed in response to national governments taking a more active role in monitoring and setting standards for local activities undertaken by councils.

Local empowerment, combined with greater integration, contributes to a picture of growing complexity in the central-local government relationship, with an emphasis on shared resources, knowledge and goals. Empowerment and integration also have an impact on the different instruments by which governments 'steer' their local governments, as noted above. This raises the practical question of how to engage with local governments, since there are likely to be numerous entities and engaging with each of them separately will have significant transaction costs. It is a situation designed for the creation of a local government association (the Topocrat) to fulfil the need for governments to find a single point of engagement and local governments to find a single voice for articulating their interests. With local government associations as the natural point of contact or engagement we are left with the question of how best to involve them in the policy and decision making process. One option is the development of guidelines or protocols. For example:

- The standing orders of the German Federal Parliament require that local government associations are consulted on legislation and policy affecting local government interests.
- The Swiss constitution declares that the Swiss Federation shall take into account the possible consequences of its actions on municipalities.
- The South African constitution provides that municipalities will have the right to comment on any draft legislation that might affect them. South African local government has also been given the right to appoint 10 members to the second parliamentary chamber where they are able to participate *ex officio* in deliberations.
- The local government associations in Austria, representing cities, towns and the municipalities, are recognised in that country's constitution, with the state having an obligation to involve them

when debating European Union proposals with local implications. The Austrian constitution also requires the government to consult with local government representatives before new legislation that might have an important financial impact on councils is enacted.

- In Western Australia the state government invites councils, through their Local Government Association (WALGA), to propose projects for consideration in the state government's annual budget. The Association calls for expressions of interest from its members and evaluates projects against agreed criteria before submitting proposed projects.
- The memorandum of agreement between the Tasmanian Local Government Association and the state government includes protocols which set standards for consultation as well as a mechanism for dealing with cases where consultation may have failed.

Central-local government engagement is a process that involves a number of actors and a variety of institutional forms. As Blom-Hansen shows, one of the critical dynamics is the relative roles and status of local government associations (the Topocrats), Expenditure Advocates and Expenditure Guardians. His model caters for a situation in which there is a constant jockeying for influence between the three types of agencies. The challenge for establishing meaningful and effective relationships is to find mechanisms that reduce the uncertainty created by this dynamic and enable both spheres of government to develop mutual plans for the social and economic advancement of communities and nations.

Models compared

Internationally central-local government engagement is a very diverse territory reflecting the unique constitutional arrangements of each country, particularly their federal or unitary status. While some systems provide local government with constitutional recognition, the nature of the provisions vary with regard to how engagement is approached ranging from prescriptive to silent. Engagement is also influenced by the structure of sub-national government itself and their respective histories. There are three broad approaches - legal, political and mixed:

- The *legal approach* provides a legislative context for engagement, such as a parliamentary or constitutional duty to consult with local government which may go as far as to explicitly name the relevant local government association as the agency responsible for representing local government's view. The Municipal Association of Victoria (MAV) has such recognition.
- The *political approach* involves mutual agreement between representatives of the higher level government and local government with regard to the rules and processes for ongoing

engagement. The most common appear to be negotiated agreements and memoranda of understanding.

- *Engagement approaches* do not need to be mutually exclusive and an ideal approach might very well be a mixed one, with both a legislative and political aspect, in which status is established by legislation or the constitution while practice is determined by agreement negotiated bilaterally.

A number of jurisdictions have established permanent commissions or committees for managing the local central relationship. For example:

Table 1 Structures

Australia	No constitutional recognition of local government but provides a seat for the president of the Local Government Association (ALGA) on the Council of Australian Governments (COAG) which meets to coordinate federal governance. ⁹
Switzerland	Established a 'tripartite agglomeration' consisting of the federal government, the Conference of Cantons and other peak organisations for local government to coordinate governance.
Spain	Established a Commission of Local Governments which acts as catalyst for identifying municipal problems and communicating them to the government.
Wales	The Welsh Parliament is required to consider local government's interests in its actions. It is also required to sustain and promote local government in Wales as well as to establish a Partnership Council consisting of members of the Assembly and local authorities.

Formal entities, such as those identified above, appear to be most common in federal jurisdictions where the challenge of coordination is that much greater and engagement is multi-level, involving federal, provincial and local authorities. More common are mutually negotiated protocols and guidelines or partnership agreements. In addition to the use of formal entities the last decade has seen an increase in the use of protocols or broad ranging agreements that set out expectations of local and central governments towards each other. For example, Blom-Hansen (1999) notes that all three Scandinavian countries use agreements between central authorities and local government associations as an alternative to legal regulation; he also notes that associations in the different countries have considerably different levels of influence.

Agreements take a variety of forms. In the UK, the Central-Local Concordat signed between the Local Government Association (LGA) and British Government in December 2007 included a joint commitment by both spheres of government in England to work for better outcomes for citizens and communities as well as stating each party's rights and responsibilities in general terms. The Concordat has been replicated in both Scotland and Wales. The first step in Scotland was the formation of a Partnership Framework, agreed between the Council of Scottish Local Authorities

⁹ The federal government has promised a national referendum in 2013 seeking approval to include reference to local government in the nation's constitution. Two previous attempts have failed.

(COSLA) and the Scottish Executive in 2001 - the Framework is a non-legally binding agreement which set out principles for the purpose of forming a partnership. This has now been superseded by the Scottish Concordat, an agreement between the Scottish Executive and COSLA which focuses on commitments entered into during the life of the agreement; commitments include:

- The Government commits not to undertake any structural reform of local government;
- Local government agrees that councils will report to the Scottish Government annually on achievement of Scottish outcomes;
- The Government commits to a specific level of funding
- Councils agree to reduce bureaucracy.¹⁰

The English Concordat, signed between the Minister of Local Government in the former Labour government and President of the LGA, was more of a strategic document than the Scottish version, which has a more instrumental and practical focus (for example, ‘councils will reduce bureaucracy’). It spells out the relative roles of local and central government and outlines the respective rights and responsibilities of each sector. For example:

- Central government has the right to set national policies ... and to intervene to prevent underperformance;
- Councils have the right to address the priorities of their local communities ... and shape its future without unnecessary interference;
- The partners to this agreement will come together regularly in a new local central partnership.

The concordat has not been renewed by the new Conservative Liberal Democratic government at this stage however the Political and Constitutional Reform Committee of the House of Commons has recently produced an “Illustrative Code for Central and Local Government” which is set out as the basis of a future agreement.¹¹

The Australian experience with agreements

Agreements are widely used by states and local government associations throughout Australia. Their potential for harmonising relationships was recognised as early as 2003 by the Australian Standing Committee on Economics, Finance and Public Administration when, in their report Rates and Taxes (Commonwealth 2003), they noted that it “would be beneficial to establish formal governance

¹⁰ See <http://www.cvsfife.org/publications/concordat.pdf>

¹¹ See www.parliament.uk/pcrc

relationships and consequent financial agreements between the levels of government” (Commonwealth 2003, p. 17). The Committee went on to argue that partnership agreements have the capacity to enable states and local governments to respond to the articulated needs of their communities through agreed plans and resources.

The Committee considers that one of the keys to reform is intergovernmental partnerships. Partnerships help to ensure that government services are effectively and efficiently delivered at the local level. They are an important step towards improving the relationship between local government and other spheres of government in the future (ibid p. 18).

Contributing to the Committee’s inquiry, the Australian Local Government Association (ALGA) suggested that agreements would be able to provide more certain policy outcomes due to more predictable levels of funding; allowed better specification of performance; a greater level of transparency and provided a meaningful framework for reprioritising and reallocating resources within and across government (Commonwealth 2003).

A number of Australian States, such as Western Australia, Tasmania and South Australia, have signed agreements with their respective local government associations which are similar to the English Concordat but of more limited scope. Unlike the Concordat, these agreements tend to be more operational and take the form of a memorandum of understanding which commits each sector to particular behaviours in relation to the other, covering issues such as communication and consultation. There is also an inter-governmental agreement establishing principles for managing the relationships between all the states and the Australian Local Government Association (ALGA).

South Australia

The South Australian Agreement, negotiated between the state government and the South Australian Local Government Association (SALGA), set agreed principles and established a Ministers’ Local Government Forum to “address some of the complex and challenging issues between the two spheres of government” (Tiley and Dollery 2010, p. 33). It places considerable weight on process, such as the requirement to consult, and includes a provision for dealing with disagreements. One of the commitments agreed by SALGA is to determine the process it will use to find a sector view on topical issues. Key components of the South Australian Agreement include:

- a broad sense of purpose including the goal of enhancing efficiency, effectiveness, coordination and infrastructure;
- a desire to improve integration of strategic planning;
- a desire to foster more consistent approaches to policy and legislation;
- a recognition that disagreements will arise;

- key principles such as mutual recognition, consultation and financial relationships (including a commitment to provide funding sources to accompany new functions);
- processes for communication and consultation;
- implementation and review provisions.¹²

The Agreement is not legally binding. It is described instead as being a statement of intent to guide attitudes and practice. It also contains a schedule of priorities which are meant to be negotiated annually between the state government and SALGA, such as a commitment for the two spheres of government to work together in areas such as strategic planning, governance and financial management, economic development and building communities.

Western Australia

The Western Australia Agreement involves the Western Australia Local Government Association (WALGA), the state of Western Australia and the WA Local Government Managers' Association (WALGA 2010). The Premier signed for the state, and the Agreement is witnessed by the Minister for Local Government and Regional Development. This Agreement consists only of three schedules, which are the partnership principles, a template for partnership agreements that can be used by other local government organisations and a framework for state local government partnerships. The overriding principle being a commitment to improving co-operation between state and local government to enhance the sustainable social, environmental and economic development of Western Australia through consultation, communication, participation, co-operation and collaboration at both strategic and project levels. Other principles deal with timely communication, purposeful consultation, the importance of partnerships and clarity around roles. Western Australia also uses agreements between the association and state government for more specific objectives, such as library provision and regional development.

Victoria

Although it lacks a specific agreement of the form found in other Australian states, the Municipal Association of Victoria (MAV) has built up a strong relationship with its state government which has resulted in the creation of a number of effective mechanisms through which it is able to influence state policy. This involves:

¹² See www.SALGA.asn.au for a copy of the Agreement

- Regular meetings between the leaders of both sectors. The state representatives are the premier, local government minister and advisers while MAV is represented by their president, chief executive and political adviser. No minutes of the meetings are kept and no papers are prepared in advance – they are intentionally designed to allow free and frank discussion to highlight emerging issues from either sector, test out ideas and get things fixed. These meetings are a way of ensuring potential differences are recognised in advance and conflict possibly diverted. (MAV employ as a member of staff an experienced political adviser who is responsible for managing political and agency relationships.)¹³
- The opportunity for the MAV chief executive to brief departmental advisers and chiefs of staff on local government issues. This mechanism, which is undertaken by the Chief Executive and key advisers, allows the association to brief central government advisers on emerging issues (an early warning mechanism) and to be briefed in turn of any plans held by departments or ministers with implications for councils. The ability to play this role has been acquired over time with the association winning respect from, and building a level of trust within, the bureaucracy.

MAV has found that working closely with the state government is the best way to realise policy gains despite pressure from some member councils for the association to take a more publicly critical role. To date the board has taken the view that maintaining a constructive relationship is important in order to provide what is a unique opportunity to contribute to policy-making at an early stage.

New South Wales

In contrast, the New South Wales Local Government and Shires Association, while maintaining good working relationships with some portfolio ministers, has been unable to build any kind of formal relationship with the state premier or his office.¹⁴ Although months were spent in drafting a formal inter-governmental agreement the previous minister and premier were unwilling to sign up. In the Association's view the problem stems from political instability at the state level with four local government ministers in the last term and a centralising culture or a "state knows best" attitude (NSW still has rate pegging which is blamed for the poor state of local government infrastructure.) The recent change of government at the state level appears to also have changed the dynamics of the relationship with ministers more willing to engage.¹⁵

¹³ Interview between the author and MAV chief executive.

¹⁴ This has since improved greatly since the election of a new State Government in 2011.

¹⁵ Interview between the author and association staff.

Tasmania

The state of Tasmania has taken a comprehensive approach to partnership agreements, a programme that was initiated as early as 1998 and involves partnerships agreements between the state and the local government association as well as the state and individual councils. The partnership agreements program was launched in 1998 in order to “better service Tasmanian communities by the two levels of government working together” (Tiley and Dollery 2010, p. 23). There are now four types of partnership agreements:

- *Bilateral* – agreements between individual councils and the state government;
- *Regional* – agreements between regional bodies or groups of councils and the state government;
- *Statewide* – agreements between the LGA of Tasmania and the state government;
- *Tripartite* – agreements between the Australian Government, the state government and local governments.

A review of the partnership programme (Department of Premier and Cabinet 2008) made a number of recommendations for strengthening and improving the programme. The review noted that the agreement programme had met its objectives in terms of partnering with councils to deliver local outcomes; had success in addressing significant social, economic and environmental issues and had embedded more efficient service delivery across a number of policy areas. Amongst its recommendations the review suggested that the objectives of the agreements be amended to:

- Enhance the strong and cooperative relationship between the state government and local government;
- Contribute to the delivery of the state government’s strategic economic, social and environmental priorities;
- Support the delivery of local government’s strategic priorities at a statewide and regional level;
- Build regional capacity focusing on agreed high-level priorities;
- Identify and deliver joint initiatives that contribute to the well-being of local communities (Local Government Division 2008).

In particular officials recommended that partnership agreements: be endorsed at the highest level; be shorter sharper agreements comprising high-priority, achievable and measurable initiatives; focus on improving cohesion and coordination across agreements; link state, regional and local agreements as appropriate and ensure that major policies and programmes are supported and delivered at all levels. There was also a recognition that the regional approach to service delivery should be enhanced and an investment should be made to build regional capacity. Tiley and Dollery (2010) suggest that the

existence of the agreements made it much easier for the state government to carry out its programme to create three corporations to manage councils' wastewater.

Other jurisdictions

Agreements are also used in Canada, for example the agreement between the Province of Ontario and the Ontario Association of Municipalities which not only sets out a mutual commitment to consult but also states the province's commitment to respect the right of councils to handle matters within their jurisdiction. A schedule of quarterly meetings to be held between the two parties is also included. The Agreement is jointly signed by the Minister of Municipal Affairs and Housing and the Association's President, and witnessed by their relative chief executives. Running to nine pages with attachments the Agreement covers the following:

- A joint commitment to policies for promoting the well-being of Ontario's economy and society, for current and future generations;
- Recognition of a need for a coordinated response to the problems facing society, regular consultation and respect for the role of municipalities as accountable and autonomous governments in relation to activities within their jurisdictions;
- An outlined process for scheduling meetings and the manner in which the logistics will be carried out.¹⁶

The Agreement has a life of three years, includes reference to the lead agencies responsible for its administration (Dept. of Housing and Local Government and the Association) and a commitment to meet regularly. Consultation is a major component of the Agreement, particularly a commitment to prior consultation on behalf of the province, particularly where any proposed legislative or regulatory change will impact on councils' current budget planning cycles.

The Northern Ireland Local Government Association (NILGA), still in the relatively early days of political devolution, does not yet have any formal agreement with the Northern Ireland government. While committed to establishing a statutory relationship the association is involved in three types of non-statutory arrangements (as at 2009):

- Quarterly meetings with the Local Government Minister;
- *Ad hoc* meetings with ministers on specific issues;

¹⁶ Accessed from http://www.amo.on.ca/wcm/Documents/amo/MOU/2010Dec_MOU_Joint_Statement.pdf

- The opportunity to nominate appropriate officers to participate in working groups or consultations.

At the minimum agreements tend to specify processes designed to provide surety of communication and consultation. Some go further, using agreements as a basis for negotiating future goals and targets and a local government commitment to their achievement. Yet agreements are far from universal, New Zealand being a case in point, despite the existence of an inter-governmental forum which has been in place for more than twelve years. Understanding why the political environment in New Zealand has not been conducive to some sort of inter-government agreement may improve our understanding of the factors that govern the nature of the arrangements designed to improve co-ordination and alignment between central and local government in other contexts.

The New Zealand experience

The model of local government which emerged out of New Zealand's colonial past was, not surprisingly, firmly based within the Anglo Saxon tradition and as such shares common features with systems in Australia, Canada, Ireland and the United Kingdom. A feature of this model is local government's legal and constitutional separation from central government. Unlike the integrated nature of governing arrangements in much of continental Europe, the Anglo Saxon approach tends to emphasise accountability to voters rather than to higher authorities. In this model, independence and autonomy are considered virtues and attempts by the centre to impose national or 'one size fits all' solutions are inevitably strongly contested. (Although, as we shall see, there are suggestions that recent and proposed policy changes are shifting the New Zealand local government model towards the more integrated European approach.)

The country's colonial roots also explain why the state plays a larger role in community life than in virtually all other OECD countries, as the cost of developing infrastructure from scratch was often beyond the small and dispersed settlements that made up 19th Century New Zealand, leaving central government to make the investment. Even so, by the mid 1930s councils in New Zealand were responsible for half of all public expenditure, a figure that, with the growth of the welfare state, had fallen to less than 10% eighty years later. Also contributing to the relative dominance of central government was the fragmented nature of local governance that existed from the early 1850s to 1989, with local government reform in 1989 consolidating more than 850 local bodies into 87 multi-purpose local authorities. Until that point in time local governments were regarded as small and without capacity to take on additional services. As a result, New Zealand achieved the status of being the most centralised regime in the OECD (The Economist, Oct. 31, 2009).

The existence of a fragmented local government sector made the issue of how to align and coordinate local, regional and central government policy and action all the more salient and a number of attempts were made address the issue. In 1975 a Territorial Government Consultative Group was established to initiate regular consultation and cooperation between central and local government (regional bodies were not represented – presumably because at that stage they had no national organisation). Consisting of the heads of the two local government associations and their chief executives (one representing counties which were rural councils while the other representing municipalities, which were largely urban) and the Minister of Local Government, the group provided for an interchange of views and was used by Ministers as a sounding board for various initiatives affecting councils. Sowman (1984), writing about the Consultative Group at the time, noted that it tended to focus on specific local government matters as opposed to the opportunity for local government to support broad national policies and reflected that it might take the Prime Minister to lift its focus.

The Consultative Group did not survive the tumult of local government reform in 1989, and relations over the following decade were limited to irregular meetings between the head of the Local Government Association¹⁷ and the Minister of Local Government. The prevailing view of the government of the time saw local government in largely instrumental terms as one of a range of possible service delivery bodies. It was not until the election of the Labour Government in 1999 that the importance of central-local government relationships was once again acknowledged, to such an extent that the relationship was framed in partnership terms.

A new approach to the relationship was flagged by the Labour Party while in opposition with its manifesto signalling the importance of inter-government collaboration and wanting “local bodies to operate with autonomy and freedom within a collaborative framework that allows levels of government to work for the best outcomes for communities” (Labour Party Election Manifesto 1999). It was a sentiment that surfaced strongly as it began a review of the Local Government Act 1974:

The challenges facing New Zealand in areas such as sustainable development cannot be met by central government making decisions and acting on its own. They require a partnership approach within which central government, local government, and the voluntary and business sectors can work together (Lee 2001, p. 13).

The government identified four objectives intended to guide its review of the LGA 1974; relevant to this discussion is bullet point number three, namely “involve the development of a partnership relationship between central and local government” (DIA 2001, p. 6). Once enacted the LGA 2002 was a signal that inter-government relationships were important (at least to the government of the day)

¹⁷ In 1996 the Local Government Association, formed by a merger of the Counties Association and the Municipalities Association and later the Catchment Authorities Association, changed its name to Local Government New Zealand.

with the result that it stimulated a flourish of initiatives designed to improve relationships, despite criticism that they did not go far enough (see Thomas and Memon 2007, Local Futures 2006).

The LGA 2002 (once again under review at the time of writing) was a significant milestone in the development of local government in New Zealand. Not only did it replace an ageing *ultra vires* statute with a form of general empowerment but it refocused the purpose of local government on promoting community well-being and strengthened 'social' accountability, that is, accountability to citizens through a greater emphasis on consultation with citizens, long term planning and allowing communities to set outcomes in order to steer their councils. Strengthening local government's community accountability and establishing processes to enable citizens themselves to set desired outcomes set the scene for more effective relationships with central government and its agencies. In fact the purpose of long term planning included the desire to:

- Promote better co-ordination and application of community resources;
- Inform and guide the setting of priorities in relation to the activities of the local authority and other organisations (s73, LGA 2002).

The legislation had an implicit sense of community governance suggesting that councils should be facilitating a process through which communities could influence departmental priorities. The result was a series of initiatives designed to build alignment and relationships at both a bureaucratic and political level, for example:

- A Deputy Secretaries' Group was established to coordinate engagement between central government agencies and local governments;
- An advisory group, the Local Government Interface Team, was established and located in the regions, to encourage government departments to contribute to process for identifying community outcomes and improve relationships with departments;
- The Department of Internal Affairs established a community outcomes website to highlight good examples of central-local government collaboration;
- The Department of Internal Affairs (DIA 2007) also developed guidelines to assist other departments when developing regulations that were to be implemented by local government, addressing councils' concerns about lack of consultation;¹⁸
- Regional inter-agency networks sprang up across the country with a focus on aligning local and central government investments;¹⁹

¹⁸ See http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Our-Policy-Advice-Areas-Policy-development-guidelines-for-regulatory-functions-involving-local-government?OpenDocument

- The Ministry of Social Development, established regional commissioners to better enable engagement with local authorities;
- In addition the Government made a commitment to hold a forum between the Prime Minister and relevant members of Cabinet and local government leaders twice a year to be known as the central-local government forum.

One impact of the suite of relationship initiatives was a greater willingness to involve local government representatives when central government departments were developing policies with the potential impact on councils. Involvement, however, was not uniform and often depended on the good will of departments. In fact, it was frustration with the way some departments approached engagement that led to the development of the regulatory guidelines (see above). Engagement on the ground was also patchy as government departments had centralised or regionalised to such a degree that they lacked presence in a number of council areas. The DIA local government interface team often found itself filling the gap in those districts where a departmental presence was lacking (DIA 2007). In the Auckland region, the country's largest urban configuration, the Government established an office to better coordinate its relationship with the 7 councils of the Auckland region.²⁰ The result was that government officials played an active part in regional urban planning promoting the Government's objectives, particularly its focus on sustainable development.

Central-local Government Forum meetings have occurred since 2000 and involve the Prime Minister and relevant members of Cabinet who meet with the national council of Local Government New Zealand (the Local Government Association), which represents all the councils.²¹ The meetings create a space in which representatives of the two sectors can engage in dialogue as equals and the goal is free and frank discussion, although in practice that is seldom achieved. While there is an executive position of Minister of Local Government, the position is normally lowly ranked in terms of Cabinet seniority and is focussed on managing relationships in order to reduce political risk.²² In practice the Forum has provided a mechanism that allows the local government sector, through the association, to bypass the institutional filters that operate within departments, to allow sector representatives to raise concerns directly with appropriate ministers, who, with the Prime Minister as Forum chair, are frequently tasked with finding solutions.

¹⁹ See community outcomes Bay of Plenty (COBOP) at www.cobop.govt.nz

²⁰ Formerly known as GUEDO it is now described as the New Zealand Government's Auckland Policy Office.

²¹ The National-led Government has reduced the frequency of the forum to one annually.

²² After the 2008 elections the post of Minister of Local Government was given to a minor party in the coalition and placed outside cabinet.

The Central-Local Government Forum replicates at a governance level initiatives that occur with a degree of regularity at an officials' level. For example, the Ministry for the Environment holds an annual meeting to which all council chief executives are invited to discuss environmental issues. In recent years there have also been short-lived collaborations between officials in the area of sustainability, local government funding and social policy. The ability to influence government policy and the quality of relationships through the Forum possibly explains the lack of interest in any type of formal agreement, in addition to the original terms of reference. However, the degree of influence appears to have been strongly dependent on the Prime Minister of the time, her knowledge of local government (as a former councillor and political studies lecturer) and the dynamic of the relationship established with the President of Local Government New Zealand.

A change of government in 2008 had a major effect on the nature and style of inter-governmental relations. The new National led government was impatient for change and had little time for officials' activities that failed to lead to specific actions. Within two years the Deputy Secretaries' Group had been wound up; the Local Government Interface Team was made redundant and the central-local government forum reduced to an annual meeting, with a willingness to meet in smaller task focussed meetings. And a range of changes were made and proposed to the LGA 2002 that removed the requirement for the community to identify outcomes, refocused the activities of councils on 'so called' core services, and sought to restrict the discretion of councils to respond to local issues – ultimately an attempt to down-size the local government sector. Only within Auckland did the previous configuration of government agencies working with councils continue and was in fact enhanced. Within two years of their election the Government had managed to merge the seven councils of the Auckland region into one, a large unitary council of 1.5 million residents. The expected economic potential of such a large city was seen to justify a significant policy presence in Auckland as well as an annual forum between Cabinet and the Auckland Council.

The new approach to inter-governmental relationships was epitomised by a statement by the then Minister of Local Government, the Hon Nick Smith, who stated that “the broad purpose of the LGA 2002 ... creates false expectations about what councils can achieve and confusion over the proper roles with respect to central government and the private sector” (Smith 2012, p6). The Government sees local government in strictly instrumentalist terms, responsible for the provision of narrowly defined services and finds little value in measures to promote collaboration and inter-governmental working, unless they are project focussed. In practice it appears to reinstate a more traditional command and control approach as opposed to the more indirect steering approaches now found in much of the world as noted by Kelly (2006) and Leuprecht and Lazar (2007).

Although flagged by Local Government New Zealand in its briefing to the Government, no interest in some form of inter-government agreement or high level protocol has so far been shown. This has disadvantaged the local government sector in its efforts to influence government policy, as it affects councils and their communities, and left the nature of inter-governmental relationships seriously dependent on the style and preferences of individual actors. Disadvantage is made that much worse by New Zealand local government's weak constitutional status. New Zealand lacks a written constitution and local government's powers are set by a simple majority within parliament leading to a highly unstable legislative framework.

Conclusion

An inescapable feature of the central-local government relationships in New Zealand, as in many countries, is its asymmetry. Without a strong constitutional reference and a constitutional court with oversight, relationships exist entirely at the discretion of the national partner which has the power and authority to write the rules as it sees fit. Even where local government is constitutionally recognised national governments hold considerable scope to alter operational processes, funding and functions. Within this context it is often left to national local government associations, the Topocrats, to use what influence they can muster to ensure local governments have the legislative frameworks to enable them to fulfil their obligations to citizens. With or without the protection of some form of constitutional recognition, agreements appear to be useful mechanisms for enabling local governments influence the agenda of higher level authorities, even if all they achieve is regular contact and communication. In fact agreements themselves vary from a heavy emphasis on principles to those which are largely process driven with some jurisdictions using them to set annual targets specifically designed to influence council priority setting and decision-making.

The interface will also be influenced by the degree to which there is overlapping political membership. In many countries political parties have an active presence at the local government level providing a non-constitutional mechanism through which local members are able to influence their national colleagues and vice versa.²³ Many members of national parliaments are familiar with local governments for the simple reason that they began their political careers as local councillors (generally a good idea as it helps develop political skills and experiment with policies at the local level before trying them out on the nation as a whole). That experience has the potential to create allies and advocates when matters of local government are being discussed. Similarly, where councils

²³ The English LGA has separate caucuses representing the three major parties and the association president is selected from the party which has the most majorities after local government elections.

have a majority of councillors who are also members of the party in charge of the higher level government networks are established which can assist alignment.

