EVOLUTION IN COMMUNITY GOVERNANCE

BUILDING ON WHAT WORKS

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EVOLUTION IN COMMUNITY GOVERNANCE: BUILDING ON WHAT WORKS –
LITERATURE REVIEW

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1.   Introduction

1. 1   Purpose of this paper

This paper introduces community governance to an Australian local government audience and provides the foundation for further research on the topic. It summarises the findings of a literature review on community governance from a local government perspective and sets out the theoretical underpinnings.

Literature on the governance theme is vast, so this paper is necessarily selective. The focus is on key ideas and theories of community governance that are well researched and on authors who are recognised as leading researchers in the local government field. With some exceptions the paper draws from academic research and government publications produced within the last ten years. Key questions covered by this review include:

- How is the term governance defined in international literature and how is it different from 'government'?
- How is the term 'community' understood?
- From a community governance perspective what does the literature tell us about the changing nature of the relationship between citizens and local government - and about the role of local government?
- How is the term governance currently used by Australian councils?
- What are the key theories and ideas underpinning the term community governance?
- How has the term evolved and what have been some of the key influences?
- What can we learn from recent Australian experience about the practice of community governance?

The paper also reviews some of the challenges in applying community governance approaches, summarises international comparisons of the practice of community governance and briefly covers an evaluation of local governance in four European countries as a case study. Finally, as part of a project which is comparing the evolution of community governance through local government and through the community banking network of the Bendigo and Adelaide Bank Ltd, this paper also briefly considers the experience of community-based financial institutions internationally.

2.   How is the term governance defined in international literature?

2.1   International perspectives on the definition of governance

The many approaches to governance pose a problem for those who want a simple definition. Anne Mette Kjaer, an international authority on governance theory, says that what the many approaches have in common is an understanding of governance which refers to the setting, application, and enforcement of rules (Kjaer, 2004). Kjaer suggests that governance focuses on both the input side, concerned with democratic procedures, and the output side, which is concerned with efficient and effective institutions.

In the public administration context, Kjaer says it was during the 1980s that the term was referred to as distinct from government and as including civil-society actors, and concerned with the management of networks – particularly in the delivery of services. Networks can be defined as 'informal rules governing the interactions between the state and organized interests.' Kjaer describes this new notion of governance which is the foundation for community governance

theories:

> Inherent in the old governance is a traditional notion of steering by national governments from the top down. The new governance has more to do with how the centre interacts with society and asks whether there is more self-steering in networks (Kjaer, 2004:11).

Kjaer (2004:14) explains a core concept in governance theory which is that rules need to be legitimated, and which she argues may derive from democracy as well as from efficiency. She says that most governance theory takes the view that representative democracy on its own is an increasingly inadequate institutional method to achieve democratic accountability in the modern world and needs to be supplemented with more participatory forms.

Kjaer also addresses the notion of 'good governance'. She attributes the rise of the term to a policy requirement of the World Bank in providing loans to third world countries because it had identified bad governance as a cause of economic crisis (Kjaer, 2004:172). The OECD, which has published extensively on governance in the public sector, associates good governance with public sector reform and explores eight major characteristics of good governance:

> It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making (OECD, 2001).

These eight characteristics are further defined in Appendix 1. As indicated in this description of good governance, the term has associations with both internal (corporate) governance and external governance.

2.2   Governance versus Government

As governance is still equated with government for many people, the difference between these terms is further explored below. David Osborne's and Ted Gaebler's *Reinventing Government (1992)*, has had a major influence on public policy makers over the last two decades. They established that governance was at the heart of what government was about. They argue that services can be contracted out or turned over to the private sector but that governance cannot: 'Governance is the process by which we collectively solve our problems and meet our society's needs. Government is the instrument we use' (Osborne and Gaebler, 1992:24).

As indicated in the definition of governance above, the term is increasingly associated with the management of networks. Robin Hambleton (University of the West of England) focuses on networked governance elements in articulating the difference between government and governance:

> Government refers to the formal institutions of the state. Government makes decisions within specific administrative and legal frameworks and uses public resources in a financially accountable way. Most important, government decisions are backed up by the legitimate hierarchical power of the state. Governance, on the other hand, involves government plus the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes. A governance perspective encourages collaboration between the public, private and non-profit sectors to achieve mutual goals (Hambleton 2004:50).

The development of policy on devolution and decentralisation by the UK coalition government provides a recent example, first with its 'Big Society' programme then with the release in July 2011 of the 'Open Public Services White Paper'. The government's statement of principle and local

government's interpretation of the Big Society programme is set out in 'Reshaping the Partnership Landscape', a December 2010 briefing note from Local Government Improvement and Development (formally I&DeA):

> The Government believes that it is time for a fundamental shift of power from Westminster to people. We will promote decentralisation and democratic engagement, and we will end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals (I&DeA 2010: 5).

As mentioned above, the Coalition programme of decentralisation is not primarily about the passing down of responsibilities from central government to local. **It involves a parallel, and more substantial, process of passing power to 'communities, neighbourhoods and citizens'.**

As one means for enabling this, the Coalition has included in the Localism Bill[1] which is expected to be passed before the end of 2011 a range of 'rights' for local citizens and communities including:

- A 'right to challenge' enabling community groups to challenge the local authority for the right to deliver a service.

- A 'right to buy' under which community groups could seek the transfer of local community assets from the council.

- A 'right to reclaim land' under which communities will be able to require that disused public land or buildings are brought back into community use.

- A 'right to mutualise' which will allow public sector workers the opportunity to convert the service for which they work into a worker owned social enterprise.

The Coalition intends that a greater emphasis on devolution and decentralisation should also apply for government services. In July 2011 it released the Open Public Services White Paper which included the following statement of intent:

> We want control of public services to be as close to people as possible. Wherever possible we want to decentralise power to the individuals who use a service. But where a service is used by a community collectively, the control over services needs to be exercised by a representative body. In these circumstances we are clear that the principle should be to decentralise power to the lowest appropriate level. For many services, this will mean the community groups and neighbourhood councils to whom power is decentralised, while for others it may be local authorities and other elected bodies...

This evolving understanding of governance is built on the notion that no single agency, public or private, has the knowledge and resource capacity to tackle the key problems unilaterally. Peter McKinlay (Local Government Centre, Institute of Public Policy, AUT University) argues that while the statutory powers and role of the public sector are very necessary, they are not sufficient in resolving many of the issues facing local governments' communities.

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[1] Available at http://services.parliament.uk/bills/2010-11/localism/documents.html

3.   How is the term 'community' understood?

The word 'community' within local government raises some extremely complex and difficult issues, partly because the word is used for very different purposes, and partly because there is no agreed understanding of what a 'natural community' actually is.

First, the word 'community' is not just used as a term for a geographic area; it is common to speak of different communities of interest including ethnic communities, faith communities, the business community. Yehudi Blacher presenting to a policy forum for the Department for Victorian Communities observed that "by communities we should include communities of interest and identity as well as traditional communities of place in local government" (Blacher 2006).

Totikidis , Armstrong & Francis (2005) observe: 'Community can be defined in various ways and while definitions about community are often debated, many community psychologists agree with the distinction of *relational* communities and *geographical* communities' (Rudkin, 2003). In her book on community psychology, Rudkin also discusses the advent and presence of *virtual* communities.

Writers from different academic disciplines have taken different but in some respects complementary approaches to describing community. Two American economists, Bowles & Gintis (2002) take a comparative institutional approach to considering the role of community which they describe as: "The task of comparative institutional analysis today, having left behind the plan *vs.*market debate, is to clarify what class of problems are handled well by differing combinations of institutions" (Bowles & Gintis 2002: 423). They further argue that:

> Communities, however, may solve problems that both states and markets are ill-equipped to address, especially where the nature of social interactions or of the goods and services being transacted makes contracting highly incomplete or costly. Community governance relies on dispersed private information often unavailable to states, employers, banks, and other large formal organizations to apply rewards and punishments to members according to their conformity with or deviation from social norms. An effective community monitors the behaviour of its members, rendering them accountable for their actions (Bowles & Gintis 2002: 424).

