

***BRIDGING THE SERVICE DIVIDE***

**NEW APPROACHES TO SERVICING**

**THE REGIONS 1996-2001**

by

Ursula Stephens

A thesis submitted in partial fulfilment of the requirements for the degree

of

DOCTORATE IN PUBLIC ADMINISTRATION

UNIVERSITY OF CANBERRA

2005

---

University of Canberra

Abstract

**BRIDGING THE SERVICE DIVIDE: NEW APPROACHES TO  
SERVICING THE REGIONS . 1996-2001**

by

Ursula Stephens

ABSTRACT

This study examines ways in which Australian governments, at national and state level, have developed policy responses to the issue of regional service delivery in the post new public management environment. It argues that new public management has changed many institutional arrangements in Australia and led to new public policy approaches based on those reforms. The study compares the approaches taken by federal and state governments in determining service levels for regional communities. The period under consideration is 1996-2001, coinciding first with the election of new NSW and federal governments and their subsequent re-election. Four cases studies are used to analyse a range of activities designed to provide services at local and regional levels, identifying key indicators of policy successes based on coordinated and integrated regional services combined with technology-based solutions that can be adapted to local community needs. The research draws on new governance theory and principles of effective coordination to propose a new model for determining appropriate service delivery. This model highlights the importance of local participation in decision-making, a regional planning focus, social and environmental sustainability, and the engagement of local communities as key determinants of regional policy success.

---

*A c k n o w l e d g m e n t s*

Many people made this thesis possible and an enjoyable experience for me. First, I wish to express my sincere gratitude to my supervisor, Professor John Halligan, who guided this work and encouraged my independent thinking. I am also indebted to the Centre for Research in Public Sector Management for the opportunity to work at the University of Canberra, and to Dr Chris Aulich who provided generous advice and support in the research design phase.

I am indebted to my friends and colleagues in the NSW government for their support, especially Mike Fleming, Tim Farland, Ross O'Shea and Vivian Hanich. In particular, I acknowledge the shaping force of Tim's probing questions and analytical arguments. Dr Frances Dixon also challenged my analysis and made constructive comments on the case study reports. Dr Margaret Alston of Charles Sturt University provided invaluable additional direction and support in interpreting the questionnaire results.

Of course, without the participation of the interviewees and questionnaire respondents this research would have been impossible, and I am appreciative of all those individuals and community organisations, program and project managers and departmental officers who took the time and care to answer my questions thoughtfully and constructively. Many regional development practitioners and colleagues provided encouragement and feedback on my research, including state and federal parliamentary colleagues who generously provided internal policy documents and other materials for my scrutiny.

I thank my children, Louise, Clare, Joe and Tom for their support and understanding during the past five years. Their fine independence of spirit

---

helped maintain a busy household as I was immersed in critical thinking and analysis. Finally, I would like to express my deepest gratitude to my husband Bob for his constant encouragement of my work, infused with love and humour, which sustained me through to the final stages of this project.

*Table of Contents*

|   |     |
|---|-----|
| Acknowledgments .....   | iv  |
| Abbreviations and Acronyms .....  | 7   |
| List of Tables .....  | 9   |
| List of Figures .....   | 10  |
| Chapter 1: Introduction .....   | 11  |
| Purpose of the research .....   | 16  |
| The regional context .....  | 17  |
| Organisation of the thesis .....  | 19  |
| Chapter 2: Background to Regional Development Policy in Australia ..... | 21  |
| Commonwealth government approaches to regional development.....         | 30  |
| The NSW government approach to regional development .....               | 36  |
| Chapter 3: New Public Management and beyond .....                       | 41  |
| New public management .....   | 41  |
| Government and the emergence of new governance theory .....             | 46  |
| Networks, social capital and partnerships .....                         | 52  |
| Technology as a driver of change .....                                  | 59  |
| Conclusions .....   | 64  |
| Chapter 4: Analytical Framework.....                                    | 65  |
| New governance analytical framework .....                               | 70  |
| Conclusions .....   | 84  |
| Chapter 5: Research Methodology.....                                    | 85  |
| The analytical framework .....  | 98  |
| Case studies in regional governance .....                               | 101 |
| Case studies in technology and government service delivery.....         | 101 |
| Conclusions .....   | 102 |
| Chapter 6: Regional Governance .....                                    | 103 |
| The concept of regional governance .....                                | 103 |
| Case Study 1: The Commonwealth Rural Communities Programme .....        | 107 |
| Case Study 2: The NSW Regional Coordination Program .....               | 128 |
| Comparisons of approaches.....  | 147 |
| Chapter 7: Technology and Government Service Delivery.....              | 150 |
| Case study 3: The Commonwealth Rural Transaction Centre Programme       | 151 |
| Case study 4: The NSW Government Access Program.....                    | 170 |
| Comparisons of approaches.....  | 182 |
| Chapter 8: Bridging the Service Divide.....                             | 186 |
| Participation and partnership.....                                      | 189 |
| Regional governance as new governance? .....                            | 194 |
| New governance and service delivery using ICT .....                     | 197 |
| New governance and policy coherence .....                               | 199 |
| Conclusions .....   | 201 |
| Chapter 9: Challenges for Government .....                              | 203 |
| The potential for new governance .....                                  | 207 |
| Opportunities for future research .....                                 | 209 |
| List of References.....   | 212 |
| Appendix .....  | 226 |

*Abbreviations and Acronyms*

|         |  |
|---------|--|
| AAP     | Australian Assistance Plan   |
| ACC     | Area Consultative Committee  |
| ACCORD  | Australian Centre for Co-operative Research and Development          |
| AFFA    | Agriculture, Forestry and Fisheries Australia                        |
| ALGA    | Australian Local Government Association                              |
| ANAO    | Australian National Audit Office                                     |
| ARIA    | Accessibility/Remoteness Index of Australia                          |
| ARMCANZ | Agricultural Resource Ministerial Council of Australia & New Zealand |
| ATSIC   | Aboriginal and Torres Strait Islander Commission                     |
| BARA    | Business Advice for Rural Areas                                      |
| CDEP    | Community Development Employment Programme*                          |
| CEO     | Chief Executive Officer  |
| CGEC    | Commonwealth Government Electronic Committee                         |
| COAG    | Council of Australian Governments                                    |
| CP      | Community Planning   |
| CUSCAL  | Credit Union Services Corporation (Australia) Ltd.                   |
| DOTARS  | Department of Transport and Regional Services                        |
| DPIE    | Department of Primary Industry and Energy                            |
| DSRD    | Department of State and Regional Development                         |
| DURD    | Department of Urban and Regional Development                         |
| EC      | Exceptional Circumstances  |
| EFTPOS  | Electronic Funds Transfer at Point of Service                        |
| EPOS    | Electronic Points of Service   |
| FG      | Focus Group  |
| FON     | Field Officers Network   |
| FRRR    | Foundation for Rural and Regional Renewal                            |
| GAC     | Government Access Centre   |
| GAPP    | Government Access Pilot Program*                                     |
| ICT     | Information and Communication Technology                             |
| IP      | Information Provision  |
| MOU     | Memorandum of Understanding  |
| NOIE    | National Office of Information Economy                               |
| NPM     | New Public Management  |

|       |  |
|-------|--|
| OECD  | Organisation for Economic Development      |
| OIT   | Office of Information Technology           |
| OLMA  | Office of Labour Market Adjustment         |
| ORC   | Office of Regional Communities             |
| PESP  | Program for Economic and Social Progress   |
| POS   | Points of Service                          |
| RAS   | Rural Adjustment Scheme                    |
| RC    | Regional Coordinator                       |
| RCAP  | Rural Communities Access Programme         |
| RCCC  | Rural Communities Consultative Council     |
| RCMG  | Regional Coordination Management Group     |
| RCP   | Regional Coordination Program              |
| RDO   | Regional Development Organisation          |
| REDO  | Regional Economic Development Organisation |
| RFCS  | Rural Financial Counselling Services       |
| RSDP  | Regional Service Delivery Plan             |
| RSP   | Regional Solutions Program                 |
| RTC   | Rural Transaction Centre                   |
| SEIFA | Socio-Economic Index for Areas             |

\* The Commonwealth government uses the spelling 'programme', whilst NSW uses 'program'. For consistency, 'programme' is used only when relating to the title of a Commonwealth program.

*List of Tables*

|     |  |     |
|-----|--|-----|
| 2.1 | Commonwealth government policy approaches to regional development    | 29  |
| 2.2 | NSW government policy approaches to regional development             | 32  |
| 4.1 | Dimensions of reform in the Australian Public Service                | 56  |
| 4.2 | Effects of Australian Public Service reforms                         | 57  |
| 4.3 | Common tools and instruments of government action                    | 59  |
| 4.4 | New governance paradigm  | 61  |
| 4.5 | Key indicators of paradigm shifts in new governance                  | 64  |
| 4.6 | Key indicators of new governance criteria                            | 67  |
| 4.7 | Best practice principles of regional service delivery                | 68  |
| 5.1 | Strategies used to generate meaning                                  | 71  |
| 5.2 | Research questions that determine research strategies                | 72  |
| 5.3 | Types of evidence  | 74  |
| 5.4 | Case study tactics   | 76  |
| 5.5 | Document matrix for case studies                                     | 77  |
| 5.6 | Interview strategy for case studies                                  | 78  |
| 6.1 | Number & type of Rural Communities Programme projects NSW 1998-01    | 95  |
| 6.2 | Tools of government action in the Rural Communities Programme        | 97  |
| 6.3 | Tools of government action in the Regional Coordination Program      | 113 |
| 7.1 | Tools of government action in the RTC Programme                      | 130 |
| 7.2 | Allocation of RTC funds 1999-2002                                    | 139 |
| 7.3 | Tools of government action in the Government Access Centres          | 146 |
| 7.4 | Average annual operating cost of each Government Access Centre model | 151 |



*List of Figures*

|             |  |     |
|-------------|--|-----|
| 5.1         | Summary of research design                                       | 80  |
| 6.1         | Institutional arrangements for the Rural Communities Programme   | 92  |
| 6.2         | Arnstein's ladder of citizen participation                       | 94  |
| 6.3         | New governance concepts in the Rural Communities Programme       | 98  |
| 6.4         | New governance criteria in the Rural Communities Programme       | 102 |
| 6.5         | Institutional arrangements for the Regional Coordination Program | 111 |
| 6.6         | New governance concepts on the Regional Coordination Program     | 115 |
| 6.7         | New governance criteria in the Regional Coordination Program     | 119 |
| 6.8         | Evidence of new governance concepts                              | 123 |
| 6.9         | Evidence of new governance criteria                              | 124 |
| 7.1         | Range of RTC Services  | 128 |
| 7.2         | Institutional Management Arrangements of the RTC Programme       | 130 |
| 7.3         | New governance concepts and the RTC Programme                    | 132 |
| 7.4         | New governance criteria and the RTC Programme                    | 138 |
| 7.5         | Institutional arrangements for the Government Access Program     | 143 |
| 7.6         | Government Access Program structure and management               | 144 |
| 7.7         | Range of Services provided by Government Access Centres          | 145 |
| 7.8         | New governance concepts and the Government Access Program        | 147 |
| 7.9         | New governance criteria and the Government Access Program        | 150 |
| Figure 7.10 | Evidence of new governance concepts                              | 154 |
| Figure 7.11 | Evidence of new governance criteria                              | 154 |
| Figure 8.1  | New governance concepts across the case studies                  | 157 |
| Figure 8.2  | New governance criteria across the case studies                  | 159 |

*Chapter 1: Introduction*

This research is an investigation of the interface between government policy and its implementation. It considers the challenges for government in the development and implementation of programs and strategies using ‘whole of government’ thinking and practice, to address a range of regional policy issues in Australia. Such an approach draws on lessons from several other developed economies and adapts models and strategies used to provide a range of services to regional communities. The study therefore, is ultimately about the search for innovative public policy responses to changing service delivery needs.

The policy context for this study is the changing needs for services in regional Australia. Four case studies are used to demonstrate the difficulties of balancing conflicting priorities and developing local and regional solutions. The first two case studies examine regional governance approaches and how structures are generated at state and federal levels to improve regional decision-making and resource management. The third and fourth case studies investigate the use of information and communication technology to meet finance and transaction service needs in small communities. Each case study draws on an array of tools of government and examines how these tools are combined to deliver effective policy outcomes. The theoretical construct of the study is the movement from new public management to new governance, and how these case studies demonstrate the policy implications of such a shift.

Australia experienced major structural economic reform under successive federal governments since the 1970s, combined with a revolution in public administration during the 1980s. These changes included trade liberalisation and national competition policy measures intended to promote competition, improve economic efficiency and raise productivity growth. The reform process had diverse regional impacts in Australia: significant benefits to the Australian economy as a whole, overshadowed by many destructive

consequences that have contributed to severe social disadvantage in some declining regions.

Australia's settlement history established a basis for government to assume direct control over a wide range of sectors of society and the economy, including responsibility for the provision of public infrastructure and services. The traditionally favoured model of service, at both state and federal levels, was one of government ownership and service provision, as opposed to the regulation of a private monopoly or the subsidised or arranged supply by a private provider. The logic for this preference was that government businesses were more likely to act in the public interest by exercising restraint on prices and guaranteeing sufficient supply of services.

The post-war reconstruction period in Australia witnessed a surge of investment in infrastructure and a rapid expansion of services by government to provide for the boom in population growth. Public policy at that time advocated that government should directly provide those services where reliance on private sector supply might lead to some form of market failure. Further, an assumption shared by all sectors of society was that services and infrastructure could be more effectively funded by governments through Treasury loans than by the private sector (Wilenski 1986).

This assumption first came into question in the 1980s, as economic theorists argued that the community's interests are better served when governments act as business regulator and contractor of community services from the private sector, rather than as owner. Since that time, successive Commonwealth governments adopted administrative reforms to improve their experience and capacity to regulate private providers, while the private sector pursued opportunities to provide public infrastructure and services. Governments shifted their focus from the traditional approach to one that involved the implementation of accountability measures (Power and Laughlin 1992). New institutional arrangements between government, communities and the private sector emerged and citizens' expectations of their government

---

changed. The new arrangements coincided with the emergence of information technology which, in turn, provided better educated citizens with access to information about the economic and social impacts of governments' structural reforms.

Economic and administrative reforms were focused on improving public sector efficiency, corporate management, modern budget systems and the establishment of quasi-markets. Government reduced its involvement in the direct provision of services by entering into contractual arrangements designed to foster competition (Hood 1990). The shift to contestable service delivery resulted in increased government reliance on the private and community sectors for services. This, in turn, led to the development and maintenance of autonomous networks between public, private and community organisations.

All these changes are aspects of new public management (NPM), a term first used by Hood (1990, 1991) to define a focus on management using performance appraisal, output targets, contractual arrangements and incentives. For Hood, the significance of NPM was the removal of differences between the public and private sector and the shift in emphasis from process accountability to greater accountability in terms of results. Other analysts (for example Rhodes 1994) have argued that new public management referred to all types of public sector reform. Hood noted in his later work that not all OECD countries adopted NPM principles in the same way as Australia, with some countries such as Japan, Germany and Switzerland concentrating more on privatisation, deregulation and taxation reform than on the principles of NPM. Hood (1995:98-9) concluded that the differences in the implementation of NPM are more significant than the general similarities between countries.

Regardless of any differences in focus between OECD countries and Australia, there is a fundamental similarity in efforts taken by these countries to improve the strategic direction of government. Advances in information and communications technology, the emergence of increasingly complex policy

---

issues and economic pressures for more cost-effective structures have all combined to make reform inevitable. Halligan and Power (1992:15) describe four elements of public administration in Australia that were central to the reform process. They argue that the reforms in Australia were designed to achieve greater efficiency and effectiveness of departments and statutory authorities; to improve financial management; to improve accountability through program budgeting and evaluation systems; and to enhance administrative accountability through judicial review, freedom of information legislation and parliamentary committee scrutiny. The aim of these reforms was to be a more efficient and productive public sector supporting governments whose role was to oversee a stronger, more globally competitive economy.

Throughout the 1980s and 1990s NPM reforms were widely adopted. The evaluation and re-examination of how governments functioned most effectively in these changed conditions has led to the development in public administration literature of 'new governance'. Governance links the political system and the environment within which it operates. Pierre and Peters (2002) suggest that analysts using a governance perspective are required to consider what form perfect control from the centre of government might take, if it were ever to be achieved. They argue (Pierre and Peters 2002:26) that the role of the state in governance depends on several factors: historic patterns of regulation and control of the parliamentary and policy sectors; institutional interest in maintaining control; the degree to which it requires legal and political authority; and the strength of societal organisations and networks.

Literature on governance provides a range of perspectives from which to consider public administration practice and policy reform. A summary of the literature is provided by Davis and Rhodes (2000:18) in their consideration of reform of the Australian Public Service. They identify six dimensions of reform: marketisation, corporate management, regulation, political control, decentralisation and privatisation. Their inclusion of political control as a

critical dimension of reform supports Halligan and Power's argument that a strong political executive is a key element of the reform process.

The legacy of NPM is the extent to which government today relies on combining with private action to address public needs. This collaboration between public and private sectors has altered public administration, separating the financing of government action from the delivery of services. Davis and Rhodes (2000) use dimensions of reform to analyse the Australian experience of public sector change and consider that the Australian reforms are consistent with worldwide trends. Their analysis is a starting point for considering the changes in service delivery that have occurred as a result of NPM in Australia. They highlight the transformation in policy, politics and administration that has occurred over time.

This study examines the regional impacts of these transformations in policy, politics and administration on regional policy processes in Australia, through an analysis of four case studies that describe how the NSW and Commonwealth Governments developed and implemented policy responses to issues involving regional service delivery. The aim of this analysis is to determine whether policies developed to coordinate a range of local interventions on behalf of the government increase the likelihood of cooperative action (networks). Such cooperative action assumes that improved local capacity for effective decision-making will lead to more efficient and effective policy outcomes.

Each case study examines the extent of intergovernmental decision-making and the relationships established to address changing service needs in rural and regional communities. The case studies also analyse policy coordination between and within governments. They investigate how each government interpreted the concept of whole of government coherence, and the extent to which it implemented structural change to achieve that outcome. In each case study a new governance framework is applied and the dimensions of public

sector reform identified by Davis and Rhodes (2000) are used to measure the effectiveness of these policy responses in achieving their outcomes.

The period under consideration is 1996 to 2001. This period coincided with the election of two new and ideologically opposed governments and covers the critical policy responses taken by these governments. The Carr Labor government was elected in NSW in March 1995, on a strong social justice platform. The Howard Liberal-National federal government was elected in March 1996. Both faced the perception that long-term economic and social impacts of national competition policy had disadvantaged many in Australian society, particularly those in regional Australia (Pritchard and McManus 2000). The widespread adoption of new public management approaches at both state and federal levels meant that each new government had to respond to public concerns about growing inequities and the loss of many services across the country. Both governments attempted to implement policies to support regional communities with essential services.

### **Purpose of the research**

This research analyses two different policy approaches addressing the changing service needs of regional communities. Decades of economic and social reform brought about new approaches to policy making. Global awareness of the significance of social cohesion and environmental sustainability issues challenged the orthodoxy of economic modelling as the primary driver of regional development policy. Complex policy issues require new responses and the purpose of this research is to explain the extent to which policy responses to regional service delivery by the Commonwealth government and the NSW government, from 1996-2001, reflect the changes that NPM has made to public administration.

The research compares strategies and interventions in regional service delivery introduced by the New South Wales government with those employed by the Commonwealth government. The case studies relate to regional NSW. Two important dynamics are considered: firstly, the way in which each

---

government established regional governance structures around its services and secondly, the introduction of information and communication technologies to provide services.

Each government developed a ‘whole of government’ approach to the implementation of its policy. Coordination, partnership, community engagement and increased community participation in decision-making were common strategies in the documentation of the programs designed to meet changing service needs in the regions. The research therefore explores the implementation of these approaches, to investigate the context in which coordination processes were established and operated, and how relationships between networks of government, private and community-based organisations can help promote understanding of the strengths and weaknesses, possibilities and challenges of new governance.

The analytical framework developed for this research is based on Salamon’s (2002) ‘new governance’ approach to public policy analysis. New governance theory has evolved in the past decade in response to New Public Management. This research contributes to studies of the concept of community wellbeing within the policy sphere through its recognition of the role of social institutions and networks in fostering economic development. It also contributes to an understanding of coordination processes and the nature of relationships among networks established to implement ‘whole of government’ activities. An important outcome of micro-economic reform in Australia has been an increased reliance on the not-for-profit sector as contracted service providers, with important implications for policy implementation. The study is both timely and important in identifying and supporting successful approaches to maintaining and enhancing effective partnerships in regional service delivery.

### **The regional context**

There is extensive literature and analysis of Australia’s regional development policies since settlement, and Chapter 2 provides detail of the policy

---



approaches taken by Commonwealth and state governments post WWII. This literature traditionally argued that regional development policy was based on principles of discretion and compensation aimed at providing government intervention to correct economic inefficiencies (Stillwell 1993). It is now acknowledged in international literature (for example, in Radin et al 1996, Gibson et al 1999) that regional development interventions and compensation are justified on grounds other than economic efficiency. There is also strong evidence to support the use of regional development policy to promote social cohesion as a principle of equality, especially when conceived in spatial terms. Sorenson (2000) argues that if variations in the quality of life (as measured by a range of social and economic indicators) between regional areas are considered unacceptably high, regional development policies that compensate regions and communities are implemented in policy areas considered important by the government of the day. Such policy areas include ensuring a fair geographic distribution of services i.e. providing equitable access to core services such as health, education, law and order and banking.

In Australia, governments must maintain satisfactory levels of services in regional areas, while meeting increasing demands by growing populations for services in outer-metropolitan and coastal areas. Davis (2000) identified the most complex challenges as those that involve managing conflicting social, economic and environmental imperatives. As Australia reduces its economic dependence on primary industry and agriculture and strengthens its manufacturing and tertiary industries, government must manage competing domestic interests, and at the same time respond to the pressure around global issues of environmental accountability and sustainability.

The key research question of this study relates to policy effectiveness: *does the coordination of policy initiatives lead to greater effectiveness and efficiency of publicly delivered or funded services and programs, and if so how does this occur?* Each case study examines a program or service designed to meet the respective government's objectives in relation to service delivery. These

objectives include: improved access, equitable distribution and improved standards of service; expanding access to services and information using technology; achieving resource efficiencies while strengthening community partnerships; and increasing community participation in decision making.

To investigate the presence of the new governance agenda in current regional services policy initiatives, three key hypotheses have been developed. These hypotheses suggest that the essential factors in successful new governance are collaboration and reciprocity and that any policy analysis must reflect the complex dynamics of policy networks. The first hypothesis is that certain tools of government provide an effective institutional framework for partnerships that involve public, private and community sectors. When governments promote such partnerships in the interest of sustainable and cost effective service delivery, the features of their partnership approach need to be articulated clearly for all participants. The second hypothesis is that the success of regional initiatives is based on having local legitimacy and political capacity to make resource allocation decisions. The third hypothesis is that new governance models capture the relationship between regional social and economic development.

### **Organisation of the thesis**

This chapter provides the context of the study and places the work in a broader framework emphasising the literature and issues that have informed the discussion. Chapter 2 outlines regional development policy approaches adopted in Australia after World War II, emphasising the difference in approaches between Commonwealth and state government responses and the use of intergovernmental structures to strengthen policy responses. In Chapter 3 the public administration literature is examined as it relates to new public management and the emergence of new governance theory. Links are made between public sector reform and the development of alternative service delivery models. The role of networks, social capital and partnerships in these models is considered and the significance of ICT in government institutions is

explored. In Chapter 4 an analytical framework based on the experience of NPM implementation in Australia and adapting a new governance approach is developed for the research. Chapter 5 outlines the case study methodology extending the analytical framework to the case studies, defining the key research tools and the processes undertaken. The questionnaire tool is included as an appendix. Chapter 6 presents two regional governance case studies and the activities and processes undertaken in Commonwealth and NSW government programs and projects aimed at strengthening regional decision making and meeting regional service needs. Chapter 7 investigates the effectiveness of digital Information and Communication Technology as a tool for developing and maintaining regional services, in two case studies that examine the Commonwealth's and the NSW Government's approaches. Chapter 8 provides a comparative analysis of the programs using the new governance framework and considers different approaches to service delivery and the circumstances in which they are most successfully implemented. The final chapter revisits the NPM perspectives introduced in Chapter 1, summarising the challenges facing governments in the new governance environment. Implications for public policy and research are discussed and directions for future research are identified.

*Chapter 2: Background to Regional Development Policy in Australia*

In this chapter regional development policy approaches adopted in Australia after World War II are considered, with a focus on the difference in approaches between Commonwealth and state government responses and the use of intergovernmental structures to strengthen policy responses. Until 20 years ago regional development policies in Australia were defined in both institutional and substantive terms as being directly related to the agricultural economy and society. Since then, rapid technological change and globalisation have meant that the boundaries of regional development policies are neither firm nor precise, and it is becoming more difficult for governments to achieve the goal of providing new economic opportunities for rural and regional Australians.

In Australia, the term ‘regional development’ encompasses broad economic development activities including industry assistance grants, infrastructure development, treasury loans, forms of enterprise development and valued-added approaches to existing agriculture production. The term is also linked closely to community development activities, particularly capacity building, leadership development and efforts to mobilise disenfranchised citizens. Regional development issues therefore can include economic and social effects of policies such as regional forestry agreements, dairy deregulation, industry structural adjustment and drought relief. They also include the social and environmental impacts of declining resource-dependent industries such as mining as well as the social, economic and environmental impacts of growth on the coastal communities around the country.

Regional Australia contributes significantly to the efficient functioning of the national economy. In Australia the benchmark literature is the annual *State of the Regions Report*, produced by National Economics for the Australian Local Government Association (ALGA). Each report provides a comparative ranking of the country’s regions, based on a series of economic and social

indicators. National Economics (2002) argues that there is a clear rationale for government assistance to regions. Since market forces distribute wealth unevenly across regions, governments are required to reallocate resources, providing opportunities for lagging regions to improve their rankings. Governments also need to invest in local and political institutions to empower communities, and use transferred resources to create attractive, diverse, open societies. This is an argument for strategic intervention by government to mobilise and energise local input, coordinate inter-government decision-making and resource allocation and integrate institutional involvement (National Economics 2002:7). The ultimate outcome should then be the convergence in equality in living standards, wealth and reasonably fair access to high-income employment across regions (National Economics 2002:7.3). Wanna and Withers (2000:85) support this proposition, arguing that coherent regional policy development serves a range of purposes, including political protection for vulnerable regions, planning for growth and decline, coordinating infrastructure and service delivery, and managing emergent policy ideas.

Since the adoption of NPM, Australia's regional policy has developed in the context of correcting perceived market failures (Howard 2000). Australia's regional development policy history reflects a unique combination of social, political and economic factors. National Economics (2002) reported that more than 50% of Australia's population is heavily concentrated on the eastern seaboard, distributed largely in the greater Sydney metropolitan area (23%), the Melbourne area (18%), and South East Queensland (11%). Political concerns about the needs of these areas often dominate decisions by national and state governments (Stillwell 1993). The state capitals also have primary economic linkages with each other, rather than with their regions, and their commercial activity focuses on metropolitan markets. As a result, strong national policies on rural and regional economic development are less likely to be developed unless there is a strategic and interventionist approach by the Commonwealth government.

Over time, patterns of regional and national economic development have resulted in spatially uneven outcomes. Some communities and regions have been disadvantaged by slower growth or regional decline, while other regions have had to cope with abnormally fast growth. It can be argued that the economic transformation in Australia following the implementation of NPM reforms was heavily based on agricultural and manufacturing industry restructuring and the implementation of national competition policy. Stillwell (1993:42) suggests that these reforms, when combined with the interaction of market globalisation, natural disasters, consumer preferences and technological change, have profoundly influenced patterns of regional development in Australia

With the adoption of NPM and the devolution of decision-making to the regions, policy responses have varied between centrally driven or top-down responses and locally driven, bottom-up initiatives or a combination of both. Different government approaches have been implemented with varying levels of success. Most commonly these approaches can be described as growth oriented, welfare oriented, responsive or integrated strategies.

*Growth oriented* strategies involve building infrastructure and maintaining a favourable economic climate for the growth of regional enterprises. The Regional Growth Centre strategy, which funded planning and infrastructure for industrial development in the Hunter and Illawarra regions of NSW is an example of this strategy. *Welfare oriented* strategies, on the other hand, are based on principles of compensation in response to events. These strategies include structural adjustment packages developed for industries in decline, or following industry restructuring as part of national competition policy reforms. Such responses create demand for services in welfare dependent regions. *Responsive strategies* involve a government response to defined needs by providing technologies and resources that are not locally available. These strategies can include the development of infrastructure, such as ICT infrastructure to connect schools and hospitals, or facilities including skills

centres that foster employment and economic development in a region. *Integrated strategies* are those with multiple goals. They aim to build a community's capacity to work in partnership with government. The critical assumptions underlying the integrated strategy approach are that the government can restructure its relationship with citizens, and that centralised bureaucracies can learn to share power with community organisations. These are also key elements of new governance.

The relationship between government and communities differs in each of these strategies in the ways in which responsibility for regional development activities is devolved to regional actors. The state remains the key player but increased activity in local communities helps develop policy responses that address their own unique needs. This is described (Ostrom 1993 and Mant 1998) as a 'place-based response' that fosters local empowerment in the face of ineffective or inappropriate government-driven development activities.

Top-down and bottom-up approaches may themselves represent different ways of organising possible economic interventions (Wildman and Hubley 1992). A top-down approach to regional development may, for example, have government target industry sectors or projects. Targeted sectors might be specific industry groups, individual businesses or groups of agencies. This kind of sectoral intervention is almost always organised by government.

Bottom-up approaches may be developed by industry with encouragement from government. They can also occur by communities developing local social and economic development initiatives in the absence of government action. The rationale for regional interventions may include a range of social, economic and environmental objectives, and encompass a combination of these objectives to address sustainable development principles.

Regional development that aims for greater equity may take a different approach favouring a responsive or integrated strategy. Greater emphasis may be placed on functional criteria, such as the extent to which localities within

---

the region interact; how well services are networked through referrals and value-adding chains; and the extent to which co-operative patterns of work and promotion have developed to enhance development and growth. Such an approach can be problematic because it focuses efforts in regional planning, administration and service delivery on maintaining or increasing the level of services to rural and regional communities. If this does not occur, the result may well be a loss of trust and reduced local capacity in organisations to resource core services and to sustain collaborative efforts.

The processes of regionalisation and recognition of regionalism have been part of Australian government policy since World War II. At that time the Commonwealth government committed resources to a formal process with the states that was designed to delineate regions, survey resources and decentralise regional planning (Dore et al 2003). The regionalism problems of that post war period are described by Dore et al (2003:159) as:

conflict between Commonwealth and/or State initiated regional organisations and local government; conflict between the Commonwealth and the States, particularly if the Commonwealth was desirous of a direct relationship between itself and regional organisations; difficulties in defining and aligning 'development and decentralisation' boundaries with existing administrative boundaries; and finding a middle path between aggregating resource surveys useful for national objectives, and still having them at a scale useful to regions.

Commonwealth and state governments now claim regional governance as a key priority. The documentation of both the Commonwealth and NSW government policies on regional services describes a commitment to approaches that engage with and provide services to the regions. These policies range from formal institutional planning and investment in infrastructure to investing in capacity building within communities, and developing informal partnership arrangements that are empowered to make decisions, plan and implement strategies and develop 'local solutions to local problems' (Anderson 2001:3).



### **Intergovernmental relations in Australia**

The development of regional policy has been closely linked to the state of Commonwealth and state government relations. A new model of intergovernmental relations in Australia was instigated by Prime Minister Hawke as part of his New Federalism deal. This proposal, announced in 1991 at a Special Premiers Conference, called for a new spirit of intergovernmental cooperation. Such cooperation was imperative to improve national economic efficiency, and to make the Australian economy internationally more competitive (Painter 1991:4). It included the removal of anti-competitive barriers, most of which took the form of various kinds of government intervention through economic and social policy (Butlin et al 1982).

Intergovernmental arrangements are a common response to new problems, because even when Commonwealth intervention is initially promoted, it is the states that often possess both the jurisdictional competence and the administrative capabilities to deal with the problems. Constitutional arrangements may bring state and Commonwealth governments together, although the constitution defines them as distinct political entities. Painter (1991:7) argues that

[T]here is an inherent tension in these relations, where the need to co-operate, to achieve overlapping functions, competes with the need to safeguard and foster the political basis of the authority of the state. This combines with the constitutional responsibility of preserving the separate systems of democratic accountability embodied in dual government.

In regional development debates this tension can be seen the argument for aligning regional offices and regional boundaries across government departments and agencies. Alexandra (1999:217) describes attempts by central government agencies to create effective regional entities as 'de-facto regionalism', because the resultant regional organisations often have poorly defined boundaries, indeterminate roles and poor measures of accountability. Garlick (1999:181) also notes this confusion, and the limitations of taking a piecemeal rather than 'big picture' approach:

Most governments ... over the years have seen regional development in 'top down' structuralist terms. As a result, they have responded with lines drawn on maps to designate regions for administrative reasons. They have seen it as the regionalisation of public sector services, poured money into growth centres and industry relocation initiatives to address population imbalances, and to stimulate economic growth through infrastructure provision. This has been the practice of Commonwealth and State governments over a very long time, particularly until the mid 1980s.

Garlick (1999:181) is also critical of the compensatory policy approach to regional disadvantage taken by successive governments, suggesting that when regional policies are developed purely for political motivation, there is little evidence that they have been either sustainable or effective over the long term:

Most governments have also seen regional development predominantly in a compensatory or spatial equity sense. They have used regional development to address so-called disadvantaged areas that have suffered as a result of the cyclical or structural effects of industry policy...such approaches see regional policy purely as a government tool for the 'problem' region.

The argument is that 'they have often been palliatives that are entertained for political consumption rather than for substantive outcomes' (Wanna and Withers 2000: 85).

Many regional policy issues require coordination because problems not only exceed the capacity or domain of any one organisation, but also involve different levels within government as well as non-government organisations. Coordination efforts are, in many ways, an attempt to catalyse these various sectors and levels to address regional issues. Radin et al (1996) see coordination and efficiencies as bywords of the structural approach described by Wright (1988), and argue that while in practice coordination is transparent, its tangible products are illusive. They suggest (1996:25) that, 'applied properly as intergovernmental tools, formal mechanisms of interagency coordination can strengthen horizontal relationships ... strengthen a higher

level of government's capacity to hold lower levels responsible for program performance and empower actors at those lower levels so that they can improve performance'.

The peak inter-governmental forum in Australia is the Council of Australian Governments (COAG) formed in May 1992. COAG comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA). The role of COAG is to initiate, develop and monitor the implementation of policy reforms which are of national significance and which require cooperative action by Australian governments. These issues include national competition policy, reforms to utilities and reform of Commonwealth and state/territory roles in environmental regulation. The work of COAG is facilitated through a number of Ministerial Councils. COAG also considers international treaties that affect the States and Territories.

Since its formation COAG has put in place uniform legislation and jointly agreed protocols, in policy areas needing national uniformity and coordination. These protocols were drawn from new public management and include contestability of markets, purchaser-provider arrangements and contracting out of services. The critical issues of jurisdiction, autonomy and political control of policy domains, however, continue to be raised by the states.

Ongoing discussion and negotiation have delivered jointly mandated executive bodies, advisory bodies or regulatory agencies that exercise significant powers. This level of collaboration mobilises contradictory agendas on the parts of state and Commonwealth, as evidenced by the range of Commonwealth-state agreements now in place in such areas as taxation, education, health, aged care, industry assistance, and criminal law. Painter (1991:18) suggests that the states deliberately provide services that compete with the Commonwealth as a way of repelling federal intrusions into their jurisdictions, although they have engaged in a cooperative process in which separate identities are

---

merged. The Commonwealth, on the other hand, is motivated by the need to overcome what it considers the states' parochial concerns and to gain their agreement to national standards and strategies. Where policy interests coincide, for example, in telecommunications, opportunities emerge for genuine collaboration and innovation and often result in the development of new institutional arrangements.

The tensions between the Commonwealth and states/territory governments illustrate the changed role of government as 'steering' rather than 'rowing'. The states argue for special-purpose payments to be converted to general-purpose revenue assistance, giving them greater control over expenditure. States would also prefer the removal of detailed program controls and the withdrawal of Commonwealth involvement in fields of operational policy. The Commonwealth prefers the states to agree to uniform policies, guidelines and standards, in deference to its role in achieving national uniform outcomes in key policy areas. This dominance consigns the states to the role of agents of the Commonwealth, diminishing their power and discretion, with policies and standards being imposed through financial arrangements, as clearly demonstrated since the introduction of the GST.

The election of the Liberal government in 1996 signalled a strengthening of COAG as a tool of government to drive policy uniformity. At the June 1996 meeting, state governments were forced to agree to forego about \$1.4 billion in foreshadowed growth funds, as the Commonwealth effectively reneged on an agreement previously negotiated as part of the arrangements for the adoption of the National Competition Policy (Painter 1998:55).

The June 1996 COAG meeting also signalled other significant reforms in national housing and health policies. Commonwealth-state housing agreements were renegotiated so that the Commonwealth took responsibility for income-support and rental-subsidy aspects while states became responsible for housing provision and regulation. The Commonwealth's diversion of funds previously paid to the states for public housing provision

---

strengthened its role in providing rental assistance. The outcome of this agreement was that direct capital grants formerly provided for public housing construction were terminated, forcing the states to fund their public housing stock by charging their tenants closer to market rents.