Banner (2002) suggests that countries with the Anglo-American local government model are moving towards a kind of “co-operative-dualism” which holds out prospects for a sustained dialogue between central and local government. As a possible example, consider the Australian Government’s Department of Regional Development and Local Government’s suggestion that improving co-ordination is necessary to achieve better and more efficient service delivery outcomes:

Many people believe local government should have a greater role in partnering with the Australian Government in fulfilling the national policy agenda, particularly in areas such as, for example, regional development, transport and communications, environmental management and indigenous issues (Dept. of Regional Australia 2002).

Australia has the complexity of brokering relationships across three spheres of government; in contrast New Zealand is in the fortunate position of managing only two, although this is no guarantee for success. In fact recent legislative change suggests that New Zealand is moving in the opposite direction with less sustained dialogue and much more direction-setting by the centre. Yet for the sake of effective governance at the local and community level it is important that both central and local government ensure that their policies, programmes and long term investments are as aligned as possible.

If nothing else, engagement between national and sub-national governments has a symbolic value in that it reinforces the notion that local government plays a critical role in the governance of places, and that this actually matters. From a local perspective, council leaders who can show how local services contribute to the ‘bigger picture’, and promote the interests of the nation as well as use their position to ensure nationally provided services address local priorities, are more likely to generate support from their own constituents and enhance trust and respect in the process of government itself. Increasing confidence and trust in government while addressing local issues must be a desirable outcome.

The future success of New Zealand, and indeed all countries with multi-level governance systems, depends upon utilizing the respective strengths of government at local, regional and national levels and ensuring duplication is kept to a minimum, councils have an empowering statute to work under that does not contain unnecessary transaction costs and central government is able to focus on the strategic issues facing the nation. For this to happen there needs to be ongoing communication, acknowledgement and respect between the various spheres of government. Councils should be the

government's eyes and ears ensuring national decision-makers are aware of the impacts of their policies outside the capital while providing feedback on the impact of policies and programmes. For the government there is advantage in being able to 'piggy back' on local initiatives.

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Leading Communities: Community-led Development in England's Small Towns: the Market Towns Initiative

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Abstract

The Market Towns Initiative (MTI), a UK community-led development programme, operated throughout rural England from 2000 until 2005/6. It was designed to help local people, with professional support, identify – and then capitalize on – the economic, environmental and social strengths and weaknesses of small country towns.

This paper explains the origins and ways of working of the MTI. Examples of the topics explored and participants' views are given, and conclusions drawn. The opportunity is also taken to explain how interest in the roles of England's small country towns grew in the years following the Second World War, and how this led to the development of the MTI.

Evidence suggests that the programme worked well. It demonstrated that local people have the enthusiasm, skills and knowledge to take a lead in the development of the places in which they live; something which, until local government reforms changed roles and structures, was largely taken for granted.

Introduction

The Market Towns Initiative (MTI), a regionally organized, nationally coordinated, but locally led partnership-based development programme, operated throughout rural England between 2000 and 2005/6. It was available to any country town with a population between 2,000 and 20,000²⁴. The approach was developed by the Countryside Agency, a government “arms-length” organization (quango²⁵), and was supported by public and voluntary sector organizations. Its purpose was to help, “local people to appraise strengths, weaknesses, future demands and opportunities” (AMT 2005, p. iii), in short, to help influence and lead local development policy and practice in their town.

²⁴ Unlike earlier rural development programmes during the 1990s (Moseley and Clark 1998), and the EU's LEADER programmes (<http://tinyurl.com/cnge88t>), the MTI was available throughout rural England, as was its fellow programme for smaller settlements, Vital Villages (<http://tinyurl.com/cagnfw2>).

²⁵ Quango: quasi autonomous non-governmental organization, an organization paid to do specified work using public funds, but having relative freedom from direct political control. The Countryside Agency was formed from the merger of the Rural Development and Countryside Commissions. Its remit covered both socio-economic and environmental aspects of rural life (CA 1999a p3).

The present UK government, like its New Labour predecessors, has emphasized its desire to return power to local people. It enacted the Localism Bill in 2011 (UK Parliament 2011), and much has been made of the Prime Minister's personal commitment to the "Big Society" (Cameron 2011). However, although certain powers have been, or will be, returned to local authorities (e.g. allowing councils more discretion over certain aspects of a local business tax, and responsibility for public health), and local people have been given the right to call for referenda on some local matters, there remains an impression that government is, "... *passing the buck without the bucks* ...", at least in relation to public health (Hetherington 2012).

Nevertheless, there is political interest in the debate about how to devolve power and increase local participation in democracy, and, more widely, through greater involvement in those well-known abstractions – neighbourhoods and communities (Conservative Party 2009, DCLG 2011, Miliband 2006). There is also wider interest, for example from within the Co-operative movement, which is trying to, "... *measure and ... improve community living*" (Wilson 2012) an aim which lay at the heart of the MTI.

This paper, which has two main purposes, draws both on the writer's professional involvement in the development and implementation of the programme and on his evaluation of its effectiveness (Morris 2010).

The first purpose is to explain how interest in the functions of England's country towns grew from the late 1940s onwards. The post-war period saw counter-urbanization gather pace (CRC 2007, p.14), the age profile of the rural population tilt towards the over-65s (p.14), and small town living become increasingly popular, with approximately half of the rural population estimated to be living in country towns by 2005 (CRC 2008, p.12). These developments, coupled with wider societal changes (e.g. growth in car ownership, increased standards of living that enabled people to travel more freely for work, leisure and services, changes in rural employment, and in local government structures) by the 1990s resulted in increased interest in, and concern for, small towns amongst local people and some politicians and policymakers. This concern was eventually recognized by central government in two white papers, in the second of which announced the MTI (DoE/MAFF 1995, p.57, DETR 2000, p.75).

The second purpose is to explain the MTI's aims and approach, and to describe some of the work and achievements of the 247 participating town partnerships. Information is presented from the writer's research, which set out to assess the MTI's effectiveness in terms of its strengths, weaknesses and achievements²⁶. Findings, drawn from a combination of interviews (with people involved with rural policy, the programme, and work in the case study town) and a postal survey of a selection of

²⁶ The research also assessed the extent to which the programme addressed rural poverty. This aspect of the work is not discussed in this paper, but is noted for the purposes of completeness.

participating partnerships, suggest that the programme worked well. However, the data also revealed the well-known imperfections of partnership working (Geddes 2000, pp.794-795, Woods 2005, p.169) – as well as some of the strengths (Bevir and Rhodes 2003, pp.71-72, The Leeds Initiative 2009, p.18). The findings also suggest that the programme could usefully inform future work, and that local people have much to offer in terms of local development and leadership. Today, approximately six years since the programme formally ended, and despite continuing government centralization, there is now more interest in these diverse places than, as the next section illustrates, was once the case.

Interest in small towns grew, as their roles and responsibilities changed

Between the thirteenth and nineteenth centuries, small towns were the main centres of local influence and power, with power moving from monarch to sheriffs, and to mercantilist mayors at the head of powerful trade guilds (Chamberlin 1984, pp.144-146). As the franchise was gradually extended so power moved towards more democratic – and remote – forms of local government, with the creation of county councils in 1888, and rural and urban district, and town, councils in 1894 (Bracey 1959, p.67). Central government, the architect of these changes, increased its influence, with legislation and budgets increasingly centrally controlled, although local councils, many of which were centred on small country towns, retained ownership and management of, e.g. local electricity generation and supply, until the late 1940s (Greene 2007). As **local government powers** reduced, **administrative functions** increased, with the danger that elected councils, irrespective of political party allegiance, became little more than administrative agents of central government (Griffith 1985, pp. xi-xii).

Today, the term, market town, is still accurate for places with mediaeval market charters, and for those which serve market functions. However, although many towns owe their origins to the presence of traders' markets, their governing charters, and their historical role as trading centres for surrounding dependent settlements (Chalkin 1989, pp.37-38). Not all towns have, or have ever had, markets, and some of those that do are now large regional centres.

The idea and image of a market town is powerful, in England at least, but it is unhelpful where policy is concerned (STfT 2012, p.6). England's settlement hierarchy is complicated, both terminologically, and in reality. Settlements range in size from isolated farmsteads and dwellings, through hamlets (small villages, usually without their own church), villages (usually with their own church), small (country) and large (regional) towns to bigger, often densely populated, metropolitan areas. Although the hierarchy works well at the intuitive level, it is more problematical when considered in detail. For example, some villages have populations larger than some towns, and some cities, classed as such because of the presence of a cathedral irrespective of population, are smaller than some small towns.

Where more rigorous analysis is concerned, e.g. about definitions and roles, small towns have long been the subject of debate (HMSO 1942, ERM 2001, Shepherd 2009). Today about 1,600 towns with

populations between 1,500 and 40,000 are classified as small towns (Shepherd 2009, p.2). However, to complicate matters further, within this range lays the Local Authority Rural-Urban Classification which defines Large Market Towns as those with populations of 10,000-30,000 (Defra 2102, p.6).

The Rural Development Commission (Rogers 1999), the Countryside Agency's predecessor, used a population band of 2,000-10,000 during the 1990s. Although informed by experience, the choice was essentially pragmatic, in that the RDC, limited by remit, staff numbers, and budgets for grants etc., had to restrict the number of towns eligible for help to a manageable number. However, as defining a country town by population alone has proved to be something of a fool's errand, with service functions considered more important, the eventual MTI band (2,000-20,000) was more guide than command (CA 2000, p.1).²⁷

Irrespective of definition, small towns are important, particularly given their roles as service centres, their geographical distribution, number, and diversity. Eventually therefore, interest in them grew, gathering pace during the 1980s and 1990s, and peaking in the years during which the MTI was operational. From the middle 2000s, however, when the programme ceased to operate, government priorities changed following foot and mouth disease outbreaks, and changes in policy direction in the responsible department (Environment, Food and Rural Affairs) towards more pressing topics such as climate change.

The arrival of the present Conservative-Liberal Democrat coalition government in 2010 has not brought about a renewed interest in small towns. Indeed, their recent "rural statement" (Defra 2012), makes scant reference and no specific commitments to them.

For the time being, therefore, national political interest in small towns has stalled. This is in marked contrast to the post-war period. Investigations into rural services, transport, and changes in the composition of populations were stimulated by interest in the counter-urbanization and deindustrialization taking place in rural England (Woods 2005, pp.72-90). These studies were mainly *ad hoc*, and were done by academics for, rather than by, local people (Bracey 1952, 1954, 1962, 1963, Green 1949, 1952, Pahl 1965, Stacey 1960).

Academic interest continued into and beyond the 1970s (Pahl 1970, Mills 1980, Courtney *et al* 1998, Morris 2003, 2010, Whewey 2012). From the early 1990s, organizations with rural interests researched and monitored aspects of rural life. Examples include "lifestyles" (Cloke *et al* 1994), rural, as opposed to urban, society (Diocese of Hereford 1987), incomes in relation to housing affordability (Bramley and Smart 1995) – still a pressing concern (Minton 2012 Ch6) – and specific work relating

²⁷ It is perhaps worth noting that, according to research conducted by the RDC (1996), there were only 210 retail markets, and 59 livestock markets in England within the population range selected for the study (3,000-15,000).

to poverty (Nobel and Wright 2000, Morris 2010). Between 1999 and the late 2000s, the condition of rural England from a variety of perspectives, economic, environmental and social, was formally reported on annually²⁸ (CA 1999, CRC 2008). At the same time, community development workers, often employed by Rural Community Councils²⁹ (Bracey 1959 pp125-129) increasingly encouraged, as they still do (ACRE 2012), local people to use community planning tools (DCA 2012, Planning for Real 2011, Rocktime 2011). It was also during this period that national politicians of all parties began to talk more about how power might be devolved to local areas, with, from 1997, “... *community leadership ... placed at the heart of local government reform.*” (Sullivan 2007, p.1).

Throughout this period, however, responsibility for major policy areas was increasingly centralized (Morris and Nichols 2007, p.30), and local government powers and structures were altered. For example, the Local Government Acts of 1972 and 1974 dissolved rural district councils, many of which were centred on, and based in, country towns, and created fewer, larger, less local borough/district councils (Cloke 1983, p.201). In the mid-1990s, some – relatively few - shire county and borough/district councils merged, “... *as part of [of a] local government reorganisation ... designed to introduce an entirely unitary pattern of local government across Britain ...*” (Stevens 2006, p.75). Neither this reorganization, nor a subsequent attempt in the mid-2000s, were completed. Therefore, although the intention was to simplify local government structures, and reduce the number of authorities, the result was an increase in the number of structural types, with no significant reduction in number.

None of the changes to local authorities described above have materially affected the smallest, but most numerous, tier of local government – town and parish councils. Their powers remain substantially unchanged. They have few responsibilities but relative freedom to provide local services and facilities, such as the provision of allotments (i.e. land rented by individuals, typically for growing vegetables), clocks, and community centres (Stevens 2006, p.73). Although the powers available to town councils are the same as those of the smallest – village - parish council, towns, being generally larger, can more easily raise money and employ staff.

Overall, however, the trend is towards “bigger”, more centralized government. For example, the present UK government’s policy relating to academies (DfE 2012) effectively removes school management and control from local authorities, and places ultimate power in the hands of central government’s Department for Education (DfE 2012a). Therefore, confusingly, although both

²⁸ The Countryside Agency produced annual ‘State of the Countryside’ reports between 1999 and 2004. From 2005 until 2008, the reports were published by the Commission for Rural Communities, the Countryside Agency’s successor (see <http://tinyurl.com/bsmajkg>).

²⁹ Rural Community Councils (RCCs) are voluntary organizations based in the rural - shire - counties (NB shire is the traditional term for many English rural counties, e.g. Northamptonshire). RCCs provide advice about such things as village halls (community buildings), rural services, and grant availability. They also work in partnership with other organizations. Essentially their aim is to help the people of rural England.

Conservative and Labour governments have increasingly expected, “... *local government ... to dance to central government's tune.*” (Stevens 2006, p.167), political rhetoric has simultaneously stressed the need to devolve powers; to decentralize.

This wish to devolve powers, whilst being reluctant to re-empower local democratic government, helps to explain why partnership working, in which local authority representatives are often minority members, rather than leaders (DETR/MAFF 2000, p.78), is the norm in programmes sponsored by central government. The origins of this lie partly in the post-war central-local government settlement. As part of the creation of the welfare state in which local authorities were to play a major role, this produced a, “... *marked willingness on the part of local councillors to accept a degree of central direction in policy development.*” Unsurprisingly, this led to, “... *a growing tendency for the central government to regard all local activities of financial significance as a matter for central concern.*” (Young and Rao 1997, p.117).

The move towards today's model of partnership working has its roots in the 1970s, when the so-called New Public Management, designed to contain public spending using private sector techniques, was introduced (Bevir and Rhodes 2003, pp.71-72). It accelerated with the growth of programmes such as the Single Regeneration Budget, and Urban and Rural Challenge schemes (Jones and Little 2000) in the 1990s, and Community Strategies and Local Strategic Partnerships in the 2000s (CA 2004). The recently established Local Enterprise Partnerships are essentially a continuation of this way of working (DBIS 2012).

Arguments and debates about partnerships have been well-rehearsed. They centre on the shift from **government** to **governance**, and continuing political debates about the most appropriate scale, scope and structure of organizations and their responsibilities, be it at the regional or city-region level, for best effect (Bentley *et al* 2012, Ravetz 2000, SWRDA 2011). Of course, questions remain about democratic legitimacy, complexity, effectiveness, and sectoral/organizational/individual dominance of decision making and associated processes. Jones and Little (2000, p.182) note that partnership working as the norm for public sector programmes in rural areas was based on urban practice. Consequently, therefore, then Conservative Government's Rural Challenge programme in the 1990s (derived from, and analogous to, the Urban Challenge programme), did not allow for rural differences in terms of, “... *power relations, accountability, public spending levels, and equitable resource allocation in ... addressing ... the needs of rural communities.*” (p.182).

The emphasis on urban, rather than rural, renewal was also characteristic of the New Labour governments. Cities, in many ways the Labour party's heartland, were central to government policy (Parkinson and Boddy 2004 p1), with partnerships at the centre of policy implementation, even though the drawbacks outlined above were recognized, and caused concern (p.363). Although MTI

partnerships were relatively small in terms of membership numbers, geographical reach, and their finances,³⁰ these drawbacks were also noted by participants in the programme (Caffyn 2004, Morris 2008, 2010),

The reality, however, is that, by 2000, partnership working was deeply embedded in government-sponsored programmes such as the MTI. This is evident from the description of the programme given in the next section, in which the research method is also described. Following this, and an overview of the research findings, some of the achievements of the partnerships are presented.

The MTI – origins, aims and approach

The MTI arose from two white papers specific to rural England (DoE /MAFF 1995, p.57, DETR/MAFF 2000, pp.74-78). Designed and supported by public sector organizations, it was designed to be led by groups of local people, many of whom were volunteers. In part its creation can be attributed to the many people who, during the mid-1990s, throughout rural England, began to express, simultaneously and unprompted, concern about the state of their small towns. Much of the concern then (DETR 1998), as now (Portas 2011), was about the growth of supermarkets and out-of-town shopping centres built away from traditional small town shopping and employment centres.

Consequently, the MTI was primarily regarded as a “tool” to, “... *help create new job opportunities, new workspace, restored high streets, improved amenities and transport facilities and help with community needs.*” (DETR/MAFF 2000, p.75). A total of GBP £32 million was allocated, over three years, to England’s regional development agencies (RDAs), and GBP £5 million to the Countryside Agency. In essence the job of the former, economic-development orientated, agencies was to advise on and help pay for a variety of projects in the towns, provided the projects met the agencies’ criteria for support.

The Countryside Agency’s initial job was to design and develop a stock-taking and project planning process called the Healthcheck (DETR/MAFF 2000, p.75). This was used to help local people assess their town’s strengths and weaknesses in relation to the environment, transport, accessibility, and wider social and community concerns, as well as the RDAs’ primary concern, the economy. The Countryside Agency also contributed to the cost of employing coordinators to help locals conduct Healthchecks, and project managers to help develop and implement projects arising from the Healthchecks.

³⁰ The total MTI budget from central government was £37m. This compares with more than £2bn allocated to the New Deal for Communities programme (ODPM 2000 p112).

The end of the programme in 2005/6 coincided with the closure of the Countryside Agency. The regional development agencies continued to support the partnerships in their regions, but the work gradually ceased, and the agencies themselves had closed by the end of April 2012.

The limitations of public sector “short-termism” are well known (Blackburn *et al* 2003, p.45, DCLG 2006, p.55). So too is the complicated nature of local governance (Hewitt 2011, Morris and Nichols 2007, pp.10-17, Morris 2008, p.3). It is not surprising, therefore, that the MTI's success, and its potential to inform future work, was limited by its short life relative to the time needed to embed community-led development into the complex network of local government and governance structures. Nevertheless, the programme lasted longer than the three years for which it was initially budgeted, and many of the partnerships continue their work (Carterton Town Council 2012).

Estimates as to the number of towns that eventually took part in the programme vary between 227 and 240 (Morris 2010, p.21). The former figure is the official total (Hansard 2007). The latter, based on information gathered informally towards the end of the programme, is anecdotal. Irrespective of the actual total, the initial target of 100 participating towns (DETR/MAFF 2000, p.75) was exceeded. This, coupled with the programme's extended life, and participants' broadly positive views, indicates, as discussed below, that, whilst limited in terms of achievements, local control and evaluation,³¹ the approach was successful, and worthy of development. First the research method is described.

Investigating the MTI

The research method

All the information in this and subsequent sections is, unless stated otherwise, taken from the writer's thesis (Morris 2010). In essence the research was an attempt to “tell the story” of the MTI through the eyes of local participants; there being little else in the way of systematic evaluation on which to draw.

Information was gathered via a postal questionnaire and semi-structured face-to-face interviews. Although most of the participants came from the towns (e.g. chairs of partnerships, town clerks), some were drawn from surrounding, often traditional hinterland, areas. Officials and others involved in rural development and related policy and practice also took part. The questionnaire and interview guide were finalised following a series of trial interviews with a variety of people (professional, political, and lay) involved in community development in the UK, and, in one case, overseas. Interviewees included the chief executives of the Countryside Agency and a rural regeneration charity, an official from a regional assembly, and local authority officers and councillors.

³¹ My research effectively became part of an informal, uncoordinated and rather stuttering evaluation of the MTI work, aspects of which were investigated during the period when the programme was operational (ERM 2001, Entec 2004, Moseley, Owen, Clark, and Kambites 2005). Earlier work assessed town characteristics and vulnerability (ERM 2001). The MTI was never methodically evaluated nationally.

Twelve questions were asked. Mainly descriptive, they explored reasons for involvement, expectations, partnership achievements and current operational status. Although the questioning was designed with qualitative answers in mind, some respondents and interviewees offered quantitative information suitable for analysis.

In order to corroborate the information obtained from the primary sources of data (i.e. the questionnaires and interview transcripts), some Healthchecks and associated Action Plans were analysed and used as comparative sources of information about the type of work done by partnerships.

Eventually, questionnaires and explanatory letters were sent to 48 towns, approximately 20% of the 227 towns that officially participated. Initially every sixth town on the official list was selected in order to ensure a degree of randomness. Following this, additional towns were selected to ensure that at least one town from each of the eight English rural regions was included.

In addition, the 18 Beacon Towns were included (DETR/MAFF 2000, p.75). These were selected, mainly by regionally-held competitions, both for the long-term (10-year) potential of their partnerships' topic work to help others, and to inform policy (Nichols 2004, 2005). Their inclusion ensured that any points arising from their work on, for example, enterprise support, integrated service provision, renewable energy, migrant workers, local food, housing, and transport, would be captured. Also included, for purposes of comparison and learning, was one town in which a Healthcheck was conducted in conjunction with the Sustainable Livelihoods approach used overseas by the UK government's Department for International Development (Butcher *et al* 2003).

Two other programmes, One Stop Shops (CA 2003) and Gateway Stations (Nichols 2004a, 2005a), were incorporated into MTI work. The former was designed to encourage the creation of multi-use centres (the "shops") in which a variety of services could be combined cost-effectively; e.g. an information centre combined with training, meeting, and computing facilities in Haltwhistle, Northumberland (Nichols 2005, p.60). The latter was aimed at partnerships wanting to improve aspects of public transport associated with their railway stations (e.g. the employment of a Railway Development Officer to raise awareness and increase usage of Sandown station, Isle of Wight). Where possible, other less-closely related programmes such as the Local Heritage Initiative³² and Vital Villages, were also linked to MTI work.

Eventually, 30 completed questionnaires were received from 27 towns (in three towns, two people answered the questions). In all, 49 people contributed to the research. This number includes exploratory interviews with four people involved in the MTI in two towns, trial interviews with five people, and face-to-face interviews with 10 people involved with the MTI partnership in Bridport,

³² <http://tinyurl.com/dy3tkyr>

Dorset. The respondents and interviewees were representative of those involved in the work. They included local volunteers, town clerks, and councillors from all tiers of local government, officials from local authorities, and a regional development agency, and a regional government office. In all 28 partnerships contributed to the research, a participation rate of about 58%.

When transcribed, the data amounted to more than 37,000 words of fact and opinion. The information was wide ranging and informative, but, given the relatively small sample size, limited. Therefore, rather than attempt to establish causal links between, e.g. the extent to which a partnership's success was dependent upon factors such as demography, previous involvement in public sector programmes, a town's location in a development area, or particularly supportive local organizations, all of which are worth exploring, the participants' anonymized contributions were analyzed to allow their – mainly - local stories and messages to flow. With the data reduced to a manageable and intelligible form, it was relatively easy to organize and present the findings. These are discussed in the next section.

Research findings were broadly positive, but ...

Essentially the research revealed the encouraging, though not surprising, finding that people care about the places they live in. They are prepared to work hard (for nothing) to improve their towns. They have skills, and specific, as well as general and often professional, knowledge and experience. Their views varied from the very positive to the less than enthusiastic. There is evidence that local loyalties, local knowledge, an awareness of local needs, belief in the ability of locals to identify and, given the chance, to solve problems, and capitalize on group and individual strengths, draw people together for common purpose and the common good.

Overall, the opinions given and experiences described were similar, with one significant exception. In the South West, where the MTI operated concurrently with the RDA-led region-specific Market and Coastal Towns Initiative (RTP 2002), the presence of two similar and not always well-integrated programmes caused some confusion. This was particularly marked in the case of Bridport, which had the added status (or burden, depending on the point of view) of being the South West's only Beacon Town. More generally, terminology and jargon caused confusion, frustration and disappointment at times, as did over-blown, although well-intentioned, promises, especially about the availability of, and ease of getting, money.

The distribution of the programme's overall budget between the Countryside Agency and the eight RDAs meant that, rightly, each organization had its own programme of work. The extent to which the Countryside Agency's national monitoring role via the England Market Towns Advisory Forum, and its local support and enabling responsibilities (i.e. the Healthcheck and contribution to the employment of coordinators and project managers) were successfully integrated with the RDAs' work, varied. In the writer's view, successful integration was achieved largely as a result of good personal working

relationships between the staff of the various organizations, a willingness to appreciate the different priorities of each organization, and the associated pressures acting on all involved. Matters were not helped by the fact that the finite life of the MTI meant that the data gathering and project identification/planning work (i.e. the Healthcheck, action planning) and the RDAs' budgetary need to spend MTI money on projects within the same timescale, often had to coincide (i.e. the two elements of the work were time constrained to be concurrent, rather than, as they should have been, logically, sequential).

However, a clear majority of participants thought that the programmes of work were broadly successful, although by no means perfect. When asked to rate their hopes, achievements and satisfaction with the **programmes**, rather than their **projects**, the majority of views were positive (Morris 2010, p.157). Overall, the 41 projects given as examples of the work done, and illustrated in Table 1, reflect this generally positive view.

Table 1: Examples of fully or partially implemented projects

Examples of fully or partially implemented projects, provided by interviewees and respondents (Morris 2010 Table 14)	
1. Programmes of events	22. Improved police support
2. Small projects fund	23. Affordable and diverse Housing
3. IT projects	24. New Outdoor Youth Facility
4. Business Support Fund	25. Coastal Strip Evaluation
5. Skills training	26. Creation of Heritage Rail trips
6. Sports centre feasibility study	27. Additional Business Space
7. Community Resource centre	28. Service provision
8. Fire station redevelopment	29. Achievement of Quality Town Council status
9. Astro turf and sports facilities	30. Shrub and tree planting
10. Canal towpath and mooring improvements	31. Local radio projects
11. Canal boat project	32. Local festivals (e.g. arts & youth)
12. Car parking	33. Various village hall improvement projects
13. Traffic-related projects	34. Completion of urban design framework leading to leisure and retail developments
14. Housing projects	35. Sixteen bungalows for elderly, and twenty rented and shared equity homes built and occupied
15. Improved Car Parking	36. Day centre
16. Two Youth Café projects	37. Website
17. Traffic management	38. Door to door car service
18. Public Realm Improvements	39. Cultural arts programme
19. Restoration of mainline railway station platforms	40. Improvements to riverside
20. Directory of sports clubs	41. New neighbourhood groups
21. Credit Union	

... participants' experiences were not wholly positive

It is not surprising that participants' opinions and experiences were not entirely positive. Although it is probable that those with positive stories are most likely to tell them, those with particularly poor experiences are also likely to relate their tales. It is also probable, and particularly frustrating for the researcher, that, for reasons to do with, e.g., a lack of time, or faith in the MTI, those whose experiences fall between enthusiasm/success and exasperation/failure (i.e. the disengaged, the sceptical/cynical, the uninterested, and the conscripted), are the least likely to participate.