For local government, practical considerations play a central role. The legal mandate of councils typically relates to a defined geographic area which will normally be referred to in legislation as the "community" of the Council. In Victoria, for example, the Council is to be "responsible and accountable to the local community" and many of a council's explicit obligations are expressed as being to 'the community'. In those provisions the community is assumed to be the entire district of the Council. However, if the council is divided into wards for electoral purposes, one of the criteria for establishing ward boundaries is "community of interest" with the implication that individual wards are themselves separate communities within the larger district of the Council.

An extensive piece of research undertaken in 2005 for the Electoral Commission in England to assist the Commission's thinking on how to establish ward boundaries within local government (Chisholm & Dench 2005) reported that there was no single agreed definition of community and that indeed one substantial report had identified 94 separate definitions. Instead, this research highlighted a number of different characteristics which in varying degrees determine peoples' understanding of community. This included the presence of key facilities such as shopping centres, schools, places of worship, unique topographical features and other characteristics which made people think of an area as 'their place'.

Acknowledging the constraints under which ward boundaries are established, they observe that "all that can be hoped for is an *approximation* to the pattern of local communities in the territory of a local authority."

In rural areas, where clear geographical boundaries and people's understanding of what constitutes their communities may both be easily understood, questions of what is the 'community' may be relatively straightforward. In urban areas boundaries, and the factors which collectively constitute a sense of community, may both be much less obvious. Nonetheless, what we do know is that people form strong attachments to place and seek collective means of influencing or taking decisions about how that place should be managed. Indeed, increasingly the principal demand citizens make of their local governments is for the right to be involved in 'place shaping' for their community.
The uncertainty over what constitutes a 'community' and how to define its boundaries can be very awkward for people involved with local government, especially if they like tidy boundaries and clear definitions. It does though reflect the way in which people themselves actually function.

In practice it seems that local government, and local government specialists, take a pragmatic approach to the challenge of identifying communities, rather than seeking to pin down precise definitions. As an example Stoker (2007), in presenting the case for a new localism based on community, does so without any definition or description of what he means by community.

This approach, of simply assuming that there is sufficient consensus on what is understood by community for the concept to be of practical application without the need to provide a precise definition now appears a workable approach when what is involved identifying which groups and/or individuals with whom you wish to work. However, there are some situations where there is a need, because governments of whatever level require legal authority, for a more formal approach. A current example is provided by the United Kingdom government, in legislation via the aforementioned Localism Bill. This pending legislation proposes significant devolution to the neighbourhood level and is intended to dramatically change the relationship between central government, local governments and communities.[2] Rather than seek to define what is meant by neighbourhood or community, the bill instead sets out a process of providing for the recognition of neighbourhoods, both areas and forums. Essentially the bill proposes that a group wishing to be recognised as a neighbourhood forum for a proposed neighbourhood area applies to the local authority which has the power to designate both the forum and the area.

4.   The changing nature of the relationship between citizens and local government - and the role of local government?

4.1   The changing nature of the relationship between citizens and local government

Part of the context for the growing interest in community governance is the changing nature of the relationship between local authorities and their citizens. 25 years ago in most developed countries the principal means of engagement with local government was through the electoral process; you elected your representatives and by and large left them to get on with the job.

Since then there has been a very substantial shift in what citizens (communities) expect of their relationship. It has manifested itself in at least two different and important ways. First, there has been an ongoing decline in turn out at local authority elections, although with some upward blips following changes such as amalgamation, or a shift to postal voting (partly disguised in Australia in those states where voting is compulsory) (Russell 2004). Declining turnout has been associated with

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[2] Available at http://services.parliament.uk/bills/2010-11/localism/documents.html

factors such as increased representation ratios (the ratio of residents to elected members) and declining trust in local government (Purdam *et al* 2008, Sorabji 2006).

The conventional response to declining voter turnout has been to consider means of encouraging greater participation in elections. As an example Russell suggests: "The relationship between council size and representation ratio with voter turnout highlights the scope for focused interventions to improve voter turnout. Short of structural change, such interventions could involve targeted voter information/education programs in large municipalities or the selective introduction of compulsory voting in those municipalities" (Russell 2004).

Recent European research suggests that other factors may be at work. Specifically, citizens may be changing their preferences in terms of how they wish to engage with local government, with voting seen as less significant than it once used to be. Haus & Sweeting (2006) propose four different concepts of local democracy for political leadership; representative (the conventional electoral engagement), user (as a consumer of services), network and participatory (Haus & Sweeting 2006: 271-283).

Schaap *et al* (2009) adopt a similar approach in an overview of innovation in sub-national government in Europe. This study is of particular interest as they find that notwithstanding quite different political systems, similar trends are evident. They describe the public motivation in these terms:

> ...the public is realigning itself. People are bonding less with the local community and becoming more individualistic. They are demanding more and better services from the government. At the same time, they are more willing to participate, debate and act. The importance of traditional representative democracy is declining. These trends are creating tension between representative democracy and trust in an elected body on the one hand, and public input and participation on the other. All of this is taking place against a background of increasing social fragmentation (Schaap *et al* 2009).

They identify four different emerging strategies: strengthening the existing model of representation (electoral reform etc), broadening the concept of representation (greater dialogue while maintaining representation as the only source of legitimate authority), the citizen as customer - 'customer democracy' - and direct or participatory democracy (referenda, co-production, self-governance).

4.2   The changing role of local government

These changing attitudes on the part of citizens have a counterpart in changing attitudes regarding the role and functioning of local government itself. Especially in the United Kingdom (noting that local government operates under different legislative frameworks in Scotland and in England and Wales), there has been an increased rhetoric of decentralisation and community involvement which (partly under central government fiscal pressure) is moving towards a stronger emphasis on citizen decision making. The previous Labour government became attracted to the idea of participatory budgeting, a practice which originated in Porto Alegre in Brazil. Ideally it involves the council delegating to the local community the power to take decisions over some or all of council expenditure within the community. In England the government established the Participatory Budgeting Unit under a contract with a church-based charity to provide advice to local government and communities on developing participatory budgeting (Participatory Budgeting Unit, undated). The work of the unit continues under the new government (see http://www.communities.gov.uk/communities/bigsociety/participatorybudgeting).

That government had also started a process of devolution to local government and communities of decision-making in the delivery of social services through what became known as the Total Place initiative (see http://www.localleadership.gov.uk/totalplace). This was partly driven by fiscal concerns - a belief that greater collaboration at the local level would allow government to do more with less, exemplified by the London Councils initiative, Manifesto for Londoners (London Councils 2010) which argued cogently that greater devolution to London's Boroughs and through them to local communities would produce both significant fiscal savings and improved outcomes.

Evidence was also emerging from research that the conventional approach in major social services of centralised design, and delegated delivery was falling short in achieving desired outcomes because of a lack of connections at community level. In 2009 the Commission on Public Sector Reform in the North East released *Public Sector Paradox*, the final report of the Commission on Public Sector Reform in the North East. The paradox of the title is that public services in the north-east received more funding per capita than in England as a whole, performed better than public services elsewhere in England on the government's standard performance indicators, but delivered poorer outcomes. In the Commission's view based on its research a principal cause of the paradox was the lack of good connections at a local level:

> … we think engaging citizens and communities will be crucial if the region is to change behaviours and improve outcomes. The basis of successful engagement is working from where people are and through reaching an understanding of and nurturing their aspirations. This could be particularly important with regard to those working with young people and in education.

The emphasis here, as in the paper by Bowles and Gintis cited above, is on the unique capability of communities. It is an important endorsement of the need to engage communities in decision-making over the delivery of important services at the local level. For Australian local government it is important to recognise that this is a function of the nature of the services rather than of the formal allocation of responsibility. In England, unlike Australia, local government has played an important role in the delivery of mainstream social services albeit within tight constraints. It would be a mistake to assume that somehow this means community engagement - community governance - is a necessary initiative in England but not in Australia. Both countries face the reality that effective social services design and delivery requires the ability to tap into unique local knowledge, networks and understandings for which community governance is an appropriate means.