Similar shifts occurred in health policy, with states becoming responsible for the provision of public and community health services. Conflicts between Commonwealth and state jurisdictions have been formalised to some extent by the formation of COAG. These conflicts ebb and flow, influencing the relationships between the federal government and states, between states and communities and between the federal government and communities, as exemplified by current state and federal government approaches to the development of regional policy.

### **Commonwealth government approaches to regional development**

The level of Commonwealth involvement in regional development has varied since the mid-20<sup>th</sup> century, shaped by a range of jurisdictional institutions and agencies and combined with macro-economic conditions and policy priorities. The election of the Whitlam Government in 1972 heralded a significant Commonwealth regional development policy change. The Whitlam Labor government introduced reforms in social and economic planning, based on the belief that the Commonwealth had a responsibility to assist states and local government to ensure that services were provided to communities. A range of cooperative arrangements in health, education and social welfare programs were incorporated into the Australian Assistance Plan (AAP).

Both the AAP and the Department of Urban and Regional Development (DURD) developed separate regional coordinating mechanisms (regional councils for social development for the AAP and regional organisations of councils within DURD). The regional social development councils promoted local decision making and capacity building, and relied on the development of formal and informal networks and services. The Regional Organisations of Councils created under DURD were established to contribute to coordinated

---

regional planning and the implementation of a national economic development strategy aimed at strengthening regional economies. The Growth Centres Program of the early 1970s was one of the most significant government interventions in regional development policy (Stillwell 1993).

The councils established under AAP and DURD were significant attempts to establish regional governance structures, however, their existence and role was challenged by elected representatives who questioned the legitimacy of non-elected community 'leaders'. Hayden (1996:191) argued that lack of clarity about responsibilities for planning and delivering of social services between state and federal governments reinforced his belief that regional administration and political decision making could not prosper within the framework of Australia's federal system of government. The AAP was seen as an attempt to create a new institutional framework – larger than local government and smaller than state government – which was not directly accountable to the community through either parliamentary or electoral processes, and which lacked clearly defined roles and responsibilities (Graycar 1977:89). Both initiatives were short lived, however, and following the election of the Liberal Government in 1975, the Commonwealth decided that regional development was a state responsibility. From 1976 it disbanded both the AAP and DURD, although both regional councils for social development and Regional Organisations of Councils have continued to exist.

The international recession of the mid-1970s combined with Britain's entry into the EEC contributed to a massive decline in Australian agriculture and manufacturing industries. According to Tonts (1998:171) agriculture, which contributed 25% to Australia's GNP and around 80% of export earnings in the early 1950s, had dropped to 2.6% of GDP and just over 18% of exports by 1994. At the time of the implementation of NPM reforms (from mid-1980s), therefore, regional development policy instruments were designed primarily to address agricultural structural adjustment issues and the adverse regional employment effects of Australia's trade liberalisation policies. The era began

with the election of the Hawke Labor government in 1983 and coincided with the beginning of the global economic transformation that was to have such a significant impact on Australia's economic and social policy agenda.

The Office of Labour Market Adjustment (OLMA) was established by the Hawke government to assist industries affected by global change. Regional Development Organisations (REDOs) provided regional leadership for regional development. This assistance continued to be a feature of public policy development throughout the Labor years. The recession of the early 1990s led to unemployment levels of 11% in 1992 and in the 1992-3 budget, the Treasurer announced a capital works program providing local government grants for economic and social infrastructure projects.

Following the Federal election in 1993, the Keating Government expanded the government's focus on regional development, changing the federal Department of Industry and Technology into the Department of Industry, Technology and Regional Development. The new minister established a regional development task force chaired by ACTU secretary, Bill Kelty. In 1994, Prime Minister Keating released his *Working Nation* policy statement based on the findings of the McKinsey Report (1994) and the Report of the Industry Commission (1993):

[T]he opportunities Australians have to work and prosper are, in large part, determined by the economic prosperity of their local areas. While many regions are growing strongly others need assistance to realise their full potential.... the regions of Australia are partners in the nation's growth, and crucial meet Australia's economic and social objectives (Keating 1994:17-18).

The Working Nation policy included a redefinition of regional boundaries across Australia and the extension of the Rural Adjustment Scheme (RAS). Regional Development Organisations (RDOs) were established to provide leadership and organisational skills for regional economic development. Their focus was to be 'economic development which could include business growth, expansion of economic activity and a global focus though a core group of

business union, local government and education and training representatives' (Howe 1994: iii).

An estimated \$35 billion was invested in nation building projects. These projects included infrastructure projects, local government initiatives, small business and skills development programs combining employment experience with training, drought assistance and community capacity building through local development projects.

When the Howard Government was elected in 1996 it disbanded the Ministry of Regional Development and abolished the Department. The new Minister for Transport and Regional Development declared there would be savings to his portfolio of some \$150m, stating that:

[T]he changes will involve the loss of approximately 220 jobs within the Department of Transport and Regional Development ... regional development and urban management overlap with state and local government. There is no clear rationale or constitutional basis for Commonwealth involvement (Sharp 1996:1).

The Regional Development portfolio was amalgamated with the Ministry of Transport to become Transport and Regional Services. Funding for nation-building programs was abolished. Area Consultative Committees (ACCs) replaced Regional Development Organisations. The role of ACCs was changed to an advisory one: developing regional growth plans, identifying Commonwealth programs and funding to support the strategic plans, and advising the Commonwealth on local needs (Anderson 1996).

The Howard Government was re-elected in 1998 and released its budget measures for regional Australia, *Rebuilding Regional Australia*, incorporating a new program, *The Rural Communities Programme*. Some of the fiscal measures of this policy indicated that the Howard government realised it could not rely on market forces to restore economic confidence in regional Australia. The regional statement announced industry assistance, taxation measures and additional funding for the Rural Communities Programme. The program components included financial counselling services, community planning,

---



information provision, information services technology, community development and projects of national significance. In 1999, the National Rural Communities Conference brought together peak rural and regional organisations to consider the impacts of national competition policy on rural Australia. This was followed by the Regional Australia Summit sponsored by the Commonwealth government and attended by local, state and federal government representatives and peak organisations. Both events promoted the government's 'self-help' philosophy for locally based solutions to meeting the service needs of regional Australia, with a funding mechanism that included the establishment of the Foundation for Rural and Regional Renewal (FRRR) to promote philanthropic activities.

The Regional Australia Summit Communiqué also called for greater coordination and collaboration across spheres of government. In response, the Regional Development Taskforce was established by the Regional Development Ministers and the Australian Local Government Association. The taskforce comprising senior officials developed a framework for cooperation between all levels of government and to work through immediate and specific opportunities for improved collaboration in the particular areas of shopfront service delivery and regional/community leadership development. (2000). The Taskforce reported in 2000 with specific recommendations for collaborative action between the states and Commonwealth governments.

The Regional Development Taskforce identified that several new Commonwealth, state and territory initiatives in regional leadership development and shopfront service delivery had been implemented that 'offer considerable scope to develop practical collaborations between the three spheres of government' (2000: ii). The first recommendations which related specifically to NSW were:

New South Wales and the Commonwealth agree to work together on the Government Access centres and Rural Transaction Centres programs to ensure as many regional communities as possible enjoy access to a wide range of local, state and commonwealth government services.

---

New South Wales and the Commonwealth agree to consult on the assessment of applications under their regional development programs (eg the Regional Communities Program) and leadership and community economic development initiatives to assist regional and rural communities build their capacity to identify and implement development opportunities. (RDT 2000: 8)

The Rural Communities Programme funding cycle ended in June 2001, and was subject to an internal evaluation process. However, publication of the evaluation findings was pre-empted by an announcement by the Deputy Prime Minister, that month, of a new regional policy statement, *Stronger Regions, a Stronger Australia*. Mr Anderson outlined the policy's four broad goals: to strengthen regional economic and social opportunities; to sustain productive natural resources and environment; to deliver better regional services; and to adjust to economic, technological and government-induced change (Anderson 2001). A new program, the *Regional Solutions Programme*, was announced, with initial funding of \$90m. This program was intended to be similar in scope and form to the Rural Communities Programme, with the additional capacity for Area Consultative Committees to access funds to seed local economic development initiatives. Project funding of up to \$500,000 was made available, accessible to individual proponents and private organisations who could demonstrate significant job creation outcomes. Funding was increased for the expansion of the Rural Transaction Programme and investment in regional telecommunications infrastructure, funded through the first and second tranche Telstra sales, was provided to regions through the Networking the Nation program.

Table 2.1 summarises these post-war regional policy approaches and the major instruments used to achieve policy outcomes. The differences in regional development approaches are stark. Conservative governments have generally favoured regional development approaches that are responsive, compensatory and reactive, where structural adjustment mechanisms have been the preferred instruments for dealing with economic decline and market failure. Labor governments have favoured nation-building and regional

investment strategies, combined with a stronger focus on the integration of social and economic policy impacts

**Table 2.1: Commonwealth policy approaches to regional development**

| Activity  | Instruments   |
|---|---|
| 1940s-1970s: post war federal reconstruction policies   | <ul style="list-style-type: none"> <li>• ‘Regionalisation’ focus through intergovernmental regional committees (1940s)</li> <li>• Industry tariff policies (import substitution)</li> <li>• Location incentives</li> </ul>                                    |
| 1972-1975: Growth Centres Program (Whitlam Labor Government)                                      | <ul style="list-style-type: none"> <li>• Location-based program funding</li> <li>• Public investment in infrastructure, planning and land acquisition activities</li> <li>• Establishment of regional authorities</li> </ul>                                  |
| Early 1980s: Country Centres Project; Office of Labour Market Adjustment (Hawke Labor Government) | <ul style="list-style-type: none"> <li>• Community self-help focus</li> <li>• Regional employment initiatives</li> <li>• Business incubators</li> <li>• Training</li> <li>• Industry assistance</li> </ul>  |
| Mid 1980s: endogenous growth strategies (Keating Labor Government)                                | <ul style="list-style-type: none"> <li>• Regional Committees</li> <li>• Local and regional policy development</li> <li>• Employment education and knowledge-industry initiatives</li> <li>• Investment in R &amp; D</li> <li>• Vocational training</li> </ul> |
| 1990s-2001: ‘cooperation’ (Howard Coalition Government)   | <ul style="list-style-type: none"> <li>• Federal agency cooperative framework</li> <li>• Community self help programs</li> <li>• Investment in Rural Transaction Centres</li> <li>• Natural resource management programs</li> </ul>                           |

Source: adapted from BTRE (2003:11)

### **The NSW government approach to regional development**

The New South Wales Department of State and Regional Development (DSRD) is the NSW government’s primary business development agency for regional and metropolitan NSW. Established by the Fahey government in 1992, the Department has a network of offices across the state which provides

information and advice primarily to the business sector and promote investment in regional NSW. Regional Development Boards are appointed by the government of the day, with responsibility for developing a strategic framework for economic growth and promoting local leadership skills.

The Department offers a range of financial incentives and subsidies on production inputs such as power, land and freight costs to businesses seeking to establish or relocate to regional NSW. Financial assistance is also provided for industry expansion, or for upgrading infrastructure to meet environmental or regulatory requirements. These forms of assistance are provided on a case by case basis if the development is considered critical to strengthening the state's economic base. New and emerging industries are also fostered through incentives and industry assistance. This may take the form of funding business plans, market appraisals and assessing competitive advantage.

Since the early 1990s, the most appropriate method of coordinating regional development in NSW has been an issue of considerable debate. There have been numerous models of regional development organisations. These include Regional Development Boards, funded by the Department of State and Regional Development, Commonwealth-funded Area Consultative Committees, and a proliferation of local Development Corporations, funded by local government and local business partnerships. This range of organisations has given rise to concerns about coordination, duplication and excessive bureaucracy.

The NSW government has taken an active role in the management and coordination of regional development efforts. NPM reforms were embraced strongly by the Greiner government in the 1980s and the impacts were felt heavily in regional communities. The reforms were claimed to have 'hollowed out' the bureaucracy and led to a decline of intellectual capital and community capacity in the regions. Not long after assuming the position of Premier, John Fahey established the Regional Coordination Program as a pilot program in 1994, in response to complaints from communities, regional

---

organisations and local members of parliament about the decline and fragmentation of regional services.

Following its election in 1995, the Carr Labor Government established the Rural Communities Consultative Council (RCCC) and the Office of Regional Communities (ORC) as part of its response to calls to improve services to people affected by social and economic changes. The RCCC held community forums around NSW and in its report to the NSW government in 1997 made significant recommendations to improve the responsiveness of government programs and to strengthen rural community development. The RCCC (1997:7) found that

Rural communities believe they have taken the brunt of competition policy and micro-economic reforms which have driven economic and industry policy for the past decade... [These reforms] limit the capacity of communities to respond and [have led to] the decline in a range of services and the withdrawal of services from communities.

The RCCC urged the NSW government to investigate best practice models of service delivery appropriate to rural and regional contexts. It recommended that the government investigate how information technology could be better used to provide regional services and urged an expansion of the state-wide technology blueprint *connect.nsw* to include point-of-service capacity in regional communities.

In response to the recommendations of the report the government announced a series of initiatives. These included further expansion of the Regional Coordination Program to ten regions, and its transfer from the Department of Agriculture to the Premier's Department, in recognition of its 'whole of government' focus. An incentive program was established to retain skilled professionals in non-metropolitan areas. Additional support was provided for developing regional industry clusters aimed at linking related industries and establishing production and marketing networks.

The NSW government also undertook a major assessment of the cumulative effects of department restructuring that had occurred in the previous decade. The finalisation of the government's integrated service delivery management plan, *Government Beyond the Major Cities*, encouraged the relocation of departments and agencies to regional areas and the devolution of decision-making to the regions. The investigation identified the need for greater coordination of policy initiatives and improved policy coherence through the development of a whole of government approach to regional development and regional service delivery.

The expansion of the Regional Coordination Program in 1997, under the ministerial responsibility of the Premier, brought together regional policy initiatives from the Departments of Agriculture, State and Regional Development and Local Government. The new arrangements provided an institutional structure for planning and providing appropriate regional services.

Table 2.2 summarises the range of approaches to regional development at a state level in NSW since WWII. The state's programs and innovations have demonstrated a greater capacity to adopt interventionist strategies for improving regional development policy than shown by the Commonwealth. It can be argued that state jurisdictions, acting closer to service delivery and communities than federal jurisdictions can, have a greater ability to respond to service needs. State government responsibilities require different strategies from those of national governments and these responsibilities also provide states with greater capacity to be constructive in response. This important point of differentiation when considering the issue of regional service provision is examined in the case studies outlined in Chapters 6 and 7.

**Table 2.2: NSW policy approaches to regional development**

| <b>Activity</b>   | <b>Instruments</b>   |
|---|--|
| 1940: Post-war reconstruction policies (McKell Labor government)                      | <ul style="list-style-type: none"> <li>• Regionalisation committees</li> <li>• Regional boundaries</li> <li>• Land grants, industry assistance</li> </ul>  |
| 1950s-1965- decentralisation policies (Cahill Labor government)                       | <ul style="list-style-type: none"> <li>• Regional planning</li> </ul>  |
| 1965-1975 –industry incentives (Askin-Lewis Liberal-Country Party Coalition)          | <ul style="list-style-type: none"> <li>• Country Industries Assistance Fund</li> <li>• Relocation assistance</li> </ul>  |
| 1976-1988 –regional economic development and decentralisation (Wran Labor government) | <ul style="list-style-type: none"> <li>• Decentralisation,</li> <li>• interest rate subsidies,</li> <li>• Rental subsidy for relocation.</li> <li>• Loan guarantees, modification of payroll tax rebate scheme</li> </ul>                      |
| 1989-1996 Structural adjustment focus (Greiner, Fahey Liberal governments)            | <ul style="list-style-type: none"> <li>• Regional development boards</li> <li>• Statutory reforms</li> <li>• Centralisation of regional development policy</li> <li>• Regional coordination</li> <li>• Regional industry clustering</li> </ul> |
| 1996-2004 whole of government (Carr Labor government )                                | <ul style="list-style-type: none"> <li>• Regional policy planning and service delivery</li> <li>• Decentralisation and devolution of service delivery</li> <li>• Whole of government policy coherence</li> </ul>                               |

*Chapter 3: New Public Management and beyond*

In this chapter the current public administration literature is examined with a particular focus on new public management and new governance theory. Connections are made between public sector reform and the development of alternative methods of service delivery to meet the expectations of citizens. The role of networks, social capital and partnerships in these service delivery models is considered, and the significant impact of ICT on the institutions of government is explored.

**New public management**

The development and embrace of new public management (NPM) has been one of the most significant international trends in public administration. Hood (1991:3) linked its rise to four other trends: attempts to slow down or reverse government growth in terms of public spending and staffing levels; the shift to privatisation and away from core government institutions; the development of automation particularly information and communication technology (ICT) in the production and distribution of public services; and the development of a more international agenda.

NPM emerged from new institutional economics involving public choice, transaction cost theory and principal-agent theory. NPM generated a set of administrative reforms based on ideas of contestability, user choice, transparency and incentive structures. The reforms represented a significant shift from the military-bureaucratic ideas of public administration based on order, hierarchies and the elimination of duplication or overlap. The rationale for public sector reform was the perceived inefficiency in government administration and the self interested behaviour of bureaucrats (Hood 1995:93).

Hood summarises the changes associated with NPM and speculates on their implications for the public sector. First, the disaggregation of public organisations into separately managed units, where each unit would produce



a public sector product, resulted in the emergence of numerous mission statements, business plans and managerial autonomy. Second, the shift towards competition between units resulted in agencies charging each other for services on a 'cost-recovery' basis, and units within agencies competing with each other for service funding. Third, the adoption of private sector human resource management practices resulted in shifts from public sector career service and salary structures to contracts, performance based pay, and salary packaging. Fourth, the competition between business units resulted in greater emphasis on resource management, a push for cuts in direct costs and an imperative to manage personnel costs, as agencies sought alternative and less expensive ways of delivering services. Fifth, this level of resource management could only be achieved by active control of public organisations by visible top managers with greater discretionary power over resources. Sixth, the executives had to have more explicit and measurable standards of performance for public sector organisations. These six dimensions of change continue to underpin current debates about how public administration should be conducted.

New Public Management theory was presented as a framework that had general applicability across administrations to resolve management problems in a range of contexts. NPM's perceived political neutrality enabled many different values to be effectively accommodated by altering the settings of the management system. Di Francesco (2001) suggests that NPM techniques embraced procedural coordination rather than coherence in policy outcomes and were more sensitive to the political nature of public policy management. This provided greater leverage for policy improvement.

Critics of NPM argue that NPM has not delivered on its central claim of lower costs for public services provided through contractual arrangements. They suggest there has been a rapid growth in middle-level bureaucracies to deal with new reporting and accountability systems and an increase in bureaucratic red tape for both consumers and service providers. In conflict

with NPM's central tenet of increasing ministerial control of the bureaucracy, there is the contradictory imperative of 'letting the managers manage' (Aucoin 1990). For many critics this tension undercuts the value of bureaucratic policy advice relative to that sourced from political advisors and peak decision-makers (Peters and Savoie 1995, 1996; Hart 1998). The result has been the promotion of new elite, the new managerialists, rather than of the 'public good' (Pollitt 1990:134-7).

The efficiency and productivity goals of NPM have caused government to shift its focus to costing services by developing output budgeting. This involves full costing to achieve a specified outcome, and a general move by government to funding specific outputs rather than general outcomes. Under this new regime, government has pursued alternative forms of service delivery to identify the 'least cost' methods (Hood 1995:4). Improvements in technology have facilitated the disaggregation of the costs of providing services, and provided new ways for services to be packaged.

NPM promoted improvements in government's ability to quantify unit costs that could then lead to the development of a range of non-traditional service delivery options. Once costs were quantified, a range of methodologies was applied to developing service delivery options that would meet the imperative of value for money and least cost. These options include: *in-house charging* where inputs are purchased from other business units within the organisation or government; *funder-purchaser-provider* models relying on the specification of inputs and outputs and agreed standards of accountability and service; *outsourcing* based on a framework of specific unit pricing for a standard of service; *corporatisation* of government services with business units being established at arm's length from government, and *privatisation* where the governments' responsibility for service provision is transferred to the private sector.

Each of these options was designed to increase accountability by specifying what was to be provided, the standard of services, and the costs involved. In

---

this way the increased level of knowledge about the specific costs of producing a given level of output would promote efficiencies by lowering unit costs. It would encourage more effective use of capital and enable comparisons of performance to be made with similar public or private institutions, and over time.

The choice of internal or external provider generally depends on the market's capacity to provide the services more efficiently and effectively than the government. The efficiencies or related benefits need to be greater than the profit element included in the price for an equivalent level of service delivery. Four standard forms of commercially-oriented government service provision have been promoted under NPM: *in-house costing* through fee-for-service, *outsourcing*, *funder-purchaser-provider* and *privatisation*. Each of these forms has been subjected to a range of variations and adaptations to meet the service needs of government, industry, agencies and customers.

Critics of NPM such as Rhodes (1994, 1997a, 1997b) claim that the rise of the contract state featuring contractual relations as the basis of state employment and public service delivery, reduces government leverage over public policy because of escalating fragmentation and loss of expertise. They argue that such arrangements may result in increased transaction and compliance costs in establishing and monitoring the contract or regulation. There is also a loss of in-house expertise, and the risk of the service not being delivered if contractual arrangements break down. The private sector may not be the best supplier of services, for example in a case where the overall size of the market is small. The lack of potential suppliers can also result in limited competition. There may be an absence of necessary contract management skills within government. These concerns have implications for maintaining services in regional areas, if there are thin markets or lack of critical mass to make a service profitable for the private sector.

The emphasis on management skills is therefore critical to the implementation and effective delivery of government services by contracts.

---

Risks are inherent in contractual arrangements, which reduce flexibility for government, or increase costs if flexibility is required. Services provided by the public sector can be modified and improved if policies change, and these modifications can be more readily accommodated over time. This flexibility is not usually available in contracted services without significant transaction costs, variations clauses and financial penalties.

Competition policy is based on increasing the market size to lower unit costs which will be passed on to consumers in the form of lower prices. Such gains may be short term and may not translate into long-term benefits, such as where a local industry supplier is a branch of a financial institution, a larger multinational or a national entity. This situation occurred in regional Australia in the late 1980s and early 1990s, when the closure of local bank branches left the market incapable of satisfying government and community needs. A local industry supplier, dependent on the existence of a government contract, is vulnerable under national competition policy. Such an arrangement represents significant risk, both for the supplier and for government, if the supplier ceases an outsourced function.

The risks to government generally increase the further along the spectrum to privatisation the service delivery proceeds. Public ownership of service provision allows mistakes or faults to be repaired easily by the same overall legal entity. Shifting from transactional arrangements to asset sales significantly raises the risk profile for government. The risk to government is greatest when it undertakes a full asset sale, such as a utility. For the purchaser, the asset needs to provide a return on the capital value of the unit as well as a return for effort. At the same time, the government loses the capacity to control prices charged for services, unless this is clearly spelt out in the transactional arrangements.

This is a policy conundrum for government. The capacity to establish unit costs for services may be desirable in principle but difficult in practice, where services cannot easily be broken down or unit costs cannot be determined.

---

Major effort is required to assess and manage the risks involved in substantially changing the way in which services are provided to ensure that service outcomes are not compromised.

In the past decade, NPM literature has moved beyond the theoretical justification for seeking external service provision to the development of best practice in doing so. The Productivity Commission's report, *The impact of national competition policy in rural and regional Australia* (1999), for example, prescribes a best practice approach rather than providing an economic justification for private sector provision of government services. Government procurement has become a specialised industry, subject to the same accountability and transparency standards that are applied to both the public and private sector arrangements around this procurement process.

The process of effective procurement has, in itself, therefore become a critical issue for government. Failures in government policy may be directly related to failures in developing procurement arrangements that ensure the achievement of policy outcomes and the complexity of this procurement processes requires new skills in public administration. The NPM regime creates policy dilemmas for government in its efforts to balance multiple objectives so that the social, economic and environmental priorities of citizens can be achieved. Hood's observation (1995) that there has not been uniform implementation of NPM internationally has meant that there is no single, clear definition of NPM and limited opportunities exist to comparatively analyse the impacts of its implementation.

### **Government and the emergence of new governance theory**

There is growing literature about the tensions that exist between 'government' and 'governance' approaches to administration. 'Government' is generally considered to represent a set of institutions; however, this is no longer synonymous with 'government' as a *process*. The term 'governance' is increasingly used to account for a growing number of situations where governance occurs without, or outside of formal government structures.

---

‘Governance’ is also the preferred term in the private sector to describe the changed practices and processes of decision-making and accountability that are designed to provide transparency to shareholders and the public.

In the field of public administration, the shift to ‘governance’ reflects a shift in the boundaries of the state and a perceived ‘hollowing out’ of government. Importantly it also reflects fundamental shifts in what can be described as the competence of different levels of government, as local and global forces undermine their capacity in some areas, while strengthening their capacity in others. An example of this competence is the area of natural resource management. Once considered to be a local issue, natural resource management has been escalated to global, national and state prominence, as climate change impacts on policy options for water management, landclearing, rehabilitation and revegetation.

As institutions have evolved to adapt to conflicting pressures, and become more complex, non-government actors, often acting as policy advocates, assume greater roles in decision making and service provision. In such a multi-faceted policy environment, issues such as global trade and investment, climate change and other environmental risks are also being responded to by those most threatened or disadvantaged by these developments, thus adding further to the challenges of governance.

Governance emphasises the complexity of the political process and the variety of actors involved. Many attempts have been made to sum up that complexity. One definition of governance captures the activities undertaken by organisations other than governments: governance refers to a ‘system of rules, as the purposive activities of any collectivity that sustains mechanisms designed to ensure its safety, prosperity, coherence, stability and continuance’ (Rosenau 2000: 171).

Another emphasises relationships and processes:

Governance is about how an organisation steers itself and the processes and structures that are used to achieve its goals. Governance is also crucially concerned with how organisations relate to each other, how they relate to citizens and the ways in which citizens are given a voice (Edwards 2000:5).

The Organisation for Economic Cooperation and Development (OECD 1995:3) is also conscious of the multiple effects of change, observing that states are now

Deeply concerned with maintaining the capacity to govern in the face of great change ... countries have increasingly come to pursue a common reform agenda driven by the need for fiscal consolidation, by the globalisation of the economy, and by the impossibility of meeting an apparently infinite set of demands on public resources.

It also points out OECD (1995: 30) that this reform agenda creates increased pressure on policy makers, including:

encouraging more autonomy at lower levels of government, while providing overall direction; allowing for differentiation through flexibility yet ensuring some minimum degree of uniformity; and catering for more responsiveness to local needs, but not to the detriment of efficiency and economy. (OECD emphasis)

Advocates of the new governance approach argue that globalisation and increased social complexity have required a shift from interventionist government to hands-off governance, conceptualised as a shift in the role of the state. Osborne and Gaebler (1992) propose that this 'reinvention of government', which shifts government from rowing to steering, is a change to be embraced because of globalisation and pressure from the electorate to deliver more and better services at lower cost to the taxpayer. Osborne and Gaebler suggest that 'those who steer the boat have far more power over its destination than those who row it'. They argue that governments which focus on steering make more policy decisions and 'some even do more regulating', and that the major consequences for the structure and process of government are that government's roles as educator, trainer, research funder, regulator, rule setter and infrastructure operator are far more important than they were 30 years ago (Osborne and Gaebler 1992:53-4).

This shift to 'government as policy maker, enabler and reformer' (OECD 1995:11) has influenced policy reforms in developed economies around the world. The language of 'joined up' government in Britain promoted efforts to reduce the costs of government and increase its effectiveness by focusing on tasks best achieved by government. Blair (1998:12) argues that good governance reduces budget deficits, and is a positive response to globalisation; it also improves public confidence in government and provides better, cost-effective and responsive services. In the United States, the Clinton administration introduced similar initiatives to achieve significant policy change.

The privatisation of publicly owned industries and services has resulted in greater dependence on contractual arrangements with service providers that deliver both service quality and compliance. The relationships now developed between customers and service providers have changed the conventional view of the relationship between citizens and the welfare state (Pierre 1995). These new relationships have required the development of different and often new practices in service delivery and the introduction of systems such as user-pay charges and triaged services. The fragmentation of services also requires activities to be coordinated through networks and partnerships involving a range of actors in order to build legitimacy for new policy approaches. Contractual arrangements are based on negotiated governance, which creates new challenges for public institutions and changes in how governments operate.

These changes blur the boundaries of accountability because citizens continue to hold government accountable for service provision. To ensure that services provided through new arrangements meet acceptable standards for consumers and governments, there is an imperative that service providers in the private, government, and community sectors work together to build mutual trust, capacity and consumer confidence.



Such an imperative helps to promote the development of networks of policy makers and service providers and emphasises the importance within organisations of maintaining these networks. Rhodes (1997b) argues that strengthened networks promote the benefits of shared outcomes which result from negotiated processes, and that the network approach to governance strengthens the capacity of service providers to meet local needs. This improved capacity also demonstrates that cohesive networks can fend off state interests in the governance of policy sectors (Rhodes and Marsh 1992) ensuring a greater responsiveness of services. Peters (2002) too considers the strengths of a network approach, defining governance in structural terms of hierarchies, markets, networks and communities. He emphasises the importance of the *process* over the *structure* of governance, arguing that it is the interactions between and across these structures that lead to policy outcomes in the new public administration environment.

However, whilst 'governance' has a language of connectedness, one of the strong arguments against NPM has been that of the 'hollowing out' of the state that has resulted from NPM reforms over time, as outlined in Chapter 1. Rhodes (1994:138-9) identified key features of the hollow state as

privatisation and limiting the scope and forms of public intervention, the loss of functions by central and local government departments to alternative delivery systems (such as agencies); limiting the discretion of public servants through new public management with its emphasis on managerial accountability and clearer political control through a sharper distinction between politics and administration.

The OECD (2000: 29) concurs, suggesting that government is becoming more fragmented as the number of actors increases. Greater inter-dependence between levels of government develops as the problems to be addressed become more complex and difficult to resolve unilaterally. Divisions of responsibility for the design, implementation and evaluation of programs are also changing; and the distinction between who finances, delivers, and administers is increasingly unclear in many programs, blurring the lines of accountability.

Others (such as Peters 1996, Pierre & Peters 2002, Mulgan 2002, and Taylor 2002) disagree, suggesting that the need for enhanced strategic planning (steering) has, in fact, increased the influence of the state's core executive. Peters (1996) for example, points out that current effort to achieve greater coordination arises from both the pressing need to reduce government expenditures and the increasingly international dimension of policy. He suggests that governments need to ensure internal coherence to establish their place in the international community. Furthermore, both Pierre and Peters (2002) and Taylor (2002) argue that the current wave of government reorganisation and reform, including privatisation measures, can lead to competition rather than cooperation among public organisations.

Peters (1996:28) also warns that dangers to accountability can arise through efforts to achieve greater horizontality in the management of government programs. Having assessed a range of possible mechanisms and techniques used to address the issue of coordination, Peters argues that many new approaches in public administration actually increase the challenge and difficulty of coordination or horizontality. Such approaches include establishing overarching service agencies, seeking greater 'participation' of citizens and partners in decision making, or pursuing the alignment ideal, through strong organisational cultures. While structural changes may help achieve coordination across government programs, Peters concludes that these alone cannot produce the behavioural changes essential to successfully coordinate programs. It requires the active intervention of political leaders and the endorsement of these approaches at the senior executive level of government.

Far from being inactive, therefore, the state remains *central* to the political economy, particularly by its role in mediating between competing interests and managing the tensions caused by globalisation. The reduced structural presence of the state in the policy process and service delivery as distinct from its exercise of control through formal processes of regulation and performance

monitoring, suggests that government can compensate for loss of hands-on control by reinforcing control over resources and operations. This is the 'steering capacity' described by Osborne and Gaebler and others, where the core executive (the centre of government) has a strategic steering capacity to boost government's ability to coordinate departments and achieve policy coherence. Taylor (2000) refers to this as 'filling in' – an important consequence of 'joining up' government.

The internal contradictions that can emerge from coordination policies and a reliance on coordination to deliver coherent policy outcomes also concern Peters (1998). He questions whether it is really possible to devise effective working relationships among agencies, and challenges the idea that agencies involved in the same business, competing for budget dollars and legislative and executive attention, can genuinely engage in collaborative problem solving. He further speculates (1998:27) on whether agencies can find ways to manage their differences effectively and produce agreements in the interest of their constituencies, or whether interagency coordination is nothing more than a rhetorical device. It is anticipated that this research can provide useful evidence to help answer these questions. It is also anticipated that new governance provides the framework within which these issues can be resolved.

### **Networks, social capital and partnerships**

The concept of networks is useful in understanding how various stakeholders (governments at federal, state and local level, NGOs and community organisations) work together as a decision-making system, and how they cope with the complex requirements of effectiveness and legitimacy. Networks are important in this research because of the regional actors involved, including local, state and Commonwealth governments, agricultural lobby groups, regional industries and communities.

Networks are defined as 'operating chains and clusters made up of functionally distinct actors, attempting to co-operate at some non-trivial level'

---

(Considine 2002:3). One difficulty in examining regional services networks is that Australia's constitutional arrangements institutionalise hierarchical structures. However, new instruments aimed at enhancing citizen participation have emerged that draw decision-making power away from the politically and administratively powerful, to communities. These instruments include collective decision-making techniques, referenda, judicial interpretation, citizen's forums, local collaborative management arrangements and consultative bodies. Theoretically, these allow citizens to maintain and expand their opportunities to participate in and contribute to decision-making processes, so that those decisions might better reflect their values and interests. These instruments are designed to go beyond mere consultation and participation to genuine community engagement.

The instruments are also incorporated into coordination and collaboration approaches to the issue of regional service delivery. Coordination may appear to encourage participative and communally receptive decision making but, as Davis (1995) suggests, coordination is a tool of government to maintain central agency control. The coordination and integration of services takes two forms: integration by geographical location (involving regional planning authorities and community level projects) and integration of a range of different services used by particular clientele (Fine 1997).

The first places the service itself at the centre of the coordination process. Governments advocate service coordination to achieve a number of goals: to simplify consumer access to services, to increase the cost effectiveness of provision, to eliminate duplication and inappropriate use of resources, to improve preventative practices and to help realise efficiencies of scale in service delivery. Integration by location can also promote innovation and streamlining of services by sharing information and skills sharing. The second form places the citizen at the centre and represents the collaborative approach that is characteristic of new governance theory. It is important to note that coordination and integration are not unconditionally accepted as a universal

good. Leutz (1999) criticises the pursuit of costly integration programs motivated by efficiency gains that deliver poorer outcomes for consumers than traditional services models. Farland (1998: 53) agrees, arguing that 'clear evidence of the nature and extent of problems in particular areas of service provision, and evidence of the value of specific initiatives to address these difficulties, is necessary before an ongoing commitment is made to new initiatives'.

His findings are supported by Considine (2002:4) who cautions 'what is needed are more precise ways to theorise and study a phenomenon that is fast becoming a standard explanation of structure and action in both the public and private domain'. His caution that 'network has become a metaphor for every kind of activity that involves interpersonal contacts within organisations and contacts across organisation boundaries' and extends to 'service integration' which itself has become an empty catchcry for blending services to achieve efficiencies and therefore save money.

While recognising Considine's concerns, the network concept is still helpful in the analysis of best practice in regional service delivery. It is through active networks that regional efforts are generated that drive change through learning, policy making and innovation. Passive networks, however, achieve nothing that resource dependency measures could not achieve. As Farland argues, 'Coordination for coordination's sake is self serving. It fails to deliver improved services, or to integrate services that improve the quality of life of citizens. We will have failed the citizens of NSW if that is considered a satisfactory outcome' (Farland 2002a:27).

### *Social capital*

Regardless of the controversial arguments about the importance or otherwise of social capital, the concept plays an important role in the implementation of new governance. Putnam's work (1993, 1996, and 2000) launched social capital as a focus for research and policy discussion. Other notable

contributions have come from Jacobs (1961) in relation to the neighbourhood aspects of urban life, Bourdieu (1986) with regard to social theory, and Coleman (1990) in his discussions of the social context of education. The concept has also been applied to maintaining and developing organisations (Cohen and Prusak 2001).

Social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. In this sense social capital is closely related to ‘civil society’, the difference being that ‘social capital’ calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations. As Putnam reminds us (2000:19) ‘A society of many virtuous but isolated individuals is not necessarily rich in social capital’.

The term ‘social capital’ is now used to refer to the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions. The World Bank (1999) argues that ‘Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together’. This glue is made up of ‘the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible (Cohen and Prusak 2001:4).

In other words, interaction enables people to build communities, to commit themselves to each other, and to knit the social fabric. (Beem 1999:20) contends that face-to-face encounters are essential in building, or rebuilding, community and trust. Trust between individuals becomes trust between strangers and trust in the broad fabric of social institutions. Ultimately, it becomes a shared set of values, virtues, and expectations within society as a whole.