The views and experiences reported by the postal survey respondents were matched by the fuller information provided by the interviewees. The point was made by a community development officer, that, *“In general action planning has worked, but more emphasis should be given to supporting locals to help themselves.”* The need for support can be inferred from the comments of other interviewees, one of whom, a volunteer, remarked, *“We should have gone for a major project head-on, first off, rather than each little group asking for something – too many minimal projects.”*, while an official stated bluntly, *“... I expected it to fail miserably after four years, and that's what it's done.”* Despite these views, a majority of participants reported that progress had been made in implementing plans, indicated that the work had met their expectations (Morris 2010, p.157), and stated that the majority of partnerships (67%) were still active in 2008 (p.175).

In addition, various factors governing the success of community-led development were identified by the participants in the research. These are illustrated in Table 2.

Table 2: Community-led development: What's needed for success?

A Summary of points from the research relating to people, time, and structures (Morris 2010, Table 18 p.182)	
People ...	
<ul style="list-style-type: none"> • Knowledgeable, individual, unpredictable, loyal, and opinionated, they are crucial, central, need to be nurtured and involved, and trusted with the truth about programme limitations. • Need clarity about programme aims, limitations, and governing processes. • Need clarity about local needs and agreed aims, for when a clearly-defined and obvious need exists, and is understood and accepted, support and consequent success can quickly follow. • Need mechanisms that enable effective and open communication – based on trust. • Need support and training (not easy/possible with programmes that last only a few years). • Need to have realistic aims and expectations. • In the main have a natural affinity with, and loyalty to their town/area, and a desire to contribute. • Need structures and processes that recognize that they tire, come and go for all sorts of reasons, and will one day need to be replaced (succession strategies). • Disagree at times, and so need ways that encourage constructive debate and enable conflicts to be resolved. 	
Time	
<ul style="list-style-type: none"> • Pressure to start work and achieve quickly does not • serve local needs or ... • meet sponsoring organizations' aims in terms of success and value for money. • Short-term programmes do not suit long-term community development needs in terms of success and value for money. • Recruiting, supporting, and ultimately replacing people to do work that is often volunteer led takes time - in many ways the work never ends. 	
Structures	
<ul style="list-style-type: none"> • Partnerships need to be simple, stable and organized in such a way that they have defined delegated powers and the wherewithal to get things done, but ... • ... also need to reflect the fact that members (often volunteers) will tire, will change, and often have other responsibilities. • Need to be stable, capable of providing long term, consistent commitment to the development, monitoring and evaluation of programmes and approaches, together with a need to recognize that success cannot be guaranteed, for failure is always – an uncomfortable – possibility. • Need to be inclusive (the importance of the role of town and other councils in enabling and supporting community-led work should not be underestimated). 	

The points made by participants (Table 2) suggest an overall lack of time, not only to allow people to prepare for the work, but also to gather sufficient evidence to support partnerships' plans and project bids. For example, the need for evidence was reinforced by an RDA officer, who noted that, in one town, "... a lot of the evidence base ... wasn't apparent ...", before adding that plans in other towns contained "... a whole bulk of evidence to back up the plan" This illustrates not only – the inevitable – differences in the quality of Healthchecks, but also hints at some of the reasons for such differences.

These differences include the availability of information, the ability (e.g. in terms of time, money, knowledge) of local people to find, collate and present information, previous local experience of, and benefit from, publically funded and administered regeneration programmes, and the amount of support available to partnerships from, e.g. local authorities and voluntary organizations. The fact that the programme was – unusually – available throughout rural England, and had a common methodological and funding format, means that evidence about the impact of these variables on the effectiveness of partnerships and their ways of working could have been gathered relatively easily. Although not comprehensive, sufficient information was obtained to enable some of the conditions necessary to minimize the likelihood of partnership failure to be identified. These are presented in Table 3. One conclusion that can be drawn from these data is that more information about ways of working and likely success and failure factors could have been obtained from a formal evaluation of the MTI. This, and other conclusions, are discussed in the next section.

Table 3: Conditions necessary to help minimize failure

Conditions necessary to help minimize partnerships' likelihood of failure(Morris 2010, Table 23 p.221)
<ul style="list-style-type: none"> • Sufficient time to form and organize partnerships, and to create and maintain relationships between members. • Political and wider community support for the members of partnerships (i.e. greater awareness and support from local populations, with implications for the representativeness of partnership members, and need for democratic accountability recognized). • Straightforward long-term processes and programmes that are designed to allow and encourage their evolution/development, and information/experience sharing. • Partnerships with sufficient power and authority to develop and implement plans. • Partnership members sufficiently well trained and supported to assume the necessary responsibilities. • Effective communication between partnership members and associated organizations. • Organizational and individual patience to enable the plans to be brought to fruition. • Structures that take into account people's limited time and energy, and the associated requirements for personal/organizational development and succession strategies.

Conclusions

The MTI worked. The programme's structure did not, as Julia MacLeavy (2009, p.871) noted in connection with her analysis of partnership work in Bristol, "... constitute genuine empowerment.", but the aims and targets set for it were exceeded, in that far more than 100 towns participated, 18 Beacon Towns were selected (the initial aim was between 10 and 20), related programmes such as Gateway Stations and One Stop Shops were integrated into the programme, and the majority view of

the participants was positive. However, if the programme guidance had included a requirement to evaluate as well as monitor the work done by the partnerships, then the experiences of the volunteers, paid professionals and other advisers involved could have been used to improve it, and to inform the development of subsequent, or continuation, programmes. Nevertheless, the concerns identified and the subjects discussed by those involved (Table 4) provide plenty of pointers towards future needs and work.

Table 4: Concerns identified by MTI Partnerships

Concerns Identified and Subjects Discussed by Market Towns Initiative Partnerships (Morris 2010, p.114)		
Main Concerns Identified in MTI Partnerships' Healthcheck (Moseley, <i>et al</i> 2005 p38)	Main Subjects Discussed by MTI Partnerships (from 317 interviews with officers & members: views in order of importance) (Entec 2004 p16 [after Chart 2.2])	
Officers	Members	
<ul style="list-style-type: none"> • Road traffic • Deficiencies of the town environment • Inadequacies of public transport • Inadequacies of facilities for young people • Inadequacies of leisure and recreation facilities • Poor range and quality of local shops • Neglect of towns' tourism potential • Insufficient facilities and support for local business • Poor quality of employment • Affordable housing • Health and health-care issues <p>NB The principal concern in larger towns was road traffic, whereas in smaller towns local services caused most concern. When the results of research into 40 Healthchecks were compared with earlier research into 24 Healthchecks (Shorten and Bell 2002) a, "... remarkable degree of common ground was apparent." (Moseley <i>et al.</i> 2005 p38).</p>	<ul style="list-style-type: none"> • Project delivery, progress & Action Plan • Funding • Partnership's constitution and future role • Transport • Economic • Social • Bureaucracy • Local Authority role • Environmental • Regeneration • Speed of delivery • County Council's & RDA's role • Internal process issues • Other - see below 	<ul style="list-style-type: none"> • Project delivery, progress & Action Plan • Funding • Environmental • Economic • Internal process issues • Social • Regeneration • Transport • Partnership's constitution and future role • Speed of delivery • Local Authority role • Bureaucracy • County Council's/RDA's role • Other - see below
Topics discussed under "Other" headings above		
<ul style="list-style-type: none"> • Affordable housing • Long-term strategies and planning/master planning • Market Town programme • The role/involvement of particular members/agencies • Specific sites • Youth issues • Crime and policing • Public reaction • Good practice 		

Although work continues in many towns, the reality is that much is now essentially local and discrete, apart from exceptions such as the work done by the South East Rural Towns Partnership (SERTP 2012), Action for Market Towns' annual awards competition (AMT 2012) and town centre "benchmarking" work (AMT 2011), and related research (Powe and Bek 2012, STFT 2012). The idea of each partnership as a contributing member of a nationally coordinated and managed learning network designed to benefit both rural England and policy development has been lost. Equally concerning is that, as the organizations involved in the programmes have closed (Countryside Agency, regional development agencies³³), or had their budgets cut (local authorities and rural community councils), experience and "institutional memory" have also been lost.

For the writer, the programme raised questions about the implications for local democracy of partnership working. Local people (the community) have long been involved voluntarily in local work and projects, and there are many examples of how such joint working has been encouraged (CA 2004a, Eden DC 2012, ODPM/Urbed 2002). The desirability of local people working for the common good is not in question, any more than is the willingness of many people to do so. However, the influence that the interested but unelected have on matters that could be said to be the responsibility of the elected, is, although beyond the scope of this paper, worthy of further research. For example, given current concerns about globalization, the power of lobby groups, and the paradox of central governments that appear both remote and controlling, now would be a good time to revisit the roles of local government with a view to dispersing significant powers and responsibilities in ways that go far beyond the limited ambitions of clichéd terms such as "localism", "double devolution", and the imprecision of the "Big Society".

It is worth pointing out the obvious: councillors are community leaders (Morris and Nichols 2007, pp.10-11), and are often, effectively, unpaid volunteers. Similarly, town councils, as stable statutorily constituted, publically accountable organizations, were well placed to play a leading role in the work. Not all did, but those that were involved added value and provided partnerships with a measure of local democratic legitimacy.

As previously discussed, this is not to suggest that partnership working – or local government control – is a panacea. According to Ravetz (2000, p.263), "*While community participation is generally held to be a "good thing", it is cursed by fuzzy thinking. The "law of oligarchy" shows that in any group ... an inner elite will emerge to manipulate the majority.*" It follows that future programmes should build on the work of Healthcheck coordinators, and project managers (many of whom were essentially community development workers), and partnership members, to ensure both that the views and needs

³³ That these organizations existed for barely longer than the MTI is indicative of the rate at which the machinery of government changes. Whatever the political imperatives behind such changes, it is indisputable that the inevitable disruption to people, programmes, and policy development and implementation, has costs that go beyond the purely financial.

of the “voiceless” (e.g. the single parent, the unemployed, the frail, the poor) are heard and communicated to any “inner elites”. It will also be necessary to ensure that sufficient skills are developed within towns to ensure that work can continue, when, as is likely, professional development workers leave to work elsewhere.

Given the hard work and achievements of all those involved in the programmes, there must be doubts about whether maximum value for money for the public purse was obtained. Although the MTI was broadly successful, an opportunity to learn was wasted. There was a failure to capitalize on the work. Little has changed, it seems, to challenge the view of Lord Scott's committee's seminal review in the 1940s, that, “... *our great failures, both in war and peace, have been due to a failure to think ahead and make plans in advance.*” (HMSO 1942, p.89).

The MTI's lessons for today's policy and programme makers are simple to understand, and important. Future policies must be designed to ensure that formal monitoring and evaluation is an integral part of programme implementation. This does not have to be onerous, as was demonstrated by the approach taken with the MTI-related Beacon Towns Programme. Based on relatively infrequent, informal visits during which the experiences, concerns and successes of participants were recorded and published, the process was simple to manage and relatively undemanding of partnership members and their time (Nichols 2004a 2005).

Finally, the research suggested that local democratic legitimacy and oversight of programmes such as the MTI remain important, and should not be subordinated to central government's desire to control from afar.

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Rates versus Developer Contributions as Revenue Sources for Local Government

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Abstract

Population expansion in many New South Wales (NSW) local government areas (LGA) has resulted in an increase in demand for local infrastructure and services that has far outstripped sources of local government revenue. This paper looks at two important sources of local government revenue in NSW, municipal rates and Section 94 contributions, as a source of funding increased demand and maintenance of infrastructure. It examines some recent and potentially long-term trends of both these revenues within different economic climates. An analysis and comparison of data over the period from June 2006 through to June 2010 against data collected for the period ending June 1993 forms the basis of this research.

The research objective is to compare changes in the relativity of these revenue types and assess their application as a source of local government revenue. Data collected from the Department of Local Government NSW is compared with the findings of an earlier study, conducted by Barnes and Dollery (1996), in determining their relativity.

The provision and maintenance of infrastructure by local government is essential for growth in the economy and is a valuable asset to be used by the community. Two types of funding for this infrastructure, among others, is sourced from municipal rates and developer charges levied under Section 94 contributions either by the developer providing the infrastructure, or a contribution towards its funding (Barnes and Dollery 1996).

Introduction

Many local governments have been forced to defer infrastructure projects because of financial deficiencies. As PricewaterhouseCoopers (2006) point out, 16% of local governments having an operating deficit of around 10% of total income, a significant contributor to this problem. This emphasizes the inadequacies of local government funding not only for infrastructure, but for an increasingly service focused local government (PriceWaterhouseCoopers 2006).

Both local government rates and, to a lesser degree developer charges, comprise key sources of revenue for many of the 152 local governments in NSW. These sources have undergone a number of reforms over the past 15 years, to which the changes are examined in this paper. The Global Financial Crisis (GFC) of mid 2008 to the present has provided the opportunity to provide a contemporary look at the volatility of these revenues for local government in NSW.

Literature review

The literature review starts with a brief look at the finances and structure of local government in NSW. It examines municipal rates including some of its state restrictions and discusses the importance of land for land taxation in its various forms. This is followed by a review of Section 94 contributions and their use as a source of local government revenue. The literature concludes with a rationale that justifies the following comparative analysis of these two sources of revenue across local government in NSW.

Local Government and financing in New South Wales

The Australian constitution sets out the framework of government in Australia. Although local government is often referred to as a level of government, there are only two layers of government under the constitution; state and commonwealth. Local government is an instrument of state government and is governed by local government legislation in each state of Australia (Pearson 1994).

Whilst it is an important operational layer of government, the absence of constitutional recognition restricts its taxing and revenue raising powers. As a result many local governments in NSW are reliant on commonwealth or state government transfers in the form of grants (Mangioni 2006).

In remedying this revenue shortfall, McGill (2010) suggests that,

“national government introduce or amend local government legislation to permit councils to raise such additional revenues as they deem possible and practical”.

Despite this recommendation, any such power that conflicts with revenue raised by the states would be as rigorously challenged as the right for local government to establish itself as a level of government in Australia (McGill 2010).

PricewaterhouseCoopers (2006), Applied Economics *et al* (2008) and the Independent Inquiry into the Financial Sustainability of NSW Local Government (2006) all found that cost shifting has meant more commonwealth and state responsibilities are being moved to local governments without adequate funding (Independent Inquiry into the Financial Sustainability of NSW Local Government (LGI) 2006; PriceWaterhouseCoopers 2006; Applied Economics and New England Education and Research 2008; Australian Local Government Association 2007c). This is a major cause of vertical fiscal imbalance (VFI).³⁴ Cost shifting is costing the local government around AUD \$500mil to AUD \$1.1billion each year (Australian Local Government Association 2007b; Australian Local Government Association 2007c).

This leads to the question of whether councils can sustain the current arrangements. Some findings of IPART (2008) indicate that many types of councils have infrastructure backlogs which suggest a lack of capital sustainability. On the other hand, recurrent income and expenditure of more than two-thirds of councils in NSW were considered sustainable (Independent Pricing and Regulatory Tribunal 2008).

According to the report by the Independent Inquiry into the Financial Sustainability of NSW Local Government (2006), councils have treated capital revenues as operating income and undervalued assets and depreciation. This has given the impression that they have had operating surplus when they may have been in deficit. This is misleading but allowed under the Australian Accounting Standard 27. The LGI is against the practice and recommends capital revenues be excluded from operating statements (Independent Inquiry into the Financial Sustainability of NSW Local Government (LGI) 2006).

IPART (2008) indicated that NSW councils averaged a debt service cost, as a percentage of their operating revenues, of 4.2% compared with 20% being the upper limit benchmark. These results were similar to that found in Access Economics (Access Economics 2006, Independent Pricing and Regulatory Tribunal 2008). Local governments that run a deficit are generally reliant on commonwealth grants, and there is typically an inverse relationship between the receiving of rates and other charges and a councils reliance on grants (Independent Pricing and Regulatory Tribunal 2008).

³⁴ When there is not enough revenue to meet the expenditure vertical fiscal imbalance (VFI) can occur. The current combination of expenditure and revenue gives rise to VFI in local government finance today

Recurrent income for local government is derived from two main sources, namely own-source revenue and external sources such as grants and contributions. Councils own-source revenue is important for flexibility and allows them to influence growth.³⁵ Local government has limited control over other revenues, such as grants and contributions (Independent Pricing and Regulatory Tribunal 2008). Therefore financial sustainability through increases in own-source revenue is important for the independence of local government.

The national study by PricewaterhouseCoopers (2006), found that inadequacies in the structure of local government funding has meant that traditional revenue, including rates and Section 94 contributions are not adequate to support the required services and essential infrastructure of local government, particularly in rural and remote LGA's where rates cover less than 40% of the required finance and even less for Section 94 contributions (PriceWaterhouseCoopers 2006)

In Tables 1 and 2, tax revenue by level of government exemplifies the dependence of state and local government on commonwealth grants and further emphasizes vertical fiscal imbalance across government in Australia.

Table 1: Percentage share of taxation revenue by sphere of government past two decades

	Commonwealth	State	Local
1990-91	79.1%	17.4%	3.6%
2000-01	81.9%	15.2%	3.0%
2010-11	80.5%	16.2%	3.5%

Source: ABC Cat. No. 5506.0 Taxation Revenue Australia

Table 2: Taxes raised and spent by level of government, 2002-03

	Commonwealth	State	Local
Total taxation raised (A)	81.7%	15.3%	3.0%
Total tax-funded own-purpose expenses (B)	40.3%	55.2%	4.5%
Degree of VFI (=A/B)	2.03	0.27	0.71

Source: Access Economics 2004 cited by Comrie, 2012.

In defining the impact of vertical fiscal imbalance on local government in Australia, Comrie (2012) highlights that 10% of local government revenue is made up of grants and subsidies from the commonwealth government via the states.

³⁵ Rate revenue is subject to rate pegging.

The following sections review the literature on local government rates and Section 94 developer contributions. A summary of the contrasting merits of each is considered as a prelude to the study which examines changes in the relativity of these sources of revenue over the current and earlier study periods.

Council rates: Land value rate pegging and perceptions of this tax

Recurrent income derived from land taxation (local municipal rates and state land tax) are sometimes considered to be the most efficient and least distortive source of local government income (Australian Federal Government 2011). Australia's current land tenure system is important for property taxation in two ways. Smiley (1997) states that without a land tenure system, land cannot be treated as immobile, nor can it be allocated to a single owner. Thus the increased value created from land (through supply and demand) can be measured and subsequently taxed on the value of the fee simple (Smiley 1997).

Unlike labour, the fixed nature of land means that as profits from land use rises (i.e. through development) so does the value of land. This is an important principle underpinning land as a base of recurrent taxation, as it is deemed to be the most neutral and least distortive base on which to impose a tax on property (Arnott 2000). NSW continues to levy council rates on land value, in contrast to the states of Victoria and South Australia which levy local government rates on improved value. Table 3 sets out the diverse bases on which local government rates are determined across the states of Australia.

Table 3: Bases of value for recurrent property taxation across Australia

State	State Land Tax	Local Council Rate
New South Wales	Land Value	Land Value
Queensland	Site Value	Site Value
Victoria	Site Value	Improved Value
South Australia	Site Value	Improved Value
Western Australia	Unimproved Value	Unimproved Value
Tasmania	Land Value	*Assessed Annual Value
Northern Territory	N/A	Unimproved Capital Value
ACT	Unimproved Value	Unimproved Value

Source: State valuation of land legislation

Council rates in NSW are determined on land value, as defined under Section 6A of the *Valuation of Land Act 1916*. Despite the veneer of value within this definition, it is highly distorted when applied to council rates. One of the main influences is Section 500 of the *Local Government Act NSW*, which allows local government to collect up to 50% of its rate revenue as a base amount per property, with the balance determined from the land value. This is unlike the United States, where the method is

applied uniformly (Scorsone and Plerhoples 2010). Section 500 of the *Local Government Act* undermines the tax principles of transparency and the economic efficiency of this tax.

The Productivity Commission (2008) argues that this method increases councils' revenue raising capacity (Productivity Commission 2008). However, the LGI is of the opinion that rates are inequitable and not reflective of council services used per household (Independent Inquiry into the Financial Sustainability of NSW Local Government (LGI) 2006).

Under Section 497 of the *Local Government Act* 1993, rates consist of two parts. Firstly the *ad valorem* rate, which is levied on the Unimproved Capital Value (UCV) of land or Land Value (LV), and also a base amount, which the *ad valorem* amount is added to. This base amount is determined by each local government and must be the same for each different category. There is flexibility in its determination, but that depends on the base dates used and on ministerial approval. In NSW the land values are issued every four years, except when there has been little movement in land values, in which case it may be up to every six years (Mangioni 2006).

Rate revenue growth is generally a reflection of budget requirements and an indication of an area's capacity to pay. In NSW the ability to raise the tax rate is restricted by the imposition of rate pegging. Because of this, NSW is the only state where rates do not increase along with the increase of property values (Australian Local Government Association 2007a).

Rate pegging was introduced to provide equity for 'cash poor' property owners and is a statutory provision under Section 506 of *The Local Government Act*, (Mangioni 2007). Consequently, rate revenue for each local government cannot increase by more than the percentage approved by the Independent Pricing and Regulatory Tribunal (IPART) (previously by the Minister) unless requested through a special variation (Applied Economics and New England Education and Research 2008). As of 2010 the NSW Government announced IPART as responsible for the determination of the rate peg that applies to council's general income, using the Local Government Cost Index (Division of Local Government 2012a).

Because rate pegging applies to councils overall general income, and not for individual properties, it is possible for rates to be increased by more than the rate peg for some property owners and less for others, and still comply with regulation (Independent Pricing and Regulatory Tribunal 2008). More prohibitive provisions exist in other local government taxing jurisdictions including the United States, in which the regressive nature of local rate capping is noted because it benefits large landowners (Havman and Sexton 2008).

Rate pegging is designed to improve social equity but is one of the most controversial restrictions on the growth of rates. The findings of IPART (2008) show overall revenue growth in NSW as similar to that of other states where the rate peg is not imposed. Effectively NSW councils have sourced funds elsewhere (Independent Pricing and Regulatory Tribunal 2008). Wijeweera and Dollery (2010) argue that this creates pricing inequity (Wijeweera and Dollery 2010). The Productivity Commission (2008) notes that these additional sources of revenue have not offset the rate peg very significantly in recent years (Productivity Commission 2008).

Table 4 contrasts with the findings of IPART (2008), as NSW with the largest land area per capita has only the fourth highest revenue from rates. However, it is the third highest state reliant on grants and subsidies.

Table 4: Local government rates versus grant subsidy comparison, 2008-09

Revenue Sources		NSW	Vic	Qld	WA	SA	Tas	NT	Total
Taxation	\$m	3 041	2 928	2 393	1 220	956	263	74	10 874
	%	33.6	43.7	27.0	41.3	55.2	32.7	17.1	35.6
Grants & subsidies	\$m	1 104	740	698	342	185	111	134	3 314
	%	12.2	11.0	7.9	11.6	10.7	13.8	31.0	10.9

Source: 2008/09 Local Government National Report cited by Comrie (2012)

Principally the rate peg percentage reflects the increase in the costs that a typical council would incur in delivering services comparable to the previous year (Independent Pricing and Regulatory Tribunal, 2008). The economic rationale sees local government as a monopoly, and as such can provide services inefficiently or at excessive prices. The rate peg is imposed by higher tiers of government to regulate this and ensure efficiency and equity in raising revenue (Wijeweera and Dollery, 2010).

Some arguments for the rate pegging process are that it manages poor governance and controls the provision of non-core services and infrastructure that might prove unsustainable. The rate peg is designed to encourage the supply of non-core services and infrastructure by the private sector. However Wijeweera and Dollery (2010) argue that this effect does not meet with 'empirical reality' due to the ongoing shift of local government responsibilities of services and infrastructure to services and people (Wijeweera and Dollery, 2010).

Both IPART (2008) and the Productivity Commission (2008) suggest that rate pegging may be limiting the growth of capital expenditure for NSW councils compared to other Australian states. However IPART(2008) concludes that due to the 'lumpy' nature of infrastructure expenditure and

other influential factors, a clear connection could not be made (Independent Pricing and Regulatory Tribunal, 2008, Productivity Commission, 2008).

The key arguments made against rate pegging are that they lack transparency, discourage medium to long term planning, and are not reflective of council cost movements and council accountability to their community (Independent Pricing and Regulatory Tribunal, 2008). The Productivity Commission (2008) argues that compliance and administration costs increased and the financial constraint could affect a council's sustainability, especially if it is servicing a growing population (given that rates do not relate to population numbers). The Independent Inquiry into the Financial Sustainability of NSW Local Government (2006) argued that the rate peg limits supply, and by removing it, local government would have access to a range of better quality services (Independent Inquiry into the Financial Sustainability of NSW Local Government (LGI), 2006).

Section 94 contributions

The second form of revenue reviewed in this paper is Section 94 contributions. This tax is, to some extent, designed to tax those who benefit from the infrastructure directly. It is efficient in that those who create the demand for infrastructure and those who use it pay for it (Vickers *et al.*, 2010, Dollery, 2005).

Australia's history shows a clear trend of increased 'user pays' systems for urban infrastructure. The *Local Government Act 1919* was the first piece of legislation that contained provisions which allowed taxes that resembled 'developer contributions'. Efforts were made to create a formal legislative framework with the *Environment Planning Bill 1976*, and then in 1979, when the *NSW Environmental Planning and Assessment Act 1979* came into effect, superseding the Bill (Simpson, 1989).

After the Simpson Inquiry the NSW Department of Urban Affairs and Planning introduced the *Section 94 Contributions Plans Manual* in 1992-3 and released the *Revised Manual* in 1996 which became the *Section 94 Contributions Plans Manual 1997* (Simpson, 1989). The Simpson Inquiry led to the requirement of all councils to prepare Section 94 contribution plans, as a requirement before they were able to extract developer contributions. This plan is used to detail the use of Section 94 and to show that there is a clear 'nexus'³⁶ between the development that has raised the Section 94 contribution and the project funded by the Section 94 contribution (Cox, 1991).

³⁶ **Nexus:** The connection between development and the developer contributions that are levied. Causal nexus, physical nexus, temporal nexus and beneficial nexus are the four main areas of tests that are applied by the courts and department of planning when assessing the degree and extent of nexus.

McNeil and Dollery (2001) point out that the *Section 94 Contributions Manual* seems to discourage mitigation fees, where Section 94 is levied to mitigate the ‘adverse consequences of development’. They discuss the difficulty in finding the line between what mitigation fees are and what a contribution for increased demand is in the context of development charges levied for the loss of affordable housing (McNeill and Dollery, 2001)

Marginal cost principals underpin the idea that developer charges should be user charges based on the physical and social infrastructure costs of new development. McNeil and Dollery (2003) discuss the application of Marginal Cost Pricing in the determination of developer charges, arguing it’s costly and requires complex data requirements (McNeill and Dollery, 2003).