The new United Kingdom government has moved on from Total Place (which it regards as a continuation of the 'big government' approach) to what it describes as its Big Society initiative committing to a greater community role in making decisions about public sector expenditure. The government's guide to the recently introduced Localism Bill includes

> As well as having more control over individual funding streams, we believe that communities should be able to combine different sources of public money to create pooled budgets to tackle difficult cross-cutting issues within an area. These are known as 'place-based' or community budgets. Next year, this radical advance in local control over local spending will be pioneered by 16 areas across the country. We aim to make community budgets available everywhere by 2013 (Department of Communities and Local Government, 2010).

The Big Society initiative is also encouraging local authorities to consider outsourcing services to work or community owned enterprises. The Lambeth Borough Council, for its own reasons rather than to conform to government policy, has recently decided to reposition itself as "the cooperative Council " with the declared intent of passing as much of what it handles over to community control as possible - describing its objective as to do things **with** not **to** its communities. (Lambeth Borough Council Cooperative Council Citizens' Commission 2011).

The Jury is clearly still out, but current developments in England and Wales in particular suggest that the case for community governance as a critical component of public sector decision-making has gained considerable momentum.

5.   A Parallel Process: The Role of Community-Based Financial Institutions

Community-based financial institutions play a relatively small part in Australia's financial sector. The Reserve Bank of Australia figures for assets of financial institutions at June 2011 show that registered banks, credit unions and building societies between them had total assets of $ 2807 billion. Of this, $2724.5 billion or 97.07% was held by registered banks, $55.7 billion or 1.98% by credit unions and $26.4 billion or 0.94% by building societies.

Building societies accounted for 10% of financial assets on the eve of banking deregulation but declined significantly in number and share of financial assets during the 1990s as significant incentives were provided for de-mutualisation and a number of building societies converted into stockholder owned registered banks (Thomson and Abbott 2000). Although the first credit unions internationally were established in the mid-19th century, Australia's first credit union was not formed until 1946.

Internationally credit unions have played a significant role in providing financial services especially to people who have had difficulty accessing the services of conventional banks (see History of Credit Unions: Wikipedia). They are especially strong in North America where credit unions in Canada, in 2010, held a 16% share of domestic deposits, and credit unions in the US 6.4% of combined commercial bank and credit union assets.

Credit unions base their appeal on their mutual status and their willingness to provide services to people who would not necessarily be attractive customers for the conventional banking sector.

The development of credit unions has been paralleled and in some instances outpaced by the development of cooperative banks. In Europe cooperative banks within the 27 member countries of the European Union have an average market share of 20% (http://www.eurocoopbanks.coop). Ownership structures vary significantly but within a common commitment to cooperative principles. In the United Kingdom, the Cooperative Bank is wholly-owned by The Cooperative, the world's largest consumer cooperative with some 5 million members. In the Netherlands, Rabobank Nederland is owned by more than 500 local Rabobanks each an independent cooperative.

European cooperative banks have a strong commitment to working with their local communities, and reserving a proportion of their profits for community purposes. Co-operative banks furthermore support social organisations at the local, national and international level. Local member banks, their members and employees undertake their own initiatives at the local level. A proportion of the profits of the local member banks are reserved for this process in dialogue with the members.

Rabobank, for example, provides annual support to approximately 1,000 local non-profit organisations in the Netherlands. The local member banks annually contribute approximately ¤ 30 million directly and ¤ 40 million indirectly through non-cash contributions such as employees who carry out volunteer work during working hours (European Association of Cooperative Banks, 2007).

Giagnocavo, Gerez and Perez (2011) provide observations within the context of a project investigating strategies which cooperative banks could/do use to address community socio-

economic challenges through the financing and promotion of cooperatives and social enterprises. In respect of the role of cooperative banks in local development they note:

Historically, cooperative banks often provided more than just credit - they were proactive in encouraging business and social development and often filled a civil society vacuum. They provided institutional support, financed necessary infrastructure and research and development, encouraged training and education and eased the transition into international markets and in some cases different political regimes.

This background sets a context for the emergence of community banking in Australia.

6. How is the Term 'Governance' Currently Used by Australian Councils?

6.1 Governance as corporate governance

When the term governance is used within Australian local government it most commonly refers to accountability for organisational decision making and behaviour.

> Governance is the process by which decisions are taken and implemented; the process by which organisations go about achieving their goals and producing their outputs and the process by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, values and culture within the organisation.[3]

This understanding is linked to the term corporate governance which is concerned with structures and processes of decision making, accountability, controls and behaviour within corporations. (OECD, 2004). Guides produced for Australian councils that advise on corporate governance include:

- Exiner, R. and Good Governance Advisory Group (2004) *The Good Governance Guide*, *The Principles of Good Governance with Local Government.* Prepared for the VLGA, MAV, LGPro and the State Government of Victoria.

- CPA Australia (2005) *Excellence in Governance in Local Government.* Publication supported by Local Government Managers Australia.

- The Local Government Association of Queensland (2008) *Councillor Handbook and Good Governance Guide.* LGAQ.

- Holmes, G., Buckhorn, M., Wilson, S. and Donovan, I. (2008) *The Guide to Good Governance and ecologically sustainable development for local councillors.* Produced by HCCREMS with support from the Australian Government.

- Crime and Misconduct Commission (2002) *On the Right Track. Plain English factsheets covering key governance and ethical issues.*

These guides focus on the collective responsibility of councils to put in place the necessary systems to ensure good governance and the individual responsibility of councillors to ensure they are implemented. They also provide guidance for individual councils in developing codes of conduct for councillors. Of these, the Victorian *Good Governance Guide* stands out in drawing on a broader understanding of governance, specifically referencing democratic principles and the way councils should engage with their communities.

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[3] Definition in CPA Australia publication, *Excellence in Governance for Local Government,* supported by Local Government Managers Australia.

6.2   Governance as democratic governance

Building on the decision making elements of the definition of governance outlined above, the term democratic governance is used to refer to deepening democratic engagement through the participation of citizens in the processes of governance with the state. The Victorian *Good Governance Guide* acknowledges the link between governance and democracy:

> Relevant legislation is important in recognising and understanding the legal framework within which local government operates. However it is only one part of the guiding principles and issues that support good governance. Good governance must also have an ethical base. Democracy depends on generating and maintaining a strong foundation of trust between the community and those who govern. The need for transparency in governing processes underlies this trust, as does the honesty and integrity of the elected representatives and the administration (Exiter, R and the Good Governance Advisory Group, 2004: p 40).

The Victorian council, Surf Coast Shire, exemplifies this broader understanding of governance in their governance manual: "The Surf Shire Council is committed to promoting the wellbeing of the Shire's residents and views good governance as the key to democracy at work. Good governance...also includes the way that local governments engage with their communities' (Surf Coast Shire, 2009: 3).

Public discourse about democratic governance and its importance was heightened in Victoria following the period of local government amalgamations in the 1990's and legislative requirements for compulsive competitive tendering of council services. Brian Galligan (University of Melbourne) explores democratic governance in the context of these reforms which were undertaken for efficiency purposes:

> Even if we understand local government as enabler rather than provider of services, the distinction between local government as a system for ensuring efficient service provision and local government as a system of democratic governance remains a crucial one. That is because local government as enabler still has to determine the range and standards of services that its community requires (Galligan,1998:204).

The 'Just Communities' action research conducted with councils across Australia between 2006 and 2008,[4] examined the practice of democratic governance by councils (Just Communities, 2010). The research report concluded that local government needs to find the right blend of community engagement, governance and decision-making processes, and management frameworks, to strengthen local democracy and advance community wellbeing. This project sought to define those interdependencies in what became the 'GEM' relationship model (Op Cit: 23):

> **G** – Democratic governance: Where leadership and decision-making by elected Councillors is based on a sound appreciation of community issues and needs and a commitment to effective community engagement in the political process.

> **E** – Civic engagement: Where councils employ effective techniques to enable active citizens to influence the formulation and implementation of public policies that affect their daily lives.

> **M** – Organisation management: Where public value management policies and practices are embedded in the workplace culture, acknowledge citizen participation rights and ensure that the outcomes of community engagement inform decision-making.

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[4] A joint initiative of the Local Government Community Development and Services Association of Australia and the Centre for Local Government, University of Technology, Sydney.