In debate about NPM reforms it is argued that social capital allows citizens to resolve collective problems more easily. People are usually better off if they co-

---

operate and share responsibility, but individuals can continue to benefit even if shirking their responsibility (the free rider problem). This dilemma can be solved by an institutional mechanism that has the power to ensure compliance with the collectively desirable behaviour. Social norms and the networks that enforce them provide such a mechanism. Coleman (1990:218) studied norms and sanctions that develop as networks become stronger and how these norms govern behaviour and reduce transaction costs. He argues that while social capital is a public good, evolving as the unintended consequences of the formalisation of social relationships, it can easily be depleted by external efforts to coordinate it. Woolcock (1998) applies this ambiguity to his own research, noting that social capital is often used by government to justify contradictory social policies.

The coordination of social capital by government is criticised by Fukuyama (1995), who argues that social capital is not necessary for growth, but its absence tempts governments to intervene, putting at risk the market economy. He also argues that a high level of state intervention in the economy is the inverse of the amount of social capital in society (Fukuyama 1995:19). Putnam (1993) and others, however, believe that social capital, when harnessed, generates economic returns.

When sources of social capital are confused with the benefits derived from it, there are public policy implications. Social capital proponents often focus exclusively on the positive effects of community participation, without considering possible negative effects and their policy implications. Portes and Landolt (1996) describe some significant problems that can be associated with strong social capital. These include the phenomenon of social exclusion, when the same strong ties that help bond members of the group often serve to exclude outsiders. These strong ties can demand conformity in behaviour and attitude that stifles individualism; tight social networks that undermine business initiatives if obligations to family and friends override business

success; and social networks that provide access to resources and enforce conformity can produce public evils (e.g. criminal gangs).

In regional development policy such an argument can be made about policies that result in negative impacts on regions not targeted by the policy. Negative consequences may be imposed on other communities if one community forges consensus that works for its own benefit but to the detriment of its neighbours. For example, a community that reaches a consensus on a regional plan (such as a catchment management plan) in the absence of any state or national framework demonstrates how the same social capital which made consensus possible may not allow the interests of neighbouring communities or the larger group (region or state) to be heard. Social capital works, in this instance, to the benefit of those in the community, but potentially imposes negative impacts on those outside the community.

While those with a communitarian view advance the arguments of social capital, van Deth (2000:122) warns against the 'romanticism of community', suggesting that there is a gap between those promoting the importance of social capital and the communities to which they are referring. Hall, too (1999:459) reminds us to be attentive not only to levels of social capital but to its distribution, to the fact that 'some may be organised "in" and others "out" by the same set of developments'. This can be demonstrated in the way that NPM reforms in manufacturing and agricultural industries were felt by working people and working class communities. The decline of trade union membership left many working people without the capacity to withstand the forces of the market. At the same time those who already had the necessary resources to associate and prosper were able to take advantage of new market arrangements for service delivery.

Granovetter's work (1984) into the way networks function argues that they serve to build trust and discourage defection. He suggests that this 'embedded' quality means that the level of cooperation and defection in a social organisation will depend on the level and density of its social networks.

---



Putnam (1993: 173) agrees that ‘the denser such networks in a community, the more likely that is citizens will be able to co-operate for mutual benefit’. In contrast, Olson (1982) argues that small groups simply engage in rent seeking behaviour to the detriment of society generally. In any stable society, he claims, the density of such groups thickens over time, dampening innovation and economic growth and holding government policy hostage to special interests. Such an argument has resonance in Australia’s regional policy setting, where vested interest groups have argued for protectionism for primary industries, while manufacturing industries have not enjoyed the same level of advocacy.

### *Partnerships*

Networks are fundamental to successful partnerships. In public policy terms, partnerships generally involve setting priorities and providing incentives at higher levels of government and letting others take action to achieve them (Radin et al 1996). Osborne and Gaebler (1992) explain that under partnerships schemes, governments share or trade services or contract with one another for specific services. However as Radin et al (1996) suggest, creating partnerships between different levels of government, and the private and community sectors involves reframing the use of partnerships as an intergovernmental tool.

The Irish government has produced demonstration models of successful local partnership structures through its Program for Economic and Social Progress (PESP). This program acknowledges that a critical element of partnership is the interface between sectors and the benefits it can bring to both government and citizens. McCarthy (1995:7) points out that:

The partnership process is a critical element in securing the continuing vitality of civil society, which in turn is the bedrock of democracy. Partnership is also a crucial basis for learning, policy learning, economic learning and learning to trust.

McCarthy suggests that the sources of competitive advantage are no longer access to raw materials, markets, or even to new technology. He argues that real competitive advantage comes from the ability to learn and innovate, to interact fruitfully and to share trusting relationships between suppliers and consumers, before rivals and sectors.

The costs and benefits of a partnership approach are acknowledged by Twose and Blakely (2000:78):

Partnerships are likely to involve a range of interrelated activities over time, steadily building consensus and ownership within each institution involved in the partnership and among its stakeholders. Such relationships require a level of mutual trust and respect and a clear understanding of each other's strengths and weaknesses. ... This process takes time and we have been clear from the outset that the up-front transaction costs for each partner will be greater than if each decided to go it alone, with the anticipated long-term benefits expected to outweigh those that would accrue from flying solo.

### **Technology as a driver of change**

Technology has been a principal driver of change in modern public administration. Government agencies have been established to organise, implement and regulate digital technological applications that are now part of everyday life. Two case studies in this research examine the use and impact of information and communications technology (ICT) on public policy development for regional service delivery.

Much has been changed by the implementation of processes of NPM that have led to privatisation, contracting out and the creation of independent agencies. These processes, which in themselves involved change, experimentation and innovation, have fundamentally altered the structure and functions of the modern administrative system. With the help of ICT in public administration, services and controls can be more easily personalised. Large-scale transaction systems coupled with intelligent systems produce profiles, discover patterns and changes and make fine adjustments possible. Policy modelling is now

possible in real time to determine policy options and outcomes. ICT is strengthening the move towards autonomy, whilst being used at its crudest levels to promote control by data matching and systems management.

The OECD has been concerned with the need to strengthen government-citizen relations through ICT to improve policy-making and good governance. A study of five OECD countries (OECD 2002) indicates that this can be achieved by:

- Government to citizen dissemination of information including both meeting citizen demands for information and active measures to disseminate information.
- Two way consultation between government and citizen in which government seeks citizen views on activities and issues and citizens provide feedback.
- Active participation in which citizens are actively engaged in the processes of government from proposing policies to shaping the policies.

Heeks (1999) in his introduction to *Reinventing Government in the Information Age* (the title is a deliberate reference to Osborne and Gaebler's noted 1992 work) argues that the information age has greatly affected the way citizens think about dealing with government. This reshaping has occurred partly through the efforts of governments to reposition themselves using ICT, and partly through the experiences of citizens, who through their actions in shaping the internet have helped shape and mould the processes of dealing with government.

Despite the speed of technological change in the last part of the twentieth century, the movement to online service delivery is very recent. The World Wide Web itself has only been in existence since 1992. The NSW government homepage was only established in 1998. However, even in this time, the online landscape has shifted as familiarity with and enthusiasm for ICT solutions has grown. Citizens want levels of online services from government that match the services they can access from the corporate sector. The challenge for government is to provide as many services online as is practical

and reasonable, while maintaining a level of service that guarantees access and equity for all citizens in both the online and physical worlds.

The new governance context for increasing the use of ICT involves building the 'smart society', so that citizens have the skills and knowledge needed for enterprise and participation in the 'information rich' twenty-first century. This involves improving the quality of government's interactions with citizens and re-engineering government business. For citizens, the benefits are delivered through greater access to services and information and through speedier transactions. For government the benefits include increasing the cost efficiency of delivering government programs and services.

ICT is being used in all areas of government action as an alternative to classic forms of steering, but one which builds on the traditions of NPM (Frissen 1999). The data processing, collecting and storage capacity of mainframe systems allows complex mathematical models to be used to develop policy alternatives. This capacity also provides stability and predicability, as controls and discipline are being built into systems.

ICT underpins the 'informatisation' of modern public administration in practical and effective ways. Frissen argues that ICT therefore has the capacity to shape important areas of policy with the help of computerised information systems. ICT has enabled the design of internal and external information-flows and relationships in the provision of data for administration and modified the internal and external organisation structures and the working procedures of organisations. Explosive growth in ICT capacities has led to greater transparency of structures and processes in government. Information is more accessible to citizens, and governments are being made more accountable for their actions. ICT infrastructure is being given priority because of strategic necessity; the demand for smaller and more powerful systems will provide greater integration and connectivity, and the capacity for creating virtual realities will bring with it real consequences.

Increasingly the use of ICT for government services is referred to as e-government, described by Muir and Oppenheim (2002) as the delivery of information and services online through the internet or other digital means and by Chadwick and May (2003) as empowering the community. The National Office for the Information Economy (NOIE 2002: viii) refers to e-government as 'the transformation of public sector internal and external relationships through Internet-enabled operations and information and communications technologies to optimise government services delivery, constituency participation and internal government processes'. Often a hierarchy of e-government activity is suggested and different labels may be used such as e-commerce for the business interactions and e-democracy for the processes of citizen-government communication and interaction.

Chadwick and May's (2003) studies of the development of e-government in the US, Britain and the European Union, identify three separate ideal types of government-to-citizen interaction that underpin e-government practice: managerial, consultative and participatory. They argue that governments to date have primarily focused on the managerial approach in striving for the efficient delivery of government information. In Chadwick and May's consultative model, ICT would be used to facilitate communication from citizen to government, but it is only in the participatory model that the communication and interaction changes from 'vertical' to 'horizontal and multidirectional' (Chadwick and May 2003:280). They suggest (2003:295) that, although opportunities for increased participation exist, it will take a 'radical configuration of existing policy' away from the managerial model of e-government for these opportunities to be realised.

To date, the development of government online activity has focused on providing information and improving service delivery, rather than communication or interaction. This falls short of the 'transformational character' of e-government detected by the UK National Audit Office (2002). A similar reservation is expressed in Muir and Oppenheim's (2002) analysis

of e-government initiatives. They found considerable 'hyperbole' from governments about the extent of connectedness with their online services, but little real progress towards what they termed 're-connecting' the public with the agencies that served them. They also noted minimal involvement by end users in the development of services and that little account had been taken of the take-up rates of online services.

It is evident that, despite government intentions for e-government and the growth in electronic service delivery, the public remain 'consumers' of government information products and services rather than active participants in the development of these products and services. It is also clear that the technological tools of e-government have not so far offered citizens a greater opportunity to engage in the decision-making process of government. The main concerns have been to improve efficiency of service delivery and to provide information to the citizen; in other words, it is a 'top-down' relationship between government and citizen. As the Commonwealth Centre for Electronic Government (2002:22) points out, 'when it comes to government online activity, the average person is dealt with as a client of the government rather than a citizen of the state seeking to communicate with the agencies of the state'.

ICT developments have had both a centralising and decentralising impact, as advanced systems and innovative uses of technology have been introduced. Employment growth in regional Australia has been driven by the service sector in health, education, government and consumer services. There is an assumption that services might be delivered more cheaply on line, and that ICT is the key to reducing service delivery costs to regional Australia.

In the ICT case studies government services designed to provide ease of access to transactions and information in the regions are considered in terms of their effectiveness in achieving policy goals. In each case study the level of technological sophistication of these services is fairly rudimentary, although most users of RTC and GAP services regard ICT procedures as innovative and

---

experimental and many find them somewhat intimidating. The case studies raise questions about government purposes and motives in their development of ICT responses to regional service needs. They also questions how these purposes and motives have influenced service models for Rural Transaction Centres and Government Access Centres.

### **Conclusions**

NPM has changed many institutions of government and although these changes are irrevocable, government has responded with new tools which emphasise governance approaches to managing change and meeting service needs. These tools acknowledge the importance of valuing the engagement of stakeholders in decision-making processes and stronger community partnerships. They also rely on strong linkages between networks of actors that contribute to social and economic development, particularly in regional communities.

Greater connectedness, using traditional cooperative approaches as well as new information technologies, helps to achieve resource efficiencies, higher standards of services and improvements in access to services. They strongly feature networks, hierarchies and markets in an amalgam of complex and effective arrangements designed to deliver outcomes that meet the sometimes conflicting expectations of both government and citizens.

The future issues for government, having moved beyond the first generation of NPM reforms, coalesce around traditional relationships between government and citizens and the emergence of new relationships where citizens are strongly informed consumers of government services. These relationships influence the accountability and participation conundrum that besets government administering services at arm's length from service providers. The rates at which ever-increasing technological capability will be adopted by governments, service providers and end users, will shape the institutions of government in the future.

*Chapter 4: Analytical Framework*

In this chapter a new governance analytical framework is developed by building on the Australian experience of NPM implementation as analysed by Davis and Rhodes (2000) and adapting Salamon's (2002) tools of government approach. This framework incorporates a model of best practice in regional service delivery, which provides a template for assessing the programs under investigation.

Public policy extends to all aspects of the political system, therefore the task of explaining decision-making requires theories that can connect diverse activities. John (1999:15) summarises the theories used to explain policy development and implementation as: institutional approaches; group and network approaches; socio-economic approaches; rational choice theory and ideas-based approaches. Each approach is complex and multi-dimensional, but offers only partial accounts of political action.

John (1999) suggests that rational choice theory uses the best features of other theories, and incorporates an explanation for human action while acknowledging that it is not possible to understand policy decisions simply as the consequence of interests. Rational choice does not provide solutions for all contexts. In arguing the importance of ideas *influencing* political action, rather than merely *reflecting* prior individual interests or constraints, John (1999:23) emphasises the essential link between ideas and interests: 'one cannot survive without the other.' Such an approach is described as evolutionary theory and is central to this study.

Evolutionary theory in public policy analysis has strong resonance with the implementation of new governance, as ideas continually emerge or evolve about how to solve public problems. It suggests that *ideas* join with *interests* to try to succeed in what is often a fluid environment. Ideas provide solutions and meanings for policy makers, through the interaction of the actors and their learning over a period of time as they adjust their strategies to new



situations. A diversity of policy solutions depends on actors being prepared to advocate for an unpopular idea in the hope that other policy-makers adopt it at a future date. However, for the political system to adopt the idea, other policy makers need to be able to shift their strategies.

The strength of the evolutionary approach is that it embraces the rapid and contingent nature of change to incorporate the dynamic interplay between factors for change and adaptation (ideas and some interests) and constraints on that action (John 1999:202). In evolutionary theory, new ideas are championed by advocates or 'policy entrepreneurs', who invest time and energy in pushing for policy change and who can provide public goods. Ideas emerge through the skills and advocacy of policy entrepreneurs, from chance combinations of people and events, or from a favourable environment, as Kingdon (1995) suggests. While the theory gives prominence to ideas, interests still dominate, because specific interests (rather than ideas) coincide with the pattern of interests overall.

This approach helps to explain the differences in how New Public Management has been adopted in developed economies, and the transformation in public administration that occurred through the adoption of NPM in Australia. The starting point for developing the analytical framework of this research is Davis and Rhodes (2000) analysis of changes to the Australian Public Sector since the 1960s, focusing on two distinct facets of reforms: the broad program and the internal changes that have occurred.

The authors described the broad program of reform in terms of six key dimensions of reform, with each dimension affecting the capacity of government to function. *Marketisation* incorporates the use of market mechanisms to strengthen competition and increase choice in service delivery. *Corporate management* introduces private sector management processes to the public sector. *Regulation* focuses on outputs and outcomes and agreement on performance standards rather than ownership. *Political control* reflects increased ministerial control of the policy agenda and direct involvement in

---

appointing senior bureaucrats. *Privatisation* involves the sale or transfer of public assets to the private sector, while *Decentralisation* involves the redistribution of administrative responsibilities between central agencies and line agencies within government, and the devolution of political authority to locally elected institutions (Davis and Rhodes 2000: 77). The changes identified by Davis and Rhodes are summarised in Table 4.1.

**Table 4.1: Dimensions of reform in the Australian Public Service**

| Dimension                   | Traditional APS   | Reform   |
|-----------------------------|---|--|
| <b>Marketisation</b>        | <ul style="list-style-type: none"> <li>• Service delivery generally a government monopoly.</li> <li>• Some use of contractors, particularly in construction</li> </ul>  | <ul style="list-style-type: none"> <li>• Purchase-provider split introduced, including for services provided by the states.</li> <li>• Accelerating trend for APS agencies to compete with private providers for contracts to deliver public services</li> <li>• This needs competitive neutrality with agencies paying tax equivalents and made subject to the Trade Practices Act</li> <li>• Significant increase in contracting out, notably for employment services.</li> </ul>  |
| <b>Corporate Management</b> | <ul style="list-style-type: none"> <li>• Traditional public administration focused on probity, precedence and accountability</li> <li>• Uniform provision of services with a presumption in favour of 'one size fits all'</li> <li>• Input-focused budgets</li> <li>• Tight central agency controls</li> <li>• Traditional clerical approach</li> <li>• Merit protection through appeal processes</li> <li>• Lifetime career structures with significant recruitment of young people</li> </ul> | <ul style="list-style-type: none"> <li>• Managing for results with greater emphasis on managerial prerogative</li> <li>• Introduction of choice from a menu of services and service providers</li> <li>• Freedom of information and citizen charters to cover service provision and new avenues for citizens to seek redress of dissatisfaction</li> <li>• Output measurement</li> <li>• De-concentration and risk management</li> <li>• Widespread adoption of information technology</li> <li>• Business unit approach to measure performance coupled with strategic planning and evaluation</li> <li>• SES structure with more short term contracts</li> <li>• Contraction of recruitment loss of junior grades.</li> </ul> |
| <b>Regulation</b>           | <ul style="list-style-type: none"> <li>• Significant regulatory role in economic and labour market policies</li> <li>• Regulation is a core part of agencies and integrated into agency structures</li> </ul>   | <ul style="list-style-type: none"> <li>• Change in the nature of economic regulation away from command and control towards managed markets and the use of fiscal and other incentives</li> <li>• Decentralisation of labour markets in favour of collective and later individual bargaining</li> <li>• Shifts from regulating utilities to monitoring contracts and auditing financial performance</li> <li>• National Competition Policy – shift in regulation to ensure markets can operate</li> <li>• More separation of regulatory arms from APS grades</li> </ul>   |
| <b>Political Control</b>    | <ul style="list-style-type: none"> <li>• Westminster assumption that public service is neutral, permanent and a source of 'institutional scepticism'</li> <li>• Monopoly on policy advice</li> <li>• Merit protection systems to limit external influence on choice</li> </ul>  | <ul style="list-style-type: none"> <li>• APS changes initiatives by ministers to ensure they could set priorities and influence implementation</li> <li>• Pluralisation of policy advice</li> <li>• Open competition for senior appointments</li> <li>• Sporadic 'personalisation' of top appointments by greater ministerial involvement in selection and termination of departmental secretaries</li> </ul>  |
| <b>Privatisation</b>        | <ul style="list-style-type: none"> <li>• Key utilities in public ownership</li> <li>• Government ownership of trading companies and public corporations</li> <li>• However, movement from departmental structures to corporations</li> </ul>  | <ul style="list-style-type: none"> <li>• Preference of private ownership with monopolies regulated by the Trade Practices Act</li> <li>• Complete or partial sale of Commonwealth assets</li> <li>• Process incomplete- commercial activity such as Australia Post remains in public hands</li> </ul>  |
| <b>Decentralisation</b>     | <ul style="list-style-type: none"> <li>• Administrative provincialism of APS</li> </ul>   | <ul style="list-style-type: none"> <li>• Excessive devolution to levels appropriate to decision</li> <li>• Outsourcing of client-based services</li> <li>• Increased demands for coordination</li> </ul>   |

Source: Davis and Rhodes (2000: 79)

Based on Davis and Rhodes work, a critical first step in developing the analytical framework was to capture the overall effects of these reforms as they impacted on regional service provision. A summary of these effects, which provides a context for this research, is provided in Table 4.2.

**Table 4.2: Effects of Australian Public Sector reforms**

| <b>Dimension</b>            | <b>Reform</b>   | <b>Effects</b>  |
|-----------------------------|---|---|
| <b>Marketisation</b>        | Development of a market based system of service delivery, based on contractual arrangements with private and not for profit organisations.                                  | <ul style="list-style-type: none"> <li>• Competition and service choice</li> <li>• Funding shifts from public to private sector and services</li> <li>• Two-tiered system of service delivery</li> <li>• Quasi-markets</li> <li>• Complex service agreements</li> <li>• Fragmentation of services</li> <li>• Emergence of new lobby groups</li> </ul>                 |
| <b>Corporate Management</b> | Managing for results, with devolved decision-making and accountability and service choice. Contractual SES structure and limited opportunities for entry level recruitment. | <ul style="list-style-type: none"> <li>• Authority and accountability through service agreements</li> <li>• Fee-for-service and cost recovery arrangements</li> <li>• Greater public scrutiny of service provision</li> <li>• Increased accountability measures and 'red tape'</li> <li>• Hollowing out of public sector expertise and corporate knowledge</li> </ul> |
| <b>Regulation</b>           | Shift in economic regulation from command and control towards managed markets and the use of fiscal and other incentives  | <ul style="list-style-type: none"> <li>• Emergence of formal and informal co-ordinating networks</li> <li>• Emphasis on reciprocity and mutual obligation</li> <li>• Third party government</li> <li>• Emphasis on tangible measurable outcomes</li> <li>• Market failure and compensation</li> </ul>   |
| <b>Political Control</b>    | Greater ministerial involvement in selection and termination of departmental secretaries  | <ul style="list-style-type: none"> <li>• Politicisation of public sector</li> <li>• Increased ministerial control</li> <li>• Dependence on consultants and policy advice outside public sector</li> <li>• Resource allocation based on electoral sensitivities</li> </ul>   |
| <b>Privatisation</b>        | Regulated of monopolies by the Trade Practices Act, and complete or partial sale of government assets   | <ul style="list-style-type: none"> <li>• Increased transaction costs for citizens/customers</li> </ul>  |
| <b>Decentralisation</b>     | Devolution of decision making and outsourcing of client-based services with increased demands for coordination  | <ul style="list-style-type: none"> <li>• Emergence of regional networks</li> <li>• Regional actors promoting conflicting agendas</li> <li>• Reliance on coordination mechanisms</li> </ul>  |

The effects include some ‘unintended consequences’ of the reforms identified by Davis and Rhodes (2000:83). The case studies presented in Chapters 6 and 7 demonstrate that where services are delivered through the use of many contractors, fragmentation of services is inevitable. This fragmentation has significant negative repercussions. It creates high costs of coordination and variation in service quality. It increases administrative costs of monitoring and evaluating policy outcomes. The reforms also create opportunities to politicise policy reform for electoral gain, risking the legitimacy of those reforms. There can be policy incoherence, inappropriate policy response and accountability failures. Critical policy learning is also lost from the public sector (Davis and Rhodes 2000:85).

The relationship between consumer responsiveness and political accountability also becomes significant when the private sector is contracted to provide public services, an issue Salamon (2002) refers to as ‘third party government’. This requires new accountability regimes to provide a method of responsiveness that ties individual consumers to government (Davis and Rhodes 2000:87). These impacts have resulted in new ways of thinking about service delivery, as traditional mechanisms have been replaced with a market based approach.

### **New governance analytical framework**

A new governance analytical framework serves was developed as part of this research in order to consider the instruments used by government to implement policy reforms in regional service delivery. A central assumption of the new governance analysis is that the growth of policy instruments has fundamentally changed the nature of public management and patterns of public problem solving in ways that are only partly acknowledged in existing theories and approaches.

The framework for analysis in this research draws heavily on Salamon’s (2002) US-based research on the growth of the community and not for profit service providers. Adapting Salamon’s (2002) model to the Australian regional

context required modification of the new governance paradigm. There are differences in the range of tools and their purposes, used by US government, from those favoured in Australia. In accepting Salamon's argument that arrangements need to be developed so that politicians and institutions can be held accountable for the implementation of public policy that has been devolved to non-accountable actors, the analytical framework establishes how Commonwealth and NSW governments have pursued this accountability in the case studies under consideration.

The analytical framework has three key planks: first, the tools of government involved in the case study programs; secondly the concepts and criteria of the new governance paradigm and the key indicators of their presence in the case studies; and thirdly, the establishment of best practice principles with which the programs under consideration can be compared.

#### Tools of government

Government instruments or tools have multiple features. In Salamon's words (2002:19) 'a tool or instrument of public action can be defined as an identifiable method through which collective action is structured to address a public problem'. Tools are different from both programs and policies, which incorporate a range of tools, both internal and external to government. As is shown in the case studies, tools can be bundled together in different programs and in different ways according to the desired outcomes. Table 4.3 presents examples of tools featured in the case studies – those that are direct government interventions, and those used indirectly to achieve policy outcomes.

**Table 4.3: Common tools and instruments of government action**

| <b>Direct</b>  | <b>Indirect</b>   |
|--|---|
| <ul style="list-style-type: none"> <li>• Legislation</li> <li>• Regulation</li> <li>• Grants</li> <li>• Loans</li> <li>• Taxation concessions</li> <li>• Subsidies</li> <li>• Pooled Funding</li> <li>• Service integration</li> <li>• Case management</li> <li>• Service contracts</li> <li>• Regional Portfolio planning</li> <li>• Provision of infrastructure</li> <li>• Compliance regimes</li> </ul> | <ul style="list-style-type: none"> <li>• Community consultation and planning</li> <li>• Place management</li> <li>• Service protocols</li> <li>• Project seed funding</li> <li>• Regional alliances</li> <li>• Shared resources</li> <li>• Memorandum of understanding</li> <li>• Public information campaigns</li> <li>• Service protocols</li> <li>• Brokerage</li> <li>• Communication</li> <li>• Land use and infrastructure planning</li> <li>• Research and development incentives</li> </ul> |

Salamon’s approach (2002) was to categorise tools according to the following criteria: effectiveness, efficiency, equity, manageability, legitimacy and political feasibility. He later (2002) extended his US analysis to consider the degree of coerciveness, the level of directness and the ‘automaticity’ and visibility of the tools, arguing that these dimensions demonstrate the capacity of the tools framework to analyse public policy approaches.

Peters (1998) is sceptical about this approach, arguing that there are, in effect, more fundamental considerations than ‘tools’ at work in American politics. Salamon acknowledges this concern, contending that tool choices are political, and that the choices are shaped by cultural norms as well as ideological predispositions. Of greater interest to Salamon is that tool choices are in fact operational choices which significantly structure public management and affect its results. He argues that compared to network operations, the traditional functions of human resources, finance, organisational structures, and institutional dynamics have become far less

central to program success (Salamon 2002:12). Thus authority, control, and a preoccupation with internal management must give way to negotiation, persuasion, and enablement skills which are a feature of the network approach.

The paradox of the tools approach is acknowledged by Salamon (2002:370) when he notes that policymakers seem to be under increasing political pressures to select those tools of public action that are the most difficult to manage and the hardest to keep focused on their public objectives. This paradox is best explained in terms of standard public choice theory: legislative choice is about striking and sustaining political bargains, not about creating effective administrative organisations.

The paradigm shift described by Salamon is, of course, an 'ideal type' unlikely to be found in pure form. However, as Brunnsen (1988) suggests, the usefulness of an ideal-type model in policy analysis is in exposing the differences between talk, decisions and actions, where talk is the often rationalised, internally consistent account of an underlying contradictory reality. In this sense ideal-type new governance models represent the talk, when combined with the language of governance. The contradictory decisions and paradoxical actions considered in the case studies are closer to the underlying reality. The construction of an ideal type model is also helpful in analysing organisational contradictions.

#### The new governance paradigm

The second plank of the analytical framework is the new governance paradigm outlined in Table 4.4. In this table the concepts of new governance and the shift required to move from classical public administration to a new governance approach are outlined.



**Table 4.4: The new governance paradigm**

| <b>Classical Public Administration</b> | <b>New Governance</b>      |
|--|----------------------------|
| Program/agency                         | Tool                       |
| Hierarchy                              | Network                    |
| Public vs. Private                     | Public <i>and</i> Private  |
| Command and Control                    | Negotiation and Persuasion |
| Management Skills                      | Enablement skills          |

Source: Salamon (2002: 9)

*The shift from program/ agency to tools involved*

This is an important first step in developing a new governance approach. Rather than focusing solely on the inputs and outputs of agencies and programs, new governance considers the distinctive tools or technologies they employ to achieve policy outcomes (Salamon 2002:14). In developing the analytical framework for this research, an important task was to identify the tools employed in the case studies. The *choice* of tools is important, because they have a significant influence on determining the implementation process, and as a consequence, on influencing the result. The tools also define the set of actors involved in the implementation process. The tools selected will determine the roles of these actors, again influencing the outcome of the process. By shifting the focus from agencies and programs to the underlying tools, new governance emphasises the way policies are implemented and how we can measure their effectiveness. The choice of tool is also a political choice, influenced by many factors including ideological positions, the degree of discretion involved, the relative influence that stakeholders will have in shaping the implementation process and the need to involve particular actors in the policy process.

*The shift from hierarchies to networks*

The second fundamental change generated by new governance is an emphasis of networks over hierarchical control and decision making. This shift also gives more precise definition to the kind of network that a program embodies, and in doing so important clues are given about the types of management challenges confronting particular programs. The project management arrangements of the programs in the case studies provided clues to the kinds of networks involved, and the level of interdependence among the actors. What the new governance approach adds to network theory is a clearer understanding of the common elements of various network arrangements.

In this way, the tools chosen significantly structure the networks involved. They define the actors that are centrally involved in particular types of programs and the formal roles they will play. The development of Rural Transaction Centres involves financial transaction services; therefore a network of structured interactions is needed between a public agency, community organisation and the commercial banking system.

*The shift from public vs. private to public and private*

The third new governance shift captured in the analytical framework is distinguished by different relationships between government, private and, now more commonly, community sectors. Such changed relationships ensure that competition for scarce resources is replaced by collaboration, in the interests of service delivery. Salamon (2002:14) suggests that 'cross sectoral partnerships can yield important dividends in terms of effective problem solving as long as attention is given to the management challenges they entail'

The partnership approach is central to new governance. A range of partnerships models exist, from fostering greater cooperation to engaging in collaborative projects, promoting knowledge sharing, and consolidating resources and community assets that can be aggregated and used for mutual benefit (Falk et al:1999). The partnership arrangements are closely examined

in each of the case studies to identify the power relationships and the extent of benefits that have accrued from those arrangements.

*The shift from command and control to negotiation and persuasion*

This change requires a different skill set for public managers who no longer have to manage large bureaucratic organisations. Instead, new governance relies on the development of enablement skills, required to engage partners in a range of networks, 'bringing multiple stakeholders together for a common end in a situation of interdependence' (Salamon 2002:16).

Traditional approaches to public management emphasise the hierarchical nature of relationships between the citizen and the state, and the importance of the central executive in preserving democratic accountability. The six dimensions of change outlined by Davis and Rhodes (in Table 4.1) provide signposts for how strong public management may be achieved when indirect tools are used. The analytical framework captures differences in approaches taken to manage the myriad of complex relationships involved in the delivery of services in the case studies.

*The shift from management to enablement skills*

Salamon argues that new governance promotes the development of 'enablement skills' which he describes (2002:16) as 'the skills required to engage with partners arrayed horizontally in networks, to bring multiple stakeholders together for a common end in a situation of interdependence.' The development of these skills is critical for effective regional service delivery. Enablement skills involve activating networks of actors that are required to address public problems and sustaining these networks by coordinating their efforts and resources. Enablement skills are also required to devolve discretionary power to program managers responsible for advancing program objectives. The importance of capacity building and sustainability in regional communities is reflected in this new governance shift, which strengthens the emphasis on organisational learning to improve the outcomes of collaborative ventures.

---

Enablement skills include *activation*, *orchestration* and *modulation* skills. Public managers now have to motivate non-government actors and initiate activities which involve them with government actors. They must market new opportunities and encourage potential partners to participate. Competent contractors, financial institutions, private individuals and corporations and customers and clients must be engaged and *orchestrated* to ensure a program's success. New governance also requires sensitivity to the *modulation* tools of incentives and penalties available to elicit cooperative behaviour and achieve desirable policy outcomes. The enablement skills required will vary according to the type of instrument of policy action in play. Rather than reducing demands on public management, new governance arrangements may have the effect of increasing demands for greater discretion, an understanding of the motivations of the actors involved, and better information on performance and results.

To capture the paradigm shift in this research, key indicators for each concept were developed. The indicators, summarised in Table 4.5, are used in the investigation of the case study programs and projects, to determine evidence of new governance.

**Table 4.5: Key indicators of paradigm shifts in new governance**

| <b>New Governance Concept</b>                                       | <b>Key indicators</b>  |
|---|--|
| <b>Shift from program/agency to tool</b>                            | <ul style="list-style-type: none"> <li>• Project initiated from priority setting process</li> <li>• Goals defined and strategies developed to deliver outcomes</li> <li>• Service models developed to meet agreed outcomes</li> <li>• Progressive evaluation and accountability measures in place to monitor progress towards outcomes</li> <li>• Partnerships and boundary spanning</li> <li>• Emphasis on continuous learning and improvement</li> </ul> |
| <b>Shift from hierarchy to network</b>                              | <ul style="list-style-type: none"> <li>• Regional networks established</li> <li>• Cross agency discussions fostered and formalised</li> <li>• Service model developed to meet shared outcomes</li> <li>• Development of protocols between agencies and providers</li> <li>• Accountability and feedback loops include client and community representation</li> </ul>   |
| <b>Shift from private vs. public to private and public</b>          | <ul style="list-style-type: none"> <li>• Development of service choice</li> <li>• Development of service agreements between partners</li> <li>• Fee-for-service and cost recovery arrangements</li> <li>• Business re-development</li> <li>• Safety net arrangements</li> </ul>  |
| <b>Shift from command and control to negotiation and persuasion</b> | <ul style="list-style-type: none"> <li>• Consultation process for service needs</li> <li>• Devolved decision making processes</li> <li>• Devolved resource allocation</li> <li>• Management and accountability structures established</li> </ul>   |
| <b>Shift from management skills to enablement skills</b>            | <ul style="list-style-type: none"> <li>• Stakeholders identified and engaged</li> <li>• Commitment to community learning and increasing local skills</li> <li>• Local participation in service planning and monitoring</li> <li>• Realistic strategies for service sustainability or transition</li> <li>• Building performance into internal governance through local capacity building</li> </ul>  |

The analytical framework also involves investigating the case study programs in terms of the new governance criteria: effectiveness, efficiency, equity, manageability, political feasibility and legitimacy. The addition of the latter three criteria reflects Salamon’s new governance approach, adding richness to the interpretation of the case studies and reflecting the political dimension of a tools approach.

### *Effectiveness*

In public administration, *effectiveness* is the most common evaluation measure, determining the extent to which an activity achieves its intended

objectives, generally independently of the costs involved. (Salamon 2002:18) suggests that the most effective tool is the one that most reliably allows action on a public problem to achieve its intended purposes.

Evaluation of public policy and its implementation usually focuses on effectiveness and efficiency. However, the multi-faceted nature of contemporary tools can make this assessment difficult. Where tools are implemented to achieve social and political objectives, it may be difficult to clearly define the purpose of a program. Furthermore, since a tool can be used to address multiple perspectives on a policy issue, it generates different views as to a policy, or a program's effectiveness if there are conflicts about its principal purpose. Importantly, the *effectiveness* of a tool will vary according to the circumstance in which it is applied, and there will be circumstances in which particular tools are likely to be more effective in achieving policy outcomes than others. An analysis of risks and policy options is therefore a critical preparatory step to developing a policy response to a public problem, an issue that is pursued in the ICT case studies as one of the critical failings of the Rural Transaction Centre program.

### *Efficiency*

As the second most common assessment criterion, *efficiency* balances the results of action against the costs involved. It follows that the most efficient tool in achieving a policy outcome may not be the most effective, because of the significant costs involved, either in political terms or in shifting costs from government to consumers or the private sector. In the post-NPM public administration regime, the development of contractual arrangements with non-governmental actors highlights the importance of tool choices. If heavy compliance costs undermine agreements and make them inefficient, there is the possibility of creating policy failure, and of government either having to underwrite such a failure, or take back contracted services, having wound down the public capacity to meet service needs.

This is the environment in which the Rural Transaction Centre program was initiated. The inefficiencies demonstrated in this case study indicate that regulatory tools, deemed to be efficient in raising income for government, need to be carefully assessed according to the costs to government and to the costs to other actors as well. Regulatory frameworks that require significant compliance costs from the private sector are not reflected in the government's balance sheet and are therefore hidden. *Efficiency*, however, is about achieving an optimum balance between the benefits and costs of public policy action.

### *Equity*

*Equity* relates to distributing both the benefits and costs of programs as evenly as possible among all those eligible. In the context of compensatory policy action, equity involves balancing the redistribution of benefits to ensure equal opportunity and access to all. In the analytical framework, equity principles are assumed as underpinning good public policy. In regional policy, equity measures include those tools targeted to the needs of citizens, communities or organisations that have been disadvantaged by past policies or by circumstances such as natural disasters. *Equity* in the analytical framework contributes to the assessment of how a policy or program meets both the distributive and redistributive goals of government, and highlights how some tools serve these goals better than others.

### *Manageability*

The *manageability* measures involve assessing how difficult or how easy a program or policy is to implement, so that a determination can be made about the appropriateness of a tool. Some tools may promise efficiency and effectiveness in theory, but in practice prove too difficult to implement to deliver the required outcomes. This can occur when there are many actors and complex issues, or even when a complex tool is used to deliver an outcome that could have been achieved with a straightforward policy decision. Some policy instruments are cumbersome to operate for the small gains they

deliver. *Manageability* therefore relates to the ability to implement tools of government action.