Barnes and Dollery (1996) identified that smaller councils located in low growth areas found developer contributions to be an inefficient source of funds. Significantly, administration costs increased for these smaller LGA’s (Barnes and Dollery, 1996). Further, such charges if not applied consistently, may cause the movement of development and redevelopment from one LGA to another.

Vickers *et al* (2010) describe developer charges as being consistent with the benefit principle of equity and encourage efficient consumption of goods and use of resources. The benefit principle is essentially those who benefit from the services or infrastructure should pay for them. It is consistent with the theory that an increase in the value of property should be taxed as a ‘public economic rent’ (Vickers *et al*, 2010). In achieving the benefit principle, this value tax, is often referred to as the betterment tax and resembles a type of horizontal equity (Applied Economics and New England Education and Research, 2008). A problem identified with a betterment tax is that it has tended to discourage development and the boundary of increased value is difficult to determine (Vickers *et al*, 2010).

Applied Economics *et al* (2008) argue that developer charges reduce land prices rather than increase new house prices, and hence may be absorbed by the developer. New house prices make up a small part of the housing stock and are determined by the prices of established houses, or more specifically by the relative provision of services and infrastructure. So unless developer charges actually affect the supply of houses, house prices should not be affected by changes in developer charges (Applied Economics and New England Education and Research, 2008).

McNeil and Dollery (2000) analyze two case studies and observe the problems in apportionment procedures in the calculation of development charges. They identify the issue of distinguishing between access roads and through roads, a distinction important for the application of marginal cost

pricing. Another problem was acknowledged around road capacities, where anticipation of future road capacities were believed to lead to excess user pays charges (McNeill and Dollery, 2000b).

Concerns relating to Section 94 contributions include the quality of infrastructure, often made by councils to a very high standard. This raises the point that councils have the monopoly on the supply of the provision of services and infrastructure which often results in inefficient spending habits and users can be overcharged (Applied Economics and New England Education and Research, 2008). In moderating these potential inefficiencies, Carozza (2010) refers to models of locally formed cooperatives that develop and own the local infrastructure. In this model, local companies construct and maintain the infrastructure with as much of the revenue generated staying within the community (Carozza, 2010). Alternatively, IPART recommends 'adjustments' be made to the calculation of developer charges when inefficient operations occur, however again McNeill and Dollery (2000) argue the difficulty in quantifying the degree of inefficiency a point also raised by IPART (2008) (McNeill and Dollery, 2000a).

Literature summary

The Australian Constitution underpins the current revenue and expenditure arrangements of Government in Australia. This arrangement has impacted on imbalances of local government funding. PricewaterhouseCoopers (2006), Applied Economics *et al* (2008) and IPART (2008) agree that cost shifting has meant more commonwealth and state responsibilities being moved to local governments without adequate funding.

PricewaterhouseCoopers (2006) note the inadequacies in the structure of government funding have meant that traditional revenue sources are not enough to support the required services and infrastructure of local government. IPART (2008) found that most local governments in NSW are sustainable on a recurrent basis but many showed infrastructure backlogs which suggests they are unsustainable on their commitment to capital expenditure and maintenance.

Local Government has remained an operational arm of the state government and Mangioni (2006) notes that because Local Government is not a constitutional level of government it doesn't have the same taxing or revenue raising powers of higher tiers of government.

Australia's land tenure system has enabled property taxation to operate. The Australian Federal Government (2011), Smiley (1997), Arnott (2000) and Vickers *et al* (2010) all agree that land taxation is the most efficient and least distortive base of taxation. Both local government rates and Section 94

developer contributions hold their roots in the theory of economic efficiency. However in reality both these revenue sources have shown inefficiencies and inequities in their current application in NSW.

Rate revenue growth is generally a reflection of budget requirements and an indication of an area's capacity to pay, but it is restricted by state legislation, specifically by rate pegging and Section 500 of the *Local Government Act NSW*. Rate pegging is the more controversial of the two restrictions and was suggested by IPART (2008) and the Productivity Commission (2008) that it may be limiting the growth of capital expenditure of local government.

Section 94 developer contributions are generally designed to tax those who benefit from infrastructure directly through the uplift in value provided in the development approval process. Vickers *et al* (2010) and Dollery (2010) agree that it is efficient in that those who create the demand for infrastructure and those who use the infrastructure pay for it. However Barnes and Dollery (1996) found an increase in administration costs for smaller LGA's making them inefficient for those councils. McNeil and Dollery (1999) observed the problems in apportionment procedures specifically when levied for roads. Further pointed out, in a separate study, is the difficulty in finding the line between what mitigation fees are and what a contribution for increased demand is.

Vickers *et al* (2010) compares Section 94 to a 'public economic rent', similar to a betterment tax, but identified the problem of determining the boundary of increased value and suggests that it discourages development. Applied Economics and New England Education and Research, 2008 and IPART (2008) noted the inefficiency and quality of infrastructure often made by councils with the use of Section 94 revenue. On this point, IPART (2008) recommends 'adjustments' for inefficiencies, however McNeil and Dollery (2010) agree the degree of inefficiency is hard to quantify.

In summary, both rates and developer contributions continue to play an important role in funding local government in NSW. Despite inefficiencies in their current application the study that follows examines their changes in relativity of these sources over two study periods.

Research methods and analysis

This research provides an analysis of the relativity of revenue from rates and Section 94 developer contributions and spans the period of the GFC. This was intended so trends over different economic cycles may be examined. By comparing the results of Section 94 and rates with the data and results of research undertaken by Barnes and Dollery (1996) we are able to identify time trends, both recent and long term.

Similar to the method adopted by Barnes and Dollery (1996), the data is grouped into three groups enabling statistical methods to be employed. The mean of Section 94 and rate revenue in constant Australian dollars and per capita is calculated for each council, and the coefficient of variation, which shows the variability of payments, is determined (Myers and Well, 2003; Miles and Shevlin, 2009; Barnes and Dollery, 1996; Asadoorian and Kantarelis, 2005; Croucher, 2008)

A mixed methodological approach is used in this study, as depicted by Creswell (2009), who discusses the merits of using one method which informs the other, strengthening the limitations impacted by the use of either qualitative or quantitative paradigms (Creswell, 2009).

Archival retrieval and analysis is a process that focuses on past and contemporary events. The methods used in the data collection and analysis process included archival retrieval of information held by the Department of Local Government NSW on Section 94 contributions and rates. This data is defined by Sorensen (1995) as secondary information and was initially distilled using data grouping and coding which is a qualitative method of refining the data (Sorensen, 1995).

Archival retrieval and analysis is a more appropriate analysis method than experimental strategies, surveys or case studies because neither one of these methods allows the statistical analysis and comparison of data from financial statements (Walliman and Baiche, 2001).

In addition to the data source mentioned above the research will also rely on secondary data obtained in 1992-93 from Natalie Barnes who, along with Brian Dollery, published the results of their research in the Journal article titled *Developer Contributions: An Economic Analysis of Section 94 of the NSW Environmental Planning and Assessment Act 1979* (Barnes and Dollery, 1996).

The analysis of the data was undertaken using PAWS 18, a statistical program used to derive the mean and standard deviation. It was then used to determine the coefficient of variation (Norusis, 2009) which can compare the degree of variation from one data set to another even when the means are different. It is the ratio of the standard deviation to the mean that can reveal the stability or variability of rates and Section 94 contributions (Zady, 2009).

By relying on two types of data sources, a limitation occurred due to the variation of reporting requirements and different samples sizes. Because of time constraints it was necessary to reduce the population to a sample of 45 councils (out of 152 for the whole of NSW) for the four years ending June 2010. In 1992-93 the data was obtained by using the whole population of LGA's in NSW.

To reduce the impact of these variations a stratified sampling method was employed. The stratified method of sampling allows the population to be divided into groups. It is preferred over random sampling techniques as there's a number of small LGA's but only a few that are large. Because the population sub-sets can be of different sizes in a stratified method, the selection is intended to reflect the current ratio or variations between each LGA (Croucher, 2008).

Data analysis and conclusions

The data has been presented in four tables:

- **Table 5** shows the results for the whole sample of the four years ending June 2010 compared with the data results of the 1992-93 study.
- **Table 6** is a break-up of the information in Table 1. The information is dissected into three categories of population sizes each having 15 LGA's to represent it. The first category is less than or equal to 40,000 (Group 1), the next is greater than 40,000 and less than or equal to 80,000 (Group 2), and the last category is an absolute population of larger than 80,000 (Group 3).
- **Table 7** is an overview of the total income of local government.
- **Table 8** sets out the results of the coefficient of variation which is used to determine the variability between Section 94 contributions and rates as a funding source for local government.

Table 5: Sample of 45 LGA's in NSW (2006-07 to 2009-10) against all LGA's in NSW (1992-93)

Year	1992 - 93	2006 - 07	2007 - 08	2008 - 09	2009 - 10
Population	5,799,974	3,339,436	3,391,941	3,445,960	3,494,270
Mean* Section 94	\$92,809	\$2,792,119	\$2,481,485	\$1,218,516	\$2,153,760
S.94 % of Income	0.17%	6.9%	6.13%	2.99%	5.06%
S.94 Per Capita	\$0.02	\$0.84	\$0.73	\$0.35	\$0.62
Mean* Rates	\$9,267,578	\$19,383,752	\$19,799,515	\$20,327,600	\$20,761,674
Rates % of Income	16.6%	48.17%	48.88%	50.03%	48.75%
Rates Per Capita	\$1.60	\$5.80	\$5.84	\$5.90	\$5.94
Mean* Income	\$55,805,929	\$40,242,264	\$40,505,339	\$40,630,318	\$42,591,108
Income Per Capita	\$9.62	12.05	11.94	11.79	12.19

(*Data has been adjusted for inflation using reference base 1989 90 =100 (Australian Bureau of Statistics, 2012, Australian Bureau of Statistics, 1996))(Data on total income is less grant revenue, Currency – AUD\$)

The information displayed in Table 5 shows the mean percentage of income and income per capita for rates, Section 94 and own source income in constant dollars for local government for the year 1992-93 and for the four years ending June 2010. This allows for a comparison between the years, type of income and extent of use of rates and Section 94 contributions.

The results set out in Table 5 show the highest mean of Section 94 income during the year 2007-08, as a percentage of own-source income, being 6.13%. During the year 2008-09 these figures were at their lowest being 2.99%, but recovered slightly in 2009-10 to 5.06%. In contrast, the mean of rates revenue, as a percentage of own-source income was the highest during 2008-09 at 50.03% and lowest in 2006-07 at 48.17%. However, regardless of the change in total income, the actual mean rates revenue showed steady growth over the last four years.

In a comparison with 1992-93, Section 94 income as a percentage of own-source income increased from 0.17% in 1992-93 to 6.9% in 2006-07, while rates revenue increased from 16.6% in 1992-93 to 48.17% in 2006-07. This indicates a clear increase in both the use of Section 94 and rates revenue over the 13-year term.

Section 94 contributions are a smaller proportion of revenue, compared to rates, despite increasing significantly since 1992-93. The amount of Section 94, in many respects, is reasonable because if prohibitive, it can potentially cripple an area's ability to improve and redevelop economically. This effect seems especially evident in the decline of Section 94 contributions during the year 2008-09, the economic downturn during the period of the global financial crisis (GFC), and is likely caused by the resultant slow down in investment and development.

On a per capita basis it is clear that Section 94 is more volatile and susceptible to the economic climate than rates, with a dip in 2008-09 to \$0.35 per capita. Despite the recession during the GFC, rates per capita continued to maintain steady growth each year. The trend in total income followed loosely that of Section 94, however in 2009-10 figures exceeded those in 2006 – 07 unlike Section 94 which showed a slow recovery.

Section 94 is a one-time charge and is a capital revenue rather than recurrent. Consequently councils who are more reliant on user charges and fees revenue are more susceptible to sustainability problems due to the lumpy nature of the funding received. As a capital revenue it is important that Section 94 is used for capital costs, as use for recurrent costs can be dangerous for development budgets and financial capabilities (McNeill and Dollery, 2001, Independent Pricing and Regulatory Tribunal, 2008).

Rates on the other hand are a recurrent income which, to a degree, allows councils to forecast future revenues. Even though rates comprise a greater percentage of own-source income, the results indicate they are far from becoming the main supporting revenue of local government. Given restrictions such as rate pegging, this source of revenue continues to be limited by increases imposed by state government.

Table 6 elaborates on the information in Table 5. It splits the data into three population group categories.

For the four years ending June 2010, Group 1 has a mean Section 94, as a percentage of own source income, of between 1.79% and 4.36%. Group 2 was between 5.58% and 9.17% and group 3 was 2.16% and 6.94%. This suggests that for councils with a population of over 40,000 and less than or equal to 80,000 (Group 2), Section 94 achieves the highest percentage of income. This is also the case on a per capita basis with Group 2 showing the highest charge of \$3.46 in 2009-10.

These findings are consistent with the literature which indicates that urbanization and areas that have an expanding population, like Group 2, are more likely to supply the most funding from Section 94 compared to comparatively larger and/or smaller populated areas.

In all three groups, income from Section 94 during the downturn of the GFC in the year 2008–09 had reduced. For group 1 the amount reduced from 4.36% in 2007-08 to 2.10% in 2008-09. For group 2 the amount reduced from 6.25% in 2007-08 to 5.58% in 2008-09. Group 3 showed a significant reduction from 6.30% in 2007-08 to 2.16% in 2008-09.

Table 6: Sample of 45 LGA's divided into three population categories

Group 1: Population less than 40,000					
Year	1992 - 93	2006 - 07	2007 - 08	2008 - 09	2009 - 10
Population	1,464,734	177,023	178,830	140,831	142,342
Mean* Section 94	\$43,491	\$292,574	\$415,749	\$156,616	\$143,076
S94% of income	N/A	3.14%	4.36%	2.10%	1.79%
S94 Per Capita	\$0.03	\$1.65	\$2.33	\$1.11	\$1.01
Mean* Rates	\$617,658	\$3,480,634	\$3,550,460	\$2,986,448	\$3,077,118
Rates% of income	N/A	37.38%	37.22%	40.00%	38.52%
Rates Per Capita	\$0.42	\$19.66	\$19.85	\$21.21	\$21.62
Mean* Income	N/A	\$9,311,374	\$9,539,071	\$7,465,999	\$7,988,725
Income Per Capita	N/A	\$52.60	\$53.34	\$53.01	\$56.12

Group 2: Population between 40,000 and 80,000				
Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10
Population	814,740	827,965	885,282	900,373
Mean* Section 94	\$2,567,222	\$1,966,041	\$1,735,748	\$3,112,628
S94% of income	8.22%	6.25%	5.58%	9.17%
S94 Per Capita	\$3.15	\$2.37	\$1.96	\$3.46
Mean* Rates	\$14,441,831	\$14,803,070	\$15,595,217	\$15,986,052
Rates% of income	46.23%	47.06%	50.17%	47.11%
Rates Per Capita	\$17.73	\$17.88	\$17.62	\$17.75
Mean* Income	\$31,239,844	\$31,453,085	\$31,083,579	\$33,931,540
Income Per Capita	\$38.34	\$37.99	\$35.11	\$37.69

Group 3: Population over 80,000				
Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10
Population	2,347,673	2,385,146	2,419,847	2,451,555
Mean* Section 94	\$5,668,201	\$5,166,022	\$1,802,087	\$3,205,580
S94% of income	6.94%	6.30%	2.16%	3.73%
S94 Per Capita	\$2.41	\$2.17	\$0.74	\$1.31
Mean* Rates	\$40,959,539	\$41,795,196	\$42,401,128	\$43,221,844
Rates% of income	50.17%	50.98%	50.88%	50.34%
Rates Per Capita	\$17.45	\$17.52	\$17.52	\$17.63
Mean* Income	\$81,637,473	\$81,984,795	\$83,341,381	\$85,853,058
Income Per Capita	\$34.77	\$34.37	\$34.44	\$35.02

(*Data obtained adjusted for inflation using reference base 1989 90 =100 (Australian Bureau of Statistics, 2012, Australian Bureau of Statistics, 1996))(Data on total income is less grant revenue, Currency - AUD\$)

Rate revenue for Group 1 for the four years ending June 2010 has a mean percentage of own source income of between 37.22% and 40%. Group 2 is between 46.23% and 50.17%, and Group 3 of between 50.17% and 50.98%. Unlike Section 94, these results show that the greater the population the greater portion of income is sourced from rate revenue. Therefore, for larger populated local government, rate revenue is a far better and viable source of revenue.

Interestingly, on a per capita basis, rate revenue was higher for Group 1 with the highest charge of \$21.62 in 2009-10. This suggests that smaller rural and remote LGA's attach a higher rate charge when compared to larger populated areas.

Whilst the mean of actual rate revenue showed steady growth over the four years ending June 2010 for Group 3, as per the literature, Group 1 and 2 saw a decline in revenue during the GFC year of 2008 – 09, recovering slightly in 2009 – 10. This effect may have been the result of a decline in property values consistent with a recessive economic climate as well as council's ability to attach a

higher rate peg to some property owners and less for others (Independent Pricing and Regulatory Tribunal, 2008).

The issuing of land values every four to six years for the determination of rates may have meant a lag in rates calculation and may have contributed to its stability as a revenue source (Scorsone and Plerhoples, 2010). A change in the value of property could have shown a delayed response to the GFC, but these changes did not reflect in the results and were not tested in this research.

On a per capita basis total own-source income for all three groups showed a dip in revenue during the year 2008 – 09 with signs of recovery evident in 2009 – 10. Similar to rates, it topped \$56.12 per capita for the year 2009 -10 in group 1, and were generally higher when compared to Group 2 and 3. These results are evidence of other incomes such as commonwealth grants particularly for Group 1.

Table7: Breakup of all mean revenue for Local Government (Sample 45 areas)

	2006-07	2007-08	2008-09	2009-10
<i>Total Rates and Annual Charges</i>	52.21%	53.40%	36.92%	51.89%
<i>User Charges and Fees</i>	15.55%	16.52%	11.15%	15.67%
<i>Interest and Investment</i>	4.59%	2.80%	1.68%	3.80%
<i>Other Revenues</i>	6.27%	6.63%	4.32%	6.62%
<i>Grants (capital and operation)</i>	20.24%	19.37%	45.36%	21.22%
<i>Net gain from the asset disposal</i>	1.07%	1.21%	0.57%	0.73%
<i>Share of interests in Joint ventures</i>	0.06%	0.08%	0.00%	0.07%

Table 7 provides details on all income sources of local government for the sample of 45 LGA's. The total mean portions of grant revenue compared to other revenue sources make up an average 20% of local government income. Significantly in the year 2008-09 (GFC period) grants were 45.36% of local government revenue, which is considerable when compared to the other three financial years.

Movements in grant revenue are the result of variations in annual property valuations, standard costs, road and bridge length, disability measures and population. Significantly the grants commission uses property values to measure changes in relative economic wealth and assess the revenue raising capacity of councils. For example councils in areas of declining economic activity generally show increases in grants as property values decrease. This may explain the inverse relationship between rates and annual charges and grants revenue seen during the year 2008-09 (Division of Local Government, 2012b).

However another influential factor to the high percentage of grants during the year 2008-09, can be attributed to overpayments and underpayments that occur when the actual Consumer Price Index (CPI) and population of the states are different to what has been forecast. During the year 2007-08, NSW received an underpayment of \$6,217,022 which was compensated during the year 2008-09. This means that during the year 2007-08 the Australian Government anticipated a lower CPI than what had actually occurred.

During the year 2008-09 an overpayment of \$2,893,989 was made which was subsequently deducted from the grants received during the year 2009-10. In addition during 2008-09 an advance payment from the year 2009 -10 for the amount of \$150,861,041 was received on the 23 June 2009. These fund transfers may have made the year 2008-09 seem as though more grants had been given when in fact there wasn't a significant increase at all (Division of Local Government, 2012b).

Rates and annual charges make up the most substantial portion of local government income. This is closely followed by grants (capital and operation) and then user charges and fees (which include Section 94 contributions). These make up the next largest portion of income for local governments with an average of 15%. What is not clear from this table, given the relatively short period of analysis, is a clear trend in any of these revenue types.

Table 8: Coefficient of variability for rates and Section 94 contributions

Revenue	Group 1 (sample 15)		Group 2 (sample 15)		Group 3 (sample 15)		Total (sample 45)	
	S94	Rates	S94	Rates	S94	Rates	S94	Rates
2007	1.58	0.90	1.06	0.23	0.99	0.59	2.47	1.7
2008	2.48	0.91	0.82	0.22	1.02	0.58	2.6	1.6
2009	1.52	0.89	0.92	0.29	2.52	0.58	2.26	1.66
2010	1.97	0.89	2.05	0.29	1.02	0.58	2.0	1.65

Due to the 'ad hoc' manner that Section 94 is levied; conceptually this income is more variable than rate revenue. In order to verify this difference in variability, the coefficient of variation was calculated for each of the four years ending June 2010 (Table 8).

For total contributions (without the population categorization), both the coefficient of variation of Section 94 contributions and rates was greater than >1, suggesting high variability. It was consistently high over the four years (see Table 4). The variability reduced slightly for rates over the years 2007-08 and 2008-09 and increased again in 2009-10. Conversely, for the same years, the opposite occurred for Section 94. Given the GFC period in Australia hitting hardest in mid-2008, the results suggest that,

during an economic downturn, rates revenue will be a more reliable income than Section 94 contributions.

When looking at the variability for the population categories, Group 2 had the lowest coefficient of variation for both Section 94 and rates, signifying that these revenue types are more reliable for a population size greater than 40,000 and less than 80,000. Group 1 showed the highest variability for both revenue sources, but is greater for Section 94 and is likely attributable to their 'ad hoc' and unplanned manner of collection for smaller LGA's. The results are similar to those of Barnes and Dollery (1996).

The correlation coefficient was also tested for Section 94 contributions, for the three different groups of population sizes, to see if there were any significant relationships between the types of infrastructure funded. Rate revenue was not tested against any variables because there are no specific groups of expenditure types readily evident or quantifiable, unless obtained from each specific council.

Section 94 contributions for community facilities showed strong positive correlations for all three population groups during the years 2006-07 and 2007-08, but less pronounced during 2008-09 or 2009-10. Roads and drainage facilities showed strong positive relationships to Section 94 contributions for all four years but only for Groups 1 and 2. The LGAs with smaller populations are generally located in rural or remote areas where infrastructure is affected by the increase in spatial distances and therefore its cost can be significantly impacted.

Conclusion

It is clear from the literature review that the main issues faced by local governments in NSW are that of sustainability resulting from increased commitments in infrastructure funding. The importance of council autonomy is evident and can be achieved, in one way, through the flexibility found in an increase of own-source revenue.

This paper examined two important sources of local government revenue, namely rates and Section 94 contributions, as a source of funding local government infrastructure and services. Whilst there is an increase in the use of these revenue types since the study undertaken by Barnes and Dollery (1996), the findings of this research indicate the extent of use by councils is not adequate to support local government's financial autonomy. Nor is the application of these revenue types as efficient as economic theory suggests.

According to Jimenez and Hendrick (2010) efficiency of local government may not be limited to their financial makeup and can extend to the phenomenon of urban sprawl which can lead to higher expenditure in public services and infrastructure. Whilst urban sprawl for the short term raises more Section 94 revenue, as evidenced in this research, Mc Gill (2010) agrees that there needs to be a more suitable process to generate infrastructure and service delivery.

A solution to improve sustainability is to improve internal operating efficiency of local government (PriceWaterhouseCoopers, 2006, Independent Pricing and Regulatory Tribunal, 2008). A closer study on the expenditure of local government would be required which is an avenue for future research.

One suggestion by PriceWaterhouseCoopers (2006) to help the sustainability of local government includes the development of a 'nationally consistent Local Government Body Financial and Asset Management Data' system. The findings of this report concur that the quality of data for analysis on the financial viability and sustainability of local governments is poor. Planning and development cannot be quality controlled or guided without these measures in place.

Overall the results of this research demonstrate the variability in two important revenue sources for local government. The research highlights the sustainability issues of local government and identifies the shortcomings of rates and Section 94 as a source of funding for local government in NSW. The application of the coefficient of variability, the assessment of the mean and analysis on a per capita basis, clearly indicates Section 94 is more volatile and susceptible to the economic climate than rate revenue. Rate revenue comprises a significant proportion of local government revenue and in larger LGAs has likely contributed to recurrent sustainability.

Unfortunately, Section 94 contributions are limited to the development they are levied against and rate revenue is limited by rate pegging and section 500 of the *Local Government Act* NSW (Scorsone and Plerhoples, 2010; Wijeweera and Dollery, 2010). Given their shortcomings, McGill (2010) supports the idea that higher tiers of government should remove restrictions by amending legislation to allow local governments the freedom to raise the necessary funding in line with the commitment to service and maintain the infrastructure within the local government areas.

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Driving up Standards: Civil Service Management and Decentralization: Case Study of Uganda

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Abstract

There is a consensus that decentralization by devolution leads to improved service delivery, but debate on the appropriate type of personnel arrangements for delivering decentralized services is far from over. Put differently, the discourse on whether civil service management should be decentralized or devolved still rages on. Little wonder that countries which started off with decentralized civil service management models in the 1990s are currently centralizing some aspects of personnel management while others are having centralized and decentralized personnel arrangements operating side by side in sub-national governments. The paper argues that civil service management should be decentralized whenever a country chooses the path of decentralization by devolution. Using Uganda's example, the paper highlights two major challenges of managing the civil service under separate personnel arrangements: civil service appointments devoid of merit, and the perennial failure to attract and retain qualified human resource. The paper presents proposals on how to ensure meritocracy in appointments and how to bolster attraction and retention of human capital in local governments.

Key words: Civil service, personnel systems, local governments

1. Introduction

The aim of the paper is to explore the degree to which local governments in Uganda comply with standards pertaining to recruitment and selection of civil servants; and the implications of local governments' level of compliance with recruitment and selection standards on good governance, bureaucratic capability and service delivery. Based on the findings, the paper makes recommendations aimed at ensuring adherence to recruitment and selection standards enshrined in the existing legal and policy frameworks. Data for the paper was collected by conducting in-depth interviews with three long serving district chief executive officers (chief administrative officers) in March 2010. Secondary data was collected by reviewing newspapers, government report and research reports. Content analysis technique was used to analyse the data.

2. Personnel systems in local governments

The literature suggests that decentralization is a spectrum rather than a single state, ranging from *deconcentration* to *delegation* to *devolution*. Key features of the civil service tend to vary with the degree of administrative decentralization. When a country chooses *deconcentration*, provider staff working at local level are employees of and accountable to the centre, usually through their respective ministries. Under decentralization by *delegation* providers could be employees of central or local government, but the centre typically defines pay and employment conditions. With *devolution*, providers are employees of local government but the central government may establish standards and procedures for hiring and managing staff (World Bank, 2003). However, even with decentralization by devolution, some African states have opted for a centralized civil service management system or a largely decentralized civil service management system, operating side by side with a centralized or unified system for top public servants.

Conceptually, there are three types of personnel systems for managing providers of decentralized services: integrated personnel system, unified personnel system and separate personnel system.

In an *integrated personnel system*, local government is composed of central government civil servants (Lubanga, 1998: 69). The personnel of the central government and that of local government form part of the same service and transfers are possible both between local governments and to departments of central government (Maheshwari, 2011: 54). The system implies '*deconcentration*' rather than '*devolution*' of the civil service. One of the noticeable features of the integrated personnel system is that the dichotomy between central government cadres and those of local government is non-existent. Central government appoints and posts officers to local authorities to meet service delivery needs from the central pool.