Figure 1. The GEM model
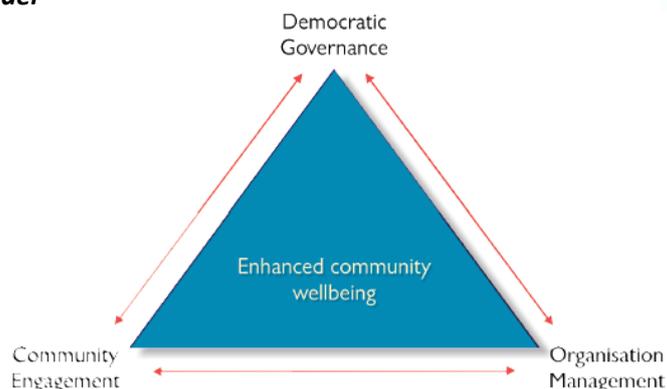
6.3   Governance as community governance

Closely linked to the notion of democratic governance with its focus on external relationships, is the concept of community governance. Community governance, which is explored in detail in Section 6 below, concerns genuine collaboration between public, private and non-profit sectors to achieve desired outcomes for a jurisdiction, be it a neighbourhood or a whole local government area. For governments it represents a change of focus from the delivery of specified services to developing creative solutions to meeting community needs. While democratic governance concerns the processes of the individual local government authority, community governance concerns the collective processes of a wide range of players.

Changes to local government legislation in Australia and New Zealand over the last decade have included specific references to the role of local government in promoting the social, economic, environmental and cultural well being of communities and involving the community in determining the needs and priorities for their areas (Appendix 2). These changes reflect a broader notion of governance - good corporate governance and democratic governance, as well as principles of community governance.

Examples include the requirement in Victoria, for the preparation of community plans,[5] and reforms of the NSW Local Government Act[6] which require councils to engage the community in the preparation of the Community Strategic Plan, and to lead other organisations that have a role in delivering on aspects of the Plan.

Kevin O'Toole (Deakin University) in exploring community governance in Victorian local government tested the extent to which councils were using new governance ideas. The context was the policy decision by the Bracks Labor government, following the defeat of the Kennett Liberal government in 1999, to redefine good governance and to embrace engagement by the community in the governing process. He reviewed council annual reports to determine how they were reporting on governance and the extent to which they referred to external governance. He found that over half the respondents had some section which referred explicitly to the term governance, but the term community governance was rarely used if at all. However 18% of the councils reported on community participation through different council forums and committees. This may be seen as a form of community governance (O,Toole, 2003; O'Toole, 2005).

Apart from the Victorian research, no research of this kind appears to have been conducted in other Australian states or territories. In light of the legislative changes referenced above, and the growing

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[5] Local Government (Democratic Reform) Act 2003. Victoria.
[6] (Planning and Reporting) Act 2009. No 67. New South Wales.

interest in community governance, it would be interesting to understand better how the principles of community governance are put into practice in a range of contexts and whether the term is gaining some traction.

Initiatives that could be further explored include the alliances that have been set up to deal with cross-cutting issues such as the management of river catchments or the economic challenges facing a locality and the extent to which they exhibit the features of a community governance approach. These features which include partnerships and networks, effective community engagement, strategic leadership by the council and a sense of place as a unifying and motivating concept for all stakeholders who are involved.

7. What are the key theories and ideas underpinning the term community governance?

7.1 Introduction

The terms local governance and community governance are used interchangeably in the literature. In this paper the term community governance is used unless citing a particular reference to local governance.

Early community governance advocates put the view that the focus needed to shift from governing organisations to governing communities (Stewart and Clarke, 1996). The emphasis in this approach was on the well being of local communities rather than the traditional practice of focusing on a prescribed number of public services. This section builds on the idea of community governance as networked governance which can apply at all levels of government, and addresses the literature that focuses on the local/community level.

Much of the literature relating to community governance has come out of the United Kingdom and more recently New Zealand. In the UK this was closely linked to the process of local government reform that took place under New Labour. While it is generally accepted that the reforms were aimed at encouraging efficiency and customer oriented service delivery, Gerry Stoker (University of Southampton, UK), put the view that the reforms also encouraged a re-think of and redefinition of local government's role and led to a broader vision of community governance (2007). This will be further explored below.

The following key concepts associated with community governance are examined briefly in turn:

- New localism and the concept of subsidiarity
- Place shaping and governance of place
- Strategic leadership
- Community engagement and empowerment
- Metropolitan governance

7.2 New Localism and the concept of subsidiarity

New localism as a concept draws on theories of devolution and was intended to influence the approach of the UK national government towards local communities and local government:

> New localism can be characterised as a strategy aimed at devolving powers and resources away from central control and towards front-line managers, local democratic structures and local consumers and communities, within an agreed framework of national minimum standards and policy priorities (Stoker, 2005:2).

In putting a case for a new localist policy, Stoker says that it is a realistic response to the complexity of modern governance. It meets the need for a more engaging form of democracy appropriate to the 21st century, and it enables dimensions of 'trust, empathy, and social capital' to be fostered and as such encourages civic renewal. He argues that networked community governance can better provide the solutions to complex service and policy issues. He also argues for active intervention in promoting civic renewal which he explains in this way:

> People have rights to: respect of themselves, a quality of life, decent public services and the opportunity to influence their environment, and about responsibilities to respect others, make a contribution to supporting their environment and their fellow citizens and engaging in and accepting as legitimate the outcomes of the democratic process (Stoker, 2005:7).

Further he states that civic renewal is not to be confused with community engagement or empowerment, for it demands participation with a purpose which is to engage people in making their communities better places for themselves and those around them. The focus on the local is underpinned by the principle of subsidiarity. Brian Gilligan (University of Melbourne) provides this definition:

> Subsidiarity means that wherever possible government functions should be performed by the sphere of government closest to the people. Subsidiarity provides an antidote to the Australian tendency towards state action and the centralisation of political power (Galligan, 1998: 209).

The principles of localism and subsidiarity are being revived in Australia in the context of a renewed commitment to regional development. Simon Crean (2010), the Minister for Regional Australia, Regional Development and Local Government in his speech to the National Press Club in October specifically referenced localism, and referred frequently to local empowerment and community engagement.

7.3   Place shaping and governance of place

Linked to new localism theory are ideas of place shaping and place making which are introduced in Section 4 in the review of the changing role of local government. One of the most recent prominent authors on this subject is Sir Michael Lyons (2007) who sets out a comprehensive place shaping vision for local government in his inquiry into Local Government funding in the UK. The report needs to be read in its entirety but this summary of the components of place shaping as applied to councils in the UK provide an indication of the way the term is used:

> *Throughout my work, I have promoted a wider, strategic role for local government, which I have termed 'place-shaping' – the creative use of powers and influences to promote the general well-being of a community and its citizens. It includes the following components:*

> - *building and shaping local identity*
> - *representing the community*
> - *regulating harmful and disruptive behaviours*
> - *maintaining the cohesiveness of the community and supporting debate within it*
> - *ensuring smaller voices are heard*
> - *helping to resolve disagreements*
> - *working to make the local economy more successful while being sensitive to*
> - *pressures on the environment*
> - *understanding local needs and preferences and making sure that the right services*
> - *are provided to local people and*
> - *working with other bodies to response to complex challenges such as natural disasters and other emergencies.*

Brian Dollery, Bligh Grant and Sue O'Keefe (2009) from the University of New England, reviewed the Lyons Report and its applicability in the Australian local government setting. They establish the differences between British and Australian local government and argue that the place-shaping agenda was advocated for councils that have much greater responsibilities in the realm of social welfare than is present in Australian local government. However despite the narrower range of functions they perform, it is argued that Australian councils have already extended the range of their activities far beyond the traditional 'roads, rates and rubbish' paradigm and are already involved in placed shaping.

Place making as a concept is not new in Australia. Integrated Local Area Planning, promoted strongly in Australian local government in the early 1990s (Sansom, 1993), was based around the idea of whole of government planning on a precinct or 'place' basis. John Mant, a former senior public servant and government consultant, explores the role of place management in Australian government:

> Instead of government consisting essentially of functional departments, each one consisting of a different group of professionals pursuing specialist inputs and outputs, an outcomes focused government is structured around the three core aspects of governance - effectiveness (outcomes), efficiency (services) and transparency (standards). The three parts have different ways of operating and different types of performance measure. Place management along with systems management are the essential responsibilities of the outcomes organisation (Mant, 2008).