### *Legitimacy*

*Legitimacy* is strengthened when the policy outcomes are closely linked in the public mind with the taxes they pay. The legitimacy of policy action therefore depends on harnessing the support of the actors and interests involved and the extent to which these interests are met (or excluded) in the policy development and implementation. It is based on providing greater accountability either for public funding (for example league tables in schools) or where there is a matter of national importance where such accountability is highly valued (for example regulation and management of waterflows in the Murray Darling River system).

### *Political feasibility*

When stakeholders, and therefore their interests are involved in the process of shaping the implementation of a public program, the political feasibility of the program will be strengthened by stakeholder's political support. Salamon (2002:24) argues that 'no matter what the prospects for effectiveness, a program that cannot win political support cannot make headway'. The choice of tools affects the overall sense of legitimacy that the government of the day enjoys. *Political feasibility* is diminished and electoral vulnerability is increased, if the citizens lose trust and confidence in the government, and when citizens are alienated by policy actions.

Key indicators were also developed for the criteria of new governance as summarised in Table 4.6. These indicators formed the basis of the questionnaire and interviews, and provided signposts for analysis of documents and program evaluations.



**Table 4.6: Key indicators of new governance criteria**

| <b>Criterion</b>      | <b>Key indicators</b>  |
|-----------------------|--|
| Effectiveness         | <ul style="list-style-type: none"> <li>• Project/ program achieves its state objectives and purpose</li> <li>• Project/program tools are appropriate to achieve intended purpose</li> <li>• Multiple perspectives are identified in developing project/program objectives and outcomes</li> </ul>            |
| Efficiency            | <ul style="list-style-type: none"> <li>• Project/ program undertakes cost/benefit analysis</li> <li>• Compliance costs for government are identified and factored into project/program</li> <li>• Compliance costs for other stakeholders are identified and factored into project/ program costs</li> </ul> |
| Equity                | <ul style="list-style-type: none"> <li>• Project/ program identifies and addresses issues of access</li> <li>• Project/program targets disadvantaged communities</li> <li>Project/program has explicit distributive or redistributive goals</li> </ul>   |
| Manageability         | <ul style="list-style-type: none"> <li>• Project /program is able to deliver sustainable outcomes</li> <li>Selected tools are appropriate to deliver policy outcomes</li> </ul>  |
| Legitimacy            | <ul style="list-style-type: none"> <li>• Project/ program is able to deliver sustainable outcomes</li> <li>Selected tools are appropriate to delivery policy outcomes</li> </ul>   |
| Political feasibility | <ul style="list-style-type: none"> <li>• Project/ program is supported as an appropriate response to the issue</li> <li>Project/ program has community and stakeholder confidence</li> </ul>   |

### Best practice principles

The third plank of the analytical framework was the development of a best practice framework of regional service delivery. This was devised through an analysis of the literature on service delivery to develop a set of best practice principles to be incorporated into the organisational questionnaire and interviews undertaken during the research. These principles are outlined in Table 4.7.

**Table 4.7: Best practice principles of regional service delivery**

| <b><i>Principles</i></b> | <b><i>Application</i></b>  |
|--------------------------|--|
| Responsiveness           | The need for flexibility and local adaptation of services is recognised.   |
| Equality                 | Participants are required to establish a process for dialogue amongst the stakeholders, who must be able to participate on equal terms.  |
| Accountability           | Accountability at local and funding agency level for best value and service effectiveness.   |
| Locality                 | Local differences in service needs are recognised, and the interdependence of local services and local problem-solving is emphasised.  |
| Strategy                 | A strategic approach to long-term development is essential. Services and communities are encouraged to lay the groundwork for long-term investments and only undertake short-term projects that contribute to fundamental long term goals.   |
| Experimentation          | Viewed as essential to creativity, experimentation with new ideas and new methods is ongoing.  |
| Responsibilities         | Significant attention is given to understanding the resources of other organisations, to establishing effective cohesion amongst them and to sharing expertise and responsibilities.   |
| Vision                   | The process continues only as long as it is effective. No permanent structures are created, and continuation of the initiative- as well as responsibility for funding it- is left in the hands of the participants.  |
| Inclusiveness            | All major stakeholders must be participants; this includes government, communities, private and non-government sectors and consumers. Participants view themselves as part of a team and contribute to a common goal.  |
| Collaboration            | Participating organisations are aided and encouraged to work collaboratively.  |
| Entrepreneurship         | Organisations are encouraged to tackle interagency problems on their own authority, within the limit of their authority, government participants are expected to be entrepreneurial in meeting regional and local needs.   |
| Shared learning          | An environment that encourages information-based, learning oriented action is critical to achieving both creativity and adaptability in the face of modern social challenges. Creating learning organisations is a watchword for sustainable services as information and skills are transferred across traditional boundaries. |

These best practice principles were applied to the management arrangements established at local and regional levels to the services which form the case studies. When combined with the concepts and criteria of new governance, the best practice principles generated an overall view of the how decisions were being made, how resources were being allocated, and how projects and programs were being managed. These considerations contributed to the analysis of the extent to which they reflect new governance.

### **Conclusions**

The new governance analytical framework generates a new perspective from which to consider approaches to intergovernmental decision making and change management, within the context of regional services policy. It captures the tensions that exist between federal, state and regional concerns, where the Commonwealth pursues the creation and maintenance of central control while state and regional levels argue for greater autonomy.

New governance attempts to reconcile these conflicting demands while establishing mechanisms that are built into Commonwealth and state institutions and perspectives. Although it does not avoid the natural tensions that occur between stakeholders, new governance attempts to find ways to manage the conflict along both vertical and horizontal dimensions.

The analytical framework therefore attempts to tackle the concerns about how governments at federal and state levels organise themselves to make difficult choices. It aims to capture how they manage the expectations of what governments at these levels should do and how they should do it. The framework emphasises efforts that cross traditional boundaries both in terms of the level of government and in public-private relationships, arguing that all major stakeholders in regional services must be participants in the process.

*Chapter 5: Research Methodology*

In this chapter, the case study methodology is explained. Building on Chapter 4, the research methodology extends the analytical framework to the four case studies under consideration. The key research tools are outlined with the main questionnaire tool included as an appendix to this report. Finally the processes undertaken in conducting the case studies are outlined.

The case study methodology in this research has been designed to identify and chart the new governance characteristics of the organisational and managerial processes in regional service programs under investigation. In this chapter, justification is provided for this decision and the qualitative methods used to observe and make sense of aspects of the programs are outlined. The limitations of the methodology are acknowledged and the strength of the analytical framework as applied in the case studies is discussed.

In qualitative research a number of activities occur simultaneously, each influencing the other. Unlike a linear progression and explanation, such as an historical study, this form of research involves continual modification and adaptation to respond to the variety of evidence. Multiple cases are used to undertake comparative analysis. Case study research gives special attention to completeness in observation, reconstruction, and analysis of the cases under study, in a way that incorporates the views of the 'actors' in the case study. Case studies provide multi-perspective analyses, since the researcher considers not just the voice and perspective of the actors, but also of the relevant groups of actors and the interaction between them. For this reason, case studies tend to be selective, focusing on one or two issues that are fundamental to understanding the system being examined, and maximising what can be learned in the time available for the study.

Case study techniques are used extensively for government policy and program evaluation, to determine whether particular programs are efficient or

if policy goals are being met. Case study evaluations can also involve both process and outcomes by including both quantitative and qualitative data.

Miles and Huberman (1994) have described thirteen tactics to help generate meaning from the qualitative data gathered. The tactics have been drawn upon in this research to relate seemingly unrelated issues, and to map the relationships that exist between organisations. Clustering information around common themes has helped both in understanding local community dynamics and comparing efforts. By mapping variables and comparing approaches that have been implemented to resolve intractable local problems, a more coherent understanding of the data has been achieved. These tactics are summarized in Table 5.1.

**Table 5.1: Strategies used to generate meaning**

| <b>Generating meaning on issues</b>                   | <b>Tactics</b>  |
|---|---|
| What goes with what?                                  | <ul style="list-style-type: none"> <li>• Noting patterns</li> <li>• Clustering</li> <li>• Seeing plausibility</li> </ul>  |
| What's there?   | <ul style="list-style-type: none"> <li>• Making metaphors</li> <li>• Counting</li> </ul>  |
| Sharpen our Understanding                             | <ul style="list-style-type: none"> <li>• Making comparisons</li> <li>• Partitioning variables</li> </ul>  |
| Seeing things and their relationships more abstractly | <ul style="list-style-type: none"> <li>• Subsuming particulars in to general</li> <li>• Factoring</li> <li>• Noting relations between variables</li> <li>• Finding intervening variables</li> </ul> |
| Assemble a coherent understanding of the data         | <ul style="list-style-type: none"> <li>• Building a logical chain of evidence</li> <li>• Making conceptual /theoretical coherence</li> </ul>  |

Adapted from Miles and Huberman (1994)

Yin (1994) suggests that case studies can best explain complex causal links in real-life interventions and describe the real-life context in which the intervention has occurred. The case studies which form the basis of this research have generated these explanations and served to illustrate often

complex links and compounded weaknesses in some services and projects. By using the case studies to describe how government interventions impact at the community level, it has been possible to identify those situations where the intervention being evaluated has no clear set of outcomes. Patterns of decision making and behaviour have emerged through the multiple cases involved. These patterns have strengthened the results of the research, building confidence in the robustness of the new governance analysis.

The unit of analysis is also critical factor in case study research. It is typically a system of action rather than an individual or group of individuals, and Yin (1994) suggests that in general, case studies are the preferred research strategy when 'how or why' questions are being posed. The choice of a case study methodology reflects the circumstances in this research where the researcher has little control over events, and when the focus is on contemporary issues in a real-life context, rather than an historical event.

The research questions in this research meet all three criteria. First, they are concerned with how and why communities and governments have responded to the implementation of regional programs and strategies. The questions deal with operational links: How does coordination lead to greater effectiveness and efficiency of services? How do communities respond to the call for partnership arrangements to deliver services? Why are some service models more sustainable? How do communities organise themselves around new governance issues? How do governments ensure active participation in decision-making? Why do regional actors protect power-devolving arrangements? Such questions favour the use of case studies, and the information they elicit is used to describe, understand and above all explain.

Yin's second characteristic favouring a case study approach, i.e. the researcher's lack of control over the behavioural events, also applies to this comparative study. The study also fulfils the third condition: that the events being examined are contemporary and in a real life situation. The case studies also draw on anecdotal and documentary information to give colour and

---

context to the important policy problems that programs under examination were intended to address.

The structure of the case studies was also determined by the questions, research propositions, unit(s) of analysis, the logic linking the data to the propositions, and the criteria for interpreting the findings as recommended by Yin (1994:20) As outlined in Table 5.2, the research questions framed as ‘who’, ‘what’, ‘where’, ‘how’, and ‘why’ indicate the appropriate strategy to be used.

**Table 5.2: Research questions that determine research strategies**

| <b>Strategy</b>          | <b>Form of research question</b>     | <b>Requires controls over behavioural events</b> | <b>Focuses on contemporary issues</b> |
|--------------------------|--------------------------------------|--|---------------------------------------|
| <b>Experiment</b>        | How, why                             | Yes  | Yes                                   |
| <b>Survey</b>            | Who, what, where, how many, how much | No   | Yes                                   |
| <b>Archival analysis</b> | Who, what, where, how many, how much | No   | Yes                                   |
| <b>History</b>           | How, why                             | No   | No                                    |
| <b>Case study</b>        | How, why                             | No   | Yes                                   |

The research propositions sometimes derive from the ‘how’ and ‘why’ questions, and are helpful in focusing the research goals. The unit of analysis defines the case and provides the primary data. The least developed aspects in case studies are the link between data and propositions and the criteria for interpreting the findings (Yin 1994). In this research, pattern-matching is used to relate several pieces of information from the same case study to new governance theoretical propositions.

Pattern matching is also used to minimise the limitations to construct validity of potential researcher subjectivity (Trochim 1985), an important factor is this research because of the involvement in the programs under study by the researcher at an early stage. Three remedies to counteract any perceived bias

suggested by Yin (1994) are therefore used: using multiple sources of evidence, establishing a chain of evidence, and having a draft case study report reviewed by key informants. These principles were closely adhered to in this research.

As in all research, consideration has been given to construct validity, internal validity, external validity, and reliability. Multiple sources of evidence are used ensure construct validity. The selection of specific programs as the units of analysis provides the internal validity as theories have been developed and the data collection and analysis tested those theories. The use of multiple case studies has strengthened the external validity of the research, enabling theoretical relationships to be established, and generalisations to be made. Multiple cases are best used where previously developed theory is compared with the empirical results of each case study (Yin 1994:31). If two or more cases support the same theory, replication may be claimed. In this research the multiple case studies create replication logic using the tactics outlined in Table 5.1.

A case study protocol was developed to strengthen the reliability of this research. This protocol contained procedures and general rules to be followed throughout the research. Analytic techniques such as rearranging the arrays, placing the evidence in a matrix of categories, creating flowcharts and data displays, tabulating the frequency of different events, using cross tabulations to examine the relationships between variables were used to develop a case description and the framework for organising the case study reports.

The rationale for using multiple sources of data is the triangulation of evidence. Triangulation increases the reliability of the data and the process of gathering it. In the context of data collection, triangulation serves to corroborate the data gathered from other sources. Sources of evidence for the data collection in the case study protocol included documentation, archival records, interviews, direct observation, participant observation, and physical



artefacts. Not all were used in every case study. Their strengths and weakness are summarised in Table 5.3.

**Table 5.3: Types of evidence**

| <b>Source</b>           | <b>Strengths</b>  | <b>Weaknesses</b>  |
|-------------------------|---|--|
| Documentation           | <ul style="list-style-type: none"> <li>• stable - repeated review</li> <li>• unobtrusive - exist prior to case study</li> <li>• exact</li> <li>• broad coverage - extended time span</li> </ul> | <ul style="list-style-type: none"> <li>• irretrievability</li> <li>• biased selectivity</li> <li>• reporting bias - reflects author bias</li> <li>• access - may be blocked</li> </ul>                                   |
| Archival Records        | <ul style="list-style-type: none"> <li>• as above</li> <li>• precise and quantitative</li> </ul>  | <ul style="list-style-type: none"> <li>• as above</li> <li>• privacy might inhibit access</li> </ul>   |
| Interviews              | <ul style="list-style-type: none"> <li>• targeted - focuses on case study topic</li> <li>• insightful - provides perceived causal inferences</li> </ul>   | <ul style="list-style-type: none"> <li>• bias due to poor questions</li> <li>• response bias</li> <li>• incomplete recollection</li> <li>• reflexivity - interviewee expresses what interviewer wants to hear</li> </ul> |
| Direct Observation      | <ul style="list-style-type: none"> <li>• reality - covers events in real time</li> <li>• contextual - covers event context</li> </ul>   | <ul style="list-style-type: none"> <li>• time-consuming</li> <li>• selectivity - might miss facts</li> <li>• reflexivity – observer’s presence might cause change</li> <li>• cost - observers need time</li> </ul>       |
| Participant Observation | <ul style="list-style-type: none"> <li>• as above</li> <li>• insightful into interpersonal behaviour</li> </ul>   | <ul style="list-style-type: none"> <li>• as above</li> <li>• bias due to investigator’s actions</li> </ul>   |
| Physical Artefacts      | <ul style="list-style-type: none"> <li>• insightful into cultural features</li> <li>• insightful into technical operations</li> </ul>   | <ul style="list-style-type: none"> <li>• selectivity</li> <li>• availability</li> </ul>  |

Source: Yin (1994: 80)

The data collection phase was treated as a design issue and used to enhance the construct and internal validity of the research as well as its external validity and reliability, as is appropriate for case study research. A range of documents were collected and entered into the research database. These included copies of funding applications, policy documents, speeches, strategic planning information, assessment criteria, minutes of meetings, community

notices and reports, study reports and media releases and articles. Archival records ranged from service contracts, social maps, charts and survey data, to personal records including diaries.

The most important sources of case study information were interviews with individuals and organisations. These took several forms: focus groups of clients and end users of services; structured interviews with program managers and bureaucrats; and open-ended interviews with senior bureaucrats and policy makers. Direct observation also occurred during site visits to gather data. Promotional and community information was also gathered during these visits to organisations.

The data collected during this phase was organised and documented in two databases, the data and the research report. All relevant documents were added to the database, as well as tabular materials, narratives, and other notes. This chain of evidence increased the reliability of the study. The case study reports included citations to the case study database for ease of reference.

The new governance analytical framework guided the decisions about what data was analysed and why, using techniques such as *pattern-matching*, and *explanation-building*. Pattern-matching links logic with data, comparing an empirical pattern with a predicted one, so that when the patterns coincide, and the internal validity of the research is enhanced.

*Explanation-building* is a form of pattern-matching, based on building an explanation of the case. It has been a useful technique in the research, both as a hypothesis-generating process, and in exploring the dynamics of rural community social interactions. This is an iterative process beginning with a theoretical statement, refining it, revising the proposition, and repeating this process from the beginning. This analysis has contributed to the development of a new, more inclusive service delivery model in this research.

Research questions guiding the case studies kept the research focused. In the first case studies on the development, implementation and evaluation of regional policy approaches, two sets of interview questions were created prior to conducting the first interviews. These were used as a script to elicit meaning and experience from participants in each succeeding interview. The questions were broad and loosely structured, following the intent of the research questions. Using techniques suggested by Schatzman and Strauss (1973) and Yin (1994), journals and logs were maintained to keep track of methodological, observational and theoretical field notes during the data collection stage.

Next, the interview questions were accompanied by a list of possible sources of data. In order to analyse attempts at regional governance a list of potential sources of information was made that included policy documents, memoranda, annual reports, budget expenditure, and evaluation reports. The public administration literature provided standards of practice in decision-making around regional governance issues. Experts were consulted to validate the interpretations of policy implementation. The literature was revisited to gain a better understanding of new data.

Clear conceptualisations assisted in taking definitions into the study. Thinking in metaphors and creating simple models and thematic maps were essential activities in managing the data. In the third and fourth case studies, which were locality-based, two sets of interview questions were again developed prior to the first focus groups. The data sources also included program guidelines, funding applications, media reports and evaluation studies, service providers, participating communities and other significant key informants. The records of implementation of technology at four sites were examined against a framework of new governance features. These case study reports cite comments from the interviewees to help capture the complexities and embeddedness of social networks in regional communities, and explain local responses to national and sub-national policy initiatives. All four case

study reports present the findings in an accessible form that can serve multiple audiences.

Yin's (1994) case study tactics for the four design tests of construct validity, internal validity, external validity and reliability were employed, as outlined in Table 5.4.

**Table 5.4: Case study tactics**

| <b>Tests</b>              | <b>Case Study Tactic</b>  | <b>Phase Of Research In Which Tactic Occurs</b>   |
|---------------------------|---|---|
| <b>Construct Validity</b> | <ul style="list-style-type: none"> <li>• Use of multiple sources of evidence</li> <li>• Establish chain of evidence</li> <li>• Key informants review draft case study report</li> </ul> | <ul style="list-style-type: none"> <li>• Data collection</li> <li>• Data collection</li> <li>• Composition</li> </ul> |
| <b>Internal Validity</b>  | <ul style="list-style-type: none"> <li>• Pattern matching</li> <li>• Explanation building</li> <li>• Time series analysis</li> </ul>  | <ul style="list-style-type: none"> <li>• Data analysis</li> <li>• Data analysis</li> <li>• Data analysis</li> </ul>   |
| <b>External Validity</b>  | <ul style="list-style-type: none"> <li>• Replication logic in multiple case studies</li> </ul>  | <ul style="list-style-type: none"> <li>• Research design</li> </ul>   |
| <b>Reliability</b>        | <ul style="list-style-type: none"> <li>• Case study protocol</li> <li>• Case study data base</li> </ul>   | <ul style="list-style-type: none"> <li>• Data collection</li> </ul>   |

Source: Yin (1994)

The reliability of this research has been strengthened by the development of the case study protocol. This included permissions and methods of gaining access; formation of questions for focus groups and structured interviews; development of templates for recording information and interviews, and analysing documents; procedures for selection of sites, and recognition of privacy provisions. An interview schedule was developed to capture a range of perspectives from stakeholders, and interviews were recorded. Each case study database consists of audiotapes of interviews, a summary of data from each case study and a final version of material that includes analysis and comments from key informants.

Each case study was carried out in three stages: a desk audit of documentation around the programs and program components, site visits to

several locations, data analysis and preparation of case study reports. Table 5.5 presents the range of documents gathered and analysed for each of the case studies, through the case study protocol. Although external stakeholder analysis was not publicly available for the technology case studies, the extensive range of documentation contributed to the establishment of the chain of evidence and provided insights into the extent to which program intentions matched with program and project outcomes.

**Table 5.5: Document matrix for case studies**

| Case studies                                | Policy documents | Program guidelines | Funding application/ project application | Local response | Implementation and/or evaluation studies | External stakeholder analysis |
|---|------------------|--------------------|--|----------------|--|-------------------------------|
| <b>1. Regional Governance Federal</b>       | ✓                | ✓                  | ✓  | ✓              | ✓  | ✓                             |
| <b>2. Regional Governance NSW</b>           | ✓                | ✓                  | ✓  | ✓              | ✓  | ✓                             |
| <b>3. Technology and government Federal</b> | ✓                | ✓                  | ✓  | ✓              | ✓  |                               |
| <b>4. Technology and government NSW</b>     | ✓                | ✓                  | ✓  | ✓              | ✓  |                               |

The case study documentation was supplemented by qualitative data provided through interview responses, as summarised in Table 5.6. This information enabled pattern matching to occur, strengthening the internal and external validity of the research.

**Table 5.6: Interview strategy for case studies**

| <b>Interview participants</b> | <b>Focus group</b> | <b>Questionnaire</b> | <b>Structured interview</b> | <b>Informal interview</b> |
|-------------------------------|--------------------|----------------------|-----------------------------|---------------------------|
| <b>Clients of services</b>    | ✓                  |                      |                             | ✓                         |
| <b>Management Committees</b>  | ✓                  | ✓                    |                             |                           |
| <b>Community leaders</b>      |                    | ✓                    | ✓                           |                           |
| <b>Program managers</b>       |                    | ✓                    | ✓                           |                           |
| <b>Policy directors</b>       | ✓                  |                      | ✓                           |                           |

In total, 24 interviews took place. Responses were coded and compared with the documentary data. Six focus groups were conducted with clients and community management committees. 19 services (of 47 contacted) returned the questionnaires.

**Research limitations**

Methodological problems in case study research are generally overcome by a rigorous design process. However, since this research has been undertaken in real time, there have been some difficulties that are acknowledged in an effort to ensure that they do not severely limit the effectiveness of the study. The first relates to the complexity of the original proposal to undertake a comparative analysis of government approaches. Preliminary consideration of these approaches revealed that they were neither internally consistent, nor could they be separated simply on jurisdictional lines. The scope of such a comparison therefore needed to be limited to the implementation features that could be effectively considered using the analytical framework. The second relates to the rapid emergence of ICT in service delivery, and the differences in approaches developed by the Commonwealth and state governments, which in overall policy terms did not lend themselves to the comparative analysis originally conceived for this research.

Additional issues are the generalisability of the research findings which has been enhanced by expanding the research to include four case studies; the relationship between the researcher and the informant; protection against theory ladenness; and the nature of qualitative data.

#### *Generalisability of research findings*

This research sought to examine the development and implementation of policies around regional service delivery from two perspectives: first, the views of government, as represented by policy directors (responsible for the implementation of policy) and program managers (responsible for the implementation of programs to achieve policy directions); and secondly, the views of communities and citizens, to whom these policies and programs are directed.

It is acknowledged that the capacity of agencies and organisations to implement government policies is influenced by a range of factors, including the interpretation of policy guidelines, political imperatives that drive the policy process, and the level of entrepreneurial expertise within the agencies and organisations responsible. Further, each program has different guidelines for development and implementation, often dependent upon the socio-economic profile of the client base in each community affected. Each of these variables has affected the capacity of the researcher to draw generalisations from the case study data, particularly in relation to community size.

The research focused on two policy initiatives, one at a macro the other at a micro level. Examples of each initiative were drawn from different environments and different locations in NSW, but the experiences of the locations could not be generalised to the populations they represent. In this instance, data from each case supported broader theoretical propositions, allowing generalisations to be made about those propositions with some confidence.

The research relates to changes to service delivery models over a five-year period, 1996-2001. This was a period of government responsiveness, evidenced by the improved focus on regional service delivery. Since this period, the political and economic environment has distinctly changed and information technology has rapidly evolved, with the result that further generalisations may not be valid over time.

*The relationship between the researcher and informant*

In studies where the researcher is external to the organisation, it may not be possible for the researcher to fully understand the culture of that organisation (Hammersley and Gomm 1997:5). On the other hand intimacy with an organisation may similarly influence a researcher's findings. It is acknowledged in this research, that the researcher has participated at a bureaucratic level in the development of the policies of both governments and the implementation of the programs designed to give effect to these policies. Many of the policy directors and program managers interviewed were known to the researcher and in an effort to ensure that bias was not introduced to the research findings, key informants responded to the draft case study reports.

*Theory Ladenness*

Researchers bring to their work a level of subjectivity that is bound up in their life experiences, reflected as theory ladenness or bias. Theory ladenness can begin with the selection of the research topic, which in itself can carry certain assumptions related to the discipline in which it is located. While theory ladenness is implicit in theoretical assumptions, because no social research is value free, it is clearly distinguishable from bias. Bias produces deception, distortion or grossly unreasonable conclusions, through selective gathering and reporting of data.

Theory ladenness occurs in the selection of data and evidence with which to test a theory or address a research question. Lewins (1993:14) reports that 'it is not the case that all events are capable of being perceived as evidence',

---



since the ways of seeing the world are so embedded that they may prevent researchers from asking questions that pose a contrary explanation. In this study, assumptions have been made about the benefits of regional development. Regional development theory, as outlined in Chapter 2, assumes that government intervention on other than economic grounds is a legitimate activity, based on the principles of access and equity.

### **The analytical framework**

In the case studies presented in later chapters, the new governance analytical framework underpins the examination of the dynamics of the policies implemented and the extent to which the policies reflect a new governance approach. NPM advocates the concept of citizens as clients, customers and main beneficiaries of the public sector that is oriented towards assessing its performance. New governance takes into account market driven processes, and includes the additional responsibilities of the state in relation to equity, equal opportunity and a fair distribution of public goods.

The methodology for the research is designed to examine the attitudes and feelings of citizens and communities when consuming public services. This is achieved by using satisfaction measures that indicate the outcomes of certain activities and the level of acceptance of public administration actions in meeting public needs. The attitudes and perceptions of others who take part in the process of planning, producing, delivering and evaluating public outcomes are also important. These perceptions are then compared with objective public policy objectives and outcomes.

The analytical framework for this study provides a structure to investigate the programs and tools used in the case studies. It provides a context in which the presence of key features of new governance can be identified in these tools. The absence of one or more key features suggests that there are problems with the way these tools have been planned, developed, implemented or maintained.

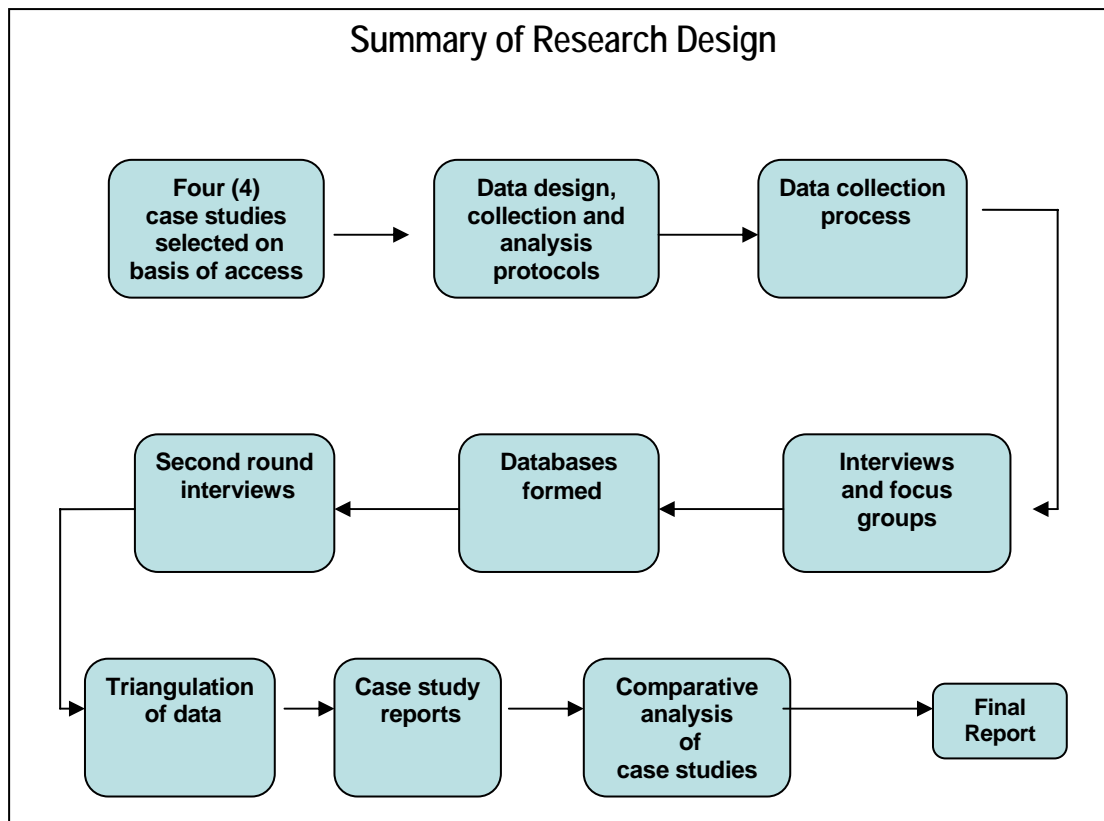
First, each of the key concepts was placed on a spectrum from classical public administration to new governance, as outlined in Table 4.5. Secondly, indicators were developed for each concept, based in part on the stated criteria for success of each of the programs considered in the case studies. These indicators are summarised in Table 4.6. Other best practice indicators complete the benchmarks to create a threshold for each concept.

Thirdly, the presence and strength of these benchmarks were investigated through the research methodology: interviews, questionnaires and analysis of archival data. The programs and implementation processes were measured to determine the extent to which the case studies reflected new governance. The presence or absence of key indicators contributed to the assessment of the effectiveness of the programs in meeting effective policy outcomes.

Fourthly, the programs in each case study were examined through the lens of Salamon's new governance criteria, and key indicators were developed). Evidence was gathered from project and program documentation and interviews, focus groups and questionnaire data to determine the presence of each criterion of the new governance approach.

Finally, the framework formed the basis of a best practice model of regional service delivery, with which the case studies were compared, to identify the strengths and weaknesses of the policy approaches and the extent to which there was policy coherence.

**Figure 5.1: Summary of research design**



**Case study information**

The process of providing services to regions has both national and sub-national dimensions as highlighted in Chapter 2. The specific detail of trends in rural community decline resulting from micro-economic reforms of the 1980s and 1990s is beyond the scope of this study, however there is ample evidence of the general shift of services and populations from the regions, with the result that regional economies across Australia experienced massive decline. Since NPM has affected all sectors of the Australian economy and society, it is not possible to isolate either specific communities or specific service areas to establish baseline data against which the government programs investigated in this research can be compared.

### **Case studies in regional governance**

Each level of government has introduced new structures to improve the level of cooperation across agencies and between levels of government for planning and delivering regional services. The Commonwealth response is examined in the first case study. It has been a centrally driven approach, the *Rural Communities Programme*, with regional services continuing to be considered in the context of agency planning requirements, rather than through local engagement. The second case study considers the NSW Government response, the *Regional Coordination Program* – a top-down approach to achieve service efficiencies at one level, while at the same time, incorporating bottom-up approaches by engaging communities in the process of planning and implementing service models that meet local needs.

These case studies compare the approaches demonstrated through the two programs through the new governance lens. They identify structural barriers to regional governance models, and the extent to which they can be overcome at national and sub-national levels. The case studies also test the viability of regional governance mechanisms being established to address service needs.

### **Case studies in technology and government service delivery**

Two decades of reform have combined with technology to transform the ways in which government services can be delivered. The introduction of information technology has changed how citizens undertake everyday tasks and engage with government and industry. The Commonwealth and NSW governments have both initiated programs and policies which use technology to improve service delivery and community access to information.

The third case study examines the Commonwealth government's response to the withdrawal of finance and banking services from regions. The *Rural Transaction Centres* program was introduced as part of the Commonwealth's 'Rebuilding Regional Australia' package announced in 1996. The focus of the fourth case study is the *Government Access Centres* introduced by the NSW government as a single point of access for information and government

---

transactions across a range of state government agencies. The approaches taken in establishing these programs provide important insights into the ways in which the new governance is evident in modern public administration.

All four case studies were designed to identify the essential elements of government interactions with communities. They consider the ways in which policy is developed and implemented and the extent to which these policy approaches are effective and sustainable, resulting in achieving equitable access to regional services. The case study reports include comments and insights from the focus groups (FG) structured interviews (SI) combined with the aggregated scores of questionnaire responses.

Since regional economies are dynamic, the case studies attempt to capture a range of interventions that have occurred in real time, influenced by the stresses and pressures that initially led to the interventions. Each case study represents a strategy by government to respond to external pressures, including political pressures. The structure, process, instrument choices and characteristics of each of the programs are different, requiring explanation and elaboration for readers to understand the implications of the policy and instrument choices. Such explanations are provided in Chapters 6 and 7.

### **Conclusions**

The research methodology of multiple cases gives special attention to completeness in observation, reconstruction, and analysis of the cases under study and incorporates the views of the many regional actors involved. Evaluation of government policies and programs relies extensively on case study techniques to determine whether particular programs are efficient or if policy goals are being met. This research, undertaken in real time and with sound theoretical and methodological underpinnings, makes a contribution to the literature of such evaluation.

## *Chapter 6: Regional Governance*

In this chapter the new governance framework developed in Chapter 4 is used to analyse the policy- making strategy and effectiveness of the two government initiatives that focus on the issue of regional governance. New governance is considered in terms of policy, legislation and administrative arrangements as they are reflected at regional and local levels. The concept of regional governance is applied to two structures that have been put in place to achieve organisational effectiveness and policy outcomes.

The first case study involves the Commonwealth's Rural Communities Programme, established to encourage diverse, dynamic and self-reliant communities. The second case study considers the Regional Coordination Program initiated by the NSW Government in 1994 in part to overcome a range of impediments to effective regional governance. These two programs are used as case studies to illustrate the key features of new governance as it applies to regional services.

Modern governments are valued for their capacity to deliver whole-of-government agreements and to introduce policies and programs for social, economic, cultural and environmental enhancement (OECD 1995). The case studies therefore aim to extend understanding of the concept of regional governance and the ways in which it can be applied in the public sector. They demonstrate the importance of delivering sustainable regional development through whole-of-government arrangements established at federal and state government levels. The case studies also examine policy and decision-making processes and identify opportunities arising from and constraints to the devolution of decision making to local communities.

### **The concept of regional governance**

Regional governance refers to the organisational arrangements established to deliver policy outcomes and meet regional needs. To be effective, regional governance must overcome a number of impediments to enhance the

coordination and collaboration of effort between and across tiers of government. The involvement in decision making at the local level is critical in this approach, and must be combined with long-term strategic coordination activities and resources from state and federal governments (Rainnie 2002). Regional governance is based on the premise that ensuring the quality of life and competitiveness of a region is a responsibility shared between government agencies, service providers, and local and regional communities. These arrangements include explicit strategic actions to bring about change and the development of ways of sharing power, resources and talent.

Regional governance therefore involves establishing statutory and institutional arrangements and mechanisms for sharing costs, as well as for underpinning collaborative efforts. It requires actions to address local disparities in wealth and power, and to develop ways of sharing power between government and community. The critical factors that underpin effective regional governance are a commitment to genuine representativeness in regional arrangements and secondly, a willingness to help develop abilities at the regional and local level to manage conflicting priorities that emerge. As such, regional governance focuses significantly on process, trust and empowerment, rather than structure, accountability and power (Rainnie 2002:6).

Notable examples of steps towards regional governance in Australia are to be found in place management projects in communities where the focus of government and communities has shifted from service provision to managing the problems of disadvantaged people and places. Regional governance structures have also been developed around natural resource management issues such as Catchment Management Authorities, the Murray Darling Basin Commission and, for economic development, through various regional development boards. Central to this approach is the belief that public resources should be coordinated, enabling authorities to purchase the services best suited to local needs. The regional context for such an approach

is based on an acknowledgement that globalisation and NPM have created 'winners and losers' in terms of industries, regions and communities.

The focus on regional governance recognises that policy coordination is both complex and confusing, and its use as a tool of government action requires a new set of processes and skills. These processes and skills move beyond collaborative efforts between public actors, to developing an institutional capacity for making connections, exploring relationships and finding solutions to policy problems. In this respect coordination is, as Painter (1991:23) suggests, a response to a recurring dilemma:

the need, once having divided the job of government up into separate manageable tasks and units, to reactivate some sense of government as a whole. Coordination is a problem arising as a secondary matter out of the prior need to subdivide and specialise.

The state's authority and legitimacy to coordinate relationships beyond those between government agencies therefore cannot be assumed to exist. Painter's call for a 'reactivation of some sense of government as a whole' is recognition that as a first step relationships across levels of government need to be strengthened, and then extended to involve communities, service providers and citizens through meaningful and enduring networks.