Various arguments have been advanced in favour of retaining the management of human resources at central government level. Crucial is the need to enforce minimum standards of qualifications for staff which for some services, such as education and health, particularly important (Aslam *et al*, 2010). Green (2005) has identified additional arguments for central government involvement in staffing matters at local government level. First, keeping local civil services under the umbrella of central discretion can ensure some standardization in working conditions across the country. Without this, local governments in poorer and remote areas may find it an uphill task to compete against richer areas and national coverage of public services may suffer. Second, central government involvement in staffing may expand civil servants' career paths by opening channels between local and central employment.

Public choice theory advances additional reasons for reluctance of the central government to grant local government autonomy in the management of human resources. Granting administrative autonomy to local governments in recruitment and management of staff means reallocation of jobs and consequently power, geographically and institutionally. In this regard, bureaucracies and power holders in the *status quo*, prior to decentralization, tend to resist human resource management reforms as they stand to lose prestige. This resistance is particularly pronounced where bureaucracies remain with the central executive and political allegiances.

Central authorities may also see decentralization as an opportunity to appoint a dependable and proven individual who will ‘*tow the party line*’ and design and implement reforms according to national political interests rather than local ones. Jobs are an efficient medium for distribution of patronage (World Bank, 2009; Aslam *et al*, 2010). The integrated personnel arrangement is demonized by sub-national governments because it leads directly to control from central government and occasions a split between loyalties of senior officials managing decentralized services: their ‘operational’ loyalty to local councils and their ‘career’ loyalty to central masters. If he/she has any ambition for his/her future, no officer is likely to defend the council’s interests where they clash with the ideas of a minister or central government. In addition, centralized structures are inherently incapable of satisfying local needs since; rarely do incentives exist for central government officials to perceive citizens as their clientele (Lubanga, 1998: 70).

In a *separate personnel system*, each local government acts as a completely autonomous employer (Mawhood, 1983). In principle, each local government appoints and administers personnel who are not automatically transferable to another jurisdiction (Maheshwari, 2011). The separate personnel framework is preferred under decentralization by devolution because:

- (a) It keeps the employees’ loyalty unidirectional, that is, the employees’ loyalty is to the local government that has the right to hire and fire them.
- (b) Staff appointed locally would give quicker feedback opportunity and articulation since they are appointed to meet their employer’s developmental needs, and proximity would; therefore make them more responsive and accountable to their constituents through the elected local leadership (Kakumba, 2008: 98). This is unlikely in integrated personnel systems where dual allegiance is the order of the day especially for senior officials.

In the separate personnel system, some common arrangement is needed to support the merit principle and establish a link with standards that apply in the national civil service. This can be done by enacting national laws and developing regulations. In some cases, a separate personnel system does not imply that terms and conditions of service of local government employees are different from those of central government employees. For instance in Uganda, Section 61(1) of the Local Government Act (Cap 243) (GoU, 1997: 5345) harmonizes the terms and conditions of local government employees with those central government employees by stating that, '*The terms and conditions of service of local government staff shall conform to those prescribed by the Public Service Commission for the public service generally*'. In some countries, terms and conditions of sub-national employees are different from those of central government bureaucrats. In Kenya, prior to the promulgation of the 2010 Constitution, the terms and conditions of local government civil servants were different from those of the central government and were negotiated between local governments and trade unions (Steffensen *et al*, 2004). The separate personnel system is often faulted for localizing civil servants and sealing their fate in a rather closed system where their career progress could be easily suffocated in one locality (Kakumba, 2008).

The *unified personnel* approach is a midway house between the extremes of integrated and separate personnel arrangements (Olowu, 2001:15). It is a personnel model in which some or all categories of personnel of local governments constitute a career service for the entire state (Maheshwari, 2005). In unified personnel arrangements, local government staff are employed locally but organized nationwide in a single civil service parallel to the central one (Mawhood, 1983). In typical unified systems, all local government civil servants are members of a national 'local government civil service' and are only transferable between local governments.

Normally, a national body – a Local Government Service Commission – takes charge of the local government staff. The Local Government Service Commission (LGSC) does what the Public Service Commission (PSC) does for the national civil service. The rationale behind establishing an LGSC is to remove malpractice in civil service appointments that are inevitable under the separate personnel system. The weakness with the unified personnel system is that senior local government staff are treated as central government staff (Olowu, 2001). A unified personnel system inhibits local government autonomy. It further results in the accountability and loyalty of local government being to the appointing authority instead of the council (Sharma, 2010).

As can be seen from the above, a separate personnel system is the most suitable arrangement for decentralization by devolution. It is superior to other personnel arrangements because it increases responsiveness, enhances the accountability of civil servants to elected leaders and overcomes challenges of dual allegiance by civil servants to central and local government masters. In practice, most African countries have two or more personnel systems operating side by side in local governments. In Uganda, local governments are administered under a largely separate personnel system and a partly an integrated one. In Malawi, senior management staff (District Commissioners and Directors) are appointed by the Local Government Service commission/Local Administration Service Committee (LACSOM) and serve under a unified personnel system.

3. Uganda's local government personnel system

The decentralization policy in Uganda was launched in October 1992 with the first 13 pilot districts (Kakumba, 2008). The enactment of the Local Government (Resistance Councils) Statute, 1993 was intended to give a firm legal basis for the decentralization policy. Following the coming into force of the 1995 Constitution, the decentralization policy covered the entire country. Local governments were empowered as focal points in managing development and social service delivery (Nsibambi, 1998:14). Number 11(iii) of national objectives and directive principles of state policy in the Constitution (1995:14) of Uganda states that,

The state shall be guided by the principles of decentralization and devolution of governmental functions and powers to the people at appropriate levels where they can best manage and direct their affairs.

Under Uganda's decentralization framework, the district is the highest level of local government. Below the district are lower local governments (municipalities, city divisions, town council and sub-counties). The District Council is the highest political organ of local government and comprises the District Chairperson as the political head plus a number of councillors representing electoral areas of the district and interest groups. The Chief Administrative Officer (CAO) is the head of the district public service and also the accounting officer. The CAO is charged with implementing lawful council resolutions and central government decisions.

Uganda's decentralization experience is generally considered a success story in terms of its extent and impact (Ndegwa & Levy, 2003). The transfer of staff hiring and firing decisions to the district governments through the District Service Commissions was considered to be one of the cornerstones of Ugandan decentralization reforms (Bossert & Beauvais, 2002). Prior to civil service decentralization, local government officials were either seconded to local governments or placed in a unified personnel system for all local governments in the country (Olowu, 2001).

With the onset of decentralization, civil servants posted to the districts were formally transferred to local governments and separate District Service Commissions were set up to manage human resources in districts and local administrations. The right of DSCs to hire, fire and oversee district staff was anchored in the new Constitution (1995) and further consolidated in the Local Government Act (1997). Article 200(1) of the Constitution of the Republic of Uganda (GoU 1995:101-102) and Sections 52 to 69 of the Local Government Act (Cap 243) (GoU, 1997: 5341-5350) provide the legal basis for a separate human resource management system whereby one District Service Commission (DSC) is constituted with a district-wide mandate to appoint persons to hold or act in any office in the service of the district or urban council, including the power to confirm appointments, to exercise disciplinary control over persons holding or acting in such offices and to remove those persons from office. Members of the DSC are appointed by the district council on the recommendation of the District Executive Committee, approval by central government's Public Service Commission, to hold office for a period of four years, and are eligible for appointment for one more term. A member of the DSC may be removed from office by the district council after consultation with the Public Service Commission on grounds of inability to perform, misbehavior, misconduct, or incompetence.

From 2006 – following a Constitutional amendment the previous year – Uganda has witnessed a wave of centralization of some elements of local government personnel administration. Presently, the power to hire and fire senior local government officials (Chief Administrative Officers, Deputy Chief Administrative Officers and Town Clerks of cities and municipalities) are in the hands of the central government's Public Service Commission. The goal of centralizing the high level administrators was to improve accountability and enhance the performance of local governments (Manyak & Katono, 2010). It was further intended to make senior staff more effective than if they were working under the patronage of local politicians (IGG, 2008). The centralization of heads of administration in districts, cities and municipalities constitutes a more fundamental threat to decentralization by devolution since it has cut the accountability link between elected councils and higher local governments. Similarly, critics of centralization of top administrators in local governments argue that Uganda erred by solving administrative problems in local governments through centralization, and argue that centralization would result in a snowball effect, where local accountability mechanisms become totally undermined. The country is yet to see whether their predictions would come true. It can now be inferred that Uganda's local government personnel system is now manifested in a *separate personnel* type, but with some aspects of an *integrated personnel system*.

While exercising their broad human resource management functions, DSCs are required to conform to standards established by the Public Service Commission for the Public Service generally. Section 58(1) of the Local Government Act (Cap 243) (GoU 1997: 5343) insulates the DSC from any external influence by unequivocally stating that, *'The District Service Commission shall be independent and shall not be subject to control or direction of any person or authority'*. Section 56(1) [a]-[d] spells out the minimum qualifications for a member of the DSC: being ordinarily a resident of the district; being a person of high moral character and proven integrity; possessing a minimum of ten years working experience in a responsible position; and being in possession of a diploma qualification.

Article 166(1) [d] and [e] gives the Public Service Commission the mandate to guide, coordinate and regulate the of the DSCs. Section 59(2) of the Local Government Act provides for people aggrieved by decisions of the DSCs to appeal to the PSC. When one decides to appeal against the decision of the DSC to the PSC, then decision of the latter remains until the PSC has ruled over the matter.

4. Challenges of managing local government staffing

Local governments in Uganda experience several challenges in managing human resources. These challenges can be placed in two broad categories: breach of merit in appointment to civil service posts and inability to attract and retain human capital. These challenges are discussed below.

i) Breach of merit principles in recruitment in the district civil service

Merit can simply be defined as appointment of the best person for any given job (United Nations, 2005; McCourt, 2007). The 'best person' definition implies the appointee is the best candidate; posts are open to all eligible candidates; and the appointment process is systematic, transparent and challengeable (McCourt, 2007: 3). The assumption fundamental to merit appointment is that the bureaucracy must be able to recruit the best possible personnel and in so doing promote effective government (Peters, 2001: 86-7). Lamentably, some local governments in Uganda practice merit-based recruitment and selection more in theory than in practice. The cases below lend credence this observation.

Discriminatory hiring practices

Hiring practices that discriminate against eligible candidates fall short of merit. There is evidence to suggest that DSCs display discriminatory tendencies during the hiring of staff. Rather than appoint staff *'for the district from the national labour market'*, some DSCs appoint staff *'for the district from the local/district labour market'*. As a result, civil service ranks are filled with inept 'sons and daughters of the soil' (local home boys and girls). Some DSCs advertise vacancies in national

newspapers to elicit responses from qualified candidates but the selection for vacant positions is usually from the local (district) labour markets. Recruiting sons and daughters of the soil is a major challenge of personnel decentralization in Uganda. One CAO said, '*job applicants from other districts are regarded persona non grata by DSCs*'. In the National Integrity Survey of 2008, the Inspectorate of Government (IGG) found that DSCs had persistently chosen to recruit people from local areas and that the practice had limited opportunities for recruiting persons with relevant competences.

Patronage appointments

There is a strong perception that appointment in the district public service is based on patronage. In other words, '*technical know-who*' rather than '*technical know-how*' bolsters a candidate's chances of being appointed in the district civil service. District councils and individual elected leaders operate from a distance to influence the selection decisions of the DSCs. To illustrate the magnitude of the problem, one CAO said, '*...the hand of the District Council is invisible and yet very powerful in almost every selection decision by the District Service Commissions*'. These findings demonstrate that DSCs do not act independently of district councils, and corroborate findings from earlier studies. In Galiwango (2008: 209), one respondent (a senior civil servant in a district) is reported to have said:

It is difficult to get a job in the district unless the councillors have talked to the chairperson [of the DSC]. The DSC is just a rubber stamp

The findings are further consistent with Kakumba (2003) who concluded that DSCs in Uganda are externally influenced; and the Ministry of Public Service (2003: 3) that noted that '*District Service Commissions tended to appoint staff recommended by politicians*'.

But what is it that sustains patronage in local governments? The single most important driver of patronage in recruitment and selection is the appointment arrangement for the DSC. As already pointed out, the DSC is virtually 'appointed' by the District Chairperson who presents names to the District Executive Committee that he/she appoints. None of the members of the executive can challenge the appointing authority (District Chairperson) for fear of being relieved of his/her duties. Asked about criteria district chairpersons consider to nominate persons to serve on the DSC, one respondent in Galiwango (2008:206) contended, thus:

One cannot be appointed to...the DSC unless one was a campaign agent of the ruling [district] chairperson. It has become one way of appeasement and entrenchment for incumbents.

It therefore suffices to say that merit, more often than not, is not adhered to when appointing members of the DSC (Galiwango, 2008). The appointment arrangement devoid of merit means that members of the DSC must ‘dance to the tune’ of the appointing authority and/or local politicians. Hence, members of the DSC have tended to reciprocate to their appointing authority by offering jobs to relatives, friends and political supporters of members of the District Council. A member of the DSC is unlikely to secure a second term in office unless he/she has been serving the individual interests of local politicians in matters of recruitment and selection of civil servants. To bolster their chances of securing a second term in office, some members of the DSC have no option but to succumb to the pressures from the appointing authority. In some cases, nomination and eventual appointment to serve on the DSC is heavily premised on the likelihood of nominees to be pliable rather than on their ability to execute the functions of the office. Statutory requirements such as high moral character and proven integrity seem to take a back seat while District Councils are nominating and subsequently appointing persons to serve on the DSCs.

Second, the balkanization of the country into small and sometimes unviable tribal (ethnic) districts has promoted patronage in recruitment and selection. Uganda with a population of 33 million boasts of 112 district local governments and plans are underway to create 21 more district. Asked whether the creation of new districts exacerbates patronage in recruitment and selection, one CAO said, ‘*District are too small to the extent that almost everyone is related to the other*’. This means that with a small district, it is easier to have a patron.

Commercialization of entry level positions

Widespread corruption in Uganda has not spared member of DSCs. To infer that in some local governments civil service jobs are on the counter would not constitute an overstatement. ‘Buying’ jobs in some local governments seems to be the norm rather than an exception. The Inspectorate General of Government (IGG), in exercising powers conferred upon him by the Constitution and the Inspectorate of Government Act (2002), has investigated a multitude of cases involving bribery in recruitment and selection and consequently recommended termination of some appointed local government bureaucrats.

In March 2010, the IGG ordered the Luweero District Service Commission to dismiss the town clerk of Wobulenzi town council over bribing the DSC to scoop a job! (The Daily Monitor, 19 March 2010). According to the IGG, several applicants were confidentially contacted by some people [members of the DSC] to solicit bribes and only those who pledged the biggest bribe were short listed for the interviews. The IGG further contended that following the bribery, Mr Ssebudde was the only

person short listed for the post of town clerk and was automatically appointed. In this case, the major factor the DSC considered to offer the applicant a job was his ability to raise the highest bribe and not his ability to execute the functions of the office. In the New Vision 1 April 2010:10), the Regional Inspectorate Officer in the IGG's office, is quoted as saying that, '*In Amuru district, those who ask for jobs are told to pay bribes equal to three months salary of a civil servant*'. Offering bribes by public servants to get jobs in local governments will exacerbate corruption in local government since public officers who offer bribes to get jobs start their service life with corruption and have the logic and motivation to engage in the same throughout. Once a person accepts to offer a bribe to get a job, it means that that person does not define corruption as morally wrong and has a high likelihood of engaging in any form of corruption.

Breach of minimum job specifications /standards

Other irregularities in the recruitment process in districts involve breach of minimum specifications for jobs. Every job in local government has a person specification to determine what kind of person is needed to perform the job effectively. These are minimum attributes, and not either average or maximum. Good human resource practice dictates that a person who does not meet the minimum requirements should not be considered for a job opening. District Service Commissions have blatantly breached minimum job specifications while short listing job applicants and making job offers. DSCs have made irregular appointments in the district public service prompting aggrieved parties to invoke Section 59 of the Local Government Act and appeal to the Public Service Commission.

Uganda's print media regularly reports cases where the PSC and the Inspectorate of Government have directed DSCs to rescind appointments of district staff over lack of minimum qualifications. In April 2010, the PSC ordered Abim District Service Commission to cancel the appointment of the District Education Officer (The New Vision 22 April 2010) and the appointment of five Mukono district employees over lack of required academic qualifications and experience (The New Vision 31 May 2010). The chairperson of Mukono District Service Commission, is quoted as saying that, '*those whose appointments would be cancelled because they lacked the academic qualifications at the time they got the jobs to re-apply when the jobs are re-advertised*' (New Vision 31 May 2010). When a district appoints someone who does not meet the minimum specifications, then that may result in giving the public an inferior service. This trend needs to be reversed so as to improve service delivery in local governments.

Breaching the merit principle is likely to have disastrous consequences on good governance and service delivery. There is no doubt that appointments based on patronage undermine the capacity of the bureaucracy; affect the integrity of the district civil service; and limit economic growth and therefore poverty reduction. Merit-based appointment has over time been associated with the quality and integrity of the civil service at various levels of government. It has been singled out as one of the major factors associated with low incidences of corruption in the implementing arm of government (World Bank, 1997: 16; United Nations, 2005: 80). It is being accepted in policy circles as an anti-corruption strategy. Merit-based recruitment is further associated with economic growth. Bureaucracies with strong meritocratic tradition are associated with superior economic growth (Rauch & Evans, 2000). The 'miracle' era in East Asia is attributed, in part, to meritocratic selection. On whether irregularities in appointment affect performance of the district, all the three CAO's answered in the affirmative. One of them said:

What would you expect? The input affects the output. If you accept to let garbage in, then be prepared for garbage out. We are currently having so many incompetent public servants owing to politicization of recruitment and selection.

The assertion of the CAO's corroborate Therkildsen and Tidemand (2007) who noted that districts in Uganda that upheld merit principles performed better than those that had not. Hence, differences in performance across local governments can partly be attributed to merit-based recruitment and selection.

ii) Inability to attract and retain qualified staff

Human capital in the form of qualified staff is one of the greatest assets to local governments. The availability of adequate and skilled human resources at the right time to carry out functions of local government is one of the key factors in the process of ensuring that service delivery takes place. Hence, attraction and retention of civil servants is integral to capacity and performance of local government (Jean *et al*, 2010). Local governments in Uganda face a perennial challenge of attracting and retaining adequate and skilled human resources. A number of local governments have unstaffed posts. Currently the staffing levels stand at 64.1% in urban authorities and 55.5% in the districts averaging at 59.8% of the approved establishment across the board (Amooti, 2010: 8). According to the Ministerial Policy Statement for the Ministry of Local Government (2010: 38), strategic positions in local governments were staffed to an average of 58%. The staffing gaps can be attributed to retention challenges and lack of resources to pay the appointees. Government now requires local governments to fill their establishments by 60% and provides financial resources for salaries. Several factors contribute to the failure by sub-national units to attract and retain staff, as follows.

Lack of autonomy over pay policy

To be able to attract and retain qualified individuals, local governments must have something to offer through competitive pay and a range of other incentives. Local governments are conferred the powers to hire and fire; and set local incentives but have no autonomy to set policy. Central government imposes salary levels, benefits and employment conditions. Local governments are required to adhere to a unified national salary scale, which represents a major constraint on local decision space. Restricting local government autonomy in determining wage rates was intended to ensure some standardization in the working conditions across the country.

Low pay has contributed to the inability of local governments to attract and retain high quality staff. Few candidates are willing to work for available pay. Often, desirable civil servants are lured into private sector positions that provide more competitive salaries. Indeed, top performers are only able to commit a small number of years to local government service (Jean, *et al*, 2010). For instance, recently there has been an exodus of staff from local governments to well paying semi-autonomous government agencies and NGOs (Amooti, 2010: 8). Local governments can be rightly regarded as ‘training grounds’ for central government and the private sector. To counter retention challenges, some local governments use their discretionary powers to set local incentives. Kanungu district pays a top-up allowance of 500,000 shillings to doctors on top of their basic salary (Jean *et al*, 2010). Even if local governments were given autonomy to set wage rates, they would not afford to pay more than the national salary structure. Salaries of local government staff are paid from grants from the central government.

Limited career opportunities

The career paths of local government staff are limited compared to those of central government staff. Rigid local government structures limit promotion to a few levels. This limits career progression of staff. Hence, local government staff stays in the same position and at the same level for many years. Due to limited opportunities for career advancement, local government staff who wish to progress in their career, transfer to the central government or the private sector.

Location of some districts

Under Circular Standing Instruction No. 2 of 2010, the Ministry of Public Service (MoPS) designated 24 out of 112 districts in Uganda as ‘hard-to-reach’. The concept encompasses the elements of being hard to stay and work in. Other dimensions of hard to reach include remoteness, insecurity and poor infrastructure. The remote nature of districts and poor road quality makes make access to/from the district time-consuming and challenging. On top of being hard to reach, internet and power are frequently unstable and susceptible to prolonged outages. The nature of these districts dissuades

individuals from taking posts outside of urban areas and/or leads to staff retention problems. These local governments have consistently failed to attract and retain skilled and competent personnel, leading to gaps and inadequacies in the delivery of services (MoPS, 2010). To attract and retain staff in hard to reach areas, a 'hard-to-reach framework' comprising of short-term, long-term and long-term interventions. The strategies include payment of a hardship allowance (30% of the basic monthly salary), leave transport concession, transport allowance and provision of preferential training and career growth support, as well as targeted recruitment, construction of staff housing, improved planning of public investments, pay reform strategies, improvement of general infrastructure and sector specific initiatives. From July 2010, the government implemented two interventions: payment of hardship allowance and improvement of infrastructure in health facilities and schools. Under the implementation of modalities, payment of hardship allowance excludes public officers working in municipalities, town councils and headquarters of designated local governments. The efficacy of the two interventions is not yet known.

5. Conclusions

Uganda's experience with the separate personnel system for local government, leads to the following conclusions.

- i. The way that a local government recruitment agency is constituted significantly influences how it acts. Evidence from Uganda lends credence to this proposition. DSCs that are constituted on narrow interests will be predisposed to serve narrow interests (serving interests of the appointing authority and not serving the interests of the district). Equally worth noting, a local government recruitment agency that is appointed in breach of merit principles is unlikely to appoint civil servants on merit. Given the relationship between merit appointment and service delivery, councils should appoint recruitment agencies on merit and DSCs should place the interests of the districts above those of individual council members.
- ii. With decentralization by devolution, the gap between law/policy and practice in civil service management in sub-national governments is inevitable. In Uganda, for example, domestic laws (Constitution and Local Government Act) guarantee the independence of the DSCs and further require DSCs to appoint staff on merit. But there is evidence that the DSCs are sometimes influenced by their appointing authority (District Councils) and some appointments in the local government civil service are devoid of merit.
- iii. Lack of merit-based civil service appointment undermines the capacity of the local government civil service to deliver services.

- iv. Decentralization by devolution and consequent decentralization of human resources may be construed as localisation of the labour market by recruitment agencies and elected leaders in local governments. This leads to the syndrome of '*sons and daughters of the soil*'.
- v. Local governments formed along ethnic lines heighten patronage and tribalism in recruitment and selection. This may undermine national unity.
- vi. Design of decentralization programmes should take into account the potential effects of patronage in procuring human resources. Decentralization heightens the politics in civil service management.
- vii. The short and renewable term of office for members of recruitment agencies breeds opportunities for local politicians to influence their selection decisions.
- viii. Limited career opportunities for local government staff, coupled with low pay, militates against attraction and retention of qualified staff.
- ix. The location of local governments affects their capacity to attract and retain quality staff to deliver mandated services and this leads to gaps in delivery of services.
- x. Retention of civil servants is integral to the performance of local governments.

Recommendations and policy issues

From the above conclusions, the following recommendations can be made.

Government should fix the pay problem in the public service to enable local governments attract and retain the human resource needed to deliver the decentralized services.

- Central government should emphasise merit-based appointment as part of a national development strategy aimed at economic growth and equity. This could be achieved through:
 - Making it mandatory for central service commissions (Public Service Commission, Education Service Commission and Health Service Commission) to be involved in recruitment of middle and senior local government officials (those from U4 to U1E salary scales) falling within their sectors rather than the current requirement of only using guidelines from the central service commissions. Guidelines are necessary but not sufficient to guarantee compliance with them.

- Introducing selection tests/examinations to complement oral interviews in selection. Owing to limited capacity of local governments in designing selection tests, the Selection Systems Department of the Public Service Commission should be mandated to set, administer and mark the tests.
- Enhancing appreciation by politicians, members of the DSCs and the general public of merit-based recruitment principles through training and sensitization.
- Amending the Local Government Act to provide for a single and longer term of office for members of the DSC.
- Strengthening compliance inspection of DSCs by the Ministry of Local Government and the Public Service Commission.
- Sacking and prosecuting members of DSCs that breach minimum recruitment standards and engage in other irregularities. The current practice of IGG and PSC ordering DSCs to rescind irregular appointments does not act as a deterrent.
- Attractive conditions of employment should be designed for staff of local governments in hard to reach areas.

6. Concluding remarks

In this paper, I have tried to demonstrate the implications of decentralization for civil service management, and the extent to which civil service issues impact on the effectiveness of decentralization. Unless civil service issues are addressed, the efficacy of decentralization will be undermined. Despite a range of civil service management issues that have been raised in the paper, the separate personnel system is the most appropriate personnel arrangement for local governments under *decentralization by devolution*. The alternative personnel arrangements tend to be viewed by local governments with a high degree of scepticism. In fact local governments may perceive staff operating under integrated or unified systems as having been imposed on them. In such systems, ‘*you are not our employee*’ attitude on the part of local elected leaders cannot be avoided. Hence, policy makers should mainly focus on fixing the challenges being experienced by local governments under a *separate personnel system*. There is truism in the statement that a problem is solved by identifying the forces that sustain it and accordingly weakening them. In this regard, policy makers need to identify the context specific factors that account for patronage in civil service appointments and failure by local governments to attract staff and accordingly weaken them. Continued appointment of staff based on patronage networks and huge staffing gaps in local governments definitely affect the effectiveness

of decentralization. National development visions are likely to elude African countries unless merit-based appointment is emphasised and staffing challenges are addressed.

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Social Inclusion in North Sydney LGA

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Introduction

Social exclusion in the North Sydney local government area has increasingly become a matter for concern in the last decade. In 2005/2006 local government community service referrals indicate that there were growing numbers of people living on their own with little contact or engagement with community services and social activities. It was also suggested that older people at risk of social exclusion were living in poor housing conditions and experienced serious health issues. The ABS 2006 census data highlights that the North Sydney Council area has a significantly larger number of people living on their own (33%) compared to the rest of New South Wales (22%).

This paper will present a number of different perspectives of social exclusion and consider why people in North Sydney become isolated. It will provide a brief analysis of existing programs designed to reduce social isolation and where they fit in the service system by using case studies of people who have been identified as at risk of becoming socially isolated in the North Sydney area. We will evaluate the case studies and provide several policy recommendations.