Mant acknowledges the limitations of place management in traditional structures. He references councils that have undergone fundamental restructure with a view to making place management a central responsibility, putting place managers at the core of the organisation, rather than the periphery.

The Institute of Place Management lists the focus of people involved in place management:

- Town Centre Management
- City Centre Management
- Location Management (such as Shopping Centres, Airports etc)
- Neighbourhood and Community Renewal
- Community engagement and renewal
- Regeneration
- Urban Design
- Tourism & Leisure
- Place Marketing and Branding
- Planning
- Local Economic Development[7]

By defining place management in terms of particular activities, and in narrow professional terms, the value of place shaping as an integrating concept across all council functions and community relationships may not be realised. Patsy Healey (2002) in writing about place, identity and governance critiques the thinking behind the master planned area approach of a UK city council and their reliance on urban planning rhetoric, and says that transformative strategies need to penetrate both discourses and practices. Healey concludes:

> ... city governments should be encouraged to the slow, hard, conflict-ridden, time-consuming and time-taking micro-level work of re-constructing the relations between citizens and city governance,

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[7] www.placemanagement.org

in ways which can help build on and develop positive identities with place and enrich the diverse social worlds of citizens (Healey, 2002:197).

7.4   Community engagement

Democratic governance and community governance by definition are concerned with relationships with citizens of the area being governed, and with other government, private and non-profit stakeholders. The discourse in government has moved beyond community consultation to that of community engagement (I&DeA, 2010).

Tim Reddel (2004) from Griffith University, Queensland, points to the importance of involving a wider range of community actors in public decision making - both from the perspective of strengthening democracy and protecting public interest. In writing about local governance and citizen engagement Reddel says that the interest by Australian governments in social capital, community-building, citizen engagement and joined up government, reflects international policy interest in more engaged and community focused public policy (Smyth, Reddel and Jones, 2005).

Mike Geddes (2005) from the Local Government Centre, University of Warwick, examines partnership aspects of local governance as a response to poverty and social exclusion, and discusses the policy shift to the use of the term 'social inclusion'. He outlines the range of policy initiatives related to social inclusion in the UK, and references similar initiatives in the European Union.

A related focus in the literature is the review of new approaches to, and new methods of community engagement, including deliberative democracy techniques (Involve, 2005). While the brief for this literature review does not include community engagement methodologies, one type of engagement which illustrates and supports a community governance approach is briefly described below. Valerie Brown (2001) of the University of Western Sydney developed an approach to the distinctive knowledge bases that are typically involved in natural resource management decisions, which have since been applied more generally to decision making at the local level:

- Local knowledge (local lived experience, place-based knowledge)
- Specialised knowledge (expert knowledge and interpretations, scientific disciplines)
- Strategic knowledge (functioning of governance systems, planning, administration and management)
- Holistic knowledge (shared purposes and ways of synthesising, working across cultures and other knowledge systems).

She argues that active collaboration between people from the four knowledge cultures is vital to achieving successful engagement in regional decision-making. This goes far beyond the consultation needed for immediate purposes, to the need for a pattern of long-term alliances among people from the different cultures and their organisations (Brown *et al.* 2001).

While the scope of this paper does not include a review of consultation processes by Australian local government, one example is included here to highlight community interest in governance matters. Pittwater Council in NSW conducted a customer satisfaction survey in 2010 involving 400 local residents of varying ages. The General Manager provided the following view of the results:

> What has surprised the council about the survey results is the fact that residents appear to be less concerned about what I would call the 'traditional' activities of local government – and much more interested in what could loosely be termed participatory democracy. The survey findings go on to say that out of ten drivers of satisfaction – what residents really want – the top two were access to Council information and support and community involvement in decision-making. Managing

development came third, domestic waste fourth and perhaps most surprising of all, maintaining local roads came seventh.[8]

The Pittwater Council experience suggests that if questions about governance are included in consultation processes, existing assumptions about what communities want may well be challenged. New thinking may emerge about the nature of the relationship between the council and its community.

Chris Aulich (2009) at the University of Canberra, in examining participatory governance in Australian local government, argues that while there are changes to legislation to facilitate engagement with communities, and policies are being developed by individual councils, there are few examples where effective engagement has been established and accepted as a citizen's right. This conclusion needs to be further explored. It would also be valuable to examine the extent to which local governments are building long term alliances based on a shared governance approach.

7.5   Civic leadership

Strong civic leadership is an essential component of community governance for it requires mobilising external stakeholders and communities not just mobilising internal organisational capacity. Robin Hambleton (2008:253) argues that the challenge for local government is to redefine local leadership and replace hierarchical approaches with a collaborative approach towards common goals. He presents the notion of civic leadership as a number of overlapping roles:

- political – mayors, politicians
- managerial - civil servants
- community leadership - other parties in civic society including businesses.

Hambleton states that civic leadership requires councils to provide the focal point for the development of a 'collective vision' that reflects local priorities and brings together the relevant agencies. Mark Considine (2006) further argues that leadership by councils requires them to be an advocate for their areas and other public agencies providing services to ensure they meet the needs of its citizens. As many challenging public policy issues have long term implications, including the management of natural resources, leadership requires the capacity to take into account the interests of future citizens (Smyth et al, 2005).

Leadership in this context has implications for the roles of the mayor and councillors and the role of the council general manager. The decision to directly elect the mayor, as in the Cities of Sydney, Brisbane and Melbourne, and elsewhere, was designed to overcome fragmented governance arrangements and ensure the necessary powers to deal with complex metropolitan issues.

ACELG has recognised that further research is needed into the roles of elected representatives in the Australian context and how these roles might be clarified and strengthened to ensure more effective community leadership.[9]

7.6   Metropolitan governance

Metropolitan governance theory draws on the concepts referenced above and applies them in an urban context. It is recognised that urban regions are emerging as key players in the world economy

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[8] Excerpt from the blog of the Council General Manager, accessed at www.pittwater.nsw.gov.au/blogspot
[9] Scoping Study 'Roles and Relationships between Local Government Mayors and Officials' currently being prepared for ACELG.

and policy makers need to pursue policies for competiveness as well as social cohesion/liveability. The OECD (2001) has prepared guidance for member countries on better governance to help achieve these policy objectives, the institutional reforms that are needed and principles and policy guidelines to achieve success.

Ronald Oakerson (Houghton College, US), a former senior governance analyst in the US, examined how local communities are governed. He argues that discourse about governance reforms in metropolitan areas needed to focus less on structural issues, for example, consolidation of local governments, and more on how local public economies function, and how the public, private and non-profit sectors work to create wealth (Oakerson, 1999). Oakerson argues that as there is no 'one right way' to organise a local public economy, the focus needs to be on governance:

> The American system of local government rests on Republican principles of local self-governance. These principles serve the essential democratic values: the consent of the governed, strong representation, local liberty, community and active citizenship....The study of metropolitan organisation demands a framework that can address the variety of provision, production, and governance problems that occur in the metropolitan context (Oakerson, 1999: 130).

Metropolitan governance is of particular relevance in Australia as over 75% of the population live in cities of more than 100,000 people. Graham Sansom, in writing on local government and metropolitan regions in federal systems (Steytler, 2009), explores the governance of Australian metropolitan regions and concludes that it is dominated by the states, with local government playing essentially a supporting role. The exception to this has been Brisbane where the City Council is a key provider of metropolitan infrastructure and services, including water and sewerage and public transport. In addition, planning has been carried out as a cooperative venture by state agencies and local government (Sansom, 2009:17).
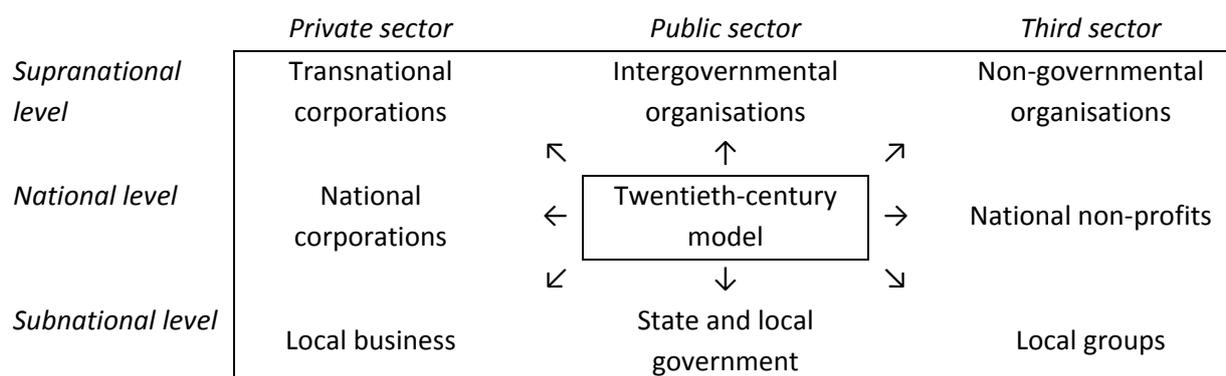
8. Influences on the emergence of community governance

A range of perspectives are put forward as to the influences behind the changes in notions of governance and the emergence of community governance as a term. Several explanations canvassed in the literature are summarised below.