### **Regional governance initiatives**

The Commonwealth and NSW governments have established a range of new structures to improve the level of cooperation across agencies and between levels of government for planning and delivering regional services. Many of these are centrally driven coordinating bodies, reference groups and advisory bodies associated with Commonwealth-state agreements in a range of portfolio areas. Others relate to public sector reform and the changing relationship between citizens and governments.

These case studies examine two such initiatives. The Commonwealth government implemented the *Rural Communities Programme* using a bottom-up approach and involving community partnerships. The NSW government



implemented the *Regional Coordination Program*, a top-down approach to achieve service efficiencies on one hand and at the same time incorporating bottom-up approaches by engaging communities in the process of planning and implementing service models that meet local needs.

The programs are very different in their focus and application, yet share many policy challenges. Each program was devised in response to a disaffected regional constituency, and therefore was highly political. Each had a level of discretion in terms of resource allocation and regional focus. They both targeted regions and communities that were identified as experiencing levels of disadvantage. They represented a strategic response from governments to the challenges of regional service delivery. Both programs focused on generating improved collaboration between agencies and service providers. Finally, the programs encouraged entrepreneurial thinking, networks and partnerships in the interests of developing sustainable service solutions.

The Commonwealth's Rural Communities Programme has as its core a grants-based program, with a general focus on community development. Communities identified their own needs and developed solutions. Community organisations and management committees were established to support potential projects and to develop and submit applications for funding in the categories of the Rural Communities Programme. If successful, management committees would administer the project and report on project outcomes. Project management was highly devolved to communities and had minimal reporting requirements. The program was promoted by government as being highly flexible and fostering responsiveness to changing community needs rather than to priorities set by government.

The Regional Coordination Program aimed to achieve efficiencies as a result of improved service delivery outcomes derived from service integration and coordinated efforts by state government agencies. The NSW government was seeking productivity gains, improved accountability measures and best value for money while at the same time being responsive to the policy demands of a

---

changing social and economic environment. The RCP was a structured and highly managed policy response to a pressing political issue, and the regional structures and decision-making processes that were established were a highly visible and powerful response to regional community needs. Both programs represent policy that reflects the shift to new governance. They provide insights into how governments respond to the challenges of regional service delivery and the extent to which the coordination of policy initiatives leads to greater effectiveness and efficiency of publicly delivered and funded services.

### **Case Study 1: The Commonwealth Rural Communities Programme**

The Rural Communities Programme was originally funded by the Commonwealth Department of Primary Industry and Energy (DPIE), now Agriculture, Fisheries and Forestry Australia (AFFA). The program evolved from the Rural Communities Access Program (RCAP) established in 1994 as a result of the decision to amalgamate the Rural Counselling Program, Business Advice for Rural Areas (BARA), Rural Access Program, Telecentre Program, Australian Country Information Service and Countrylink. This decision was the outcome of a series of major rural policy reviews, and the announcement in the 1997-1998 Commonwealth Budget of \$198.9m funding for initiatives under the banner of an *Integrated Rural Policy Package*.

Central to this package were three stated policy principles (ARMCANZ 1997:2):

- Individuals and communities are best placed to determine their own destinies and development plans.
- Self-reliance and risk management are central to achieving competitive, profitable and sustainable businesses and communities.
- Change resulting from what people do and their investment must be 'owned' by them.

In announcing the new package, the Deputy Prime Minister proposed (1997:1) that

The policy package for rural industry needs to recognise the role of adequate community infrastructure and service delivery. An

integrated approach to rural policy will include encouragement for rural communities to develop infrastructure, address impediments to growth and build on the pool of skills in their communities.

Following the federal election in October 1998, administration of the Rural Communities Programme was split between the newly created AFFA and the Department of Transport and Regional Services (DOTARS). This decision to split the program was counter to the Commonwealth's earlier articulated intent to have an integrated program that would allow communities to address their needs in a holistic way (Anderson 1997). However, the decision reflected the project-based nature of the program and highlighted the lack of emphasis within the Commonwealth government on supporting efforts that promoted integration. This was reinforced when Deputy Prime Minister Anderson announced the establishment of a new program in June 2000. His announcement of the *Regional Solutions Program* also pre-empted the Department's final evaluation of the Rural Communities Programme, and allowed for funding for projects under the old program to remain in place until 30 June 2001, thus creating a sunset period for projects.

The Rural Communities Programme funded community projects in six categories:

- financial counselling services
- community planning
- information provision
- information services technology
- community development, and
- projects of national significance.

The 'projects of national significance' category was a minor element of the overall program. Projects of National Significance were approved on a case by case basis in response to situations such as local economic crises, natural disasters or large scale development projects. Projects which met a threshold economic value of over \$50m were transferred to the Major Projects Facilitation Team in the Department of Primary Industry and Energy (DPIE).

Any not-for-profit, incorporated representative groups with strong community or regional links could apply for funds under the Rural Communities Programme. Applicants were expected to be incorporated, or to be supported by an incorporated body, and to be able to make cash or 'in-kind' contributions to their project. Although there were no formal agreements in place with state governments to match or top up funding if required, the NSW government provided matching funds for rural financial counselling services.

Program guidelines indicated that project funds could be for a maximum of three financial years. In reality, most projects were funded for 18 months or less, with the exception of financial counselling services which were generally funded for the maximum period. Project funding was renewed subject to satisfactory reporting of milestones, annual audited financial statements and reports provided by project management committees. Project funding was allocated in funding rounds, and projects applications were assessed for eligibility against departmental criteria. Project applications were submitted to an Advisory Committee which considered the applications and made recommendations about project funding to the appropriate Minister.

The Commonwealth government uses two sets of social indicators to determine project eligibility: the Accessibility/Remoteness Index of Australia (ARIA) and the Socio-Economic Index for Areas (SEIFA) developed by the Australian Bureau of Statistics. The first (ARIA) is a generic index of the relative degree of remoteness of all parts of non-metropolitan Australia, based on the road distance of a place to the nearest population centre in each of four population categories. The SEIFA draws on a number of variables collected during the census process, including income, education, public housing and occupation.

Analysis of Rural Communities Programme project funding undertaken by the evaluation team, however, indicated that over half the projects (53.2%) were located in areas classified as accessible or highly accessible on the ARIA index. The report also found that 78.6% of projects were located in areas with

---

socio-economic wellbeing lower than the Australian standard, but only 41.4% were in locations with socio-economic wellbeing less than the non-metropolitan average (Alston et al 1997) These findings supported criticisms that the program was not closely targeting areas of disadvantage, and that the indices were used to justify project funding rather than to test projects for eligibility, as professed.

The Commonwealth government adopted a community management model for projects funded under this program. The community management model places responsibility for developing and managing projects with community-based management groups that may or may not include local government representation, on the basis that

community based service organisations are one important resource and knowledge base for rural communities. They are important vehicles for community and social development because they can be responsive to changing needs and through the provision of services, be aware of the impact of government policy on members of the community. (Cox & Veteri 1992: 55)

Project applications were assessed for funding against the criteria set out in DPIE guidelines:

- feasibility of project
- impact of initiative/magnitude of opportunity
- contribution by and general support of local community, industry and government agencies
- generation of a community resource
- ability of applicant to conduct the project
- extent of public and private benefits to the local/community/region/industry/nation
- link to improved competitiveness and sustainability of rural communities and industries
- extent and urgency of need

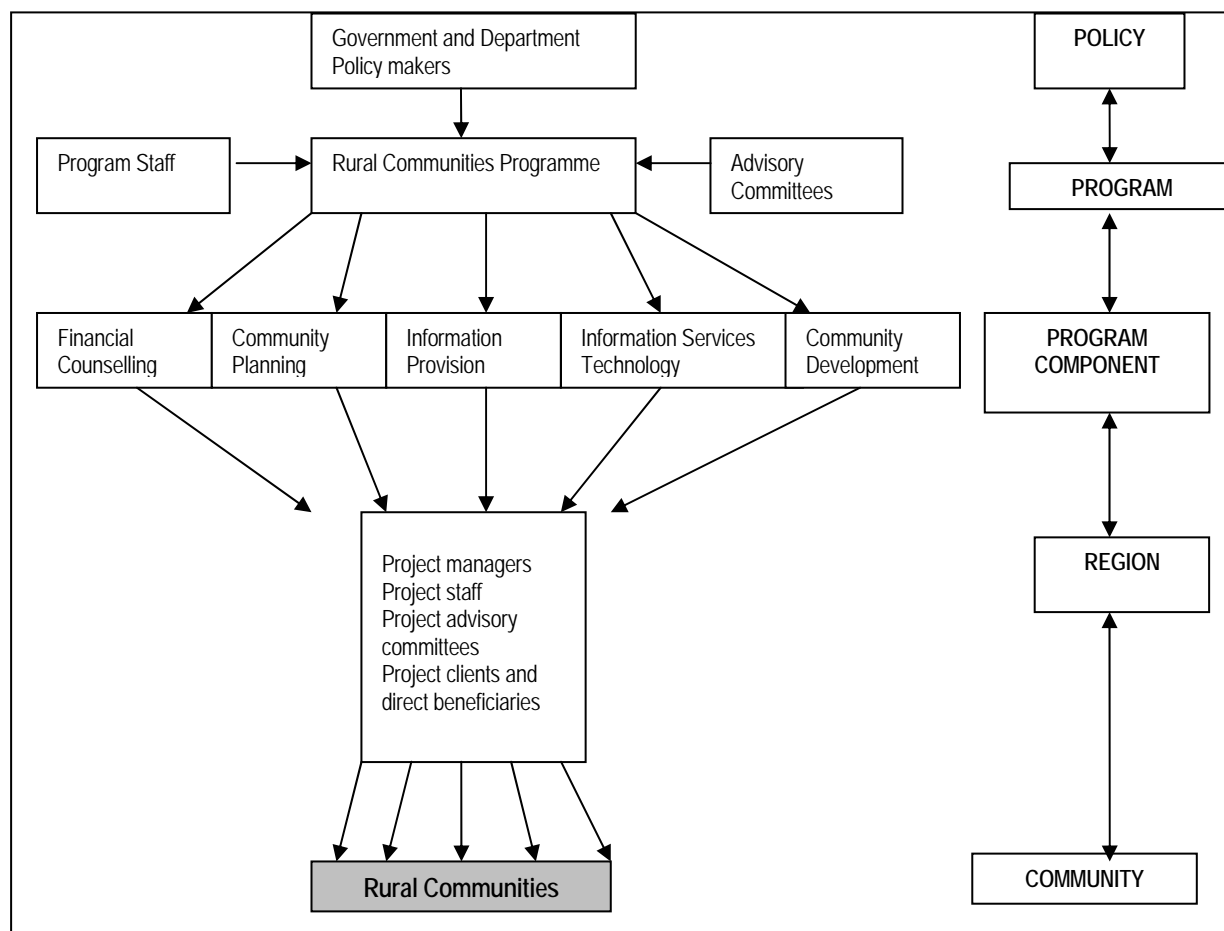
Additional eligibility criteria were introduced to the funding rounds from February 1998. These criteria aimed to ensure that the major beneficiaries of Rural Communities Programme funds would be small communities. The maximum population size for communities targeted through the program was determined by the Advisory Committee to be 10,000, although this figure was

not stated in application guidelines or assessment criteria, resulting in many unsuccessful project proposals being submitted by communities with populations larger than 10,000.

The institutional framework of the Rural Communities Programme was very traditional. Firstly, it was based on a hierarchical structure, with the decisions about resource allocation and the development and management of accountability processes being made by DOTARS. At the same time, since projects were initiated from communities, there were no linkages across government to target funding to broader policy priorities. The institutional arrangements for the Rural Communities Programme are represented in Figure 6.1.

Funding rounds for the Rural Communities Programme were widely advertised to communities through letters to local government authorities, advertisements in rural and regional newspapers. Notices were also placed on the Department of Transport and Regional Services website. The project assessment guidelines were made available from the website and through DOTARS offices. Applicants were asked to provide details of additional contact persons from whom the program's assessment officers could seek information about projects.

**Figure 6.1: Institutional management arrangements for the Rural Communities Programme**



Source: DOTARS (1999)

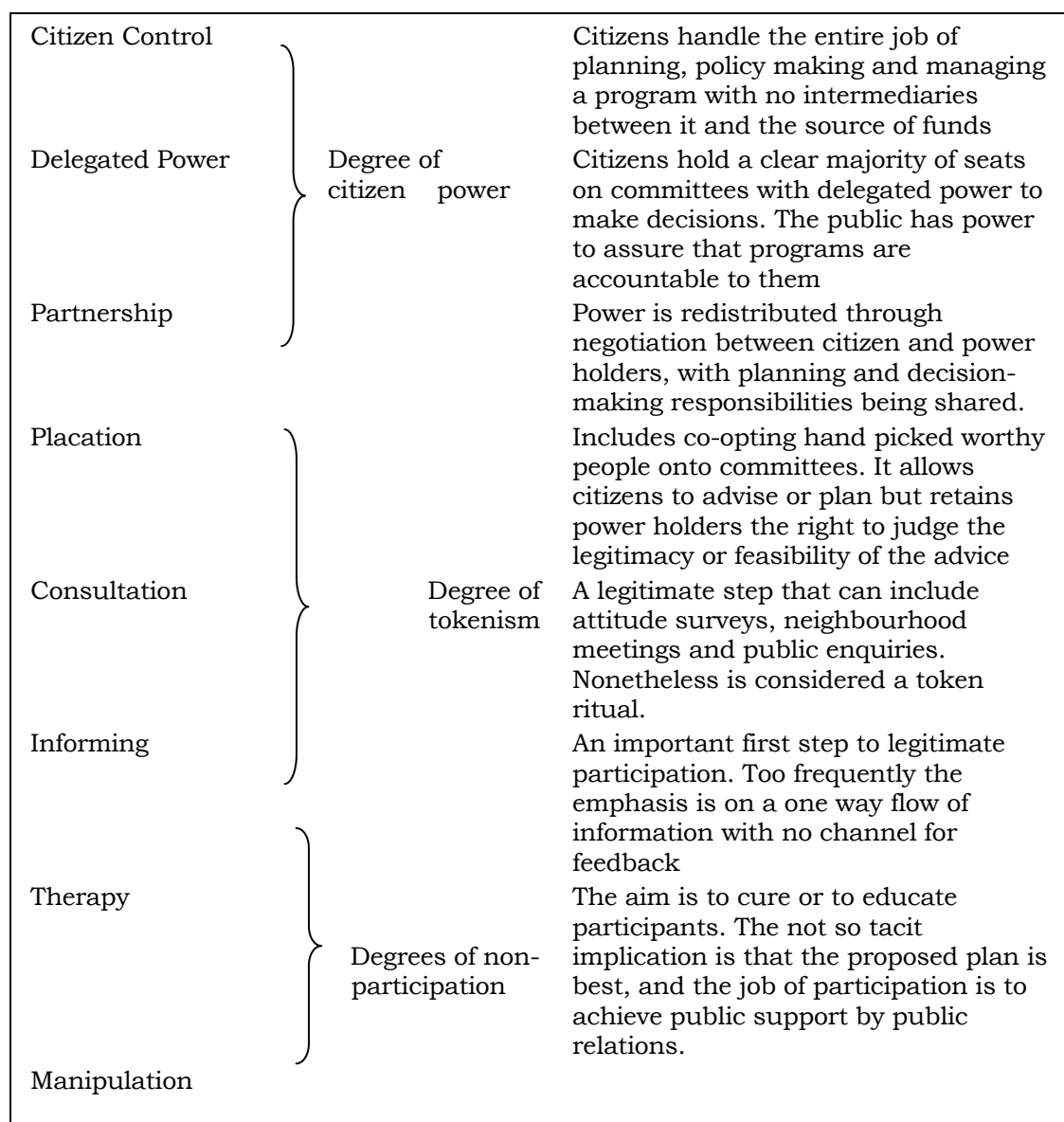
A refinement of the program was initiated in June 1999, through a Memorandum of Understanding signed between the Departments of Employment, Workplace Relations, Transport and Regional Services and AFFA. This MOU outlined the cross-departmental roles of the Area Consultative Committees strengthening the Commonwealth's dependence on Area Consultative Committees. These committees were given primary responsibility for identifying and fostering opportunities for jobs growth, skills development, regional growth and service delivery. They were asked to endorse projects, before the assessed applications were passed to the Advisory Committee.

Once received, project application details were entered into a project database, and assessed against criteria by Departmental staff. This information was provided to the Advisory Committee which made recommendations to the respective Ministers about which projects should be funded. The final decision on funding was made by the Minister responsible for the project categories. Successful applicants were advised of their success, and entered into a contract with the Commonwealth to deliver project outcomes.

The Rural Communities Programme promoted the development of community/government partnerships. As such it was developed to be primarily a 'bottom-up' approach encouraging communities to identify their own needs and solutions. Communities would then identify or establish community organisations and management committees to administer projects and submit applications for a range of projects. This process made it evident that the project management role was highly devolved to communities and required minimal government reporting requirements. It was argued that such a flexible model allowed responsiveness to changing community needs rather than priorities set by government. The program documentation related this approach to the eight-step 'ladder of citizen participation' in government decision-making developed by Arnstein (1969):



**Figure 6.2: Arnstein's ladder of citizen participation**



Source: Arnstein (1969)

In this model, the devolution of decision making occurs at the level of partnerships. The program documentation aspires to move beyond levels of tokenism to achieve a greater degree of citizen power, as evidenced by sharing the planning and decision-making responsibilities.

During the 1998-2001 financial years, 285 projects were funded across Australia, although no projects were funded in the ACT. Projects were funded for financial counselling (FC), community planning (CP), community

development (CD), information provision (IP), and information technology (IT). Total Rural Community Programme funding during this period was \$23.2m.

**Table 6.1: Number and type of Rural Community Programme projects in NSW 1998-2001**

| State/Territory | FC | CP | CD,IP, IT | Total |
|-----------------|----|----|-----------|-------|
| New South Wales | 28 | 15 | 37        | 80    |
| TOTAL           | 76 | 64 | 145       | 285   |

Source: DOTARS: 2002

Funding for NSW projects over the period 1998-01 totalled \$8.2m, of which \$1.8m was allocated to the Rural Financial Counselling Services. Funding for community planning activities was limited to a maximum of \$3000, while other programs could attract funding up to \$50,000 maximum, with at least 25% of the project costs to be contributed by the applicant, and for financial counselling at least 50% of the project costs.

The Rural Communities Programme funded a wide range of short term projects during the study period, the most strategic of which were the financial counselling projects. Rural financial counselling services had a high level of political legitimacy and have continued to be funded beyond the study period. From the program evaluation it was evident that many projects received Rural Communities Programme funding as part of a funding mix – including funds from other Commonwealth programs, state and territory funding, local government contributions and community organisations.

The Regional Australia Summit took place in Canberra in October 1999. Key recommendations of the Summit were outlined in the Steering Committee's Report of April 2000 and related to regional services and the Rural Communities Programme. Specifically the *Regional Summit Report* (2000:24) recommended that

the Federal Government embark on a comprehensive program of reform of its policies, programs and relationships with other levels of government and develop new initiatives that enable regional Australia to continue to play an important role in building Australia's future. A key centrepiece could be the embedding of regional objectives into Commonwealth Government decision-making to ensure the relevance, accessibility, appropriateness and value of government programs to regional Australia.

Governance issues raised at the Summit included the lack of coordination in delivering government services, the plethora of programs that existed, and the need for a coordinated approach across all levels of government. The Summit called for the establishment of a framework for cooperation in regional development, and a whole-of-government process that would allow communities greater access to existing programs. It further recommended the development of a network of facilitators and liaison officers to help communities gain better access to government programs.

These recommendations were consistent with the findings of the evaluation of the *Rural Communities Access Programme* (RCAP) undertaken for the Department of Primary Industry (Alston et al 1997). That evaluation report had focused on improving the administration and management of the program and recommended that the program be revised to ensure the development of clear objectives, performance indicators and milestones and simplification of data management, reporting, payment and contractual procedures (Alston et al 1997:7).

### **The Rural Communities Programme and the new governance framework**

The Commonwealth's Integrated Rural Policy Package emphasised the importance of developing partnerships and improving inter-departmental collaboration as part of its policy framework for 'positioning Australian farmers for prosperity' (ARMCANZ 1997:7). The Rural Communities Programme represented a significant element in this policy and aimed to provide strategic planning, leadership and coordinating government services at the level of individual communities and regions.

16 projects were analysed in this case study. The projects were spread across five elements of the program, and comprised rural financial counselling services (4), community planning (3), community development (2), information provision (2) and information services technology (3). The projects were assessed and ranked, according to demonstrated evidence of new governance *concepts* and new governance *criteria* as outlined in Chapter 4.

Program managers provided internal, organisational perspectives. Community management committees, local government representatives and service clientele added to the analysis through questionnaire responses and by participating in focus groups. Senior policy and program managers and directors were asked to comment on the preliminary findings of the analysis and provide feedback on the case study report.

The data were first interrogated against key indicators for each *concept* as outlined in Table 4.5, and ranked according to the evidence of commitment to the concept. The projects and the program were then reconsidered using the dimensions of new governance. Radin et al (1996) emphasise the importance of using appropriate government instruments to achieve policy outcomes. The RCP relied on a very limited range of conventional tools which provided short term outcomes in keeping with the program's funding framework. There was limited opportunity for strategic policy development or planning to occur. Nevertheless, the program fostered some elements of a new governance approach.

The Rural Communities Programme demonstrated evidence of early stages of shifting to the new governance approach. For each concept, evidence of the paradigm shift existed as participants took up the challenge of self-help and community management. A limited number of tools of government were used, as outlined in Table 6.2, and the choice of tools, in turn, often reflected the limited capacity and skills of regional decision makers.

**Table 6.2: Tools of government action in the Rural Communities Programme and frequency of use**

| Tool                        | Frequency of use |
|-----------------------------|------------------|
| Seed funding                | 3                |
| Program planning            | 2                |
| Shared Resources            | 2                |
| Regional Alliances          | 2                |
| Co-location                 | 2                |
| Service Contracts           | 1                |
| Memorandum of Understanding | 1                |

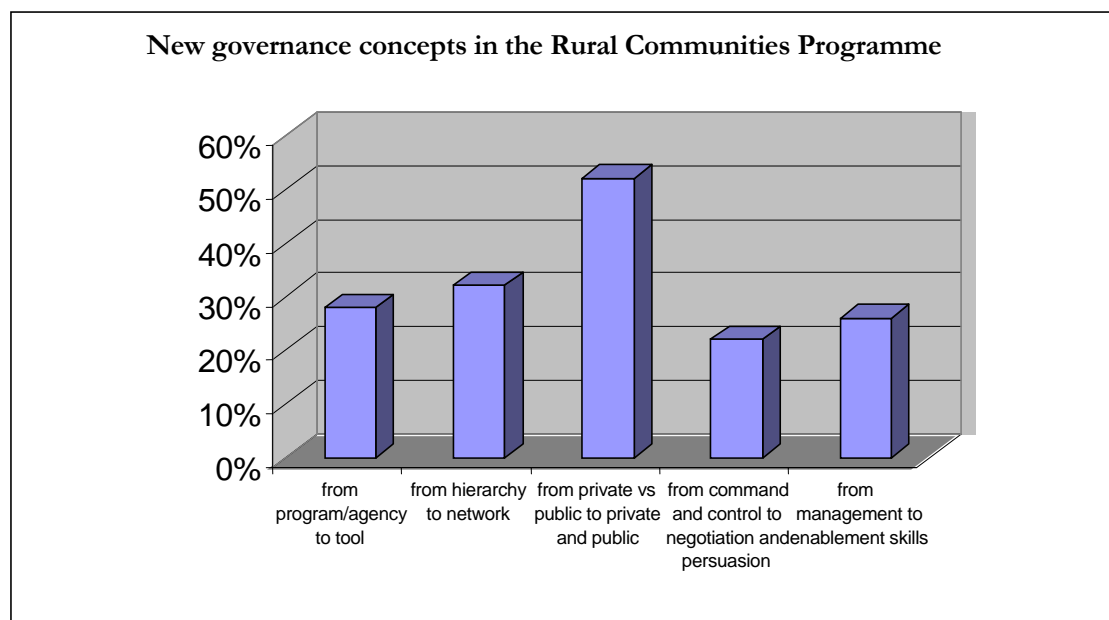
Evidence of the shift from *hierarchy* to *network* began to emerge as communities, often facilitated by local government identified local projects and services. The concept of partnership, though present in the language of the program, was not clearly developed and presented difficulties in managing expectations of the program. A shift from *command and control* to *negotiation and persuasion* was generally not evident, although where the program was used as part of a crisis response, such as closure of a major employer, or as part of drought or flood-related Exceptional Circumstances (EC) initiatives, there was more evidence of efforts to consult and negotiate with communities to achieve outcomes. Evidence of the new governance paradigm in the program was also demonstrated in the shift from *management skills* to *enablement skills*. During the evaluation of the program, and in subsequent funding rounds, there was greater recognition of the need to build local capacity and learning. The program began to encourage innovative thinking and to ‘push the boundaries’ of agency approaches.

The overall performance of the Rural Communities Programme within the new governance analytical framework was limited; however the strength of the program was its demonstrated efforts to generate a shift from public sector provision of services to involvement of the private and community sectors. The

---

final analysis of the Rural Communities Programme against the new governance concepts is summarised in Figure 6.3.

**Figure 6.3: New governance concepts - analysis of the Rural Communities Programme.**



*Concept 1: The shift from program / agency to tool*

The Rural Communities Programme demonstrated little flexibility within the program guidelines for projects to be developed across agencies and the rating for this concept was 28%. Projects were generally initiated from individuals or organisations, based on perceived needs or gaps. The program was considered by staff and communities as a general grants program that had little capacity for ‘whole of government’ planning or strategic management at either central or regional levels. Projects were developed in response to competitive funding rounds, while program management focused on managing the funding and assessment processes. The assessment criteria developed for projects were generic to allow maximum flexibility. Evidence of support from the community and other government agencies was an important determining criterion, but could be met through general ‘in-kind’ estimations.

The most developed service model in this program was that of the Rural Financial Counsellors Service (RFCS). This was considered a highly successful

program and was supported by the NSW state government. The locations of RFCS were closely aligned to regions where structural adjustment issues and drought impacts were highest, and counsellors were supported through a network and a local management committee. The RFCS has continued to be funded as part of successive iterations of the Rural Communities Programme.

*Concept 2: The shift from hierarchy to network*

The Rural Communities Programme's management model was one of self-administration and a reliance on market-like systems. The Commonwealth had no formal mechanism for promoting collaboration and cooperation at the regional level except through Area Consultative Committees, which themselves had no formal connection to other government agencies. The Chairs of the Area Consultative Committees were political appointments, and it was each chairperson's responsibility, in association with the Executive Officer to create the Committees. This was not a uniform process, with some Committees developed through community nomination, and others through self nomination. In many instances therefore, Committees were perceived by communities to be both partisan and unrepresentative. Since the primary focus of Area Consultative Committees was economic development and employment generation, this forum did not easily capture environmental or social perspectives of regional communities.

Evidence from the case study suggests that Area Consultative Committees attempted to form liaisons with networks of service providers and agencies in order to promote participation of state and local government and communities in their regional projects. However, the Rural Communities Programme projects were funded as short term, local initiatives. Where the Area Consultative Committees were most successful in developing strong links to the Rural Communities Programme projects, this was achieved through brokerage arrangements to support regionally based initiatives. Where an initiative was perceived to part of a political solution to a local dilemma or where the local federal member was actively involved, the Area Consultative

Committee was usually used as the vehicle for facilitating solutions and responses. The continued ad hoc nature of responses resulted in an overall rating for this concept of 32%.

*Concept 3: The shift from public vs. private to public and private*

Rural Communities Programme projects were generally developed in isolation from overarching local or regional plans, which prevented many opportunities for exploring and developing service agreements between partners during the project development phase. Local councils usually acted as the project host, or contributed to the project by providing secretariat support, office space, telephone and services. Little differentiation was made between local government and the community sector. The role played by the private sector was generally as a donor or sponsor, with minimal involvement in the activities of the project. The overall rating for this new governance concept was 52%.

The service model developed in the Rural Financial Counselling Services provided the best example of a shift towards partnership arrangements, partly because of the 'crisis' nature of the work of the counsellors, and partly because of their role in facilitating between state government agencies, financial institutions and their clients. The funding contributions of the NSW government to RFCS provided a structure for this cooperative effort to be formally captured.

*Concept 4: The shift from command and control to negotiation and persuasion*

There was little evidence that any shift in control had occurred within the program, reflected in the overall rating of 22% for this concept. Consistent with the program guidelines, the consultation process to identify service needs was rarely initiated by government. In fact it was more likely to have emerged from local social and community planning processes undertaken by either local government, or by the NSW Regional Coordination Program.



Several project managers indicated that it was the NSW Regional Coordination Program that gave them a reference point in understanding government policy making and administrative processes, and as that program strengthened and gained momentum, Regional Coordinators drew Rural Communities Programme projects into their networks with relevant agencies.

We were trying to do this on our own until the Regional Coordinator came along to a meeting about something totally different. She gave us a toolkit that we used to survey the community and make some decisions about the services we needed. Then she brought us together with NSW department people and they helped us to use the federal project to get a much better outcome. It helped them as well. (FG 3)

There was strong evidence that most decisions about working up project applications, project management and reporting arrangements were taken at the community level without input or feedback from government. There was also little evidence that risk management issues were understood or addressed through the program's management.

*Concept 5: The shift from management skills to enablement skills*

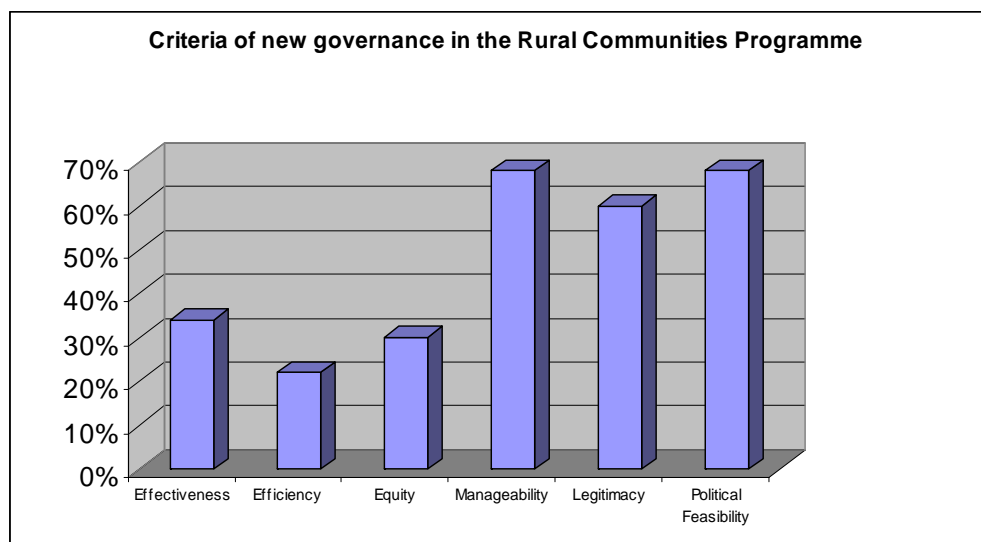
The Rural Communities Programme promoted community management processes, and the government's administration and monitoring of the program relied on what was considered by community organisations to be overly prescriptive reporting requirements. However, such requirements had the advantage that local community management committees learned how to meet public sector accountability standards. The use of community organisations to auspice projects under the Rural Communities Programme contributed to promoting 'bottom -up' solutions to local problems, contributed to community learning and capacity building, attracting a rating of 46% for this concept.

**Criteria of New Governance**

The second stage in the analysis of the Rural Communities Programme was to examine the program in terms of the tools used and the public policy criteria developed for the analytical framework described in Table 4.3. This analysis

drew heavily on the qualitative data gathered through the interview process. Comments from structured interviews (identified by number e.g. SI6) contributed to the validation of the policy implementation processes. Figure 6.4 summarises the findings of this analysis.

**Figure 6.4: New governance criteria of the Rural Communities Programme**



### *Effectiveness*

On the criterion of *effectiveness*, the Rural Communities Programme rated poorly, with an overall score of 34%. Although some components of the program were considered by program managers and project coordinators to be ‘reasonably effective’, there was general agreement that the program overall was fragmented and difficult to administer.

I don't believe this approach is effective at all – I worry that it's raining manna from heaven. I do think we could do much better at being more strategic with this money.... that requires a culture change in our organisation, and we're too stressed to think about it right now. ...My instructions were to get the projects through the process and the money out (SI4).

Concern was expressed by community management committees and clients about the level of complexity of funding processes and agreements. The short timeframes for funding were considered to be a significant impediment to

successful and sustainable projects. There was confusion about the funding priorities of the program, and frustration about the long delays in project applications being assessed. From this analysis, the Rural Communities Programme did not appear to be effective in meeting its stated objectives.

### *Efficiency*

Departmental officers expressed reservations about the level of investment in the program and the poor outcomes of many projects and on the criterion of *efficiency*, the program rated 22%. Projects rely heavily on voluntary effort by local management committees. When projects were funded through a blend of funding sources or program elements, the reporting requirements became particularly onerous.

We had to put in three different submissions to the same department because we were trying to set up a telecentre, but we had to find out if people would support it first. When the cheques came through and we did the work, we then had to fill in three different reports about the money. It was a waste of time – they had all the information, all they needed to know was that we spent the money and did the work(FG3).

### *Equity*

There was little evidence of equity as an underlying principle in the program documentation, apart from generalised statements about ‘improving access to services for rural communities’. Overall the program was considered by communities and project managers as taking a ‘scattergun’ approach to community development, and on the criterion of *equity* scored only 30%. As identified in the external evaluation of the Rural Communities Programme (DPIE 2001), the tools used to determine disadvantage were used to justify project funding, rather than as a starting point for targeting disadvantaged communities. Reservations were expressed about the arbitrary nature of funding allocations:

We got funding for a community planning project that was calculated as being enough to cover the costs of the facilitator and some room hire. What it didn’t take into account was the costs of bringing people together – that was a big challenge, getting people in from the surrounding villages to let them have their say – if we

didn't do that it would have meant that the same people would have another platform for their pet projects and what was really happening around the shire might not get acknowledged. It's not easy for the villages to understand why they can't all have a pool and a tennis court- we just can't afford that on the rating base we've got here. Council picked up the cost of community transport and two minibuses to bring people in to the town meeting (SI2).

### *Manageability*

The program experienced delays in its implementation, the rate of which improved over the study period. This was acknowledged by stakeholders, and the criterion of *manageability*, achieved an overall score of 58%. There were complaints about delays in processing applications for funding, with some committees waiting up to 10 months for advice on whether or not their application was successful.

It took so long to hear, we just got on with it. We raised \$2600 with a charity auction and used the money to produce the directory without any help from the government (FG1).

Lack of consistency about project advice and information was raised in several interviews as being a shortcoming of the program. Applicants seeking information about their project's status were given conflicting information and there was little consistence in the approach to dealing with applications. The high turnover of staff was a feature of the program management, as contract staff were hired to undertake the initial assessments. Applicants were sometimes advised the program was oversubscribed and their application would be rolled over to the next funding round. Others had their applications returned as unsuccessful. These inconsistencies reflected the difficulties in the program's manageability.

### *Legitimacy*

The Rural Communities Programme gained an overall rating of 60% on the criterion of *legitimacy*. The program's legitimacy appeared to be strengthened when this program funding was pooled with funding for other regional initiatives, including that available to Area Consultative Committee projects. The program was able to contribute resources for social and community

development aims to projects proposed by Area Consultative Committees for economic development strategies. This began to occur when the Executive Officer of an Area Consultative Committee had strengthened that organisation's networks to include other Commonwealth agencies, state government departments and local governments.

We realised that there were so many buckets of money, and that if we could only put some of them together we would be able to get enough to make our project work. The key to it all was finding someone who finally seemed to have a handle on where all these buckets were hidden. It took a long time, but finally we got some matching funding that made it possible for us to go ahead (FG4).

### *Political Feasibility*

The Rural Communities Programme had strong political legitimacy and was used as a tool by government to indicate it was listening and responding to the concerns of regional communities. On the criterion of *political feasibility*, the program rated 68%. It was used effectively by federal Members of Parliament to gain small grants funding to local projects. The emphasis on self-help initiatives helped to manage expectations that the Programme could resolve local issues:

The government needed to have something to hold up to say, 'look we hear what you're saying and we're responding'. There was no strategy really, it was about having something to use coming into the election cycle that could be used to silence the lambs (SI6).

There was also some cynicism expressed by those who believed that the program lacked strategic focus: 'Some communities just need a kick-start for projects, say \$1,000 or \$2,000. This was a great program for giving little towns a boost' (FG3).

### **Summary**

The Rural Communities Program data demonstrate a commitment to a new governance approach, with evidence of changes in the ways in which the federal government has begun to engage with communities at a regional level. The strengths of the program were in its perceived responsiveness and its

political feasibility and the weaknesses were in its general lack of connection with other initiatives either at the federal level or other levels of government. Limited evidence existed of the shift from control and command to negotiation and persuasion, as decisions about resources allocation, budgets and strategic priorities continued to be determined from the centre.

The Regional Solutions Program was intended to be similar in scope and form to the previous Rural Communities Programme. The difference was the new program's capacity to fund individual projects to a value of \$500,000. This significant additional capacity to respond to community needs by funding substantial projects was considered by many to resolve a major shortcoming of the previous Rural Communities Programme, which could only provide short-term seed funding for local initiatives. The increased funding level raised community expectations that significant local infrastructure projects could be funded.