Definitions

Contemporary Australian citizenship resembles a set of mutual claims within a contract between individuals and the government. The contract involves 'fierce contestation' over the control of substantial resources between a diverse range of 'insiders' and the state and commonwealth governments (Tilly 1997: 600). The motivation and capacity of citizens to engage in the contest for resources and status is an important aspect of membership and participation.

When citizens are unable or unwilling to engage in the contest for resources their membership status can be questioned. Social exclusion is the outcome of people or communities suffering from a range of problems such as unemployment, low incomes, poor housing, crime, poor health and disability and family breakdown. In combination, these problems can result in cycles of poverty, spanning generations and geographical regions. The Australian Council of Social Service (2008) suggests that poverty (a lack of the essentials of life usually measured on the basis of incomes below poverty lines) and social exclusion are related concepts. For example, people who lack employment are more likely to experience both poverty and social exclusion. Poverty reduction targets often play a central role in the design of national social inclusion policies. The risk of social exclusion is much higher in 'locations' where financial hardship, low levels of social capital and social exclusion reinforce each other. Definitions of social isolation and exclusion can be abstract but have also been used to describe the lack of civil, political and social rights of citizenship. For example, the Australian Labor Party's social inclusion policy describes social inclusion in the following terms.

To be socially included, all Australians need to be able to play a full role in Australian life, in economic, social, psychological and political terms. To be socially included, all Australians must be given the opportunity to: secure a job; access services; connect with others in life through family, friends, work, personal interests and local community; deal with personal crises such as ill health, bereavement or the loss of a job; and have their voice heard (Gillard and Wong 2007).

Social isolation

Academic interest in social isolation has increased in the last 10-15 years. Research has been undertaken on the causes of social isolation and on the types of social programs and activities that can be undertaken to promote social inclusion. It is widely accepted that there are many causes of social isolation, connected with the aging process including loss of family, loss of life partner, loss of mobility and the onset of serious physical/mental illness. More generic reasons can be the loss of or limited financial resources, loss of housing or the demise of social networks, for example the demise of a Comrades Association due to declining health and membership. There is recognition that in many situations there is correlation between social exclusion and poor health.

Social isolation tends to be linked with responses such as improved promotion and resourcing of existing community programs. As poor health is viewed as a major consequence of social isolation there is also a strong association with the funding and resourcing of wellbeing programs by local councils and neighbourhood houses. The role of new technology such as personal computers and the Internet in this process is yet to be fully evaluated (Willis and Tranter 2006).

There has been less research on self-determined isolation as a result of a conscious decision not to participate in programs, services or activities. Self determined social isolation is often missed, labelled as unsocial behaviour or depression by community workers and health professionals. Often it can be caused by a dislike of service rules and regulations and the limitations of the services and

activity offered (Russell and Schofield 2000). The tension between an individual's freedom to accept or refuse a service and the agency and governments desire to promote social inclusion was noted by the authors in a previous paper, which examined the role that direct payments could have in promoting social inclusion (Donoghue and Taylor 2010). When considering self determined social exclusion it is important to identify individual informal networks and social activities that may not be obvious or explicit at assessment due to a reluctance to provide that information.

Local inclusion programs

Several Sydney councils have been very active in trying to reduce the numbers of people living in social isolation. Since 2005 North Sydney Council has been active in both the local and regional social isolation working parties with Home and Community Care workers (Northside Community Forum). North Sydney has implemented a number of initiatives via council community programs and support for local community centres. More recently the council has produced a short training video for volunteers who work in community services. Entitled the *Point of Contact* it was aimed at providing volunteers with basic information that would allow them to recognise a situation where someone was in danger of becoming socially isolated or excluded. In late 2011 North Sydney Council also undertook group travel training for people who were interested in using public transport but were unsure or anxious about using the public system.

Crows' Nest Community Centre has developed programs aimed at working with local people who are at risk of becoming socially isolated or excluded. In 2011 the Community Centre set up a self-directed social outing program for older single men. The aim of the program was to allow older men to make the decision on where they would like to go. In conjunction with the Council, Crows' Nest staff has started a local boarding house visiting scheme that will establish contact with people who fit within the HACC guidelines. It also runs one of three computer clubs for older people in North Sydney. The Neutral Bay Seniors and the University of the Third Age also provide assistance to older people wishing to learn more about computers in North Sydney.

The *Kirribilli Neighbourhood Centre* is a major point of contact for people who are isolated. It runs a number of programs including a community library and community cafe on Fridays. Client visits are encouraged and a room with comfortable chairs and open access to the garden makes it a friendly setting. The Neighbourhood Centre's location near to public transport options, make it an easy place to access. In Neutral Bay the traditional seniors' centre has changed to become more of a community drop-in centre and contact point for isolated people to network, use a computer or have a cup of tea.

The North Sydney Men's Shed supported by Uniting Care and North Sydney Council has been operating since 2005. It has been very successful in attracting and encouraging many older men to re-engage with the local community and access information on health issues. The Home Library service run by the Stanton Library provides a book exchange for people who are unable to travel to the library because of limited mobility. Service delivery is dependent on the use of volunteers and the library's capacity to deal with individual needs is limited. However, the library provides a major point of contact for many single people who can or will not access other community facilities or services.

The Lower North Shore Community Transport (LNSCT) service has played a major role in providing flexible and responsive transport for people who are unable to use mainstream private and public transport. The provision of flexible transport with support can make a huge difference to socially isolated people and provides them with a real opportunity to attend public services or facilities. LNSCT is examining a range of strategies to make its transport more flexible and responsive to individual needs.

Case studies

In the North Sydney area there have been a number of individual circumstances reported by concerned neighbours, volunteers or community service providers regarding people living in social isolation and exclusion. In some instances the first contact with the person has been incidental. Initial assessments suggested that all the referrals would achieve high scores on the various indicators of risk of social isolation (North Sydney Council 2009).

Briefly summarised in Table 1 are a number of case studies that illustrate the different circumstances of people who have been flagged as being 'at risk' of becoming isolated or disengaged from community life, and the social activities and community participation that has occurred since the initial contact. Of the eight people identified at the start of this project half the people have made a conscious decision to reengage and participate in the local community.

In an analysis of eight people who were reported to be 'at risk' of becoming isolated, seven people were aged over 60 years. There is a strong correlation between poor health and those who are at risk of becoming isolated, as six of the eight people 'at risk' were known to be in very poor health with ongoing health concerns. Four people had a diagnosed mental illness.

All eight people did have some contact with health services and doctors but only three were using HACC services. In terms of their housing circumstances, four people lived in public housing, three people in private rental accommodation and one person was housed in a boarding house.

Overall people at risk of becoming isolated seemed responsive to trying new services and activities outside the formal service system. Six people had maintained an outside interest. Four people had contact with the Kirribilli Neighbourhood Centre (KNC). Two had attended community meetings in the last 12 months and two had expressed an interest in taking part in a bushwalk program based at KNC. Four people were known to use a computer on a regular basis.

Table 1: People flagged as being 'at risk' of social isolation (2008-2011)

Age and Gender	House and health Circumstances	Known use of formal services	G P /Health Service use	Activities/community participation in last 12 months
Male 80+	Lives alone in public housing. Limited contact with family and neighbours Health and living conditions poor.	Crows' Nest Centre KNC Council No HACC service in use	Some visits to Doctor because of Previous serious illness	Joined local computer club and has now purchased computer and uses it for emails writing and photographs. Does not leave house very often
Female 60+	Lives alone in private unit. Limited mobility Very limited contact with friends and family	Council Community Transport	Occasional visit to doctor and library.	Retrained membership of local committees and keep up interest in local issues. Attends a number of community meetings
Male 65+	Lives alone in public housing Health poor Mental health (anxiety)	KNC drops in No HACC service in use	Occasional visit to doctor	Has kept contact with KNC and drop in. Uses computer.
Male 60 +	Lives alone in Public housing. Poor mental health (Depression)	KNC No HACC service use	Occasional visit to psychologist	Has kept contact with KNC cafe on a Fridays. Uses computer. Has attended one bush walking session
Female 90+	Lives in poor conditions with son. Left on her own for long periods of time. Health poor . Limited mobility	Local church HACC services used in past	ACAT and doctor For full assessment Hospital	Referred to carer centre.
Male 40+	Unemployed Lives in boarding house No family and very limited contact with friends		Occasional visit to doctor	Has kept contact with KNC cafe on a Fridays and does volunteer work. Uses computer. Member of local Community group attending meeting
Female 60+	Lives alone, some part time work. Health poor (Depression)	No HACC service in use	Occasional visit to doctor for prescriptions	Encouraged to use Crows' Nest Centre. Uses computer to keep contact with friends
Male 65+	Lives alone in Public housing Suffers from anxiety Physical health poor	KNC HACC services used	Regular visits to doctor	Some contact with KNC. Expressed an interest in bush walking program but not yet attended an outing

Data source: North Sydney Council 2011

Conclusions and recommendations

The circumstances of the eight people described in this paper suggest that old age and poor health are both major risk factors in becoming socially isolated or excluded in North Sydney. People living in social housing appear to be over represented in this small sample. It should also be recognised that on some occasions, people make rational decisions to withdraw from their community for a whole range of reasons, such as fear, grief, or trauma.

There is a wide range of social programs and services for people at risk of social isolation in most urban areas. The services range from formal HACC funded services, Homecare and Community Transport to drop in facilities such as the Kirribilli Neighbourhood Centre. Overall these services have a significant impact on maintaining engagement in their local community. However there is still a need for greater flexibility in the delivery of social services.

To keep people engaged in the local community requires a greater awareness by service providers at the first point of contact with members of the community. Often when people are assessed their informal interests and activities are seen as peripheral and in some cases even housing or health status is not gauged if that is not the focus of the assessment. The knowledge and pursuit of informal interests can be the springboard to re-engaging older and younger people with the wider community. People need to be encouraged to pursue informal networks and community groups as it assists with civic engagement and participation in the wider community.

The role of new technology is yet to be fully evaluated. Four people in the qualitative sample of people 'at risk' of social isolation were using computers to maintain contacts and networks in the local community. Advances in information technology will increasingly allow people to converse via video link without having to travel. The impact on reducing social isolation and promoting engagement and surveillance may well be significant.

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Appendix

RISK INDICATORS	(TICK)
1a. Lack of contact with significant others 1b. Loss of significant others.	
2a. Lack of participation in community activities. 2b. Lack of contact with local shops (shopping). 2c. Lack of hobbies and interests (as a form of social network). 2d. Loss of language, culture, religion. 2e. Relocation / change of local demographics.	
3a. Lack of access to formal services. 3b. Lack regular visits to doctor /health care providers.	
4a. Lack of access to transport (Public or community).	
5a. Poor living conditions.	

Upazila Parishad in Bangladesh: Roles and Functions of Elected Representatives and Bureaucrats

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Abstract

This study explores whether democratic Upazila Parishads in Bangladesh have become more responsive to those who elected them and whether people's expectations about their elected representatives and their functions to their elected have changed. The study carried out in eight Upazilas from seven Divisions in Bangladesh. The study has found that Upazila Parishads in Bangladesh with democratically elected representatives have largely failed to enhance their rapport with people. The recently implemented mandatory advisory role for the members of the parliament (MPs) has complicated the role of the local government and the interference by MPs in local government affairs has weakened the independence of local government. The findings of this study reveal that awareness is low, and that only 30% of respondents were concerned about the roles and functions of the Upazila Parishad. The data reveals that though the local citizens think that they are knowledgeable about the roles and functions of elected representatives and bureaucrats in reality many remain unaware of the roles and functions.

Key Words: Bangladesh, Local Government, Role, Elected Representatives, Bureaucrats, Perceptions, Upazila Parishad.

1.1 The problem

Bangladesh has a relatively a long experience and familiarity with local government and administration, but an appropriate structure of local government is yet to be established. Various attempts have been made to restructure the local government before independence, but local government in Bangladesh is typically dominated by central bureaucrats and politicians those who lead from the centre (Rahman, 2010; Ahmed, 2009). The issue of strengthening local governments was a priority during the two-year long Caretaker Government (CG) of Dr. Fakhruddin Ahmed from 2007 to 2009, and under pressure from the civil society the Local Government (Upazila Parishad) Ordinance was passed in 2008 setting up the Upazila Parishad as a free and independent local government organization directly elected by the people.

The administrative structure of Bangladesh includes seven Divisions. Within these lie urban authorities are single tiered and rural local government which has three tiers: 64 Districts, divided into around 500 Upazila Parishad, subdivided again into around 4,500 and Union Parishad. Upazila Parishads have an average population of around 250,000 people (CLGF, 2012). Each Upazila has an elected Chairman, Vice-Chairman and Members; the membership must include a Woman Vice-Chairman and reserved seats for women.

Under the 2008 Upazila Ordinance, elections were held on January 22, 2009 in most of the 482 Upazilas of the country, within less than a month of the ninth parliamentary election, to elect a Chairman, Vice Chairman and Members of each Upazila Parishad. Once the newly elected Upazila Parishad were established, the old issue of power sharing between local MPs, bureaucrats and Upazila Chairmen once again surfaced. The MPs were fearful of losing control over the Upazila activities and forced the Caretaker Government to amend the Upazila Parishad Ordinance making MPs as advisers in the Upazila affairs. On 7 April 2009, Parliament passed the *Upazila Parishad (Reintroduction of the Repealed Act Amendment) Act 2009*, restoring powers of MPs over the councils and making the elected Chairmen virtually powerless. As a result, In November 8, 2009 the High Court (in response to the writ of a Chairman) asked the government: why the MPs should be retained as advisers to the Upazila Parishad, a local government body; why the appointment the MPs as advisers to Upazila Parishad should not be declared illegal, and why the retention of Upazila Nirbahi Officers as presidents of standing committees should not be declared illegal.

The role of Upazila Nirbahi Officer (UNO) was supposed to be limited to secretarial functions of the Upazila Parishad, supported by the new posts of Upazila Chairman, and Vice Chairman (the latter reserved for women, to ensure women's participations in the Upazila Parishad, although their powers are limited). There are also various conflicts between politicians and bureaucrats in different local government agencies over policy implementation, and resources. Relations between public representatives and officials at the Upazila level are strained because of an unclear allocation of authority, and people suffer as a result poor public services (*The Daily Star*, April 24, 2010). Moreover, recently the government approved a proposal for an Upazila Parishad Bill to make the UNO the Parishad's principal executive officer vested with financial powers (*The Daily Star*, April 20, 2010). Now, even three years after being elected, the Upazila Chairmen and Vice-Chairmen are unclear of their roles in relation to UNOs and local MPs.

The Upazila Chairmen have been protesting against the Act since it was passed. According to the new law, recommended by the Parliamentary Standing Committee on Local Government, elected Chairmen will be mainly in charge of planning and monitoring development programmes, which is likely to reduce the role of MPs in local government. The views and perceptions of local citizens are important in this regard. The core issue is whether local government will merely implement national programmes at the local level, or will be a self-ruled local administration, as defined in the amended Constitution, under Articles 9, 59, and 60 (Siddiqui, 2005). In this present pro-democracy climate, it is argued there that local government should be strengthened. Now the questions are; what is the present condition of Upazila? What should be the role of elected representatives in the local government and what are the views and perceptions of local people about the role of their elected representatives? This study aims to find out the answer of these questions, with an empirical perspective of local government especially in the case of Upazila administration as a significant tier of local government in Bangladesh.

1.2 Importance and objectives

The Upazila Parishads are midway between local and central government, and are a very important tier of political-administrative nexus. More importantly, to carry out the government programmes, Upazila provide a bridge between local and national government. Recently Upazila administration has been brought under democratic control headed by directly elected representatives (Ahmed *et al* 2011). Elected representatives and bureaucrats are an integral part of the governance and policy process of the Upazila administration. So, the effective function of Upazila depends on the mode of interaction between the sets of actors, elected politicians and bureaucrats. Three core governing actors (MP, UPC and UNO) are directly and indirectly involved in the Upazila Parishad. The roles and functions of these actors in Upazila Parishad is a hot topic of discussion. A clear understanding of roles and functions of the core actors can be considered as a first major step towards initiating proper operation of the Upazila Parishad.

In a post-colonial structure government, local government is a development partner of central government, and in Bangladesh it is very difficult to confine the role of MPs to parliament. In the past, the role of the MPs in local government was not defined and there was no provision to link MPs with the local government system (Siddiqui, 2005). Moreover, the role of local government functionaries and lawmakers has never been clearly demarcated in Bangladesh, and the distinction of roles between the elected local government functionaries and members of parliament has blurred. Currently, lawmakers are advisers to district and Upazila councils, the two crucial tiers of the country's three-tier local government system. According to relevant laws, legislators are supposed to

advise but in reality they dictate the affairs of local government bodies and directly engage in executive functions at the grassroots (*The Daily New Age*, November 14, 2007). Empowering lawmakers to interfere with the administration of local government bodies goes against the constitutional provision of Bangladesh. As a result, local government has been facing a triangle of conflict between the MPs, local elected chairmen and bureaucrats over roles and power sharing.

The central questions are thus: What should be the role of elected representatives and bureaucrats in the local government? What are the views and perceptions of the grassroots communities? This study aims to provide an empirical focus or overview of these questions in order to:

1. Explore the roles and functions of elected representatives and bureaucrats;
2. Identify the level of awareness of local communities;
3. Identify the views and perceptions of grassroots communities on the role of elected representatives in local government.

1.3 Methodology

The study draws on case studies of eight Upazila administrations, drawing on two sources of data: primary and secondary. Primary data was collected from the eight Upazilas in seven Divisions using structured and unstructured questions (close-ended and open-ended). Respondents were selected from six categories: the elected Chairman, Vice Chairmen, Members, the appointed Upazila Nibahi Officer (UNO), other government officials, and people from the local community. Secondary data and information was collected from published books, journals, newspapers, articles and the internet. The sample included purposive categories of the respondents; local members, local officials and residents, resulting in 160 interviews from the eight Upazilas including 20 from each Upazila. The Chairmen of the selected Upazilas and UNOs were also interviewed; the Women Vice-Chairmen could not be reached during the data collection period. Table 1.1 shows the distribution of the sample. The eight Upazilas are suburban and semi-urban in character. The socio-economic conditions of the Upazilas are similar but the political composition of the Upazilas is varied.

Table 1.1: Sample Distribution

SL	Upazilas	Category of Sample						Total
		Chairman	Vice-Chairman	Member	UNO	Upazila Officials	Local People	
1	Savar	1	1	2	1	5	10	20
2	Ghatail	1	1	2	1	5	10	20
3	Mirsharai	1	1	2	1	5	10	20
4	Kotchandpur	1	1	2	1	5	10	20
5	Jhalokathi Sadar	1	1	2	1	5	10	20
6	Shahjadpur	1	1	2	1	5	10	20
7	Baniachang	1	1	2	1	5	10	20
8	Pirgacha	1	1	2	1	5	10	20
	Total	8	8	16	8	40	80	160

1.4 Limitations

The main limitations of the study can be discussed as follows:

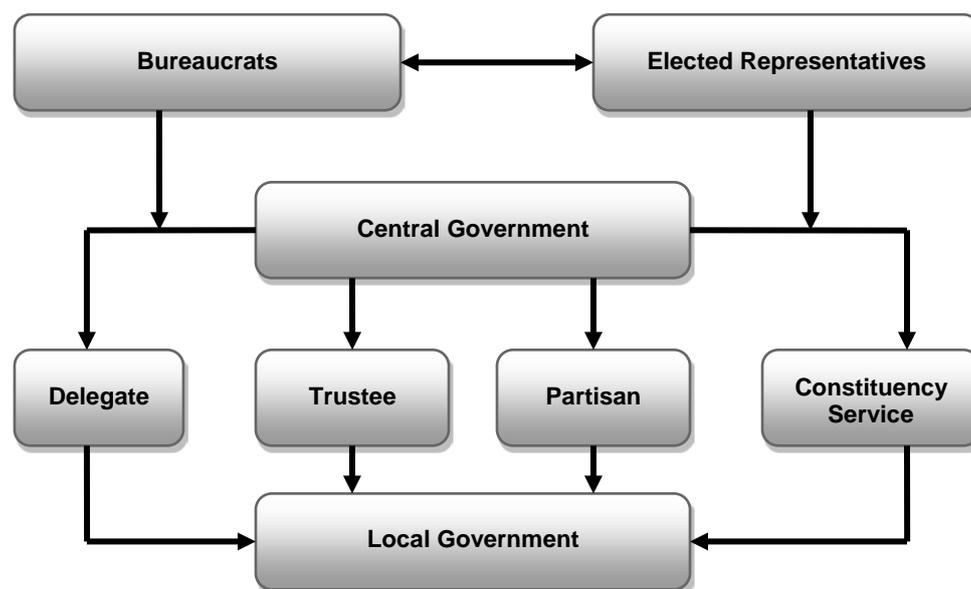
- Existing literature on the role of public representatives in the local government is limited, although there is much literature on the politics-bureaucracy relationship at national government level;
- There were some problems in data collection, as Union Parishad elections were due and local politicians and bureaucrats faced some tensions over their power and functions, which meant they were cautious about providing data;
- Respondents did not always provide comprehensive or consistent answers, making data collection difficult;
- Ideally, the study should have included three different questionnaires for local elected representatives, local government officials, and the public, but time and financial constraints made this impossible;
- Finally the sample size was limited because of time constraints, which makes it difficult to make a generalization on the whole system of local government and the views and perceptions of the local citizens.

2.1 Theoretical and conceptual framework

In this study the main and dominant concept is 'role'. Role performance and decision-making is a very important part of the administration as defined in the literature. As Davis (1948) notes, 'how an individual actually performs in a given position, as distinct from how he is supposed to perform, we call a role'. The role is the manner in which a person actually carries out the decisions in keeping his position. It is the dynamic aspect of status or office and always influenced by factors other than the stipulation of the position itself. Role can be identified in two ways, expected role and performed role. Aberbach *et al* (1981) provided more comprehensive account of the role of politicians and

bureaucrats. They argue that politicians and bureaucrats each play nine types of roles, that of: technician, advocate, trustee, legalist, broker, partisan, facilitator, policymaker, and ombudsman. From the literature review (Stilborn, 2012; Arblaster, 2002; Lilleker and Jackson, 2009; Rush, 2001; Pickles, 1971; Wahlke *et al* 1962; Norton and Wood, 1990; Norton, 1994), four main roles of Public Representatives were identified: delegate, trustee, partisan and constituency service. However, to avoid the divergence of defining role in this study, the role has been operationalized as ‘the expected and performed duties and functions of the elected representatives and bureaucrats which are granted by the law’.

Figure 1: Roles and Functions of Elective Representatives and Bureaucrats in Theoretical Perspective



2.2 Roles and responsibilities of elected representatives in Bangladesh

In Bangladesh, there are two types of elected representatives, one who led the local government namely Chairmen and other who led central government namely Members of Parliament. They are elected by groups of citizens irrespective of the kind of electoral system under which they are chosen. (GOB, 2001).

According to *the Constitution of the People's Republic of Bangladesh*, ‘there shall be a Parliament for Bangladesh (to be known as the House of the Nation) in which subject to the provisions of this Constitution, shall be vested the legislative powers of the Republic’ (Article 65 (1). According to Article 65(1), MPs are vested with legislative powers of the Republic and so their supreme obligation is to formulate, modify various legislation with a view to administering the country for the people, as Article 7(1) confirms that all powers in the Republic belong to the people.

According to Article 59(1) of the Constitution, local government bodies in every administrative unit are the major actors in local development work. Article 60 of the Constitution clearly defines that, “..... Parliament shall, by law, confer powers on the local government bodies, including power to impose taxes for local purposes, to prepare their budgets and to maintain funds”. So Parliament is constitutionally bound to provide the local government bodies with full autonomy. Hopefully, instead of involving the MPs in local development works, Parliament will facilitate the local governments to become effective and efficient in line with the constitution, emphasizing the 'constituency service' role of an MP.

For this, Government may allocate offices for the MPs in their constituencies so that they can keep in close touch with constituents to assess their opinions on proposed policy and laws. MPs should monitor local government activities from a distance to ensure that they follow the approved Parliamentary policies, for which the Constitution gives them a special responsibility: eg: Articles 78(1), 78(2), 78(3), 78(4) render the immunity of MPs in their speeches to any parliamentary session. Unfortunately, in the past, many MPs misused this privilege and turned the Parliament into an unprofessional and unethical discussion forum. To make the Parliament effective, Article 76 provides for appointing Standing Committees of Parliament on different issues of public importance. These highly empowered committees should examine draft bills and other legislative proposals, review the enforcement of laws and monitor the activities of the concerned ministries.

Members are nonetheless immediately confronted by a variety of responsibilities, and their roles are often summarized as representative, legislator and scrutinizer of government. The first refers to the fact that MPs have been elected to parliament as representatives of their electorates. The second reflects what most people see as the central responsibility of an MP, to pass or amend legislation. The third covers the scrutiny or oversight that parliamentarians exercise over the workings of the executive and the implementation of legislation. This function also extends to the support or criticism of proposals placed before parliament by government and in the committee systems in the parliamentary government.

2.3 History and politics of development and decentralization

After the independence of Bangladesh in 1971, the Awami League-led government in its first year of rule in 1972 made several attempts to replace the traditional local leadership with the party local rank. In 1972, the government abolished the Pakistani Union Council system and formed "Union Panchayats" with government nominated members and also formed "Union Relief Committees" (Khan, 2009). Lawmakers along with local party wings selected members for the two bodies, which

played a vital role in distributing relief and in reconstruction and rehabilitation (Rahman, 2009). Therefore, legislators had a good opportunity to consolidate their power by picking loyal supporters for the two bodies. The venture thus spoiled the government's image largely because of widespread corruption of relief committees, contributing to Awami League-backed candidates' massive defeat in the 1973 Union council elections.

In 1975, the then Awami League government abolished the elected local government system, declaring a state of emergency, under a single political party the Bangladesh Krishak Sramik Awami League (BAKSAL). A District Governor then headed administration at the district level, and the traditional local government was supplanted by party machinery. Alongside members of the public service and members of BAKSAL, some lawmakers were also appointed as District Governors who were empowered to control all government offices and departments at district level. The system, however, was nullified following the assassination of President, Sheikh Mujibur Rahman, in 1975 and after the military coup. Utilising local government bodies, the military President, Ziaur Rahman, consolidated his power and formed the political party BNP. By the end of 1980, the president introduced a new structure of rural institutions, Swanirvar Gram Sarkar (Self-Reliant village government) in 68,000 Bangladesh villages, marginalising the Union Parishads. MPs took chairmanship of District and Thana (sub-district) level Gram Sarkar coordination committees. The government claimed that Gram Sarkars were formed to ensure people's participation in development; for the first time, politics was localized but people speculated that the president was trying to build a party through Gram Sarkar, but the selection process was criticised because most committees were formed with members of ruling BNP.

Following another military coup in 1982, General HM Ershad became president, abolishing the unpopular Gram Sarkar system to win over local representatives and during the 1980s, and the concept of decentralization started gaining momentum in Bangladesh. In 1982, the formation of Upazila administration was initiated by General Ershad, as a part of the decentralization policy, through the *Local Government (Upazila Parishad and Upazila Administration Reorganization) Ordinance*, 1982. The emergence of MPs through the third parliamentary election in 1986 triggered conflict between lawmakers and Upazila Parishad Chairmen. Irrespective of party affiliation, MPs were looking forward to share the authority of Upazila, as they did not have formal control over local administration. Finally, Ershad-led government introduced Zilla Parishad Act in 1988 (setting up District governments) that made MPs chairmen of the District Parishads. However, after the fall of military rule the newly democratic government was indifferent to the Upazila Parishad.