8.1 Globalisation, marketisation and the information revolution

Elaine Kamarck and Joseph Nye (2002), in examining information technology and democratic governance in the US, first discuss broad international trends. They present a case for the diffusion of governance activities, with some migrating to a transnational level, others to local units, while others may migrate to the private sector. These possibilities are presented in the matrix in Figure 2 below.

Figure 2. The Diffusion of Governance in the Twenty-First Century

	Private sector	*Public sector*	*Third sector*
Supranational level	Transnational corporations	Intergovernmental organisations	Non-governmental organisations
		↖ ↑ ↗	
National level	National corporations	← Twentieth-century model →	National non-profits
		↙ ↓ ↘	
Subnational level	Local business	State and local government	Local groups

Kamarck and Nye point to evidence of this diffusion in the US, for example in the growth of state and local employment, privatisation transferring functions out of the public sector in a large number of countries and non-profit organisations playing an increasing role. They then discuss three independent but interrelated trends – globalisation, marketisation and the information revolution, and their implications for governance. They have all accelerated the diffusion of power away from governments to private actors. In examining the political effects of the information revolution:

> Power over information is much more widely shared....Rather than reinforcing centralisation and bureaucracy, new information technologies have tended to foster network organisations, new types of community, and demands for different roles by government (Kamarck and Nye, 2002: 9).

Reforms of local government

A number of authors writing about the local government context pick up the theme of privatisation and attribute changes in ideas about governance to intense period of reforms in local government. The privatisation of government functions and the establishment of single-purpose organisations, created increasing fragmentation and made a 'whole of government' approach to addressing local issues very difficult.

Robin Hambleton (2004) and Geoff Gallop (2006), among others, explain the increased emphasis on community governance as a response to diminished citizenship created by the new public management approach and the growth of managerialism. The move to reinvigorate notions of civil society, citizenship and democracy were linked to concerns that existing models of government were inadequate (Gaventa, 2006; Denhart, 2007). It is also reflected in the influence of leading political scientists such as Robert Putnam (1993) who wrote about social capital and importance of a 'civic community' if a democracy is to work.

Robin Hambleton (2004:8) illustrates three currents of change which have characterised public reform strategies in the last two decades in Figure 3 below. In this representation New Public Management can be seen to be associated with two of the strands – the market and managerialist reform strategies, while movements to strengthen democracy can be associated with the third (and more recent) strand.

Figure 3. Currents of change
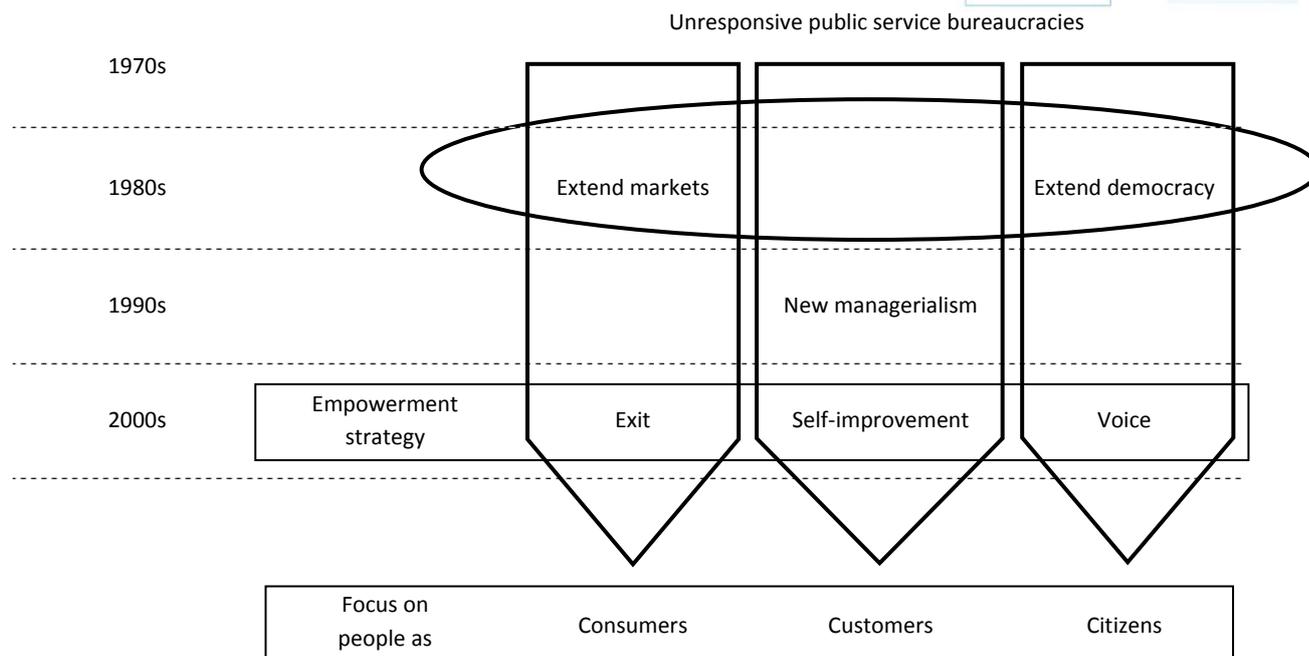
Building on the link between market reform strategies and community governance, Mike Geddes (2005:20) cites authors who argue that the philosophic basis of the shift to governance is closely associated with neo-liberalism which is a market-driven approach to social and economic policy, and with conservative political theory. This challenges conservative governments that claim to be promoting community empowerment while cutting government services.
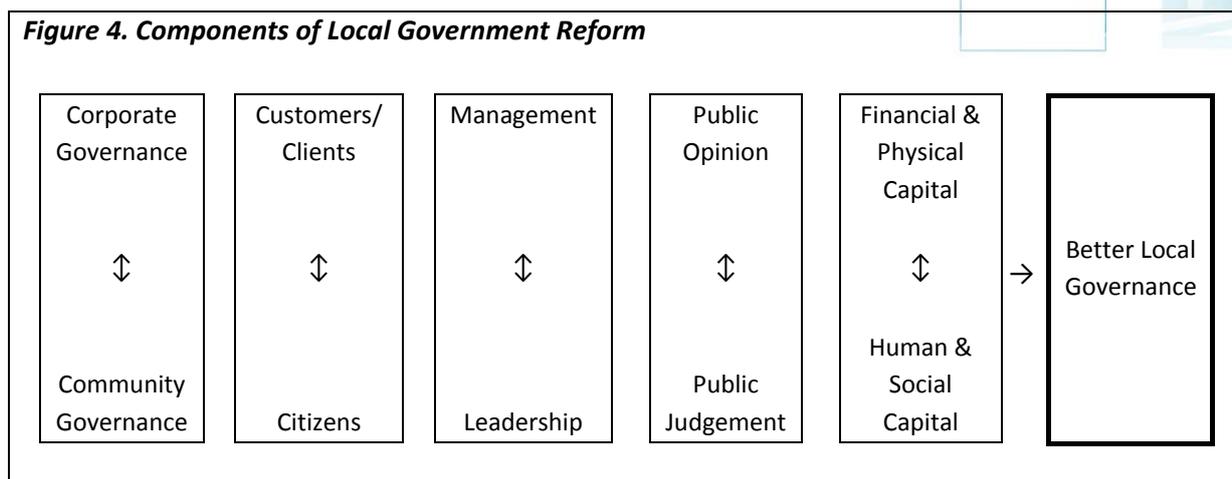
A recent example from the UK is the promotion of the Big Society policy agenda. In May 2010 Britain's Conservative government launched their Big Society Programme aimed at empowering local people and communities, and building a big society that will "take power away from politicians and give it to people". The program, with its emphasis on volunteering and philanthropy is viewed by many as a cost cutting exercise, and by the opposition as a re-branding of the previous Labour Government programs.However as the discussion in Section 4 of the Big Society programme indicates, there are substantive arguments in support of the intended reforms.