The Rural Communities Programme emerged from the Regional Communities Access Programme and was transformed again into the Regional Solutions Program, then to the Regional Partnerships programme, over a period of six years. This was ostensibly a process of continuous improvement and refinement of the program, a claim not substantiated by those external evaluation studies commissioned either by the department or the Australian National Audit Office. The devolution of decision making, including the allocation of resources to the Area Consultative Committees was, however, an important first step in the paradigm shift to new governance.

The devolution of decision making and resource allocation to the Area Consultative Committees also created a conundrum for government. On the one hand it promoted self-help and community responsibility for decision making and service delivery, and on the other, the government began to lose control of both the process and quality of decision-making about allocating resources.

### **Case Study 2: The NSW Regional Coordination Program**

The NSW Regional Coordination Program (RCP) has been an integral part of a government wide reform process. The program serves as a bridge between central agency decision making and public sector reform and the regional networks of line agencies and communities through which changes in service delivery must take effect. The RCP represents a critical and strategic means by which the NSW government can enact policy changes, test policy ideas, and respond rapidly to crises. The success of the program lies in its capacity to create institutional arrangements to ensure that policy outcomes are achieved. There are a number of levers within the program with which the government can directly and indirectly influence service delivery. The formality of these institutional arrangements strengthens the RCP's legitimacy and, therefore, agency support.

The NSW Regional Coordination Program was established in 1994 as a pilot program to enhance the ways in which government could respond to issues impacting on rural and regional communities in western and northern NSW, and to improve its strategic capacity for its reform agenda. The objectives of the program (Premier's Department 1997) are to:

- enhance outcomes for customers of government services
- develop a 'whole of Government' culture in State Government agencies
- use government resources effectively through better coordination and the reduction of overlap and duplication
- improve management of issues in rural and regional NSW.

The Regional Coordination Program is project-based and responds to regional issues that require a coordinated, whole-of-government approach. It takes a facilitation role and spans the full range of government activity. The focus is on initiatives best undertaken by a central agency working in the context of devolving decision-making to regional levels by service agencies.

In 1997 the program was extended to six regions, and in 1999 to a total of 11 separate regions (including metropolitan areas). The \$3m program involves using coordination as a strategic instrument to improve decision making and

service delivery. At the same time it is delivering reforms to the NSW public sector and fostering public, private and community partnerships as ways of delivering economic, social and environmental policy outcomes. This top-down approach includes the strong endorsement of the program by executive government.

The Regional Coordination Program has built the institutional structures that allow collaboration between government agencies and communities to achieve sustainable social, economic and environmental benefits for the state. These structures enhance government services by coordinating service needs of regional communities. They contribute to greater efficiency in the use of government resources (Premier's Department: 1997). In each region, a Regional Coordinator works in a small team to support the goals of the program. Regional managers of state government agencies work with the Regional Coordinator to set regional priorities and oversee the strategic management of projects.

The key to the Regional Coordination Program's success is the Regional Coordination Management Groups (RCMG), comprising senior Regional Managers of agencies and the Regional Coordinator (RC) acting as an executive officer. Participation in the RCMGs is by the most senior representative of each agency with the capacity and authority for resource allocation in the region. Regional boundaries do not align across government agencies in NSW, so some regional managers participate in more than one RCMG.

The Premier's Department (1997) identifies six key roles for RCMGs:

- identifying and prioritising issues that require a multi-agency response,
- developing and managing regional strategic projects,
- allocating and monitoring resources to support projects;
- ensuring program objectives are achieved,
- evaluating and monitoring project outcomes and
- enhancing interagency networks and information exchange



RCMGs produce an annual Regional Service Delivery Plan (RSDP) which describes the socio-economic characteristics of communities within the region and the current and proposed service arrangements. The RSDP also identifies major issues and opportunities for improved service delivery. The RCP through the RCMGs and the RSDPs has provided a mechanism for the state government to identify communities experiencing multiple disadvantages requiring a multi-agency response.

The program has two sources of funds available to resource the work of the RCMGs. The first is a centrally held pool of funds made available to meet additional cost of achieving integrated service delivery and service re-engineering. A second pool of funds is available under the Strengthening Local Communities Strategy to seed initiatives in areas experiencing 'multiple disadvantages'. Regional Service Delivery Plans (RSDP) are used to identify and manage effective regional strategic projects.

#### *Criteria for regional strategic projects*

In the RCP, regional strategic projects or issues are defined by the Premier's Department (1997:7) as

- complex, with multiple stakeholders and diverse expectations
- having no immediately obvious optimal direction or implementation mechanism for Government and/or agencies to follow
- requiring specific tangible results to be achieved within a defined time frame
- requiring the development of innovative whole-of-government solutions
- having potentially significant benefits for the people, economy, infrastructure or environment of New South Wales or communities within the State, and/or potentially have major implications if not efficiently and effectively resolved
- requiring the resolution of any conflicting advice or competing priorities which exist between different Ministers, government agencies and other stakeholders so that tangible outcomes will be achieved.

At the regional level when identifying projects the RC and RCMG consider

- regional issues and priorities identified by peak regional NGOs, local government and Commonwealth agencies
- projects that focus on a number of localities across the region
- a mix of issues (social, environmental, economic), and
- a balance of long and short term projects (Premier's Department 1997).

Regional Service Delivery Plans are a synthesis of the best existing plans, reports and processes and emphasise the importance of a 'whole of region' perspective, that encompasses economic, social and environmental objectives. A range of tools including SWOT analysis, priority mapping, workshops, surveys, and project monitoring and evaluation processes are used to maintain the currency of the RSDPs.

The Regional Coordination Program focuses on aligning the activities of NSW agencies to meet the service needs of regional communities. Participation by local councils, Commonwealth agencies, non-government, business and other community stakeholders in planning, consultations and projects is considered essential. RSDP projects are clustered under broad strategic themes: accessible services (including IT), social development, environment protection and natural resource management, economic development, law and order, and regional perspectives.

An important feature of the Regional Coordination Program is the institutional management arrangements established to support the program, its implementation and ongoing evaluation. A Steering Committee of senior executives, nominated by agency Chief Executives, provides guidance for the program and approval to the final stage of draft RSDPs. The support of CEOs is provided through regular CEO committee meetings. Cluster meetings of Chief Executives in natural resource management, human services and electronic service delivery issues provide additional support.

State-wide project development occurs through a Central Agency Reference Group, comprising senior representatives of the Premier's Department, Treasury, the Department of Public Works and Services and the Department of Information Technology. This group is also responsible for producing state-

---

wide plans that draw together regional and state-wide strategies and address systemic issues that impact on project implementation.

The Regional Coordination Program was evaluated internally in 2001. Farland (2002) identified the strength of the RCP as its ability to combine crisis response capacities with a strategic approach before a crisis becomes apparent using place management initiatives. Farland (2002: ii) found that CEOs and Regional Managers strongly supported the RCP and that it 'facilitated better responses to issues facing regional communities; improved communication between agencies; improved the management of multi-agency initiatives; and benefited line agencies'.

The program was assessed as having achieved both vertical and horizontal integration across government (Farland 2002:4). RCMGs operate through formal and informal networks, but importantly have formal government recognition, strong central agency support and reporting arrangements, a clear role and set of tasks to perform and a capacity allocate resources devolved to the regions.

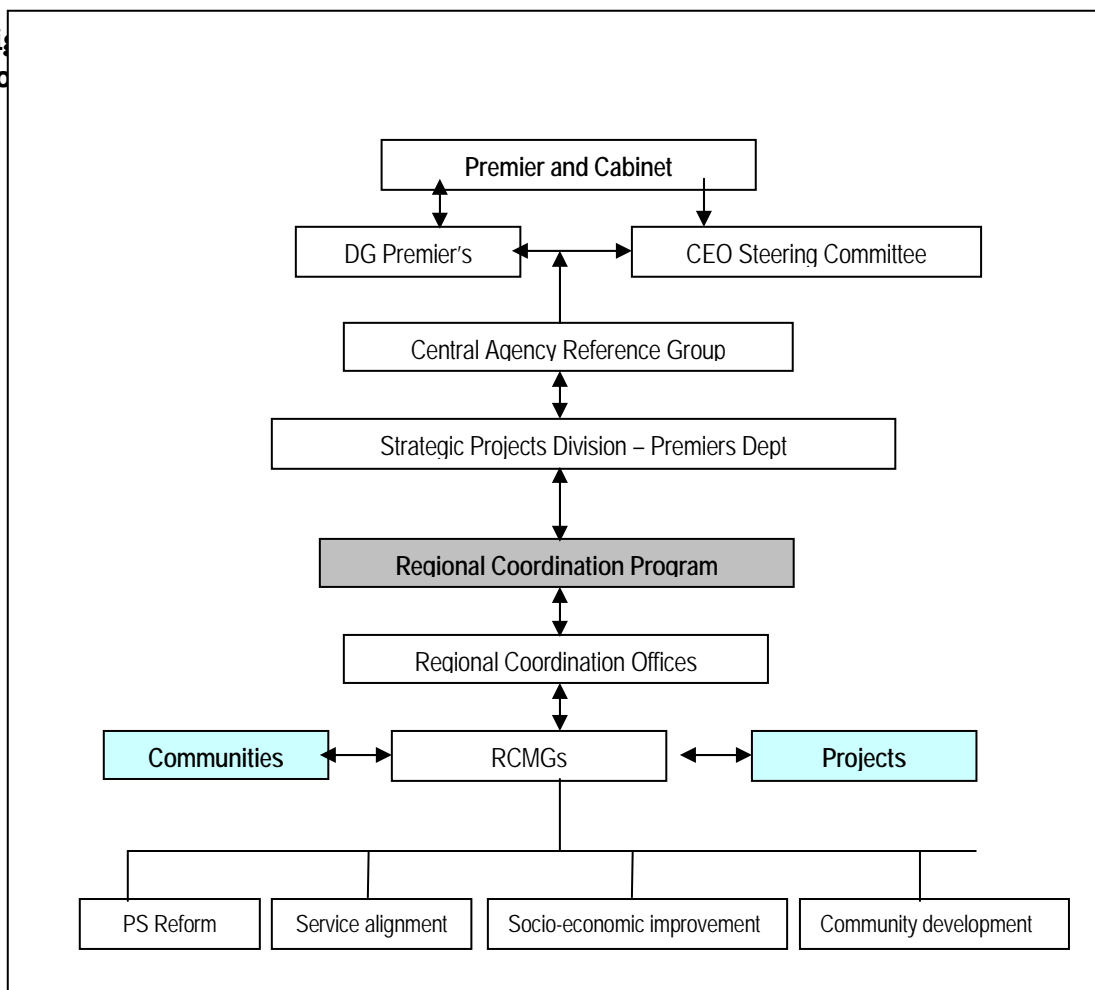
The role of central government has been both symbolically and substantively important in this program. Sponsorship and involvement by the Premier's Department provided the level of authority required to initiate action and mobilise agency managers in implementing change through their organisations, to meet regional service needs more effectively. This authority and the focus on the 'geographic, regional or local' as starting point for the RCP, is combined with agencies' functional mandates (housing, education, transport etc) to develop RSDPs representing an analysis of supply and demand, service needs and gaps and broader environmental issues.

The dynamics of the new governance are evident in the tensions between government agencies around the balance between place management and program management initiatives. The connection between program budgets and place initiatives was critical in achieving service integration and

administrative coordination. The Regional Coordination Program incorporated time limited, strategic interventions, including appropriate exit strategies or transition arrangements following the implementation of the intervention. Such an approach highlights the tensions between chronic and complex problems, the fundamental and systemic causes of the problems facing communities and what may be seen as a superficial government response to those problems.

Farland's evaluation of the program (2002:18) identified the need for roles and responsibilities of all parties to be clearly defined at the outset, as well as the importance of negotiation and commitment by key agencies, local government and communities, and local ownership of both the problem and its solutions. The working arrangements are illustrated in Figure 6.5:

Fig  
Co



Source: NSW Premier's Department (1997)

*Service integration in the RCP*

Collaboration incorporates joint decision making and ownership. In the RCP, therefore, the decision making at inter-agency level is just one dimension of the integration process. Joint decision-making has necessarily included communities, stakeholders and all levels of government. Ideally all parties would face the same amount of risk from collaboration, but the degree of collaborative arrangements can range from informal agreements to documentation including MOUs, service agreements and contracts. The processes of collaboration through the RCP have involved agreement on a wide range of issues. These include the definitions of concepts and the scope of concerns, values and intentions; identification of common goals and agreement on the process and roles of those involved. Generally, action plans were developed that documented how agreed arrangements would be implemented, how institutional arrangements would support the process or project and how these actions and outcomes would be evaluated. This process strengthens the formal and informal networks critical to the program's success.

The strength of networks in the new governance is in their flexibility. Ties that develop between organisations from the bottom-up, rather than those imposed by rules or regulations from above, reflect the social capital dimension of new governance, since participating organisations gain many of the benefits associated with belonging to a fully integrated system, whilst avoiding *some* of the heavier costs (eg financial costs and a loss of organisational autonomy). Service integration does carry significant costs, however, requiring the commitment of participating RCMG agencies. This is critical, particularly if other agencies, including non-government organisations are involved. Service integration can allow third party organisations with financial, political and organisational reasons for maintaining a degree of autonomy and self-identity to do so. In the same way, lateral regional networks and 'vertically integrated' networks offer useful tools for achieving

many of the aims of integrating services, without placing too high a burden or risk on member organisations.

The RCP projects develop a high degree of horizontal integration where circumstances, leadership and other conditions are appropriate, but are also able to operate with many of the benefits to members and clients at a relatively low level of vertical intensity. The process of network formation and the pace of change remained largely in the hands of participating agencies demonstrating that the RCP has both legitimacy and political credibility. A sample of RCP projects reported during the period 1996-2001 was analysed for this research, and indicated a limited range of interventions and tools were used by RCs and RCMGs to achieve policy outcomes. In the 48 projects analysed, it was evident that the RCMGs relied generally on nine key interventions: place management, service protocols, co-location, service integration, case management, program planning, community-managed consultation, pooled funding and shared resources. Other tools used less frequently were service contracts, public information campaigns, mandates and brokerage (Table 6.3).

**Table 6.3: Tools of government action in the RCP and frequency of use**

| <b>Tool</b>                         | <b>No.</b> | <b>Tool</b>                        | <b>No.</b> |
|-------------------------------------|------------|------------------------------------|------------|
| Pooled Funding                      | 16         | Regional portfolio planning        | 6          |
| Service Integration                 | 16         | Regional Alliances                 | 5          |
| Community consultation and planning | 13         | Memorandum of Understanding        | 5          |
| Place Management                    | 11         | Shared Resources                   | 5          |
| Case Management                     | 9          | Land use & infrastructure planning | 5          |
| Service protocols                   | 9          | Co-location                        | 4          |
| Program planning                    | 9          | Public information campaigns       | 3          |
| Service Contracts                   | 7          | Brokerage                          | 2          |
| Project seed funding                | 6          | Communication                      | 2          |

*The RCP and the new governance framework*

In this analysis, 48 RCP projects across six regions were considered. Regional Coordinators, RCMG chairs and project officers provided internal, organisational perspectives. Community representatives and service clientele added to the analysis through questionnaire responses and participating in focus groups. Senior policy and program managers and directors were asked to comment on the preliminary findings of the analysis and provide feedback on the case study report. Finally, the internal evaluation report of the RCP was used to cross check data and perspectives.

The data was first interrogated using key indicators for each *concept* as outlined in Table 4.5, and ranked according to the evidence of commitment to the concept. The projects and the program were then reconsidered using the *criteria* of new governance.

The RCP demonstrated strong evidence of new governance. The presence of the paradigm shift from agency to tool was strong as participants embraced the 'whole of government' planning and delivery strategy. Although a limited number of tools were used, as outlined in Table 6.3, this may demonstrate that a less complex tool, used in combination with others was the most effective or efficient choice. The choice of tools is also related to the limits of authority devolved to regional managers, and a preference for particular tools by those agencies.

Evidence of the shift from hierarchy to network came most strongly from the regional perspective, i.e. the communities, local representatives and regional program managers, rather than from the centre. The concept of partnership, though strong in the language of the program, was reflected more often in relationships across agencies and between state and Commonwealth governments, than in relationships with the private and non-government sectors.

The shift from command and control to negotiation and persuasion was most evident in the natural resources management projects, where the impact of drought and national water reforms reflected a systemic approach. There was strong evidence of investment in working with ‘dissenting voices’ to ensure that stakeholders in the reform processes were included in consultations and felt their voices were being heard and heeded.

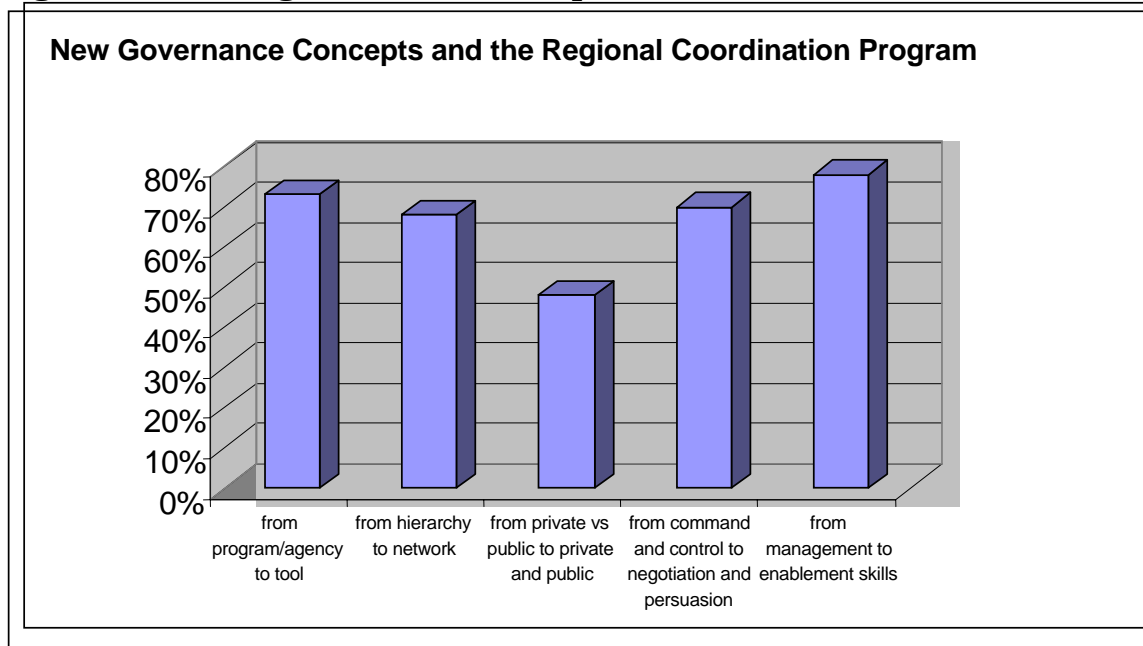
The strongest evidence of the new governance paradigm in the RCP was in the shift from management skills to enablement skills. There was a commitment from the inception of the RCP to build local capacity and learning, to encourage innovative thinking and to ‘push the boundaries’ of agency approaches. The final analysis of the RCP against the new governance framework is summarised in Figures 6.6 and 6.7.

The role of the Regional Coordinator was critical in allowing this to occur. First, Regional Coordinators had a mandate, through what Salamon (2002) describes as processes of ‘orchestration’, to bring parties together and to develop institutional arrangements that legitimised collaborative work in what has often been a competitive and insular environment. The second critical aspect of this shift is in the ‘modulation’ skills of the Regional Coordinator, whose role was to enable the whole-of-government processes to continue, by supporting agencies through their project involvement, and negotiating their shared and agreed outcomes.

Finally, the RCP provides strong evidence of investment in strengthening local capacity for initiating and pursuing local initiatives and for taking strong roles as partners in local and regional projects. Community engagement in the decision-making and priority setting activities of the RCP was embedded in the ways in which RCMGs and RCs worked.



**Figure 6.6 New governance concepts and evidence for RCP**



*Concept 1: The shift from program / agency to tool*

The RCP administrative arrangements have facilitated the shift to whole-of-government thinking and action. From the top-down perspective, the RCP was positioned as one of the government's most powerful strategies for delivering internal reforms, and at the same time, for testing new service models in regional NSW. The shift from 'case management' to 'place management' required a different set of skills to be developed within the RCMG. This shift combined with change in the organisational culture of agencies, which under NPM had become commercially competitive units.

The rating for the Regional Coordination Program for this concept was 73%. The extent to which this shift was evident depended heavily on the skills and experience of the Regional Coordinator acting as a 'boundary rider', and forging linkages between agencies that had no natural alliances or previously shared clientele. It also relied on the degree of cohesion within the RCMG. There was stronger evidence of the paradigm shift in RCMGs where members had developed high levels of trust and co-operation, where there was a low turnover of membership of the RCMGs, where agencies themselves were stable and where agencies were not resource-stretched.

The strength of a 'tools approach' was most evident in natural resource projects, where regional planning was based on geographic borders and natural boundaries such as catchments and coastlines. The 'tools approach' was less effective in human resource agencies where interventions and projects tended to centre on groups of individuals. In these agencies jurisdictional issues often resulted in agencies having to revert to hierarchical structures for legal reasons.

*Concept 2: The shift from hierarchy to network*

The institutional arrangements around the RCP provide the strong foundation for this shift to formal networks leading to a rating for the Regional Coordination Program for this concept of 68 %. Formal networks established through the RCMG structure support the networking of project and program staff. This was assessed in the RCP evaluation as of greater significance to the regional actors i.e. communities, local representatives and regional program managers, than to the senior managers in central offices of agencies.

There was also strong evidence that a range of informal networks emerged as project staff began to work together in a formal network. These networks extended beyond government agencies to stakeholders, industry specialists, community leaders and service clients. Regional Coordinators particularly valued the networking capability of the program and the opportunity this provided for investigating different models of service delivery.

Service accountability and efficiencies benefited from including representatives from communities and clients at the planning stages. This was strengthened even more when agreed outcomes were able to reflect community needs and aspirations as well as the primary aims of each participating agency. Finally, the evidence from project documentation indicated that the commitment to partnerships was stronger between agencies than between agencies and community organisations.

*Concept 3: The shift from public vs. private to public and private*

Policy directors and program managers indicated that the RCP is resource intensive and needed to be better targeted to achieve genuine partnerships around project objectives. This was reflected in the rating for the Regional Coordination Program for this concept of 40%. Most 'partnerships' cited were between agencies, usually across state government, with some contributions from local and federal government, and in two instances, the private sector. In these two cases, the private sector involvement was as a project donor, with representation on management committees but limited involvement in service delivery or priority planning.

The development of service choice was not an option where government had chosen to contract services to the community sector, mainly because of thin markets that would not support competition. Any safety net provisions in the projects examined fell back on government agencies.

Agencies reported that administering service agreements was often difficult because of the loss of flexibility in service arrangements. These agreements were drawn up in complex legal terms, and usually included stringent cost recovery clauses, service targets and minimum service thresholds. Any additional services required, but not specified in contracts usually were expensive add-ons, making an assessment of cost effectiveness difficult when decisions had to be made quickly.

*Concept 4: The shift from command and control to negotiation and persuasion*

The RCP evaluation highlighted this as a critical issue for CEOs, regional managers and Regional Coordinators. There was agreement that there needed to be stronger and clearer links between RCMGs and CEOs, particularly in terms of policy integration. Improvements to the decision making processes around the funding allocations were also identified by Farland (2002: 21) as important:

Policy integration is critical to the long-term issues facing service delivery agencies. ... We must inform CEOs of lessons and successes in the hope that they will be considered for mainstream adoption across the state.

Regional Coordinators and regional managers continued to advocate greater devolution of resource allocation to the regions, and called for the commitment and investment in regional coordination processes to be embedded as part of the culture of agencies, rather than continue to be driven by the RCP. Farland (2002: 24) strongly advocated regional budgeting across agencies, and expressed concern about the growing demand for RC and RCMG input to strategic planning and management of cross government initiatives:

Initiating regional budgeting or providing each RCMG with real decision making ability in allocating funding within the region would quickly strengthen regional directors' support for the program.

The RCP management and monitoring arrangements commit to devolving decision-making processes for regional strategic projects (those not of state or national significance). Consultation mechanisms are strong, and project management and accountability structures are rigorous. However, while decision-making has been devolved to the regional groups, the capacity to allocate resources is limited. The overall rating for the Regional Coordination Program for this concept was 70%.

*Concept 5: The shift from management to enablement skills*

Regional Coordinators played the role of catalyst for many projects, activating networks for public problem solving, or bringing stakeholders to the table. Once these networks were activated, the RC played a vital role in sustaining them and had the authority to exercise discretion in negotiating participation and cooperative problem solving. The rating for the Regional Coordination Program for this concept was 78%.

The extent to which the RCP involved investment in local capacity building was evident in the responses of focus group participants, clients and

beneficiaries of RCP projects. The community-based learning that emerged from RCP projects was cited regularly as a major project outcome:

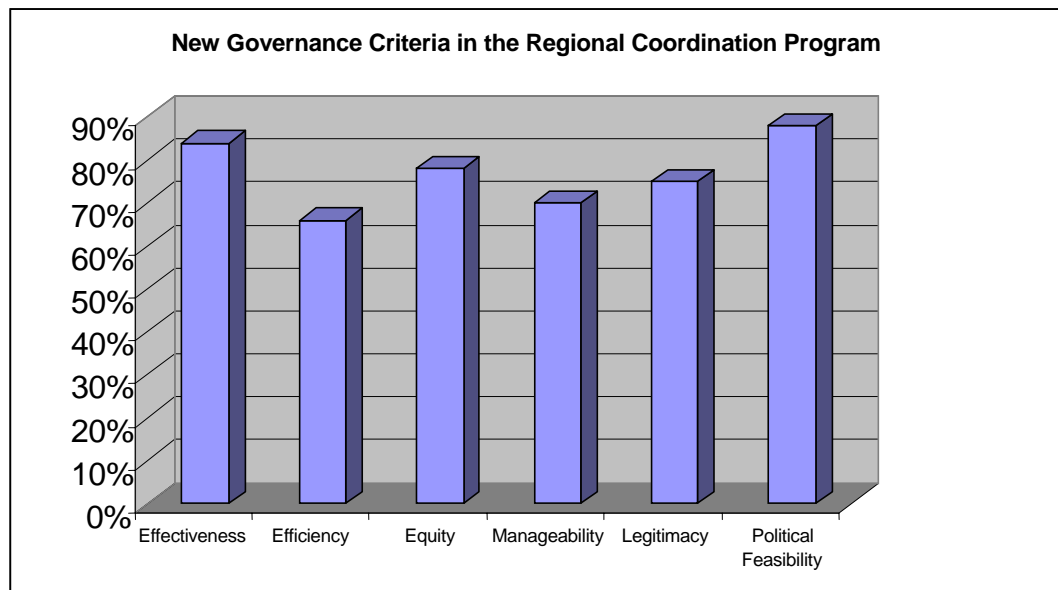
We started from scratch with this project and learnt how to work with government to get an outcome we could all live with. It wasn't about the departments saying 'that's not possible', we got to the stage very quickly of them saying 'how can we make this happen?' (FG2).

The RCP's institutional arrangements were designed to deliver both public sector reform priorities and the demand for services. RCMGs have developed agency cluster sub group arrangements to manage services and priority planning, and their success in achieving this aim has increased pressure for the RCP to become an all embracing program, and in the process lose its original strategic intent. The framework for decision making has not generally focused on developing enduring partnerships beyond government agencies or the sustainability of projects in the longer term.

#### *Criteria of New Governance*

In the second stage of the analysis the program was considered in terms of the tools used and the criteria of new governance. This analysis drew heavily on the qualitative data, and contributed to further validation of the policy implementation processes. Figure 6.7 summarises the findings of the analysis.

**Figure 6.7: Evidence of new governance criteria in the Regional Coordination Program**



### *Effectiveness*

The RCP was considered by all stakeholders to be highly effective in achieving its stated objectives, achieving a rating for this criterion of 82%. The principal purposes of the program were clearly understood by government agencies at all levels of their organisations. The RCP was seen to have high level of visibility within government as an effective tool for public sector reform. It also benefited from delivered positive outcomes with the imprimatur of the Premier.

The program was strengthened by an independent review of the pilot program initiated in 1994, and changes that were introduced as a result of that process. The compulsory nature of participation in the RCMG by the most senior staff with delegated authority gave a high level of validation to the RCMG process, and modelled the culture change for middle level managers in the agencies of a new approach to service delivery planning. The RCP has also driven significant practical changes to institutional arrangements, protocols for information sharing and the use of technology to streamline processes in the interests of improved customer service and responsiveness.

*Efficiency*

Although CEOs and senior managers expressed reservations about the level of investment in RCP processes that might more appropriately be the core work of a service agency, at the regional level, however, RCMG members and RCs considered the RCP as an efficient use of resources. On the criterion of *efficiency*, the rating for the RCP was 64% and the processes developed around decision making at a regional level were considered to be efficient in the ways in which information and 'local intelligence' was shared.

It is difficult to quantify the secondary benefits of the RCP, and the value in economic terms of the skills development in communities and organisations of embracing a new way of working. The use of contracted service delivery was deemed to be unnecessarily bureaucratic in some instances, and the cost of compliance arrangements to agencies was considered at times to be an inefficient use of resources.

*Equity*

The RCP was generally recognised as meeting its objective of addressing issues around regional disadvantage, and on the equity criterion the RCP achieved a rating of 76%. There was a broad spread of projects focusing on individuals, communities or regions; however there was also evidence of over-targeting of communities or families, particularly when there was a perceived social or political crisis. The tools used in the RCP were able to be adapted for different circumstances. Short and long term strategies were used appropriately, according to the complexity of the issues being addressed. One place management project, for example, was funded for a three year period, another for three months. Some strategic planning projects were funded for a 6 month period, while others were extended beyond an initial funding agreement of 12 months because of the complexity of the issues being addressed by the community.

### *Manageability*

Coordination as a strategy of control and collaboration requires a high investment in resources from the centre, and there is clear evidence of this investment in the RCP, with a rating on the criterion of *manageability* of 68%. At the regional level, some RCMGs were highly effective in managing the demands and processes of the RCP. These Regional Managers have derived value from their participation in an RCP project, and where such projects deliver outcomes for line agencies, there was less resistance to implementing this approach.

### *Legitimacy*

On the criterion of *legitimacy* the rating for the RCP was 74%. The RCP has a high level of legitimacy as a response to regional service delivery. It fosters and promotes the development of regional governance structures and brings together individuals and organisations that drive regional change. The expectation of citizens that government will meet their service needs presents challenges for agencies with limited resources. The tools used in the RCP reflect changing perspectives in providing greater accountability for public funds.

### *Political Feasibility*

The RCP also has strong political support because it is seen to be equitable and not overtly political by nature, as demonstrated by the program's rating of 88% on this criterion. The spread of Regional Coordinators across the state also brings political legitimacy to the RCP. The emphasis on strategic and complex interventions has helped to curb expectations that the RCP can be all things to all communities. Agencies continue to have core responsibilities, and the RCP guidelines are explicit in how and when the RCP becomes involved in regional issues.

The involvement of key organisations and community leaders in developing regional programs, combined with managing expectations and explicit exit or transition strategies for projects have been strengths of the RCP since its

---



inception. The RCP also has strong political legitimacy from the centre, with RCs and RCMGs acting as conduits to government on emerging issues of concern. The regional structures allow rapid feedback on critical issues while the RCs provide feedback directly to CEOs and Ministers on policy impacts in the regions.

### **Summary**

The Regional Coordination Program demonstrates a strong shift to new governance. The strengths of the program are its commitment to and use of networking and communication, collaboration, local approach, service development and community development, coinciding with the concepts of new governance. There is less evidence of the shift from control and command to negotiation and persuasion, with the decisions about resources, budgets and strategic priorities being driven from the central office.

The annual net cost of services for the RCP is \$3.024m. This is an investment in an approach that aligns the efforts of agencies to meet the Government's objectives for regional NSW. As such, it represents an allocation across the whole of government. On the criteria of new governance, the RCP is deemed to be effective, efficient and underpinned by equity principles. It is a highly manageable program that uses a suite of tools, some much more complex than others, to address the key objectives of the program itself. This in turn makes it both politically feasible and legitimate in its approach.

As the program has matured, the work of the RCs and the RCMGs has changed significantly. The challenges of the program have shifted from the dealing with market failure and the structural reforms of the public sector, to greater integration of the principles of the RCP to the way in which agencies work. The devolution of decision making, including the allocation of resources is a significant next step in the paradigm shift to new governance.

### **Comparisons of approaches**

The regional governance case studies highlight the differences in approaches taken by the Commonwealth and NSW governments to the issue of regional governance. Although the language of regional governance is explicit in the documentation for both programs investigated in the case studies, the differences in approach highlight the difficulties of translating public policy into public action when institutional mechanisms are not in place to do so.

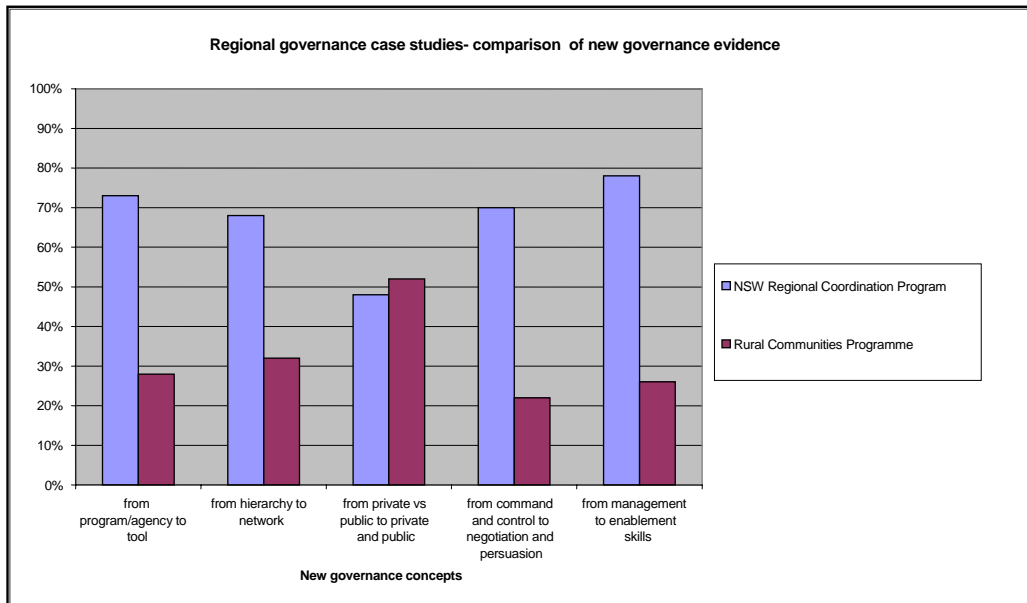
The program guidelines for the RCP emphasised the strategic nature of the program for managing complex issues that require a coherent and co-ordinated response from government. The RCP was found to have provided this strategic capacity to the NSW government. The RCP provides evidence of Peters and Savoie's (1997) claim that the fundamental nature of central agencies has not been diminished by NPM, and they are still very much in the business of imposing central policy and management controls.

In comparison, the Rural Communities Programme lacked a strategic perspective. It demonstrated that the Commonwealth government has limited capacity to coordinate regional services, and that without institutional infrastructure at regional and local levels it is difficult for the Commonwealth to coordinate or monitor and evaluate its regional efforts. The lack of policy coherence prevents organisational learning for future policy choices. As policy dilemmas that cross departmental or agency lines increase, so too will the need for strong policy and program coordination capacity at the centre in Australia

Figure 6.8 summarises the difference between these two programs in terms of the new governance *concepts* used in this research. The NSW program demonstrated a commitment to devolving decision making and establishing mechanisms for local decision making and strengthen networks in the regions. The Commonwealth program's strongest evidence was in its active promotion of the involvement of the private sector, however the underpinning

structures to facilitate good governance structures in terms of accountability were not promoted.