Assuming office in 1991, BNP-led government abolished the Upazila system in 1992, a blunder of Himalayan proportions, and formed Thana Unnayan Samannay Committee at the Upazila level to work as a development body. MPs were made advisers to the bodies in the Upazilas under their respective constituencies. Instead of MPs, the BNP-led government appointed Deputy Commissioners as chairmen of the District Parishad. But lawmakers continued dictating deputy commissioners in running the District Parishads' activities. When after a second election in 1996 the Bangladesh Awami League came to power, they set up a Local Government Commission which submitted its 'Report on Local Government Institutions Strengthening' in May 1997. The Commission has recommended a four-tier local government structure including Gram/Palli (Village) Parishad, Union Parishad, Thana/Upazila Parishad and Zila (District) Parishad. Until now only three tiers of local government, Union Parishad, Upazila Parishad and Zila Parishad are operating in the local government structure of Bangladesh. All these tiers are concerned with rural/regional administration. The two major tiers of urban local governments are City Corporations for six of the largest cities, Dhaka, Chittagong, Rajshahi, Khulna, Barisal and Sylhet and the Pourashava for smaller Municipalities (CLGF, 2012).

The Awami League government took initiatives to give a formal structure to the Upazila Parishad passing the *Upazila Act, 1998* (GOB, 1998). This decentralization journey obviously aimed to promote participation of local people through local institution building, developing local leadership and accountable bureaucracies (Rahman, 2010). The 1998 legislation also made MPs advisers to the Upazila Parishads under their respective constituencies. But the government could not make much headway in arranging the elections of Upazila Parishad members because of lack of support from the lawmakers and political conflict. MPs were apprehensive of losing their control and share of the benefits from the development work in their constituency. As a result, the *Upazila Act, 1998*, did not enable local government to work democratically.

Lastly, the issue of strengthening local governments emerged strongly during the two-year long caretaker government (CG) from 2007-2009, and the caretaker government revived the Upazila system in 2008 through an Ordinance which established the Upazila Parishad as a truly free and independent local government body directly elected by the people, but gave no powers MPs as advisers. Later, it repealed the Upazila Parishad Act as a whole and made a new one, the *Local Government (Upazila Parishad) Ordinance 2008*.

But assuming power in 2009, the Awami League-led government did not ratify the Upazila Parishad Ordinance in parliament. It reintroduced the repealed Upazila Parishad act of 1998 with provisions for making MPs advisers. Lawmakers from the parliamentary standing committee of the Ministry of

Local Government, Rural Development and Cooperatives (LGRD), however had recommended that the House also make provisions in the city corporation and municipality laws to make MPs advisers to those bodies. The government, however, did not accept the recommendations. Although MPs are advisers, their interference in the Upazila Parishads' functions made those bodies unable to function fully since the elections in January 2009. Against this backdrop, Upazila Parishad Chairmen, Vice-Chairmen are preparing campaign to regain freedom of operation for the Upazila Parishad.

An executive officer told reporters that MPs are dictating the district Parishads' activities "In fact, the Upazila executive officers, who are secretaries to the Parishads, are running the Upazila Parishads on the advice of MPs," When the Upazila Parishad gets an allocation of annual development programmes, MPs send a list of projects to implement in their constituencies, he said. "We have nothing to do but implement the projects prescribed by MPs," the Chief Executive Officer said (*The Daily Star*, 3 October 2010).

3.1 Survey findings: the respondents

This part of the study analyses of social background or demographic characteristics such as age, occupation, education and gender of the respondents. Attempts will be made to compare the findings with each other of this study.

Table 3.1: Demographic variables of respondents:

Variables	Category of Sample Respondents						Total Sample Number and Percentage	
	Chairman	Vice-Chairman	Member	UNO	Upazila Officials	Local People	Number	Percentage
Age	Number	Number	Number	Number	Number	Number	Number	Percentage
20-30	-	-	2	-	5	20	27	16.9%
31-40	2	1	4	3	15	23	48	30.0%
41-50	4	2	6	5	17	4	38	23.8%
51-60	1	3	3	-	3	26	36	22.5%
61+	1	2	1	-	-	7	11	6.8%
Total	8	8	16	8	40	80	160	100.0%
Education								
Below SSC	-	-	2	-	-	22	24	15.0%
SSC	-	-	3	-	-	17	20	12.5%
HSC	1	2	6	-	-	19	28	17.5%
Graduate	3	4	4	-	13	12	36	22.5%
Post graduate	4	2	1	8	27	10	52	32.5%
Total	8	8	16	8	40	80	160	100.0%
Occupation								
Service	-	-	-	8	40	6	54	33.8%
Business	6	7	11	-	-	22	46	28.8%
Teacher	-	1	2	-	-	10	13	8.1%
Agriculture	2	-	2	-	-	3	7	4.4%
Students	-	-	-	-	-	11	11	6.9%
Others	-	-	1	-	-	28	29	18.1%
Total	8	8	16	8	40	80	160	100.0%
Gender								
Male	8	8	14	7	35	68	140	87.5%
Female	-	-	2	1	5	12	20	12.5%

Total	8	8	16	8	40	80	160	100.0%
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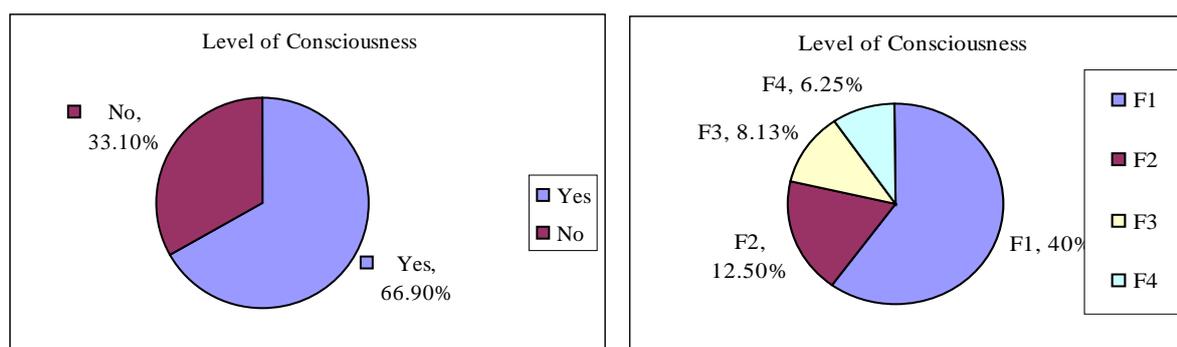
Demographic variables of age, education, gender and occupation can be considered important values held by the role actors in politics and administration. Table 3.1 shows that, most of the local respondents belonged to the 30-50 age category. More particularly, 27 (16.9%) of the respondents were aged 20-30, 48 (30%), were aged 31-40, 38 (23.8%) were aged group 41-50, and the remainder were aged 51-80. Education is one of the important factors that help a person acquire leadership roles in politics and administration. From the above demographic data of the respondents contain in the Table 3.1 shows that most of the respondents are educated. Among the respondents of the eight Upazilas 24 (15.0%) are below SSC level while 36 (22.5%) and 52 (32.5%) respondents are hold the graduate and post-graduate degree respectively.

The findings of this study reveal an important occupational shift in the background of the respondents; formerly agriculture would have been the dominant occupation with some professions such as doctors and lawyers, but in the survey many respondents were involved in business and services (both government and private). Table 3.1 shows that among the respondents 54 (33.8%) were in service jobs and 46 (28.8%) in business. In considering gender category, 140 (87.5%) were male and 20 (12.5%) were female. In two Upazilas the Women Vice-Chairmen could not be found during the data collection period, as they have no specific function in the current Upazila administration so they do not attend regularly. Meanwhile, there are few women officials of this Upazila.

3.2 Levels of awareness amongst local people

In this study, to identify the level of awareness about the roles and responsibilities of the public representatives, a number of questions were asked to the respondents of the local people of the eight Upazilas, for example: "Do you know the roles and functions of the Upazila chairman and UNO?" "Do you know what are the roles and functions of MPs?" as outlined below.

Figure 3.1 and 3.2: Awareness of Roles and Functions of MP, UNO & Chairman of the Upazila Parishad



Figures 3.1 and 3.2 suggest that levels of awareness of the roles the Upazila Chairman and the UNO are not clear. Although when asked the question, "Do you know the roles and functions of the Upazila Chairman and UNO?" 107 (66.9%) respondents answered "Yes", and 53 (33.1%) said "No", but when asked to provide data on the duties of the Chairman and UNO, they were confused. Figure 3.2 shows that only 64 (40.0%) of respondents were able identify only one duty, 20 (12.5%) were able to identify two functions, 13 (8.1%) were able to identify three duties, and only 10(6.3%) were able to identify four duties and functions of elected representatives and bureaucrats in the Upazila Parishad.

3.3 Grassroots view of the role of elected representatives

Most people consider public representatives as local guardians who work with them, and with whom they can share all sorts of personal, social, religious and political thoughts and beliefs. To further probe this issue respondents were asked a number of questions: "Do you think that there should be any involvement of MPs in local government?" (Figure 3.5) "If yes, then why?" (Table 3.2) and "Who should have major roles in the local government?" (Figure 3.6).

Figure 3.5: Involvement of MPs?

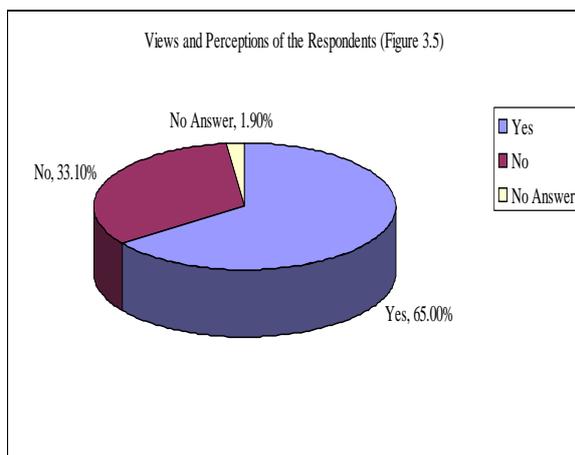


Figure 3.6: Who should perform major roles?

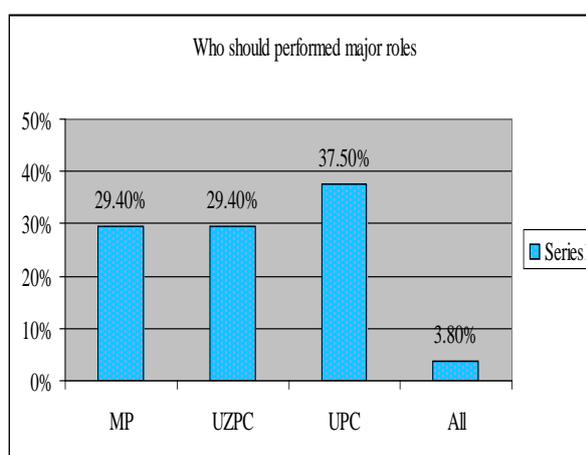


Figure 3.5 shows that most of the respondents think that the MPs should have a role in local government. Among the sample respondents 104 (65.0%) provided the answer "Yes", 53 (33.1%) provided the answer "No" and 3 (1.9%) gave no reply. The data suggests that local citizens support the role of MPs in local government. The reasons provided by respondents are as follows.

Respondents were then asked, "Who should have major roles in local government?" and given the options of: 1=MP; 2=Upazila Parishad Chairman; 3=Union Parishad Chairman, and 4=All of Them. The data from Figure 3.6 demonstrates that 47 (29.4%) respondents think that the MPs should have a major role in the local government, and the same portion of also think that Upazila Parishad Chairman should have the major role. On the other hand, 60 (37.5%) respondents hold that Union

Parishad Chairman should have a major role in local government and only 6(3.8%) believe that all of them are equally responsible and should work together.

Table 3.2: Why should MPs have a role in local government? Respondents' Views

SL No	Reasons provided by the respondents	Frequency
1	He is an elected representative of the constituency	23
2	He knows well about the people and the locale	7
3	To represent the constituency to the central government	7
4	To ensure democratic practice	1
5	To oversight the development works	22
6	To ensure public facilities and welfare	7
7	MP's contribution is more than any other to the constituency	2
8	To develop the constituency	20
9	To help the local government	12
10	To provide development plan	3
	Total	104

One interesting matter was that when asked the question, "Do you think that there should be any involvement of MPs in local government?" 104 (65.0%) of respondents answered "Yes" (Figure 3.5), but when another question was asked, "Who should have major roles in local government?" then only 47 (29.4%) respondents supported the same view (Figure 3.6). Ultimately, this suggests that the perceptions of the local citizens are confused in identifying the roles of public representatives in local government. The responses to the question, "What are your expectations of MPs?" are in Table 3.3.

Table 3.3: Expectations of the Respondents of MPs and Bureaucrats

SL No	Types of Expectations
1	Proper functioning of Upazila Parishad
2	Development of the constituency
3	Proper address/ solution of local problems
4	Fulfillment of election manifesto
5	Good governance
6	Strengthening law and order situation
7	Being close to the people
8	Being careful / helpful to the local people
9	Local infrastructure development
10	Work based on people's desire
11	Allocation of sufficient budget in health and education sectors

3.4 Workings of the Upazila Parishad: conflict and cooperation

Local government is based on community governance, and focused on citizen-centered local governance. It is the primary agent for the citizens and leader and gatekeeper for shared rule, is responsive and accountable to local voters. To identify the level of functioning and the degree of people's satisfaction, respondents were asked two questions 'what is the present condition of activities of your Upazila and are you satisfied with the existing Upazila system?' Respondents' data are shown in the following table.

Table 3.4: Respondents' opinions on the functioning of Upazila Parishad

Respondent Category	Levels of functioning				Degree of satisfaction				Total
	Very Good	Good	Moderate	Not Good	Satisfied	Part Satisfied	Not Satisfied	No Reply	
Upazila Chairman	1	2	5	-	2	3	2	1	8
Vice-Chairman	-	2	4	2	-	2	4	2	8
Member	3	4	6	3	3	6	5	2	16
UNO	3	4	1	-	5	2	-	1	8
Upazila Officials	9	11	15	5	12	18	-	10	40
Ordinary People	8	17	42	13	13	19	32	16	80
Total	24	40	73	23	35	50	43	32	160

Politicians and bureaucrats are an integral part of the governance and policy processes of the administration. The degree of success or failure in governing processes depends on the relation between politicians and bureaucrats. However, this relationship has not been without difficulties. Tension occurs when conflict arises between two actors in the context of policy formulation and implementation. In general, policies are chosen and implemented by both elected representatives (politicians) and non elected bureaucrats. So, the effective function of administration depends on the mode of interaction between the sets of actors – elected politicians and bureaucrats – and they both need to be accountable to people. In this respect, to understand the process of government, how it may be changing and how strategies for influencing policy are affected, we need to know about the relationship between politicians and bureaucrats (Aberbach *et al* 1981). The criteria that lead a society to allocate decision-making power between politicians or bureaucrats is a major question. The starting point is the premise that politicians are motivated by the goal of re-election goal, whereas bureaucrats are motivated by “career concerns”. So, while politicians want to be re-elected, bureaucrats want to improve their professional prospects in the public or private sector which motivates them to perform well whatever tasks they receive (Wilson, 1989). As a result, conflict occurs in policy formulation and implementation process.

To identify the conflict between local politicians and bureaucrats in the Upazila administration the respondents were asked the question, 'Do you think that there is a conflict between the MP, Chairman and the UNO? If yes then why and what are the types?' Overall, 67% of respondents thought that conflict existed, 8% held that there was no conflict, and 25% made no comment. The respondents that were silent also assumed that the triangle of conflict existed in the Upazila, but for special reason they did not wanted to disclose their opinion. Why do conflicts arise and what are the grounds of this conflict? In this regards, the following types of conflicts have been identified on the basis of respondents' opinions.

Table 3.5: Ground of conflicts among MP, Chairman and UNO (Respondents opinion)

SL No	Ground and types of conflict
1	Interference to the other's jurisdiction
2	Practice of power and benefits
3	Budget allocation and benefits of stakeholder
4	Priority selection in development activities eg: GR, TR, VGD, VGF, KABIKHA, KABITA etc
5	Sense of ownership of the Upazila
6	In controlling of Upazila officers (ACR)
7	Duel rule or administration
8	Autocratic attitude of UNO and chairman
9	Grouping among the officers of Upazila administration
10	In the question of corruption and accountability
11	Superiority conflict
12	Political conflict on political issues

4.1 Conclusion

This study reveals that a strong local government system (where strong coherence is present among various actors) can ensure good governance through transparency, accountability, effective participation and equal opportunities for all. Most importantly, this system can ensure development at the grassroots level, but local citizens lack awareness of this issue. By capitalizing on this gap, central government and politicians establish their control over local government and they use the bureaucracy for their purpose. The advisory role of MPs in local government is to some extent forgotten, and interference by MPs in local government affairs, particularly in development activities, has weakened the independence of local government. MPs often dictate the development activities to be undertaken without consulting with the local elected representatives or assessing actual need. Under the 2008 legislation, at least theoretically, the Upazila Parishad have lost the characteristics of local government bodies, since MPs are authorized to advise on the activities of these bodies. The current law has already given rise to a row between Upazila Chairmen and MPs, and it is likely that this discord will further destabilize the political arena of the country. Ambiguity in role definition and conflicting Interests between bureaucrats and elected representatives render the local government especially Upazila Parishad dysfunctional.

A very interesting and unfortunate reality is that local citizens appear to support the advisory role of MPs in local government. They think that as a public representative of the constituency MPs should have a role in local government. So, it is very difficult to confine the role of MPs in Bangladesh to Parliament, though it is generally recognized that as a member of the legislative assembly the first and foremost duty and responsibility of an MP is to make laws and policies. Consequently, the data in this study reveals that the levels of awareness of local citizens is low and only 30% of respondents are concerned about the roles and functions of the Upazila Parishad. The data from Figure 3.4 suggests that although local citizens think that they are knowledgeable about the roles and functions of MPs, more than 60% of the sample are not concerned about the roles and functions of the MPs. Moreover, consciousness varies on the basis of demographic variables such as age, educational status, occupational status and gender. Among the respondents 104 (65.0%) think that MPs should have a role in the local government, but when asked the question in a different way only 47 (29.4%) of respondents supported the same view. This could lead to a much stronger conclusion - that MPs are playing a role in local government that is not clearly defined or accountable, and until locally-elected representatives regain control over development activities, local government will not be fully accountable to its electorate.

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Appendix

Questionnaire

Working of Upazila Parishad in Bangladesh: exploring Roles and Functions of Elected Representatives and Bureaucrats

Name of the Upazila..... Sample No.....

(NB: The data of this study will be used for only academic purposes)

Name.....Designation.....Age.....Education.....Occupation.....
.....Gender.....Income(Yearly).....

1. What is the condition of the activities of your Upazila?

- A. Very Good B. Good C. Moderate D. Not So Good

2. Are you satisfied in the existing Upazila system?

- A. Satisfied B. Partial Satisfied C. Not Satisfied

3. Do you know what are the roles and functions of elected representatives (MP and Chairman) and Local official Bureaucrats(UNO)?

- A. Yes B. No C. No Response

4. If answer is yes then would you like to tell some of the roles and functions of MP, Chairman and UNO?

MP	Upazila Chairman	UNO
1.	1	1
2.	2	2
3.	3	3
4.	4	4

5. Who leads the major policy decisions in this Upazila?

- A. Chairman B. UNO C. MP D. By Consensus

6. How do you evaluate your role?

- A. Delegate B. Trustee C. Political D. Legal

7. How is the working relation between Upazila chairman and UNO?

- A. Very good B. Good C. Moderate D. Bad

8. Who should have major role in the local government?

- A. MP B. UPZC C. UPC D. All of them

9. What do you expect from elected representatives?

10. What is the nature of conflict and why conflict occurs in the Upazila?

A Hard Road: Driving Local Action against Alcohol Related Problems in a Rural Town

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Abstract

Context is important in developing strategies to address alcohol related violence. Knowledge of local conditions is critical to action in rural areas. The aim of this study was to gather information about context specific alcohol related problems experienced by frontline workers in a regional centre to inform the local alcohol action plan.

Frontline workers were invited to participate in one of five focus group discussions that investigated problems experienced as a result of other people's alcohol use. Alcohol related problems were more frequently associated with time periods than any single group in the community. Social media was used to incite arguments between groups in different venues during the lock-out periods. The focus groups identified that the location of licensed premises and a taxi rank; and previous relationships between protagonists were the key contextual factors causing alcohol related problems.

A second taxi rank was identified as a useful local management strategy. Supply reduction was suggested as a key factor in long term solutions to alcohol related problems in rural towns. The local liquor accord did not want to reduce supply of alcohol by closing late night venues earlier.

Local action to reduce alcohol related problems will be limited to pragmatic solutions because supply reduction is unacceptable to those in the business of selling alcohol.

Key words: rural communities, alcohol, social media, community action, frontline workers

In Australia, alcohol use is a daily part of many people's lives (AIHW 2010). The most commonly used recreational drug (Miller *et al* 2010), it is legal, widely promoted and marketed and socially accepted (Collins and Lapsley 2008). This is despite alcohol being a key factor affecting the health of Australians (National Prevention Health Taskforce 2009), and a major contributor to preventable disease, illness and death. It is also associated with social harms which cost in excess of \$15 billion per year (Collins and Lapsley 2008), with serious long term health effects, disease, hospitalisations, accidents, violence, homicides and suicides (Miller *et al* 2010)

Context is important in developing strategies to address alcohol related violence. Rural Australians experience a disproportionately high burden of alcohol-related harm compared to urban Australians (Australian Institute of Health and Welfare 2008). The reasons for this vary, but include for example, higher per capita consumption of alcohol in rural locations (Strong *et al* 1988), and higher density of liquor outlets in rural relative to urban locations (Williams 2000). However, rural community action to address problematic alcohol use is hampered by lack of information about local conditions influencing alcohol related problems. Recent studies highlight how community and cultural norms are essential for understanding drug use and for reducing problematic alcohol use in rural settings (Midford 2001, Czech *et al* 2010).

The aim of this study was to gather information about context specific alcohol related problems experienced by frontline workers in a regional centre to inform the local alcohol action plan. The action plan was an initiative of the Liquor Accord, a group with members including licensees, police and local government. Strategies to reduce alcohol related violence had included early closing on high risk days such as Christmas Eve, Anzac Day, and after the local horse races; and restricting the alcohol content of drinks served at race venues to mid-strength beer and low alcohol wine.

There were eighteen licensed premises in the study town (population 34,969), including two late night venues close together in the Central Business District near the only late night taxi rank. Lock outs were enforced at the late night venues where patrons could not enter the premises after 1am effectively meaning people had to choose somewhere to stay before that time or go home. The taxi rank and the late night venues were frequently identified in the local media as sites of alcohol related violence. In March 2011, one of the late night venues was named in the NSW Office of Liquor Gaming and Racing (OLGR) list of the most violent licensed premises in the state. In spite of local strategies, the rate of alcohol related offences had remained stable over the period 2007 to 2011 (NSW BOCSAR 2011). Growth of the mining industry, large numbers of fly-in-fly-out workers and

accommodation shortages resulted in anecdotal reports of high levels of alcohol consumption and fights attributed to mining employees.

Information from the local frontline workers who came into contact with people who had been drinking alcohol, and the ways related problems were managed, was unavailable. The Liquor Accord members were seeking new ways to address alcohol related violence in the town and approached the Community Drug Action Team (CDAT) for assistance in finding out about the experiences of frontline workers with the aim of identifying new, contextually specific ways of addressing alcohol related problems. The CDAT undertook the research reported here.

Method

A sociological action-research approach shaped the study design because it facilitates contextually specific action (Foley and Valenzuela 2005). Charles Sturt University Human Research Ethics Committee approved the study (2011/091). Frontline workers were defined as bar tenders and security guards in licensed premises, taxi drivers, police officers and ambulance officers. Five focus groups were held, two with bar tenders and security guards and one with each of the other occupational groups. There were between 5 and 9 participants in each group with a total of 38 participants.

Bar staff, security guard and taxi driver participants were recruited by flyers distributed to all the licensed premises in Orange and handed out at the taxi ranks and via the local taxi cooperative three days prior to the focus groups. Prospective participants were required to telephone the research team to register their interest. The contact number was on the flyer. Each participant was paid AUD \$40 for attending. One focus group was held with police. Participants for this group were recruited by the local Crime Coordinator who was a member of the Liquor Accord. One focus group was held with Ambulance Officers. Participants for this group were recruited by the Local Health Network Health Promotion Officer who was a member of the CDAT. Participants in these groups were not paid because they attended in their work time.

Participants in each focus group were given an information sheet explaining the project. The group facilitator explained participation was voluntary and responses would be reported anonymously in any project reports or publications. Participants were asked if they had any questions and written consent was sought from each participant. Each focus group lasted approximately 1 hour. The discussion was recorded by a scribe and a digital recorder. The recording was used to check the accuracy of the scribe's notes and ensure no points were omitted. The handwritten focus group notes were transcribed into word documents by the scribe while listening to the recording.

Focus group questions asked about the patterns of alcohol consumption in licensed premises, the way frontline workers came into contact with people who had been drinking, any problems experienced as a result of other people's alcohol use and what strategies and tactics were used to manage those. Group participants were also asked about their ideas for changes that could be made to manage people affected by alcohol more effectively.

A narrative approach was used to analyse the transcripts (Fox 1993). A narrative analysis highlights the stories participants tell about the study topic. The analysis identified social practices in relation to alcohol related problems in and around the research site (Fox 1993, Gee 2005). In narrative data analysis from a social action perspective, discourse in the form of participants' explanation of other's actions, is central to understanding the data (Foley and Valenzuela 2005). NVIVO8 (QSR 2009) was used to group participant statements to each question resulting in themes of drinking patterns, drinkers behaviour, dealing with problems, ways to address problems related to drinking.

Results

Each focus group described similar problems related to dealing with alcohol affected people in the town. All group participants identified Friday and Saturday nights between midnight and 4am as the peak times for public problems with people who had been drinking large quantities of alcohol. Group participants stated there were few problems at other times. However, there could be some issues associated with events such as State of Origin football or celebrations such as Christmas Eve. Focus group participants stated that people will move from venue to venue before deciding which one to stay in after lock-out.

The problems experienced related primarily to the behaviour of drunken people congregating around the taxi rank waiting for taxis. The two late night venues close around the same time with up to 600 people leaving these premises between 2.30am and 3.30am. Problem behaviour identified included fighting, arguing, vomiting, abusing others including security guards, taxi drivers and police; and damaging property. Focus group participants acknowledged problems were more associated with time periods than any single group in the community.

Focus group participants described Friday and Saturday nights as the nights when the highest numbers of people were in pubs drinking. However, group participants stated that many people drank at home before going out because it was cheaper. Group participants stated that many people were highly intoxicated before they arrived at the pub around 11pm, and listed clear indicators of people looking for a binge night – 'quick drinks; double shots; no ice in drinks; often spirits and RTDs (ready to

drink) in bottles'. Group participants noted that people moved round from venue to venue prior to the lock out time. Pub patrons were aware of Responsible Service of Alcohol legislation and would 'act sober' when ordering drinks even though they may have already consumed a large quantity of alcohol at home or in other venues.