Alternate approach to new managerialism reforms

Other local government authors have focused on the limitations of new managerialism.
Kevin Sproats (2000) from the Centre for Local Government, University of Technology, Sydney, discusses the notion of community governance in the context of local government reform in Australia. He argues that the focus of local government reform had been largely on the roles and functions of government, with a focus on more efficient management and service delivery.

Sproats illustrates the components of local government reform and their countervailing aspects in Figure 4 below. He presents community governance as the countervailing aspect to corporate governance.

Figure 4. Components of Local Government Reform

Corporate Governance	Customers/ Clients	Management	Public Opinion	Financial & Physical Capital	
↕	↕	↕	↕	↕	→ Better Local Governance
Community Governance	Citizens	Leadership	Public Judgement	Human & Social Capital	

Source: Sproats, K. (2000) *Local Management or Local Governance*

There is also a pragmatic approach taken by some authors in accounting for the growing emphasis on networked governance, which recognises that there are a range of problems that are beyond the scope of governments acting by themselves (APSC, 2007). One widely recognised example is the challenge of climate change and global warming, with responses required from multiple agencies, public as well as private.

8.2   Challenges in applying community governance approaches

By definition community governance is concerned with networks, and so a key theoretical attribute is collaborative relationships and partnerships between organisations. The literature reviewing partnership approaches is extensive, in particular arising out of the UK. A brief summary of the challenges identified in the literature is provided below.

Helen Sullivan and Chris Skelcher (2002) address many aspects of collaboration in public services and identify some of the key challenges. They discuss the general barriers to building collaborative partnerships which are rooted in the practices and cultures of organisations, and suggest five levels at which collaborative capacity is necessary: strategic capacity, governance capacity, operational capacity, practice capacity and community and citizen capacity (Sullivan and Skelcher, 2002: 112). In addressing the question of the accountability of partnerships, they raise the confusion that can arise about the accountability of partnership bodies that are appointed and not elected, and located at arm's length from the processes of representative democracy. Questions of accountability and legitimacy can also apply to community leaders involved in collaborative arrangements and consultative bodies.

Mark Considine and Sylvain Gigeure (2008) argue that government must be convinced that the partnership exercise, deemed so important by the local community, is also in their interest. Partnership managers and community representatives must therefore have the skills and capacities to engage with government representatives in a fruitful way and jointly identify mutual benefit.

A review by Michael Geddes (2008) of the UK's New Labour programs including the *Local Strategic Partnerships* and *New Deal for Communities* programs, concluded that government finds it difficult to operate within an authentic partnership framework as the old vertical accountability rules apply, and that governments must be willing to be led as well as to lead. Peter McKinlay builds on this notion in summarising the unresolved problems in establishing effective collaborative responses at the local level:

- Quite an extensive distrust, at a community level, of both local and central governments
- A reluctance on the part of higher tiers of government to "let go" and genuinely pass authority to a lower or community level
- A resource imbalance. Typically higher tiers of government are unwilling to fund lower tiers or communities to the extent required for effective governance and delivery at the local level (McKinlay 2010 [b]: 2)

McKinlay says that a consequence of these problems is that initiatives have come largely from government rather than the community but that this is not inherent in current understandings of local or neighbourhood governance.

Tim Reddel in reviewing networks and partnerships in the Australian context argues that in order for the ideas of community governance to be translated into a sustainable framework, new mechanisms and instruments are required. Two specific areas referenced by Reddel (2005:197) are institutional and implementation arrangements based on networks and partnerships; and the sources of authority and accountability necessary for participatory local governance. Chris Skelcher (2008) explores accountability within a localist approach and points to the potential for localism to encourage parochialism and self interest by residents. He argues that local economic development policies and decisions, for example, may not always reflect the public interest and may rather be dominated by special interests.

Gerry Stoker (2005:8) raises the importance of support, training and resources from government if these new governance rules are to be achieved in practice. John Wiseman (2005) in reviewing the Victorian Government's *Growing Victoria Together* policy framework summarises the key public administration capacities and skills which require significant development:

- Effectively communicating evidence and ideas to diverse audiences
- Respecting and engaging diverse stakeholders
- Working across boundaries and networks
- Building alliances and partnerships.

Lester Salamon (2002) from John Hopkins University, is one of a number of authors who addresses this challenge of equipping government for the new governance arrangements and examines a range of different tools available to government.

8.3   Evaluation of community governance, a European case study

An important question to answer in reviewing this new governance approach is how effective it is from the perspective of those who should ultimately benefit, the citizens. This paper briefly covers one example of an evaluation of local governance in four European countries.

Elke Loffler, Chief Executive of Governance International along with Tony Bovarid (Bristol Business School, UK) and Salvador Parrado Diez (University of Distance Learning, Spain) present an international project undertaken by Governance International in Germany, Spain, Switzerland and the UK to evaluate the quality of local governance (Loffler et al, 2004).

Drawing on earlier research, the authors suggest that it is possible to disaggregate the quality of public governance into two components: the quality of life of citizens (and other stakeholders) and the level of conformity with governance principles. The importance of distinguishing between quality of life outcomes and quality of services is noted, in light of the tendency of governments to focus on quality of services and level of service activity.

Governance International developed the *Local Governance Health Check* to help local authorities and their partners identify opportunities for improving the quality of life of local people in quick and simple ways, using locally-available resources. The four pilot local authorities were different sized cities in different local government contexts – Ulm in Germany, Barcelona in Spain, Calderdale in the UK and Baar in Switzerland. The project took into account the holistic effect of city-wide agencies rather than simply focusing on the organisational performance of the city council. Primary data collection was undertaken through focus groups and questionnaire surveys of stakeholder groups to record the perception of stakeholders about the quality of life along a number of dimensions (including health, social wellbeing, income and wealth, community safety, environment, mobility etc.) Further primary data explores perceptions of the quality of public governance processes in their area (including transparency, stakeholder engagement, fairness and honesty in decision making, accountability etc). The research also drew on secondary data.

Among other findings the authors conclude that performance management frameworks at a local government level should place greater emphasis on the achievements in the field of local governance, and in equipping multiple stakeholders for their debates about 'what is to be done' rather than about 'proving' what has been done.

8.4   International comparisons of progress

This section reviews two international comparative studies which include Australia, that assess the progress towards broader notions of community governance.

Bas Denters and Lawrence Rose in comparing trends and developments in local governance wanted to establish whether: "... local governance was more than a catchword applying to developments in only a few select settings or whether there had been a more fundamental transformation" (Denters and Rose, 2005:xiii). Country experts/contributors provided an overview of trends and developments relating to local government and local governance in the countries of France, Italy, Belgium, the Netherlands, the Nordic countries, Poland, Germany, Switzerland, the United Kingdom, New Zealand, Australia and the United States.

Denters and Rose explore trends in changing responsibilities of local governments – beyond the provision of services, and note that:

> Local government autonomy in the United Kingdom, New Zealand and Australia is much more limited, based as it is on a long standing tradition of ultra vires whereby municipal competences are restricted to those that are explicitly attributed to them by central government... Interestingly, however, authorities in all three of these countries have recently decided either to introduce a power of general competence for local governments (New Zealand and Australia) and/or to remove 'consent regimes' that imply the requirement of central approval of local policy initiatives. In doing so the responsibility of local authorities to promote and develop social, environmental and economic wellbeing of the community has been explicitly acknowledged (Denters and Rose, 2005:251).