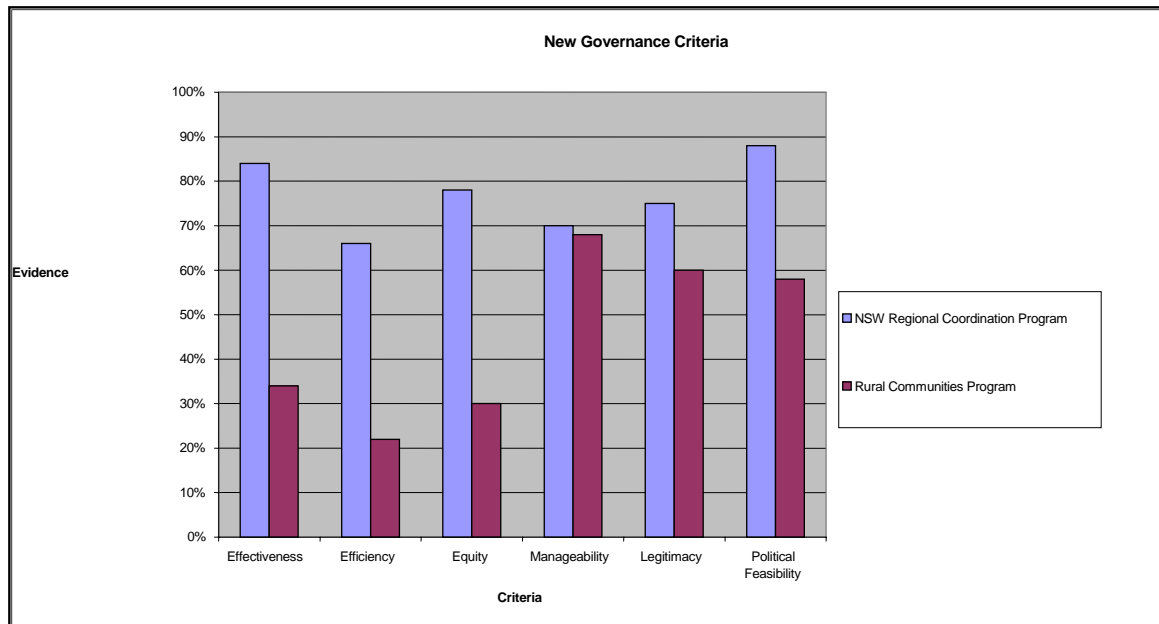
**Figure 6.8: Comparison of regional governance case studies - evidence of new governance concepts**



The evidence of new governance criteria in these case studies demonstrates the extent to which manageability (i.e. the capacity to implement policies to achieve outcomes) is a critical factor in new governance. Furthermore, regardless of the extent of political legitimacy and feasibility, unless policies demonstrate a capacity to meet core criteria of effectiveness, efficiency and equity, then such policies are a failure in new governance terms.

In figure 6.9, the *criteria* of new governance in the regional governance case studies are compared, revealing very different perspectives.

**Figure 6.9: Comparison of regional governance case studies - evidence of new governance criteria**



The case studies demonstrate the cyclic nature of policy approaches, where the devolution of decision-making and policy implementation at regional levels is countered by the need for central control through regulation and policy realignment. It is only through this reassertion of central control that policy direction can be managed, and the regional actors that become institutionalised players in policy implementation over time, can be replaced as policy imperatives change.

Finally the case studies in regional governance reinforce the evolutionary nature of public policy development and implementation, and how governance capacities can be seriously challenged in critical policy areas. Such a policy sector emerging in Australia is that of water management and climate change, where the attempts to serve the national interest will challenge existing institutions and lead to electorally unpopular, but legitimate policy options depending upon the policy style of the government of the day.

*Chapter 7: Technology and Government Service Delivery*

This chapter considers two case studies that examine how information and communications technology (ICT) has been used to develop and maintain regional services. ICT infrastructure development is a priority for governments at all levels. New telecommunications network models and innovative service delivery models suited to the regional context are being established. NPM reforms have impacted on Australia's telecommunications services through the development of a competitive market, reducing costs to the providers, minimising risks, and increasing the potential overall market for services.

*Information and communication technology and government service delivery*

An important dimension of contemporary public administration is the role of ICT as a principal driver of change. Government agencies have been established to organise, implement and regulate technological applications that are now part of everyday life. Much has been changed by the implementation of processes of NPM that have led to privatisation, contracting out and the creation of independent agencies and private providers. These processes, which in themselves involve change, experimentation and innovation, have fundamentally altered the structure and functions of modern administrative systems and led to the development of new forms of technology governance. Networks play a significant role achieving these changes, and rely on communications technology to create both connectivity and horizontal relationships.

In the first case study, the focus is on the provision of information about government combined with access to transaction services. The Commonwealth government established the National Office for the Information Economy (NOIE), to provide a framework and coordinate whole of government approaches to support Commonwealth agency efforts in the application of new technologies for government service provision. The ability to provide and manage transaction services were identified as critical for the

---

Commonwealth's technology framework, and the Rural Transaction Centre Programme was developed to enable smaller communities to have access to basic services. It was developed around a model of service delivery based on ICT.

At the same time the NSW government, through the Office of Information Technology (OIT), developed a state-wide information technology and electronic commerce strategy *connect.nsw*, aimed at using information technology to streamline internal government practices, reduce costs, improve service delivery and generally enhance the quality of life for the NSW community (Carr 1997:8). The *connect.nsw* strategy had four key initiatives: integrating government information resources, electronic service delivery initiatives such as delivering government forms on line, electronic commerce initiatives and networking communities to improve remote area access to services. The NSW Government Access Pilot Program (GAPP) was a short-term project based on the development of 'one-stop shops' to provide over-the-counter transactions as part of the suite of electronic service delivery initiatives.

These case studies examine the efforts of governments to utilise new and emerging technologies in response to changing service needs. They identify the technology infrastructure needs, expertise and organisational frameworks required to move to electronic service delivery models, and they examine the extent to which these programs reveal new governance characteristics.

### **Case study 3: The Commonwealth Rural Transaction Centre Programme**

The Rural Transaction Centres (RTC) Programme was established by the Commonwealth government in 1999. The aim of the program was to restore services to rural and regional Australia, and to improve access to basic government and private transaction services in communities with a population of 3000 or less. The RTC Programme was funded from the Telstra social bonus and managed by the Department of Transport and Regional Services. The program budget was \$70 million over five years, to establish

---

500 RTCs, assist with maintenance of sites and subject to certain criteria, subsidise the recurrent costs of the RTCs during their early years of operation.

The Department of Transport and Regional Services (DOTARS) has estimated that approximately one million Australians live in towns with fewer than 5,000 people who are also classified as having some limited access to services and facilities. These people live in approximately 3,900 communities ranging from towns of 5,000 to very small localities with only a few permanent residents (DOTARS 2000). In the period 1990 to 1998, more than 950 bank branches and 1700 banking agencies closed across Australia, most of these in regional Australia.

The RTC Programme built on the work of the CreditCare project introduced in 1995 using the self-help and community focus of credit unions to meet the challenge of providing financial services in 'no bank' towns. Within two years, the CreditCare program had facilitated the development of 29 new establishments and was considered so successful that it gained additional funding from the Commonwealth for a further three years. Almost 60 communities gained access to financial services through initiatives under the CreditCare program (Lewis 2001).

The CreditCare scheme was considered a valuable model, based on the participation by credit unions and building societies. None of the major banks played a direct role in the Creditcare scheme. The RTC program expanded the concept to incorporate banking services and to address growing service needs in towns without banks. Since the closure of the CreditCare program in 2000, federal initiatives to deliver financial services to rural communities have been implemented through the Rural Transaction Centre Programme.

The RTC Programme is based on a competitive grants application process. Applicants are required to compete against each other for available program funds and selected applications are funded through successive funding

rounds. Using a partnership model with the private sector and community based provision, the program aimed at filling gaps in banking (personal banking, elements of business banking and automatic teller machines) postal, telephone, fax and Medicare claim services in small communities no longer able to attract some or all of these services (DOTARS: 1999).

Primary services were to be the essential transaction services lacking in smaller rural towns that the Commonwealth would subsidise and arrange their delivery. The Rural Transaction Centres Programme identified the provision of banking services as amongst the core services needed by small communities, acknowledging that banking and financial services are fundamental to maintaining independent, cohesive, small communities. The RTC model was based on the core assumptions that

There are extensive economic and community benefits to be gained from the collocation of government, private sector and community services; and in the longer term, the centres will develop into sustainable community managed small business. (DOTARS 1999:3).

The program also sought to maximise the use of emerging technologies to provide services including videoconferencing, internet, private health funds, Centrelink, and the Job Network while retaining face-to-face contact. Such extended services were expected to be commercially viable. Services provided would vary according to the range of services already available in the particular community or likely to be met from alternative commercial arrangements, as summarised in Figure 7.1.

**Figure 7.1: Range of Rural Transaction Centre services**

|   |   |
|---|---|
| Financial services, mail, telephone, fax,<br>internet access, Medicare Easyclaim,<br>Centrelink, facilities for visiting professionals, | printing, secretarial services,<br>tourism, involvement in employment<br>schemes, insurance, taxation and<br>federal, state and local government services |
|---|---|

Source: DOTARS (1999)



Financial sustainability of the RTC was an important objective and it was expected that the RTC would not duplicate existing or planned services in the community. The Commonwealth provided financial assistance for business planning and required a business plan as part of the application for project assistance. Project assistance funding included the capital costs of establishing the RTC.

It was anticipated that the RTC would be attached to, or operate within an existing business such as a pharmacy, newsagent, other small business, or a community site such as a telecentre. The selection of the RTC location was by tender, based on the applicant's ability and willingness to deliver the services required by the community and the capacity to fund ongoing service costs. A community group such as local government, community organisation or progress association nominated what they considered to be the gaps in the primary services available in their community, generating a menu of primary services that became part of the tender process.

The Commonwealth government contracted with a commercial broker to establish service points in rural communities, for the delivery of primary services and to arrange the provision of these services with service providers such as banks. It was argued that RTCs would be commercially attractive to private providers since the aggregation of primary services such as banking, and Medicare Easyclaim, would reduce the cost of delivery of services and generate higher numbers of transactions, thus making the RTC financially viable in the medium term.

#### *Institutional management arrangements of the RTC Programme*

The administrative arrangements around the RTC Programme were complex. Communities were encouraged to respond to an advertising and information campaign about the program by undertaking a gap analysis of primary services. This analysis formed the basis of an application for business planning assistance. Once the financial viability of the RTC proposal was demonstrated, an application for project assistance could be lodged with the

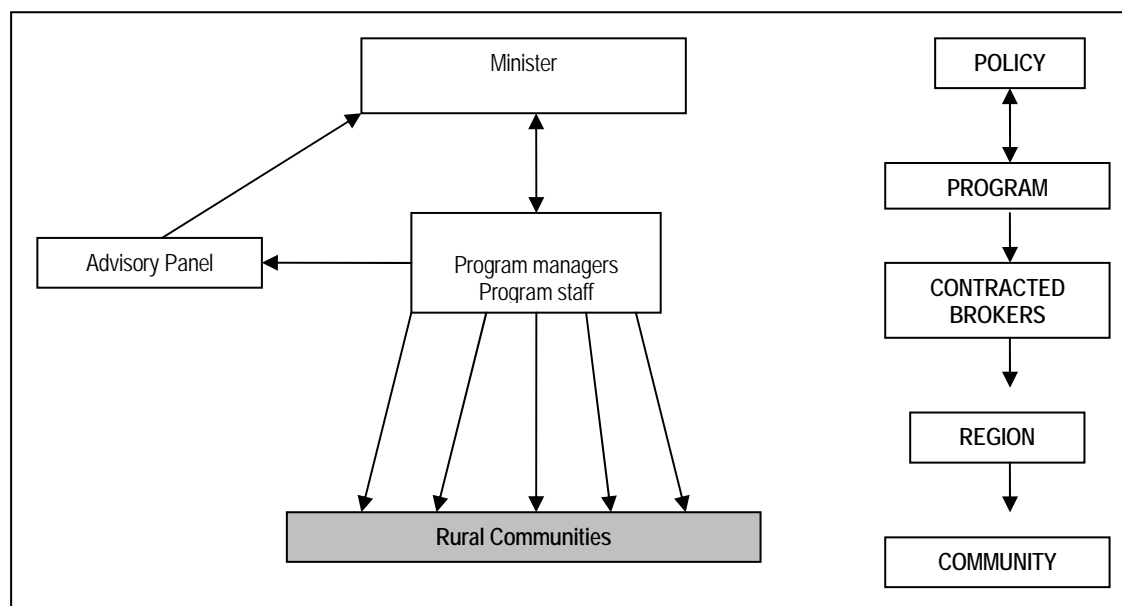
---

DOTARS program management team. This team undertook a preliminary assessment of funding applications against eligibility criteria, and referred applications to an advisory panel.

The advisory panel assessed the referred applications against criteria including potential other sources of funding, the range of services to be provided, the partnership arrangements and the likelihood of services being provided in the near future by other departments or agencies. This panel then made recommendations to the Minister with responsibility for regional development. Following approval, a service broker was contracted to call for expressions of interest from potential service points in the community, and selected the most appropriate applicant based on cost and service criteria. This included the amount of funding the applicant would contribute towards ongoing service costs.

The RTC Service provider then entered into a contractual arrangement with the Department, and received funding to establish the services and oversee the subsequent delivery and maintenance of the services in the community. Application guidelines state that individual communities for eligibility under the program will be assessed on the basis of needs. These institutional arrangements are captured in Figure 7.2.

**Figure 7.2: Institutional management arrangements of the RTC Programme**



Source: DOTARS (1999)

The RTC Program relied upon a limited range of interventions and tools, summarised in

Table 7.1. A sample of 14 RTC projects were analysed for this research and the four key tools most often relied upon to generate the policy outcomes were service contracts, collocation, brokerage and project seed funding. Tools used less frequently were service protocols, community consultation and planning, and regional alliances.

**Table 7.1: Tools of government action in the RTC Programme and frequency of use**

| Tool                 | No. | Tool                                | No. |
|----------------------|-----|-------------------------------------|-----|
| Service Contracts    | 14  | Service protocols                   | 7   |
| Co-location          | 12  | Community consultation and planning | 7   |
| Brokerage            | 10  | Public information campaigns        | 6   |
| Project seed funding | 9   | Memorandum of Understanding         | 4   |

### **RTC Programme and the new governance framework**

The RTC Programme had a slow take-up rate and continued to lag behind its projected 500 centres within its funding period. In 2000 DOTARS outsourced the establishment of a Field Office Network (FON) to help promote the program. Field Officers also were contracted to develop business plans, help communities with funding applications and provide support to communities during the development and operation of the RTC.

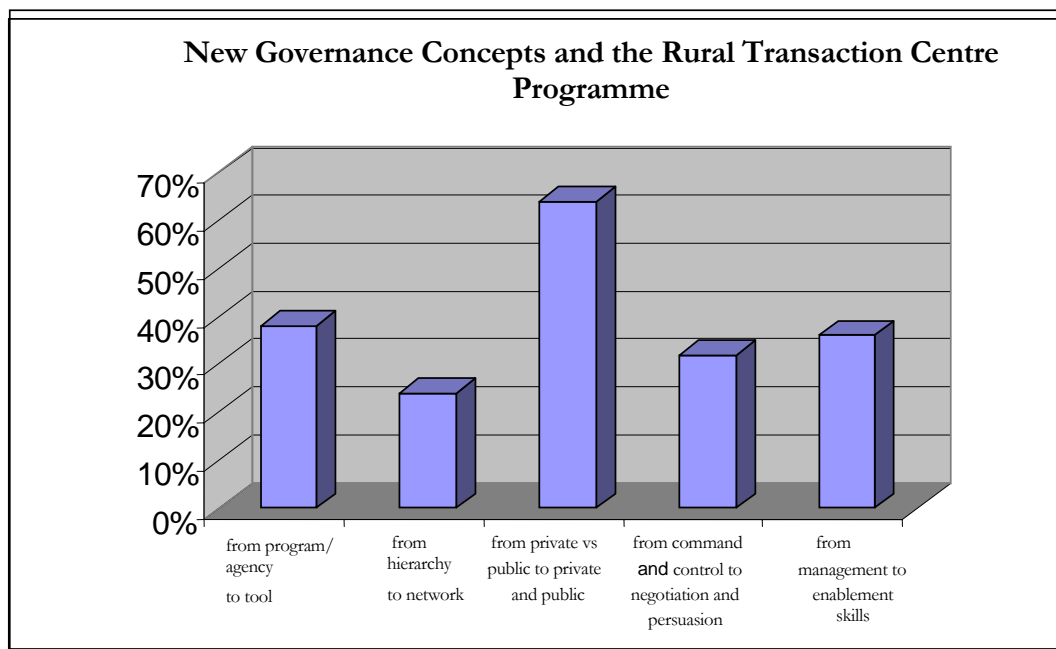
In 2001, it was decided to provide program funding directly to Centrelink to enable it to meet the costs of providing its services in Rural Transaction Centres. Similarly, funding was provided to Australia Post to provide communities with Electronic Points of Service (EPOS), i.e. electronic bill-paying facilities at Licensed Post Offices. An internal review of the program in 2001 recommended further changes to the program structure and focus.

In 2002, program funding was extended to projects aimed at improving the long-term viability of existing services, rather than focusing solely on either withdrawn or new services. Two main models of RTCs were explicitly recognised: community sponsorship (including local government) and small business. By October 2002, although 124 RTCs had received approval, only 65 communities had operational an RTC. Of those 65 centres, almost one third were established under the CreditCare scheme.

At the end of 2002, a further change was made to the program, promoting the collocation of RTCs with Post Offices and financial institutions. This move was designed to improve the centres' long term viability. In 2003, the Department of Employment and Workplace Relations commenced a limited trial of touch screens in selected RTCs as a potential source of further income.

Analysis of the RTC program using the new governance analytical framework revealed the weaknesses of the program and its administration. Figure 7.3 summarises the evidence of the concepts of new governance revealed in the analysis.

**Figure 7.3: New governance concepts and evidence in the RTC programme**



*Concept 1: The shift from program / agency to tool*

Salamon (2002:14) suggests that new governance shifts the units of analysis from the individual program or agency to the distinctive tools or technologies they employ, and that the tools define the set of actors involved in the program implementation process and determine their roles.

The rating for the RTC for this concept was 38%, indicating that the program was considered to be little more than a competitive grants program, without a broader strategic purpose in achieving government objectives in relation to online delivery or access to government services. The process of establishing the service menu was a protracted one. RTC management committee members interviewed indicated that the process is cumbersome:

There is limited support for the community building phase of compiling applications and business plans. It relies on the community having someone with the skills to understand the bureaucratic processes involved and how to write a funding application to meet the guidelines. Frankly some of the questions were gobbledegook to me, and it wasn't easy to get advice from the department (FG 5).

Communities pointed out that establishing the business case and commercial viability of a proposal was not easy, and that small communities had limited capacity to meet the costs of engaging someone to help with this. Examples were given of communities that had expended up to \$5000 in this process, only to determine there was not a strong enough business case to support the RTC proposal.

No formal process existed to enable cross agency discussions or ensure they would take place. Interviewees described the role of field officers in the CreditCare program as vital in this process. Field officers were not funded at the beginning of the RTC program, an issue resolved following a post implementation review of the program in 2000. The transfer of responsibility for the program from DPIE to DOTARS also signalled the community development nature of the program goals and DOTARS has continued to work to refine the program to take into account the perspective of users, service providers and community needs.

The low rating of the RTC Program on this concept indicates that those most affected by the program and policy environment in which it was developed, had limited capacity to shape the way the program was implemented. The rating was influenced by the fact that there was no investment in skilling communities in the implementation of what was a high-level regulatory environment involving financial transactions and EFTPOS.

*Concept 2: The shift from hierarchy to network*

The RTC program also rated poorly for this concept, with an overall rating of 24%. The evidence from interviewees indicated that services contracted by DOTARS to negotiate the menu of services for local communities used a planning template for developing a service model that often did not include a financial service component. Yet the provision of a financial service in an RTC was considered essential to its viability:

RTCs are output focused, often with limited services (eg Medicare Easyclaim). While important, these services alone do not deliver on the program aims (CUSCAL 2002:12).

The role of the RTC Field Officer was questioned in all the focus groups. It was suggested by program managers that expectations about what Field Officers could achieve were unrealistic:

We thought the Field Officer would help us more in the negotiation process. He did help in negotiating with providers at a general level, but he seemed to focus on making sure that they fully costed remote service provision, rather than working on our behalf to encourage providers to agree to come to our RTC (FG5).

The development of the Field Officer Network was an acknowledgement by the Commonwealth government of the difficulties being experienced by communities working towards establishing their RTC. The Network was established in 2000, through contractual arrangements with consultants. The role of the Field Officer was to coordinate, support and mentor communities at each stage in the development and operation of the RTC. This role included creating networks of RTC communities, districts and regions and improving the viability and sustainability of RTCs (DOTARS 2000). An outcome of the introduction of the FON was an increased sharing of knowledge between RTCs as the FON facilitated networking. It was this contact that highlighted the disparity between fees, commissions and retainers paid to RTCs by financial institutions and service providers.

Accountability measures for the RTC Management Committees involved acquitting project funding and reporting on annual activity. This research was undertaken within the funding period of the RTC program, and the long term financial sustainability of RTCs had not yet been assessed at the central level. The Australian National Audit Office (ANAO) examined the RTC Program in 2003 and found no evidence of a performance measurement framework or evaluation strategy. It attributed this to the lack of measurable objectives, outcomes and priorities at the commencement of the program. There was

also no evidence that an evaluation strategy was developed for the specific administrative elements of the RTC program contracted out for the FON.

DOTARS conducted an internal audit of the program in August 2001 and a Post-Implementation Review in mid-2002. On the basis of findings of this Review, the Department decided to conduct further evaluation of the program and developed performance indicators for the program. These included high-level performance indicators that are largely used for accountability purposes; individual project milestones, used for measuring project performance and performance indicators for the Field Officers Network.

The ANAO (2003:42) in its examination of Commonwealth Financial Transaction Programs was highly critical of the Rural Transaction Centre Programme stating:

There is no means, however, for linking these performance indicators to a comprehensive performance management framework that is capable of being assessed through evaluation. Had performance indicators been established with reference to a broader evaluation strategy, this would have facilitated ongoing management of the program and improved reporting for accountability purposes.

*Concept 3: The shift from public vs. private to public and private*

The development of service partners for the RTC program was left to individual communities to negotiate and with best efforts usually two or three partners were established for individual RTCs. Some financial institutions identified the RTC program as an opportunity to market new services to regional communities, and to test new service products. Service agreements between providers and the communities were left to each individual project therefore there were no standard fees, performance indicators or measures of sustainable service involved. As noted above, the process of identifying service gaps and determining a service mix was considered onerous. The program gained a rating of 64% for this concept.



The ANAO audit (ANAO 2003:21) found that DOTARS had not conducted a formal risk assessment at the outset of the RTC program.

there was evidence of subsequent risk identification at the program level. However, risks were not identified at the individual project level. This meant that there was no assurance that risks were being proactively managed during the implementation of projects.

Service agreements were considered difficult to negotiate. Some community management committees indicated that in their negotiations with a financial institution and with service providers, they were in a position of unequal bargaining power because there was always a concern that that institution or provider would leave town if the commercial arrangements were not satisfactory to them.

We tried really hard to be realistic with the costs, but we had no idea about the fees and charges that would be on top of everything else we had to pay. Our on-line costs were much more than we estimated, and then we had no way to increase our coordinator's salary to meet CPI increases. In fact the stress gave our Chairman a heart attack. The council had to come in and take over, and it's really only operating three mornings a week at the moment until we can sort it out. The Committee wants to resign, but what would that achieve? (FG6)

*Concept 4: The shift from command and control to negotiation and persuasion*

The RTC Program provided little evidence of a shift towards this new governance concept, with a rating of 28%. Management committees expressed concern that there was little flexibility in the RTC model, and a 'take it or leave it' attitude of Departmental officers. Communities that undertook a feasibility study for the RTC sometimes decided to go with a community bank rather than the RTC. These communities indicated that the deciding factor was the perceived lack of control they would have over the process in the RTC when compared with the level of community commitment and capacity building that was a feature of the community bank movement.

The Australian Centre for Co-operative Research and Development, in its report on the CreditCare experience, suggested that

Community banks, RTCs and Giro Post institutions do not cater for the specific needs of small businesses and community enterprise needs; nor do they attempt to understand what they are. (Lewis: 2001)

Despite this finding, small communities with few transaction facilities would opt for a Rural Transaction Centre without understanding the risks involved, or the skills required to build a sustainable model during the initial funding period.

*Concept 5: The shift from management skills to enablement skills*

Community-driven solutions such as the RTC program and community banking options depend upon those communities having or developing the necessary skills to deliver and manage financial services and to enter into contractual arrangements with financial services involving commissions and retainers. The RTC rating for this concept was 32%.

The RTC program had limited capacity to incorporate appropriate training and small business management skills needed. Financial service providers were relied upon to provide ongoing support and training as part of contractual arrangements. Negotiations were undertaken on a case by case basis, so that there was great variation in policies on commissions and retainers, and the products offered differ. This resulted in great disparity between RTCs, with commissions ranging between \$1.00 and \$1.60 per transaction.

Some management committees expressed frustration about maintaining financial services because of the salary costs they had to meet. They advised that they relied heavily on revenue generated from other RTC services to cross subsidise the delivery of financial services. They reported that

People bank in different ways. Some RTCs have a high take up of electronic transactions such as EPOS, Internet, ATM and phone banking but not all RTCs are the same. If people are slow to take up these things, then we can't get the levels of transactions up to get the commissions we need to stay afloat (FG 5).

There are communities with banking agencies in their RTC that have no on-line facilities, limiting their ability to participate effectively in providing services. The presence of an RTC helps some communities gain on-line facilities, but to build up the usage rates for online services requires a dedicated data line and line costs are expensive in rural Australia.

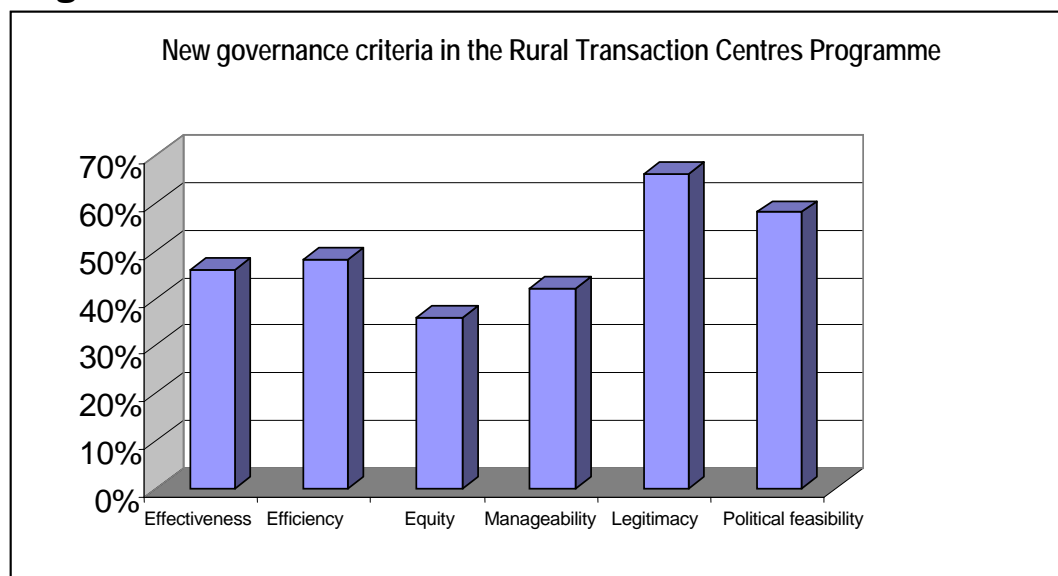
Management committees often did not understand the commercial imperatives that motivated commercial institutions to become involved in RTCs:

Our bank was heavy handed in its attitude to us. The regional manager was trying to get us to market new products for them and wanted to sign us up to an incentive plan. Our committee was bamboozled. We complained and soon got a new liaison officer. (FG 5)

The most successful financial partnerships in RTCs were those where the host financial institution fostered the financial services business of the RTC. This was achieved by building strong relationships with the RTC and the wider community and providing community learning about the services available.

In the second stage of the analysis, the RTC program was investigated using the new governance criteria – effectiveness, efficiency, equity, manageability, legitimacy, and political feasibility. The results of this analysis were significant, as evident in Figure 7.4

**Figure 7.4: New governance criteria and the Rural Transaction Centre Programme**



#### *RTC and Criteria of New Governance*

The rating for the RTC for this dimension was 42%. This ranking reflects the multiple perspectives around the policy issue of declining regional financial services, and the fact that the government was seen to be attempting to address a problem that was outside its control.

As a public policy, however, the ANAO (2003:53) found that

DOTARS did not translate the Government's program objectives into operational objectives that would have helped them to better design appropriate strategies, activities and allocate resources to achieve the broader program objectives efficiently and effectively. Operational objectives would also have helped to establish an appropriate performance management framework that could be used to monitor the efficiency and effectiveness of program delivery.

There was little evidence that there had been an analysis of risks and policy options prior to this program being announced as an election promise in 1998.

#### *Efficiency*

Since efficiency balances the results against the cost involved, the rating of 46% indicated that the issue of 'value for money' was not the first

consideration of community leaders and management committees. Notionally, the 65 operating RTCs were established at a cost of almost \$950,000 each.

One of the lessons we've learnt in getting our RTC up and going, and trying to keep it on the rails, is that we've learnt new skills about working together as a community. Getting the place set up required a lot of different skills, and we found we had some of them right here, with people who were using computers or who understood about the finance industry or the insurance industry (FG 3).

The evidence suggests that a positive social and political outcome of the RTC program has been an increase in social capital in communities.

We were all so angry with the bank closing this gave us something positive to work for and it brought the community together (FG 5).

The ANAO found that the cost of delivering the RTC program was high. Budgeted administrative costs amounted to \$16.4m of total program funds of \$61m, representing 26.9%.

ANAO (2003:42) recommended that

Only a small amount of the \$7.8m for the FON should be attributed to business plan development, that is, program funding. Ideally, the Department should have distinguished between funds required for business plan development and the administrative functions of the FON, but in practice, this was not done.

The program funding of \$70m continued to be adjusted from its original allocation in 1999 until 2003. This is outlined in Table 7.2

**Table 7.2: Allocation of RTC program funds 1999 - 2002**

| <b>Allocation of Funds</b>      | <b>Original allocation 1999 \$m</b> | <b>Revised allocation 2001 \$m</b> | <b>Revised allocation 2002 \$m</b> |
|---------------------------------|-------------------------------------|------------------------------------|------------------------------------|
| <b>Administered funds- RTCs</b> |                                     |                                    |                                    |
| Application funding             | 61.7                                | 22.7                               | 39.2                               |
| Australia Post                  | N/A                                 | 19.4                               | 4.4                                |
| Centrelink                      | N/A                                 | 4.0                                | 1.0                                |
| Subtotal                        | 61.7                                | 46.1                               | 44.6                               |
| <b>Administrative</b>           |                                     |                                    |                                    |

|                                     |             |             |              |
|-------------------------------------|-------------|-------------|--------------|
| <b>Expenditure</b>                  | 8.3         | 8.3         | 8.3          |
| Departmental funding                |             |             |              |
| Communications Strategy             | N/A         | 1.2         | Discontinued |
| GRM Contract- Field Officer Network | N/A         | 5.4         | 7.8          |
| Post Implementation Review          | N/A         | N/A         | 0.1          |
| RTC Sustainability initiatives      | N/A         | n/A         | 0.2          |
| <i>Sub-total</i>                    | 8.3         | 19.9        | 16.4         |
| <b>Transfer to other programs</b>   |             |             |              |
| Mobile phone initiative             | N/A         | 9.0         | 9.0          |
| <b>TOTAL</b>                        | <b>70.0</b> | <b>70.0</b> | <b>70.0</b>  |

Source: ANAO (2003:47)

### *Equity*

As there were no strategies developed as part of the program's management to determine the extent to which the program would meet its specific goal of restoring financial services to regional communities, the rating for the RTC for this equity was 32%. The program was conceptually naive, and while 'compensatory' in its nature, did not achieve its intended purpose – only 21% of RTCs operating at the end of 2001 were providing financial services.

The Department commissioned a Communications Strategy, finalised in January 2001, to identify a target group of 120 towns that were likely to be prime candidates for the program. These were communities with populations between 200 and 3000 people that had not previously applied for funding. They were all 20km or more from key services such as another RTC, Centrelink office or agency or state government service centre. The communications strategy was not pursued because of budgetary constraints (DOTARS 2000).

### *Manageability*

The RTC program was poorly conceived and had a poor funding and management structure. This resulted in a slow take-up rate. The expectations

of government that communities could negotiate through the myriad of processes for funding were unrealistic, leading to a rating for this criterion of 40%. Without some coordination and guidance, the program became unwieldy and had to be significantly revised following the post-implementation review. DOTARS subsequently took steps to address the financial viability issue of the program, some of which resulted in a lack of financial stability for individual RTCs and for the program itself, as monies were moved between agencies. Funds allocated to different program components then had to be reinstated.

The RTC program highlights the need for evaluations to be comprehensively planned early in the process. There was no evidence that DOTARS had developed an evaluation strategy for the RTC program from the start of the program or when the FON was established. DOTARS also later identified risks at the program level but this did not extend beyond the program management to the local project level

### *Legitimacy*

Salamon suggests that legitimacy is strengthened when taxpayers can link the policy outcomes to the taxes they pay. The RTC program was regarded as a government response to a perceived policy failure, in national competition policy and the deregulation of the financial sector. It therefore rated significantly higher in this criterion, with an overall rating of 62%. The government had to be seen to be doing something. It had won power on the promise that it would restore the confidence of country people in it, by providing support for services such as banking and telecommunications.

The program seemed like a good idea ... it gave people the idea that we could work out what we needed for ourselves, then the government would support us. (FG 6)

The Program also successfully managed to harness the support of the key players, communities and financial institutions, and provide ways in which their interests could be met. This contributed to the legitimacy of the program in the early years.

---

*Political Feasibility*

Although the program was announced as an election promise, and promoted heavily during its early stages of implementation, the fact that the RTC program was linked to the highly successful CreditCare program provided initial momentum, gaining a rating for the RTC of 56%. Once the CreditCare funding was withdrawn, the program faltered and communities became frustrated and angry that it was not providing the benefits promised in the election campaign.

**Summary**

This case study has considered a particular policy response to the use of information and communications technology to provide access to regional services. The consistency of low ratings from the data demonstrates that the Rural Transaction Centre Programme is a poorly constructed and managed public policy response to a critical issue in regional Australia -- the lack of access to financial services in small regional communities.

The ongoing problems in the management and sustainability of the RTC Programme stemmed in part from the changing nature and needs of ICT. As communities gained access to a range of financial services, including the heavy promotion of internet banking, the take up rates of this service model worked to the detriment of the RTCs, which needed transactions to make themselves financially viable.

The introduction of EFTPOS arrangements, conceived as a simple solution to financial transaction needs of communities, demonstrated a lack of policy coherence, as well as a lack of understanding of the transaction costs, and the transaction risks, involved. It also revealed the ease with which online transactions were vulnerable to data corruption, lack of data security and human error.



#### **Case study 4: The NSW Government Access Program**

The Government Access Program (GAP), established in 1997, trialled a range of government information and services from 'one stop shops' in rural and remote communities. According to the Premier's Department (1997) the program aimed to

- enhance access to appropriate Government services and information
- provide government presence in areas that could not support multiple agency offices
- improve the operational efficiency of Government without reducing services
- maximise the use of existing rural infrastructure
- test a number of variables in the provision of integrated Government service delivery to inform future initiatives.

The emphasis was on face-to-face service delivery facilitated by electronic support systems. The costs associated with dedicated staff and infrastructure would be shared across a number of agencies. GAP was a two year pilot program involving seven Government Access Centres (GAC). The program incorporated a mid-term review in late 1998.

The Government Access Pilot Program (GAPP) commenced in 1997 and seven Government Access Centres (GAC) were established in Northern and Western NSW. They provided services on behalf of government and other community related organisations on a fee-for-service basis. This fee structure was designed to partially offset each Centre's operating costs. The remaining cost was subsidised by the Premier's Department. Service agencies provided their clients with improved access, paying for any transactions conducted on their behalf. It was originally envisaged that the Centres would become increasingly self funded.

The centres provide face-to-face delivery of government information and over the counter services. The pilot program was coordinated by the Premier's Department and overseen by a steering committee. Each Centre was staffed and managed by a host agency, either a NSW government agency or a local government authority, usually as a one-person operation using existing

Government infrastructure and staff. The program was evaluated in 1999 and found to have widespread community support and to have increased community access to government information and services.

The locations for the GACs were determined through a process of consultation with the Northern and Western Regional Coordinators of the Premier's Department, service agencies and communities. They were located in communities with populations of less than 5750 people, and generally up to one hour's travel from regional services.

Three key services were identified as the appropriate mix for the pilot program:

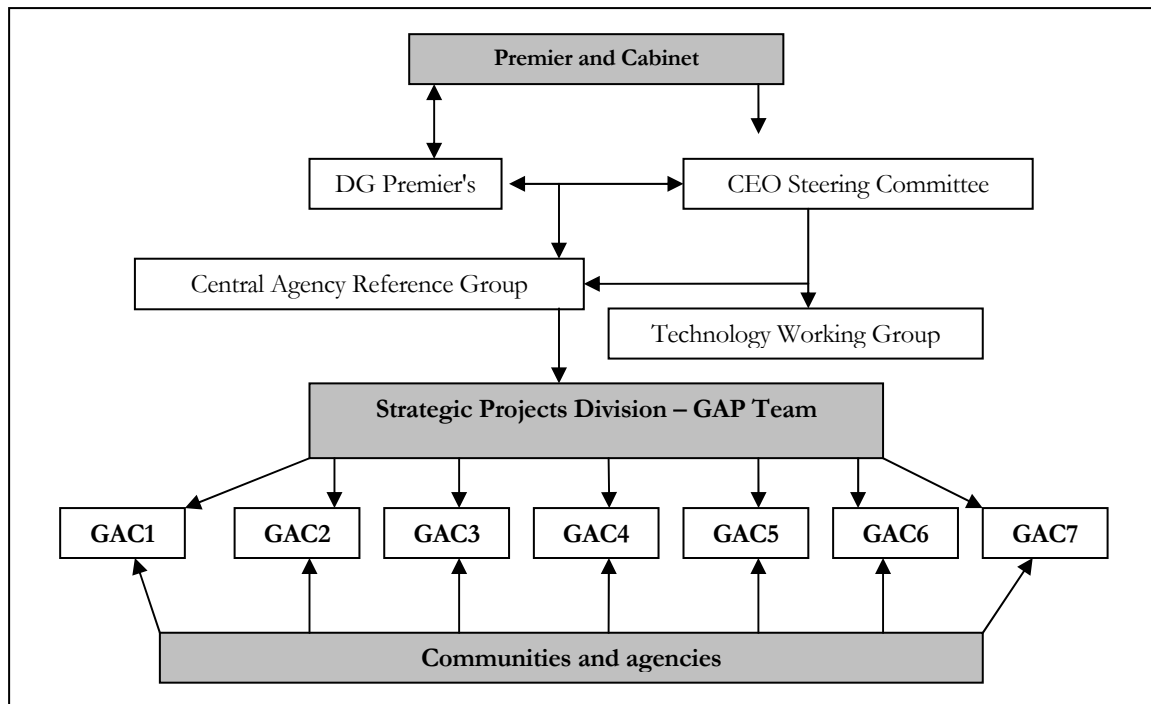
- provision of government information and referrals;
- appointment services for visiting government officers; and
- processing government transaction services.