Focus group participants were asked about problems caused by occupational groups such as miners. Group participants perceived miners to have more money, drink expensive types of alcohol such as pre-packaged spirits and to drink in large groups. Miners were described as likely to drink outside peak hours. For example because of shift work they may have drinking sessions in the mornings or on weekdays. However, overall miners were also perceived to limit their drinking because of workplace alcohol testing. Miners were not described as a problem group although it was acknowledged some individuals involved in fights or other problem behaviour may have been mining employees.

Each focus group noted that the problems caused within and outside licensed venues frequently related to personal relationships and long standing disputes between groups who had known each other since they were at school together. Focus group participants who had worked in urban areas had not experienced this issue in other locations. This aspect of the local context influencing problems associated with alcohol consumption was seen to be unique to the rural setting where people know each other and venues are limited. However, focus group participants noted that use of texting and Facebook contributed to fights between groups and could be conducted while in separate venues.

Each of the occupational groups blamed others for contributing to alcohol related problems. For example, taxi drivers believed drunken people continued to be served alcohol. Bar staff and security guards stated taxi drivers would not allow more taxis to operate because it would affect their profits. Both groups perceived Police to be slow to respond to calls for assistance and police reported that they could not arrest people for drunkenness which was expected by the community. Ambulance officers reported having to deal with the aftermath of the other group's lack of action on high levels of alcohol consumption.

Focus group participants were asked about strategies to address problems caused by alcohol. Police, Ambulance officers and taxi drivers believed supply restrictions such as reduced trading hours and earlier closing would reduce alcohol related problems. However, this was not a strategy proposed by bar staff and security guards. A locally relevant strategy was that police, bar staff and security guards believed that another taxi rank or hotel pickups were a good strategy to reduce problems at the taxi rank.

The rural context influenced the way taxi drivers responded to some of their customers. Taxi drivers were able to describe specific people who caused them problems and those who were repeat customers. Drivers described taking people with no money home and calling round the next day to collect the fare or the passenger taking the money in to them. Taxi drivers confirmed they did not see a need for more taxis or a bus believing the wait at the taxi rank was reasonable.

Discussion

Main finding

A key factor contributing to local problems is that people know each other. While knowing others is usually a positive feature of rural areas, on-going disputes and disagreements contributed, in this study, to alcohol related problems. Local media and anecdotal reports were more likely to place the blame for alcohol related problems on outsiders rather than acknowledge them as home grown. This finding is likely to be common in small rural towns.

What is already known

Most communities experience alcohol related problems on Friday and Saturday nights. (AIHW 2011; National Preventative Health Taskforce 2009; Australian Institute of Health and Welfare 2008). Violence in public places occurs in and around licensed venues and involves young adults (Collins and Lapsley 2008). The specific local context is frequently raised as important in addressing alcohol problems and the lack of information available to do this is noted (Czech *et al* 2010).

What this study adds

Frontline workers are key stakeholders in public health strategies to address problematic alcohol use and they are rarely consulted about their knowledge and experience in relation to dealing with alcohol affected people. The key solution proposed to alcohol related problems focussed on supply restrictions (earlier closing times and staggered closing times for the late night venues). When presented in the project report this solution was unacceptable to those members of the liquor accord deriving an income from licensed premises. It was also perceived by accord members to be unacceptable to people drinking in those venues. Both of these groups, licensees and patrons, hold a great deal of power in planning or implementing action (Collins and Lapsley 2008). The other suggestion – a second taxi rank – is a management strategy not a solution.

The use of social media to incite and maintain disputes in the rural context is worthy of further investigation. Frontline worker's perceptions that others are to blame for not responding to alcohol related problems effectively stymie local action to address harmful consumption. There was no

communication between the groups of frontline workers in relation to the problems they experienced and no forum for working out solutions at the community level (Czech *et al* 2010).

Limitations

The participants and findings of this study are specific to the research site and cannot be generalised. Further work is required to investigate the way groups such as Liquor Accords hold power over local strategies to address problematic alcohol consumption.

Conclusion

At the time the report was presented to the Liquor Accord the local council was considering a development application for a third late night venue to open within one block of the other two venues. The findings of this study leave the local group with two avenues for action. The first is advocacy for a change in local circumstances – the taxi rank. The second action needs to address supply reductions – a hard road at a local level.

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Transforming Development with Grassroots Planning in Madhya Pradesh, India

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Abstract

There is growing acknowledgment that state interactions must take place in a democratic context. This has been accompanied by attempts to foster forms of democratic governance that provide scope for citizen participation in the development process. However, due to vast inter- and intra-country differences, no single model has emerged for countries to follow, even if each effort has contributed to further deliberation and discussion.

A major challenge to successful implementation has been the absence of an effective and practical framework to ensure decentralization. In the state Madhya Pradesh of India, the democratic reform has progressed from conceptualization to mobilization to institutionalization. For the first time in Madhya Pradesh's development history, state government has shown the courage to interact with communities in making village-level development plans. The Madhya Pradesh Planning Commission has created a tangible plan for working more closely with communities.

This paper outlines the nature of this initiative and analyses the adequacy of the framework for decentralization and the mechanism of governance adopted by the Madhya Pradesh government for achieving the goal of participatory democracy. In particular, the paper assesses the state model of decentralized planning, its operational framework, and ongoing efforts. It also presents the status of village-level planning in the state, including how villages are interacting with one another and with government entities outside the state.

Key words: Decentralized district planning; inclusive growth; convergence' micro-planning.

1. Theoretical Framework for Decentralization

From the launch of India's first Five Year Plan in 1951, the Government of India has made several attempts to establish decentralized socio-economic development planning. During the last 62 years, the planning process of the nation has undergone several changes. Though broad objectives remained more or less the same, strategies and techniques vary from plan to plan to meet the needs of the time. In spite of these changes the basic system of centralized and departmental planning remains old-fashioned and top-down, thereby losing significant amounts of local and sometimes expert information.

D. R. Gadgil, former Vice Chairman of the National Planning Commission of India once remarked:

The present mood is to talk about village democracy but to deny real power even to the states. Planning at the state level means official compilation of schemes which may prove acceptable to the centre. of course, non-official workers, experts or productive enterprises, are nowhere in the picture in their own region.

This is one of the reasons why planning has not been able to meet the basic needs of the people. There has been a continuous struggle towards evolving a form of democratic governance that can provide scope for citizens' participation. The 73rd and 74th Constitutional amendments made it compulsory to constitute the District Planning Committees (DPCs) in the State, the State Finance Commission together with the constitution of three-tier Panchayat system, and Urban Local Bodies³⁷. Similarly, Under Article 243 (z) (d) of the Constitution, District Planning Committees have a mandatory and critical function of formulating district plans, and monitoring and evaluation at the district level.

2. Methodology

In order to collect qualitative information on several aspects of planning and service provisions at the local level, fieldwork was conducted in nine districts and the State Planning Commission of Madhya Pradesh during 2-22 June 2012. Focus group discussions were held with villagers, grassroots workers, women's groups and members of Panchati Raj Institutions and NGO partners.

The State government has set up a steering committee headed by the Chief Minister to undertake Decentralized District Planning in Madhya Pradesh. This committee provides overall policy guidance and direction for implementing development plans. Overseeing of the implementation is done by the working group led by the Member Secretary of the State Planning Commission.

³⁷ Local government is divided between Panchayats (rural authorities) and Urban Local Bodies (municipalities). In states with a three-tier system of rural authorities there is a division of duties. Zila Panchayats have general finance and audit, planning, social justice, education, health, agriculture and industrial committees. Panchayat Samati have environment, amenities and economic responsibilities. Gram Panchayats (village level) have production, social justice and amenities committees (CLGF 2009).

The Government of Madhya Pradesh initiated the decentralized planning process in five districts Khargone, Rajgarh, Satna, Chattarpur and Mandla of Madhya Pradesh in the year 2009-10. Plans were prepared in bottom-up manner, starting from the grassroots i.e. villages in the rural areas and wards in the urban areas, with participation of the community and facilitation by government functionaries and volunteer organizations. Based on this initial experience, the Government of Madhya Pradesh planned to scale up the process of Decentralized District Planning in all the 50 districts of the State from the year 2010 onwards. The existing structure of Decentralized District Planning at the district level for rural and urban areas is illustrated in Figures 1 and 2.

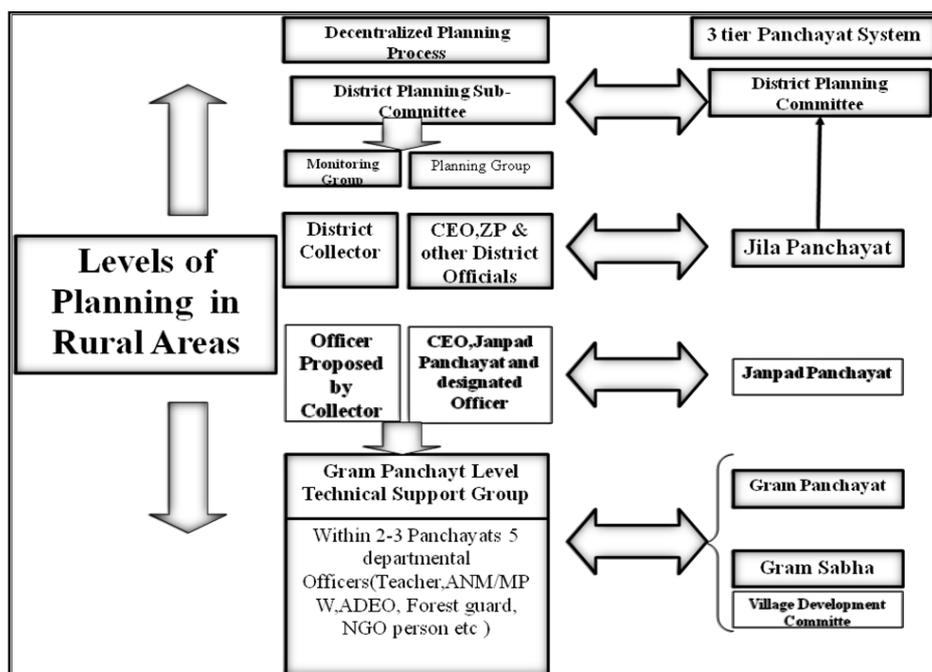


Figure A – Rural decentralized planning flow chart

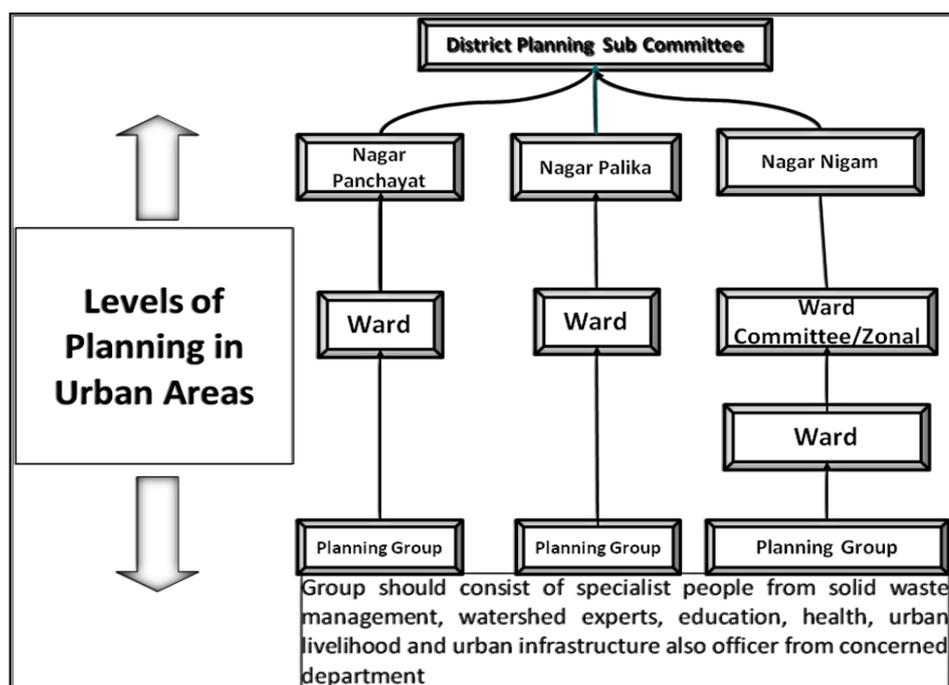


Figure B – Urban decentralized planning flow chart

The State Planning Commission (SPC) of Madhya Pradesh has provided guidelines for the preparation of decentralized plans covering all critical processes and activities. The main features of the guidelines are as follows:

- The SPC will provide technical and financial facilitation for the preparation of the district plan and communicate the overall plan ceiling for the districts.
- DPCs in consultation with specialists, officials, voluntary organizations and other stakeholders will determine the budget for the financial plan and split between rural and urban programmes, and formulate strategy to prepare and integrate plan proposals of Local Bodies (Panchayats and Urban Local Bodies).
- With support from the Technical Support Group (TSG), rural plans will be prepared by Panchayat Raj institutions³⁸ and urban plans will be prepared by Urban Local Bodies. TSGs were developed to support three to five Gram Panchayat (village wards), and comprise five to six grassroots level government functionaries who supported the Village Development Committee of the Gram Sabha (village development committee) in the planning process.
- Local bodies are encouraged to develop an area focus vision of development, based on local needs and specific strengths.
- The plans prepared at Gram Panchayat wards and Urban wards are integrated and consolidated at each subsequent level, finally to be consolidated at the district level. This is further submitted to the DPC for approval and consolidation.

³⁸ Panchayat Raj refers to all levels of Panchayat rural governments

- All the line departments are grouped into key sectors. Further working groups will be constituted for each sector for preparing proposals, and possible inter- and intra-sector convergences (Figure 3). Working groups will also prepare position papers for the achievement of Millennium Development Goals at their levels.

Figure 3: Sector-specific convergence among selected departments

Sector	Concerned Departments /Agencies
Education	School education, higher education, technical education, non-formal education, vocational education.
Health & Nutrition	Public health and family Welfare, public health engineering, woman and child development, food and civil supplies.
Livelihood	Agriculture, horticulture, forest, Panchayat, and rural development, veterinary and dairy, village industries, social justice, water resource, fisheries, handloom, cooperation, sericulture, welfare of SC, ST and OBCs.
Infrastructure Management	PWD, rural development, rural engineering service, water resource, energy, planning.
Energy Management	Energy, rural development, electricity, forest, planning.
Civil Rights Protection	Land reform, social justice, women and child development, revenue.

2.1 Preparing village micro-plans

With information learnt from the pilot work, unique processes for the preparation of district plans have been rolled out as follows;

- Each Gram Sabha follows a participatory process, with the help of the Technical Support Group (grassroots functionaries, voluntary organizations, different sectoral experts and community based workers), to come up with "a vision of development" based on local needs.
- Local community needs are captured with the facilitation of TSG on customized input formats.
- The Gram Sabha prepared their proposal for different sectors in consultation with all the stakeholder(s), especially with poor villagers, Scheduled Castes, Scheduled Tribes and women;
- The proposal of each Gram Sabha is consolidated by preparing the overall plan proposal for the Gram Panchayats. The Janpad Panchayat (next tier) consolidates the plan proposals of all concerned in the Gram Panchayats, including the Block-level interventions.
- In addition to the district level interventions, plans prepared by Janpad Panchayat form the basis for consolidating the plan at Zila Panchayat level.

2.2 Preparing urban micro-plans

- Urban local bodies have also formed TSGs or working groups consisting of their functionaries, members of Ward Parishad, retired government staff and individuals from the ward to provide technical support to Mohalla Samiti³⁹, in the process of participatory urban planning.
- The participatory micro plans prepared at the Mohalla and the ward level were consolidated at the Urban local body level with the integration of interventions spreading over more than one ward or sector.

2.3 Citizens' engagement

In order to engage citizens in decentralized planning, budgeting and monitoring, the MPSPC has provisioned a participatory planning process initiated at the community level.

Communities, voluntary organizations, paralegal village committees, child clubs, ward citizens' forums, SHGs and TSGs are key players that have to be consulted in order to engage citizens and ensure inclusion of their voice and priorities in the local decentralized planning cycle. Furthermore, the Decentralized District Planning (DPP) framework demands the participation of Scheduled Castes, Schedule Tribes and other disadvantaged groups in the planning, implementation and monitoring processes.

The following mechanisms are able to directly or indirectly influence decisions within the planning cycle and hold service providers accountable to citizens to some extent:

- Social mobilization targeted at disadvantaged groups empowers deprived families to raise their voice in discussions on local needs and provides an opportunity to link them with local service providers.
- The planning commission envisages that groups for Scheduled Castes, Scheduled Tribes, other disadvantaged groups, and women's forum based committees are established by Local Bodies (local planning units and institutions government). This enables them to contribute to local planning, budgeting and implementation processes by expressing their equity concerns and interests.
- Gram Sabha (village councils) include demand-side members, as well as representatives from disadvantaged groups, to ensure that ordinary citizens and the deprived are able to have a voice in local planning and management of local development activities.

³⁹ Moahllas are considered the neighbourhood areas within an urban ward where a group of families live together. Mohalla Samiti (neighbourhood councils) were formed to improve consultation - in rural areas people had Gram Sabhas as a forum for participation, but there was no equivalent in urban areas

- Citizens' charters, social audits, wall notices at Panchayat buildings and public hearings are tools and platforms for developing accountability and transparency, and providing feedback to ensure that plans are more citizen-responsive.
- The provision for publicizing budget allocations and programme activities through various forms of media provides an opportunity for local people to raise their voices and advocate for resources that support projects for their benefit.

2.4 Plan integration and consolidation

The DPC after receiving rural and urban micro-plans, consolidates all plans at the district level with the help of district level planning group. The integrated plan as finalized by the District Planning Committee will ensure clarity on the roles of various departments. The plan will be submitted to State Planning Commission (SPC) after due deliberation in the district planning Committee. To support the consolidation at the higher tiers of Rural and Urban Local Bodies, customized software is also being developed.

3. From conceptualization to institutionalization: state leadership in DPP

Several initiatives are seen as key to effective implementation of Decentralized District Planning (DPP).

- A Steering Committee formed at the state level under the chairmanship of the Chief Minister, and a working group headed by the Member Secretary of the State Planning Commission, provides policy support and guidance for effective plan implementation;
- State-specific manuals, customized training modules, and planning input formats were developed for each level (Gram Panchayat (Village), Urban Ward, Block etc.) keeping in mind the requirements of the software applications;
- The selection of state level Technical Support Institutions (TSI) who are domain experts in decentralized planning process was important to support development activities. Around 11 TSIs have been formed for training and capacity building activities throughout the planning cycle;
- Micro-planning workshops and Trainings of Trainers (TOT) were conducted in all districts and block level with the technical support of resource organizations like Poverty Monitoring and Policy Support Unit, and international organisations such as UNICEF, UNDP, and DFID and others;
- Resource people and around 70,000 functionaries, including members of TSGs have been given training as part of this year's roll out;

- Planning software was developed to facilitate the data entry and analysis of data at each level of planning;
- Improved web based software was developed which is now facilitating further analysis, planning and online monitoring. Web-based software enables local involvement in generating plans for Janpad Panchayat, Gram Panchayat, and Urban Local Bodies;
- Planning processes (as detailed in the manual) were initiated; sector- wide data analysis was done and activity- scheme linkages were made keeping a focus on convergence;
- Information generated through village/ward plans is being included into appropriate departmental plans;
- Plans are consolidated by higher planning units and finally approval by the District Planning Committees;
- A number of workshops for sharing the knowledge and learning from the Decentralized District Planning process were organized at different levels;
- The National Planning Commission has also appreciated the approach in Madhya Pradesh and suggested that other should replicate the unique process of planning adopted by the MP State Planning Commission.

Although the legislative and policy framework is supportive of decentralization to the local level, in practice, it has not progressed as far or as effectively as envisaged by the policy. The structures of grassroots institutions at both rural and urban level both need to be empowered to improve the effectiveness of development, accelerate the rate of socio-economic growth, and ensure inclusive growth. The real involvement of Panchayat Raj Institutions (PRIs - rural local governments) and Urban Local Bodies (ULBs - municipalities) in development planning, monitoring and evaluation is a major milestone to be achieved. The presence of mature institutions of local self governance in the State provides an unique opportunity to translate budgetary outlays in to better outcomes.

4. Decentralized District Planning: a powerful tool of accountability and convergence.

Based on the learning experiences of the pilot stage, the state government has scaled up the process and rolled out Decentralized District Planning (DPP) in all 50 districts from the year 2010-11 onwards. Government institutionalized the DPP by allocating about 38% of state financial resources to district control, known as “District Plan” allocations. The total allocation for District Plans for the financial year 2012-13 is about 37 % of total budget for the State economic plan. An impressive 42,358 rural and urban micro-plans were prepared in a bottom-up manner starting from the grassroots level i.e. from villages in rural areas and wards in urban areas, with participation by the community and facilitation by government staff.

We may, therefore, conclude by saying that questions about quality, sustainability, equity, and long-term effects on the service delivery and the overall system will only be answered in due course. On the basis of national and international experience, we see a potential benefit for Decentralized District Planning with an optimum level of participation that encourages demand for services in the community. Strategies should, however, be designed to take into account best practices and evidence, and they should promote equity. Rigorous monitoring and assessment should be built in and the initiatives should not be allowed to simplify political generosity.

Once this planning process is rolled out in practice in Madhya Pradesh, the following outcomes will be achieved:

- Strengthening institutions of local self governance in the state as per the provisions of the Constitution.
- Building the capacity of the institutions of local self governance in implementation of the programs and delivery of essential public services.
- Increased ownership of the works to ensure better operation and maintenance
- Streamlining the process of planning being undertaken under centrally sponsored flagship national programs like- Mahatma Gandhi National Rural Employment Scheme (MGNREGS), Total Sanitation Campaign (TSC) and National Rural Health Mission (NRHM) etc
- Convergence between programs at the grass-root level will ensure better allocation of resources and increased outcomes
- Advance planning will improve the capacity for timely fund utilization of 3 Fs. i.e. Fund, Functions and Functionaries at the field level.

5. Learning

Although Madhya Pradesh has developed a significant framework for decentralized the planning process realistically, local planning practice is still mostly top-down, with participatory planning not fully operational. Guidance is not always followed and institutions that should be involved are not participating because an enabling environment has yet to be created at the local level. As a result, duplication and overlap are also observed at all levels, hampering efficiency and diluting results.

In general, citizens and voluntary organizations need to be better informed about the provisions made in various policies and guidelines for their engagement in local governance. Therefore, they are not often able to claim their rights to participate in decision-making processes. Most voluntary organizations have limited capacity and are unable to engage meaningfully in all steps and processes of decentralized planning in order to raise their voice and have an influence on decision-making. There is a requirement to enhance convergence of the local planning process to bring about synergies and backward and forward linkages. It's now high time to strictly adopt participatory planning processes

and link with social mobilization programmes and to build a network of service providers working at local level for integrated planning and budgeting.

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New CLGF Four-Year Grant to Help Local Government Service Delivery and Boost CLGF's Research Capacity

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The UK Department for International Development (UK AID) has agreed £4.5 million funding for a four-year CLGF programme to improve governance and service delivery at local level in several areas of the Commonwealth including Africa and Asia from 2012-16. It will also help to support national policy frameworks for local government service delivery, and increase engagement of local government in regional policy planning and implementation. CLGF will continue to work with its members, UN partners and others to mobilise more resources towards the support of local government in the Commonwealth.

The new programme will focus on local government pilot projects in LED, supporting ministries and local government associations in strengthening their national policy making for local government, and establish regional forums to enable local government to engage in and influence regional policy making to reflect the needs and priorities of local government. It will also boost CLGF's research capacity with targeted research to strengthen CLGF's policy making and advocacy, including more sustained engagement in international policy debates on key issues affecting local government, such as climate change.

Introduction

Through UK Aid, CLGF will be supporting a range of activities in South Asia, West Africa and southern Africa aimed at improving service delivery to achieve poverty reduction and contributing to the achievement of the Millennium Development Goals (MDGs). The programme supports CLGF's strategic decision to strengthen its presence at regional level to enable it to provide better interface with its members, following its successful regional programme in the Pacific region. The programme also builds on CLGF's partnership work with UNDP and UNCDF which has led to the commissioning of studies on the state of local governments in Africa. The programme responds to issues emerging from these and other studies and will be mostly guided by members' priorities.

The programme will contribute to the improvement of service delivery to achieve poverty reduction against the MDG framework by local governments in the Commonwealth. The main strategy/approach of the programme is to ensure that local governance is placed at the centre of poverty reduction and sustainable development initiatives of member countries and to support local governments to perform their functions to ensure better service delivery. The expected outcome of the programme is improved capacity (individual, institutional and organisational) for better local government service delivery.

The programme is also expected to improve skills and knowledge at the local level and improve national policy and administrative frameworks for local government and service delivery. The regional programme will lead to stronger regional policy making support for local government. CLGF's research and advocacy capacities will be strengthened by the programme.

The programme time frame is four years from September 2012 to September 2016.

Methodology

To achieve the planned results mentioned above CLGF will support a range of activities as follows.

Local level: At the local level CLGF will support pilot projects focusing on Local Economic Development. The pilot projects will strengthen skills, knowledge and organisational capacities for local government to deliver local economic development services. CLGF will support local government associations in the pilot countries to identify the emerging policy issues coming out of the pilot projects and make national policy recommendations to support their members.

During the first year of the programme, CLGF with its members will select the pilot project sites, establish the baseline through carrying capacity assessments of the targeted pilot sites and design the pilot projects. Pilot projects will be implemented from year two for two and half years and the final half year of the programme will be dedicated to dissemination of pilot project results and project lessons. The pilot projects are expected to strengthen the skills, knowledge and organisational capacity for local governments to deliver local economic development services.

National level: CLGF will support the development and strengthening of national policy making and supporting framework for local government to enhance service delivery. During the first year of the programme CLGF will consult its members on their policy priorities and where they need support. Following consultation CLGF will develop a programme of action for implementation.

The support will also enable CLGF to undertake a more sustained programme of advocacy working with its members and partners to respond to challenges to local democracy, and to support and strengthen local democracy in the region in line with the Aberdeen Principles, endorsed by the CLGF membership and Commonwealth Heads of government in 2005.

Regional level: CLGF will continue to support regional policy dialogue processes to ensure better regional engagement on local government. CLGF will work with existing regional bodies supporting and complementing their existing work. CLGF will also consult with stakeholders and members to shape the agenda of the regional dialogue. A regional dissemination and planning event will be held in early 2013.

Programme structure

CLGF through its regional programme office will have overall oversight and management of the implementation of the programme. A programme technical committee comprising of Permanent Secretaries and Secretary Generals of Local Government Associations (where appropriate) in the regions will provide strategic guidance, monitor progress and provide quality assurance for programme results. CLGF Board members in the region will provide leadership and participate in the lobbying and advocacy work of the programme as needed. In addition to staff appointed in the regions, CLGF is appointing a programme officer to support the programme, including on monitoring and evaluation, and a research officer to provide research support and advice to strengthen CLGF's advocacy work, develop a research and knowledge management strategy to guide research support to CLGF's DFID funded regional programme and develop materials and tools to ensure that the lessons from the DFID programme and other CLGF initiatives can benefit a broad cross-section of the CLGF membership.