In concluding that the shift from local government to local governance is an international phenomenon, the authors point to these trends in their cross-national analysis:

- New responsibilities have forced local government to develop collaborative relationships with a variety of organisations of a local and regional character – public, private and quasi-private alike
- Municipalities in many countries are engaging more with the business community to stimulate favourable conditions for business and furthering tourism

- The fragmentation of authority poses functional problems but also raises the issue of securing transparency and democratic accountability
- Many countries are working with new forms of citizen involvement
- Without an adequate financial base, it remains to be seen whether authorities will be able to make community leadership real
- The shift toward local governance has led, in many countries, to attempts to strengthen the local political executive, for example through the introduction of a directly elected mayor.

Emmanuel Brunet-Jailly and John Martin explore and compare changes that have occurred in the local government in Australia and Canada. The research questions were organised through four thematic lenses:

> ... citizen participation and governance in local decisions, the restructuring and reforms of local governments, the usage of performance measures and management systems in the administration of local governments, and the relations of local government with higher levels of government (Brunet-Jailly and Martin, 2010:3).

In the chapter on citizen participation and local governance in Australia, Chris Aulich outlines the reforms to the Australian local government acts in the mid-1980's and 1990's around enabling principles, and a shift away from the limiting powers in previous acts. Aulich notes that: "Despite the modernisation of the acts there is little evidence of significant changes to the state-local power nexus, and no new functions were added to those already undertaken by local government" (Brunet-Jailly and Martin, 2010:39).

Susan Phillips in writing about the history of citizen participation in Canadian local government notes that local government reforms did not lead to the creation of new institutions or reforming relations between government and civil society on an ongoing basis. Both Aulich and Phillips note that the community building agenda is being driven by non-governmental actors or by communities themselves. Phillips concludes that there has been a shift from government to governance in Canada's larger cities while Aulich concludes that the data are not so conclusive in the Australian context.

9.   What can we learn from recent Australian experience about the practice of community governance?

In this section we briefly consider the experience of one Australian state which has put a strong emphasis on one particular approach to community governance, community planning. This is Victoria where, within local government, there are now more than 500 individual community plans in place largely developed through methodology developed by and for the Department of Victorian Communities (now the Department of Planning and Community Development) and by peak local government organisations including the Municipal Association of Victoria through its Lighthouse Program.[10]

Hess and Adams (2007) argue that the strong emphasis on community planning was a reaction by the Labour government which won office in 1999 against the new public management approach of the previous government. The establishment of the Department for Victorian Communities was significant, with the word 'for' emphasising a different approach.

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[10] See http://www.mav.asn.au/CA256C2B000B597A/All/EEB194323A5F41F6CA25767A001F6322?OpenDocument&1=55-Policy+&+Projects~&2=35-SHP+Economic+and+Community+Development~&3=30-SHP+Community+Planning~

> This new Department was not to be a vehicle for delivering policy in the particular location of communities - of doing something to communities. Rather it was to be an advocate for an approach to the development and delivery of policies focusing on communities of interest and places, through the medium of communities of location. It was to do something *in* and **with** communities.

There has been one substantial evaluation of experience with community planning, West & Raysmith (2007) which involved case studies of community planning in nine different councils drawn from a mix of rural and urban councils. Although the precise term is not used, the report highlights that community planning is still very much work in progress, although on balance the experience of engagement with community planning has been seen as positive by both councils and communities.

Among the specific concerns which the report raises are the relationship between community planning and the council plan, the attitude of state government departments (which suggests that the sponsoring department may not yet at the time of the report have got the full buy-in of other state government departments), and the impact of the effort involved in developing a community plan. In respect of these three separate matters, the authors have this to say:

- Whilst community planning has received wide endorsement and was embraced by local governments in each of the case studies the potency and relevance of the community plan was left in considerable doubt and the nexus between the community plan and the council plan a matter yet to be resolved.
- A consistent issue raised in discussion with the nine case study Councils is the lack of recognition and legitimation by the State government of the role of local governments in local community planning.
- Community planning mostly ended with a community plan. Whilst the process had community building benefits it also left community members and council staff exhausted (West & Raysmith 2007: 35; 23; 35).

A somewhat different perspective on the Victorian community planning experience is presented by Mowbray (2011). He argues that:

> As in other countries and contexts, close analysis reveals that what is represented as inclusive and empowering community engagement is effectively about containment and control. Community development needs to address the nature and implications of such policies and programmes, as well as the evolving nature of the local state and the opportunities for change that may be available. It would then be more likely extend beyond its marginalized status in local government, to try to use the institution as a whole in the pursuit of social justice.

This critique may go to the heart of the community planning endeavour; how do participants and practitioners ensure that the process is genuinely community controlled and responsive, and effectively places decision-making in the hands of the community?

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ATTACHMENT A: Definition of Good Governance

Source: OECD (2001) Citizens as Partners: Information, Consultation and Public Participation in Policy-Making

Good governance is a concept that has come into regular use in political science, public administration and, more particularly, development management. It appears alongside such terms such as democracy, civil society, participation, human rights and sustainable development. In the last decade, it has been closely associated with the public sector reform. Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. (OECD, 2001).

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

Effectiveness and efficiency: Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Responsiveness: Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

Consensus oriented: There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and inclusiveness: A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

Rule of Law: Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

ATTACHMENT B: References in Local Government Legislation with Relevance to a Community Governance Approach

QUEENSLAND

Local government principles include (c) democratic representation, social inclusion and meaningful community engagement (2009 Act N0. 17)

SOUTH AUSTRALIA

Principal role of a council includes (a) to act as a representative, informed and responsible decision maker in the interests of its community and objectives for a council include (a) be responsive to the needs, interests and aspirations of individuals and groups within its community (Local Government Act 1989, the System of Government, Chapter 2)

VICTORIA

(1) A Council is elected to provide leadership for the good governance of the municipal district and the local community.
(2) The role of a Council includes—
(a) acting as a representative government by taking into account the diverse needs of the
local community in decision making;
(b) providing leadership by establishing strategic objectives and monitoring their achievement;
(f) fostering community cohesion and encouraging active participation in civic life.
 (Local Government Act 1989, part 1A, Local Government Charter)

NEW SOUTH WALES

A Councils charter includes, - ' to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively, to engage in long-term strategic planning on behalf of the local community, and to exercise its functions in a manner that is consistent with and promotes social justice principles of equity, access, participation and rights.' (Local Government Act, 1993)

Integrated Planning and Reporting Guidelines introduced in 2009 support a strategic and integrated approach to planning and reporting by local councils and require the preparation of a community strategic plan.

WESTERN AUSTRALIA*

(1)The general function of a local government is to provide for the good government of persons in its district.
(2) The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.
(3) A liberal approach is to be taken to the construction of the scope of the general function of a local government.
(Local Government Act, 1995)

*Local Government Act is currently being revised and proposed changes likely to reflect changes to NSW legislation

TASMANIA

Functions and powers

(1) In addition to any functions of a council in this or any other Act, a council has the following functions:

(a) to provide for the health, safety and welfare of the community;

(b) to represent and promote the interests of the community;

(c) to provide for the peace, order and good government of the municipal area.

(2) In performing its functions, a council is to consult, involve and be accountable to the community.

(Local Government Act 1993 - sect 20)

ABOUT ACELG

ACELG is a unique consortium of universities and professional bodies that have a strong commitment to the advancement of local government. The consortium is led by the University of Technology Sydney's Centre for Local Government, and includes the University of Canberra, the Australia and New Zealand School of Government, Local Government Managers Australia and the Institute of Public Works Engineering Australia. In addition, the Centre works with program partners to provide support in specialist areas and extend the Centre's national reach. These include Charles Darwin University and Edith Cowan University.

PROGRAM DELIVERY

ACELG's activities are grouped into six program areas:

- Research and Policy Foresight
- Innovation and Best Practice
- Governance and Strategic Leadership
- Organisation Capacity Building
- Rural-Remote and Indigenous Local Government
- Workforce Development

Australian Centre of Excellence for Local Government
PO BOX 123 Broadway NSW 2007
T: +61 2 9514 3855 **F:** +61 9514 4705
E: acelg@acelg.org.au **W:** www.acelg.org.au