The nature of the contracting agreements and the different local management arrangements meant that the overall structure of the program took on a multi-layered approach.

Transactions were defined as over the counter, non-specialist, processing transactions that could be undertaken by one officer and which reflected the majority of high turnover transactions conducted by most government agencies (Premier's 1997). GACs were established and promoted to service agencies as a new model of integrated service delivery. Agencies were encouraged to contract high turnover transactions to GACs for a fee.

Figure 7.5 summarises the structure of the program and the day to day operations of the Government Access centres.

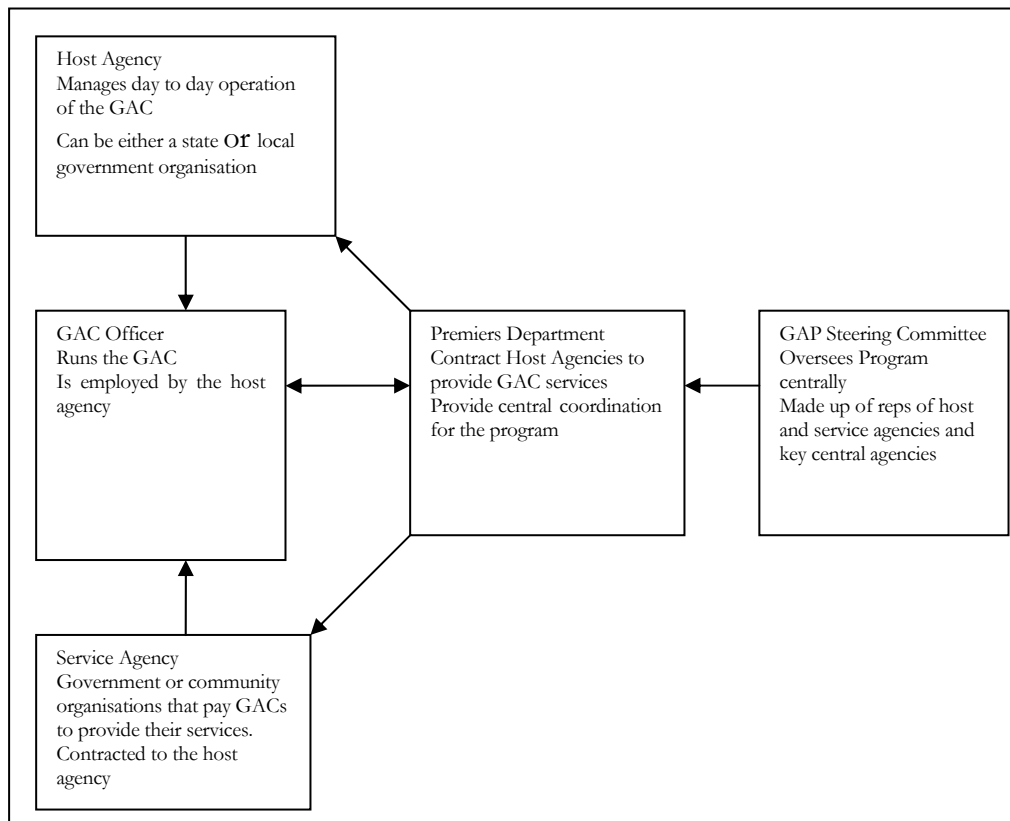
**Figure 7.5: Institutional management arrangements for the Government Access Program**



Source: Premier's Department (1997)

GACs established their presence in communities by providing information and referral advice, and building their range of services by including simple transactions as their capacity for transaction services was negotiated with service agencies. These negotiations of transaction arrangements and contractual issues were undertaken by the Central Agencies Reference Group and the GAP Project Team. This second tier of management is outlined in Figure 7.6

**Figure 7.6: GAP Structure and Management**



Source: Hanich (2000:34)

### *Transaction issues*

GAP was one of several electronic service initiatives used to test a range of variables within an integrated service delivery model. It identified critical success factors for such models and provided valuable organisational learning about managing and administering points of service models. Fundamental to this approach is a thorough understanding of the nature of transactions and the capacity to undertake economic modelling around costs and benefits of points of service transactions. The GACs suffered in the short to medium term by being established without a core set of services being negotiated first. The program was confronted by an imperative to be self-funding yet had limited capacity to charge agencies or communities for the services provided. The range of services provided by GACs is summarised in Figure 7.7.

**Figure 7.7: Range of services provided by Government Access Centres**

|   |                                    |
|---|------------------------------------|
| RTA, transport concessions                | Departments of Housing , Fair      |
| Births, Deaths and Marriages certificates | Trading, Gaming and Racing, Legal  |
| freshwater fishing licences               | Aid and Employment National        |
| ATO file and return outreach facilities,  | Outreach facilities, Department of |
| Centrelink,                               | Veteran’s Affairs,                 |
|   | Medicare                           |

The inclusion of services from the RTA proved a turning point for GAP. The RTA required more than information and referral, it introduced transactions involving bills payment and the introduction of EFTPOS facilities. This brought a range of new challenges and procedures to GACs, and provided high volume services through the centres. The GAP evaluation found the two highest demand services were RTA and Centrelink, accounting for 90% of activities, and high volume transactions were identified as the key success factor in GAC effectiveness (Hanich 2000). The GAP evaluation identified that point of service models require an established business case, including an understanding of the transaction costs, risks and volumes required. A core, high-demand service is required, and its presence attracts other services.

Point of service provision (POS) is also a contestable market. When the Commonwealth announced the establishment of a national network of multi-function Rural Transactions Centres (RTCs) state governments were not eligible to apply for RTC funding. GACs were providing Centrelink services, and in communities where the GAC was now to compete with a RTC, Commonwealth agencies were encouraged to support the RTC, rather than the GAC. The program evaluation identified a capacity to increase the range, level and complexity of transactions, including incorporating the Community Technology Centre program, also funded by the NSW government as part of *connect.nsw*.

The participation of service agencies in an integrated service model such as GAP requires a high level of commitment from agency heads. There are

---

significant financial and administrative costs involved in training staff, re-engineering service agreements and meeting transaction costs. Participation in GAP was voluntary, and the take up rate by agencies was slow. Service delivery benchmarks varied across agencies, and some agencies had not developed benchmarks for shopfront services. Duplication of transactions proved a disincentive for participation. Transactions processed manually by GAC staff proved an inefficient use of resources and duplication. As the GAP matured, the capacity for processing transactions on line was significantly improved.

The GAP evaluation recommended changes to the operations of the program, including its expansion, and the transfer of its management to the RTA. Participation by a core group of agencies became compulsory and transaction cost modelling was undertaken to refine the service mix. Since that time, GAP has been expanded to more than 60 centres, using the RTA's IT infrastructure as the basis for an integrated service that meets both multiple state government objectives, and small regional community expectations about access to services and information. The Government Access program was developed through close relationships with participating agencies, and relied on a limited number of tools, outlined in table 7.3

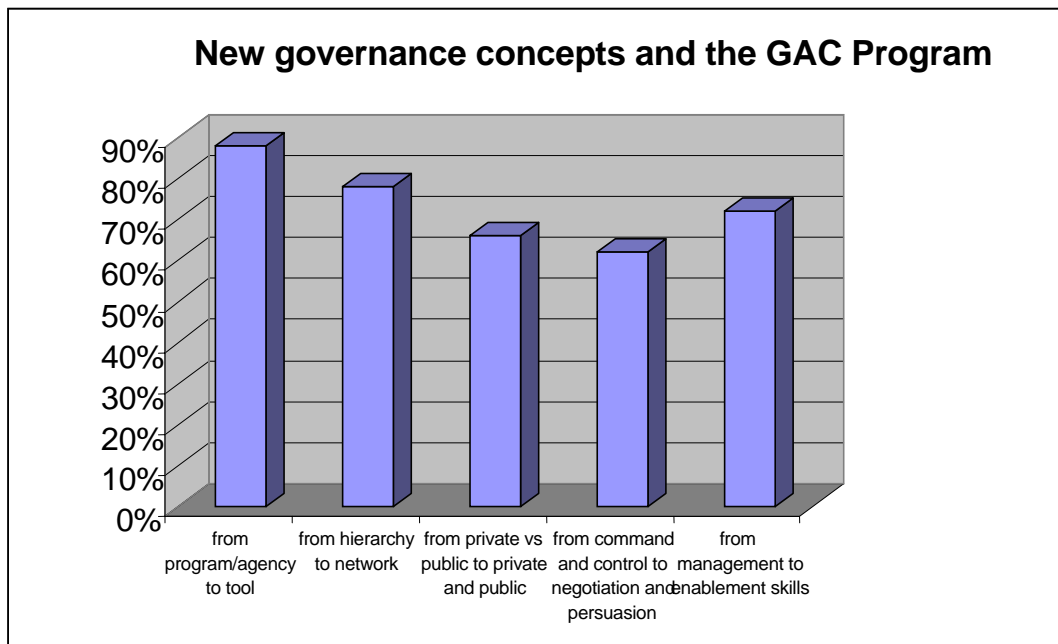
**Table 7.3: Tools of government action in the GAC and frequency of use**

| <b>Tool</b>                 | <b>No.</b> | <b>Tool</b>        | <b>No.</b> |
|-----------------------------|------------|--------------------|------------|
| Pooled Funding              | 4          | Shared Resources   | 4          |
| Service Integration         | 4          | Service Contracts  | 3          |
| Service protocols           | 4          | Regional Alliances | 3          |
| Regional portfolio planning | 4          | Co-location        | 3          |
| Memorandum of Understanding | 4          |                    |            |

*GAP and the new governance framework*

The strength of the institutional arrangements for the Government Access Pilot Program is demonstrated in the results of the new governance analysis. In Figure 7.8 the evidence of the new governance concepts is clear, and the benefits of strategic planning and careful testing of models is demonstrated.

**Figure 7.8: New governance concepts and the Government Access Program**



*Concept 1: The shift from program / agency to tool*

The rating for the GAP for this concept was 83%. The program was part of a government-wide technology strategy, bringing together disparate technology systems built by agencies working in isolation during the height of NPM reforms. The priority for the NSW government was to identify common platforms and operating systems and to bring them into an integrated, government-wide, secure system. The one-stop shop concept was chosen from a range of electronic service delivery models. The ACT government trial program of internet kiosks provided important information about transaction security and customer error. The RTA had previously established limited

points of service in local government premises, but the weakness of this model was the poor dial-up speeds and limited telecommunications infrastructure in regional areas.

The GAP model was developed to test a range of 'wired in' variables in a controlled environment. The process of planning the GAP trial was systematic, and the objectives of the program were clearly defined. The program was subject to a mid-term review which led to significant changes to the program. These changes strengthened the GAP's integrity and capacity for long-term sustainability. The value of the program in meeting regional service needs was acknowledged.

*Concept 2: The shift from hierarchy to network*

The rating for the GAP for this concept was 78%. The scoping phase for establishing a GAC involved mapping the service levels and IT infrastructure available. Regional managers of agencies to be involved worked in a structured way with the GAP project manager to identify opportunities for service integration in the GAC.

There was a high level of formality in the networks established for the GAP at both central and regional levels. A range of variables was used in different GACs. These variables were used to find ways to meet community needs and at the same time produce best-value outcomes for agencies. The program tested the premise that online service delivery provides a range of opportunities for higher quality services and the possibility of greater cost efficiency.

*Concept 3: The shift from public vs. private to public and private*

The rating for the GAP for this concept was 68%. The preliminary service agreements between partners were not commercially based; therefore the cost recovery arrangements were inadequate. These were addressed following the mid-term review and the program evaluation.



GAC operating costs not recouped through service fees were subsidised by NSW Treasury. However, the intention was that this subsidy would diminish over time as more services and transactions became available, and the number of fee-for-service transactions increased. The Mid-Pilot Review identified that GACS would require centralised funding until they could generate enough revenue earning transactions to reach a financial break-even point. It also recommended that the provision of government information and referrals services should be considered a community service obligation (Hanich 2000:16). The GAP financial analysis report recommended that a realistic starting point for such a community service obligation should be 30% of a centre's operating costs, based on time spent providing information and administration. This was consistent with the Queensland government's QGAP model, on which the NSW program was loosely based.

The GAP manager negotiated with the Commonwealth to provide Medicare Easyclaim and limited Centrelink services. These agencies entered into contractual arrangements based on fee-for-service arrangements. This was an arms-length contract and the Commonwealth agencies did not participate in decision-making about the GAC operations.

*Concept 4: Command and control to negotiation and persuasion*

The rating for the GAP for this concept was 83%. Although a strong institutional framework for management existed, regional officers interviewed reported a high level of cooperation and networking within the project:

It was a very exciting time and a great project to be part of because it made so much sense. We were trying all the time to think laterally to make it work. Sometimes an insurmountable problem could be overcome with a phone call. It was very fulfilling to be able to provide that level of service in a community that had previously relied on touch phone technology (SI3).

*Concept 5: management skills to enablement skills*

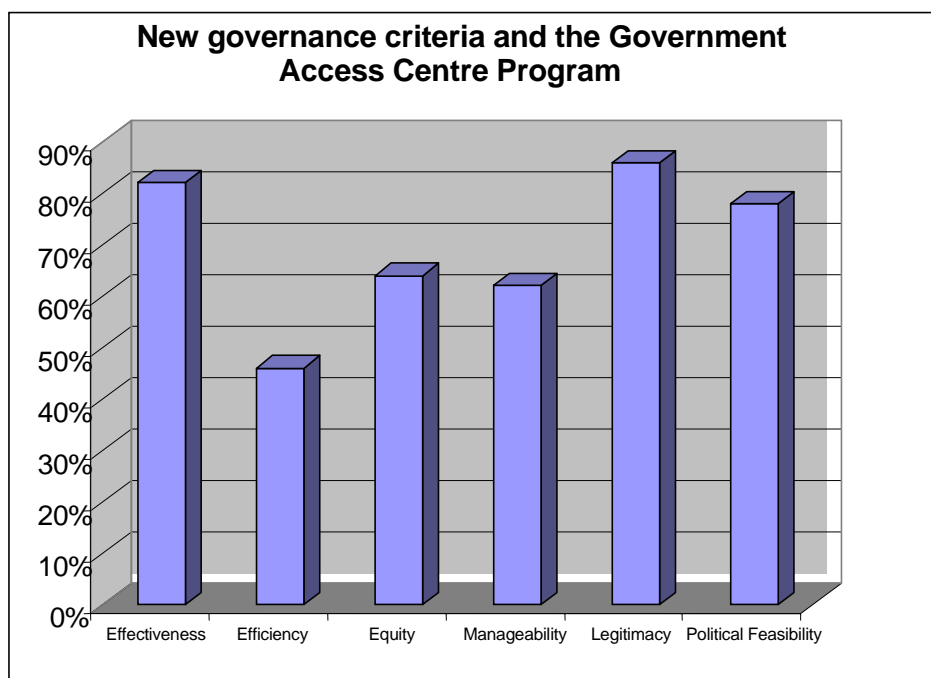
The rating for the GAP for this concept was 83%. This reflected the level of local and regional ownership of the GAC, with agencies able to contribute

ideas and resources, and use the Centre's facilities for meetings, appointments and assessments. The community needs analysis ensured that GACs were offering as wide a range of services as possible to the community.

The limited nature of the pilot program and the staged transition of the program and its expansion under the management of the RTA indicated a commitment to sustaining the GAC program in the communities. This has been achieved in a short timeframe.

The strong evidence of new governance carried through in the analysis of how the GAC program met the new governance criteria. Figure 7.9 demonstrates the strong performance of the program when analysed against the key indicators.

**Figure 7.9: New governance criteria and GAP**



### *Effectiveness*

The rating for the GAP for this criterion was 80%. The program was considered highly effective in enhancing access to government services in the

rural and remote communities in which the centres were piloted, and were deemed to have improved the operational efficiency of government without reducing services to those communities. The range of variables tested through the pilot program provided sound data on which decisions were made for the expansion of the program in its new form, through the RTA network.

During the program period, other ICT initiatives of Commonwealth and state governments, and the increased investment in regional telecommunications infrastructure by Telstra, have significantly enhanced access to on line services and information in small communities. The Community Technology Centre network of the NSW government, connection to the internet of all schools through satellite or ADSL technology and a range of infrastructure projects funded under the Networking the Nation program have contributed to a high level of satisfaction with the GAP program.

### *Efficiency*

The rating for the GAP for this criterion was 44%. GAP was perceived by agency CEOs to be a controlled expansion of services that needed to be funded by contributions from agencies, but which were problematic in fitting into existing agency strategic plans. Host agencies reported frustration with others who had not a strong grasp of transaction costs, or an appreciation of the infrastructure and ongoing management costs incurred in dealing with online services. Duplication of processing information occurred in the early period of the program, but as connectivity improved, so to did the capacity of GACs to deliver efficiencies for agencies.

At the local level, it was determined through a financial analysis report that the higher the level of integration the lower the operating costs. Integrated models achieved significant efficiencies when compared to the stand alone model.

**Table 7.4: Average annual operating cost for each GAC model**

| <b>GAC Model</b>                       | <b>5 days per week</b> | <b>3 days per week</b> | <b>1 day per week</b> |
|--|------------------------|------------------------|-----------------------|
| <b>Stand alone centre</b>              | \$76,500               | \$51,700               | \$26,900              |
| <b>Independently staffed centre</b>    | \$69,900               | \$43,600               | \$17,300              |
| <b>Integrated Centre (full cost)</b>   | \$51,300               | \$32,400               | \$13,500              |
| <b>Integrated Centre (direct cost)</b> | \$43,000               | \$26,800               | \$10,700              |

Source: Hanich (2000: 11)

Senior executive staff expressed some scepticism about the value of the GAP, since there were parallel processes being developed through *connect.nsw* for agencies to streamline their transaction processes, create a NSW government portal and agency websites. It was considered to have been a significant drain on resources of central agencies, and ‘might be better located in a line agency with a high transaction profile and range of services’ (S16).

#### *Equity*

The rating for the GAP for this criterion was 62%. The communities targeted for the location of a GAC were identified as meeting criteria of significant locational disadvantage. The program was considered at all levels to contribute to meeting the distributive goals of government, and was cited as a strong example of the NSW government’s commitment to social justice made in its Social Justice Statement (Premier’s Department 1996).

#### *Manageability*

The rating for the GAP for this criterion was 60%.The number of models trialled in the GAP program demanded strong project management skills, and a strategic approach from the central agency group. Preliminary estimates about transaction numbers were significantly optimistic, and the short time

frame for the program created pressures for agencies at central and regional levels to allocate resources to the program, from other areas.

Regional managers reported feeling under pressure to make the GAC in their region a success, and to support the GAC whether or not it was co-located with them, and whether or not it was meeting the needs of the community.

I found it frustrating for Premier's to be trying to drive this project, when we were best placed to be able to tell them what the usage rates were likely to be, and the costs involved. In the end it came back to us anyway. Maybe if they'd thought it through the logic of locating them with the RTA would have been obvious (SI12).

### *Legitimacy*

The GAP pilot was a practical experience for agencies at the regional level to begin to understand the potential of ICT as a service delivery model, including the costs involved. It provided valuable evidence to government that assumptions about online service delivery as the most cost effective way of delivering services were not always correct. The program's legitimacy as a policy tool was strengthened by the value-for money analysis undertaken, and the program's rating of 84% for this criterion reflects this strength.

### *Political Feasibility*

Although a rating for this criterion was 76% the GAP was not a high profile initiative. Yet it was designed to test variables and assumptions in a controlled way, as part of a comprehensive and strategic approach to *connect.nsw*. The communities involved in the program were consulted about each centre and its service range. Users and service providers were encouraged to provide feedback about the service mix and standards.

## **Comparisons of approaches**

While the GAP exhibited strong features of NPM, the consultative nature of the processes involved and the learning embedded in the program was a significant shift from pure NPM. Instead of consultants and contractors establishing the centres, this was done through 'in-house' processes that

---

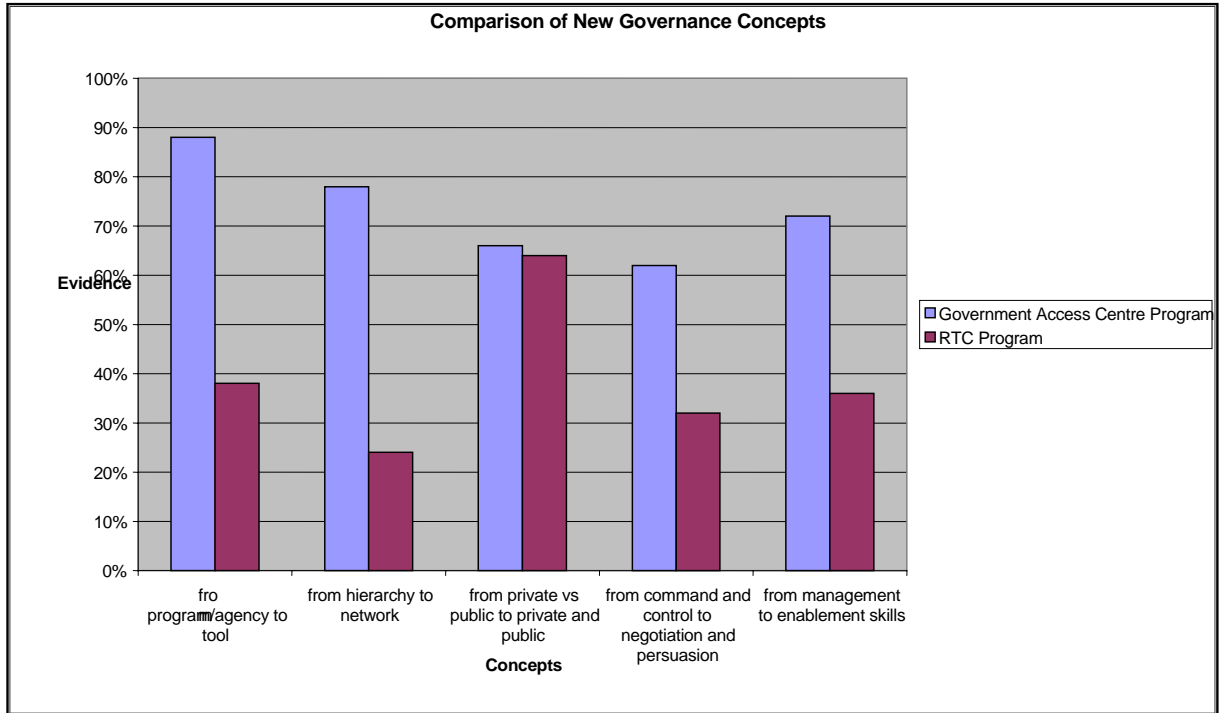
developed expertise and provided opportunities for participatory decision-making in the interests of effective regional service delivery.

The NSW Government Access Program was a centrally driven and controlled program working with agencies and focused on using government online services to improve service efficiencies and meet service needs. The small number of sites involved in the pilot phase of the program contributed to the ability of government to test variables in ICT driven service provision. The program concentrated on service quality, maximising uptake and promoting the online capacity for government to interact with its citizens.

The failure of the RTC program to be connected to other government initiatives can perhaps be explained in the first instance by the transitional arrangements for the program, and its transfer from the Department of Primary Industry and Energy to DOTARS. But in the later years, there were no efforts to embed the program in any regional strategy or network. This was a failure in new governance terms, and resulted in the loss of political legitimacy and program failure, as articulated by the ANAO.

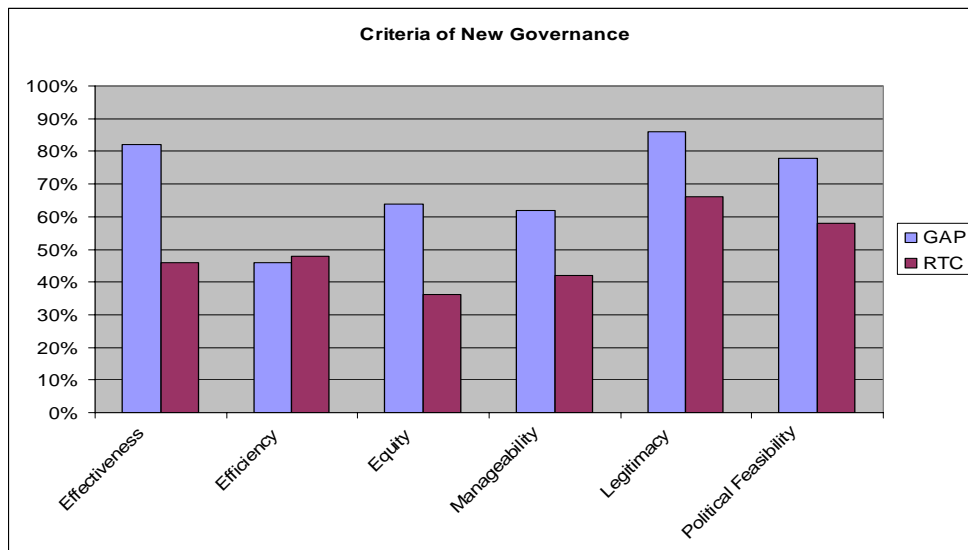
The new governance framework used to analyse the policy responses allow us to consider the critical factors that must form part of the relationships between government and citizens in the future. Figure 7.10 summarises the comparisons for new governance *concepts*. The comparative scores suggest that that the dimensions of reform identified by Davis and Rhodes (2000) and summarised in Table 4.1 are reflected in the outcomes of this analysis. The marketisation of government services have been acknowledged in the GAP program, and competition and service choice were promoted, through the development of a quasi-market and strong corporate management. Formal and informal networks were established between government agencies, and the GAC officers working with host agencies and community organisations.

**Figure 7.10: Comparison of new governance concepts – RTC and GAC Programs**



Evidence of new governance *criteria* in these case studies is summarised in Figure 7.11.

**Figure 7.11: Comparison of new governance criteria – RTC and GAC Programs**



The scores indicate that citizens continue to hold government accountable for service delivery, even when it is out of the government's immediate control. However, communities also continue to have expectations of government, and astute political antennae to identify when the overarching policy imperative is political or administrative.

Regional communities, it would appear, continue to believe that government has an interventionist role to play in ensuring services are provided to regional Australia, and that when the market fails, as it did for them in the financial sector, then it is the role of government to provide the safety net arrangements, represented in both the GAC program and the RTC program.



*Chapter 8: Bridging the Service Divide*

This chapter considers the findings of the case studies and considers how the analysis contributes to an understanding of both new governance and the challenges of meeting regional service needs. There is little evidence to date of the kind of analysis attempted in this study. It is difficult to measure or assess the impacts of regional interventions because of the cumulative effects of policies and macro-economic influences on regions. The social and economic differences across regions and the lack of comparative regional data are further impediments to effective analysis. This research therefore reflects on the ways in which governments have attempted to deal with changing regional service needs, and the strengths and weaknesses of these attempts.

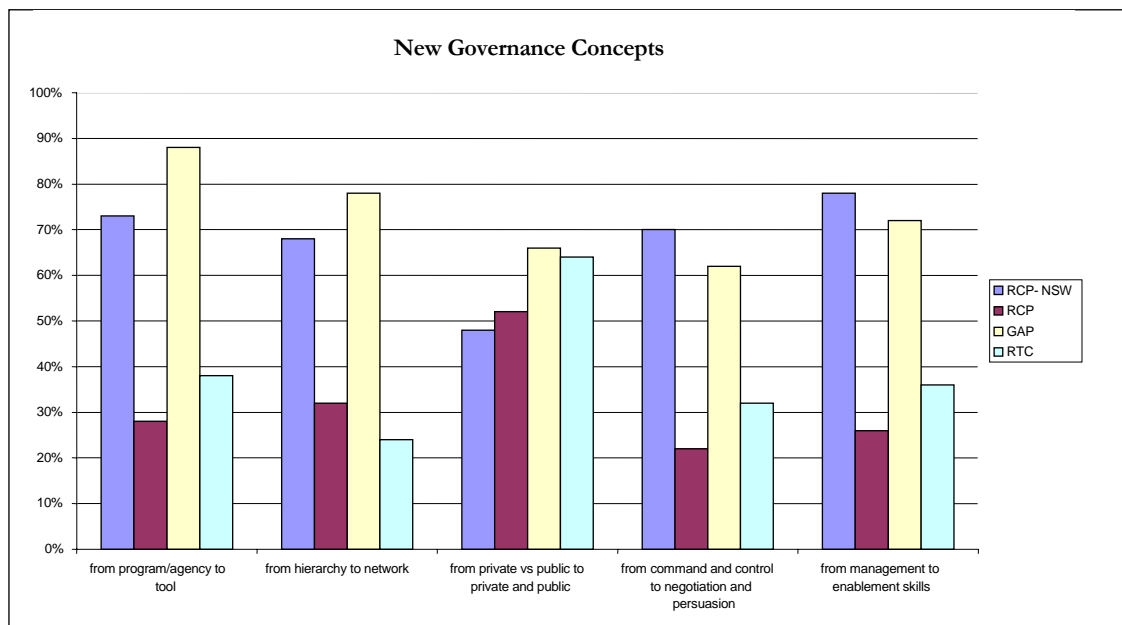
Analysing government interventions helps to determine the success of program outcomes against stated objectives, and provides information for improving the development and design of existing and future interventions. Such analysis is usually undertaken to assess the value and merit of government interventions, based on *efficiency* - how well inputs are being used to obtain a given output; *effectiveness* - the extent to which program outcomes are achieving program objectives; and *appropriateness* - the extent to which the program remains consistent with broader government priorities and social needs. The new governance framework added *equity* to this analysis, along with three new dimensions: *manageability* - how well the program was able to be implemented, *legitimacy* - how the program was perceived by citizens to be in their interests, and *political feasibility* - the extent to which the programs were justifiable, and engaged the key stakeholders in the program development.

The new governance analysis provided a framework for testing the extent to which four public programs demonstrated features of the shift from a NPM market-based approach to service delivery, towards the new governance

approach. The concepts developed for the framework provided a new governance lens through which the programs might usefully be examined.

The case study analysis indicated that the shift to tools approach is occurring in both state and federal levels of government, but the findings suggest that in terms of the programs selected for this research, the shift occurs more readily at the state than at the federal level. This can be explained by three critical factors: the spatial dimension, capacity to form networks and the importance of political and bureaucratic leadership in this process.

**Figure 8.1 New governance concepts across the case study programs**



### *The spatial dimension*

New governance emphasises the dynamics of relationships between citizens and government. These relationships are closest at the local government level where there is a sense of urgency or immediacy in responding to the needs of citizens. In Australia, the relationship between citizens and the state level of government is promoted through local parliamentary representation.

Compulsory voting and small electorate size in Australia means that citizens generally have greater access to their political representatives.

State government service agencies are focused on providing public services to communities and individuals within their jurisdiction. The states have established regional networks and boundaries and institutional arrangements. These boundaries guide local, regional and state planning for direct service delivery. The regions provide a framework for managing both the organisational relationships within government and the administrative functions essential to ensuring efficient service delivery systems.

The capacity to plan and allocate resources across agencies is greater at the level of direct responsibility. The state government has constitutional responsibility for basic services and governs the regulatory frameworks around these services. The Commonwealth, on the other hand, has overarching responsibilities that provide few opportunities for direct contact with citizens, to develop, implement and monitor effective policy initiatives. The fact that the Commonwealth has little institutional infrastructure at community level limits its capacity to coordinate, monitor, and evaluate its programs. This in turn limits the extent to which learning from policy implementation informs future policy choices.

#### *Capacity to form networks*

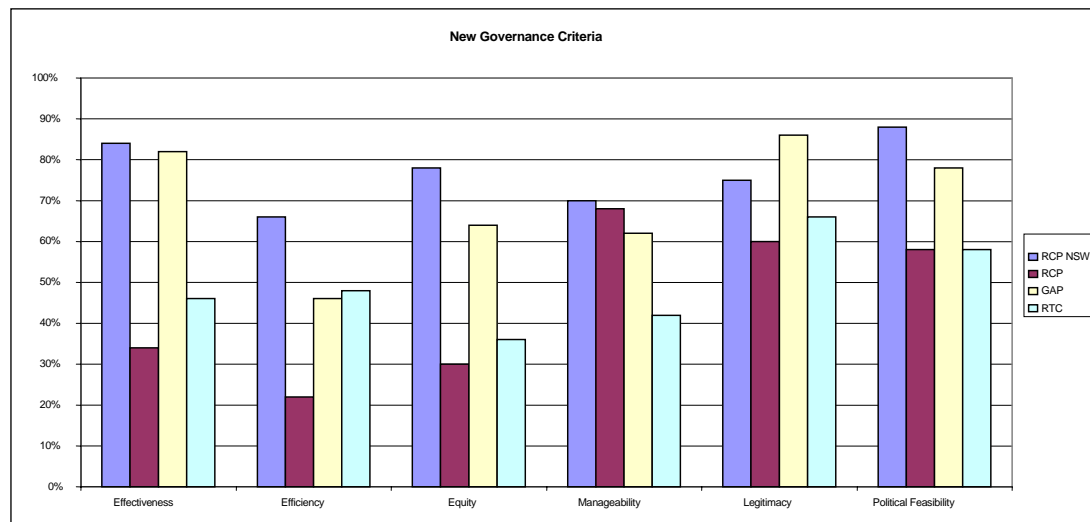
The state has the advantage of a single jurisdiction within which to form networks in the interest of good public policy. The institutional arrangements for the state programs considered in the case studies were created and managed by the central agencies and CEOs of service agencies. The Commonwealth, by contrast, spans many jurisdictional arrangements and a vast geographic area. The national perspective is an important one in public administration. Whole of government policy making tends to focus on policy uniformity across states and national consideration of fiscal, trade, taxation and social security issues. The pressure to create greater joined-up government is easiest to justify at the regional and state level, and most difficult to achieve at an intergovernmental level. Furthermore, as the case

studies demonstrate, institutional or organisational mandates are stronger for actors at regional and state levels than at a national level.

### *The importance of bureaucratic and political leadership*

Service agencies require authority to work outside their own agencies structures and to support the collaborative effort that is a feature of new governance. This authority emerges from the decision and actions of the executive arm of government, and political leaders, to devolve decision-making, and thus strengthen regional capacities to make appropriate resource-allocation decisions. There may be a temptation to promote coordination, flexibility, economy and integrated services, but leadership is required to ensure that this is a desirable and a democratic outcome. All the case studies indicated the importance of leadership and the imprimatur of government as important factors government program success, particularly the NSW government case studies.

**Figure 8.2: New Governance criteria across the case study programs**



### **Participation and partnership**

The shift from private vs. public to private *and* public arrangements represents a significant tension in the new governance paradigm, where partnerships are required to be negotiated in the quasi-market of service

delivery, created by the privatisation and contracting of services. In the partnership model, tensions exist about how far and on what basis organisations are expected to go in developing integrated services. Uncertainty exists about appropriate levels of partnership (for example, strategic or front-line shared care) the scope of the agenda for partnerships (eg strategic vs. specific, project based). Important resource-allocation also impact on the effectiveness of partnerships.

The case studies identified that one of the most common problems faced by community initiatives is their sustainability, as the administrative demands of funders and other agencies, infrastructure and general running costs create significant dilemmas. The solution at all levels of government has been to promote partnerships, as either formal or informal arrangements for working together. There are many benefits for governments in establishing partnerships with private and community actors. Partnerships can contribute to overcoming gaps in community or regional capacity by transferring capital, ideas and experience. Collaboration between partners enables pooling of resources, generating economies of scale and increasing market access.

Partnerships can also distribute risks and avoid duplication of efforts, but there are many conditions that determine whether a partnership will succeed, therefore they must be constructed with care. Partnerships cannot be seen as a panacea for community ills or as a substitute for adequate resourcing. There are challenges in ensuring equity in the relationship between actors and the distribution of benefits. Partnerships therefore need to be established taking into account competition with regard to research or product development with commercial potential.

Specific tools for government to encourage partnerships include establishing a networking infrastructure; designing a regulatory framework to ensure that the rights and obligations of partners are respected; providing a forum for the exchange of information and discussion and promoting research and development and shared learning. The partnership approach also 'requires

---

addressing issues of trust, privacy, timeliness, quality, relevance and the increasing complexity in providing data, information and explicit or tacit knowledge(Sisk 2002:12). The key to successful partnership is effective leadership, and a commitment to building local capacity.

Where a task is complex and long term, the data suggests that a formal partnership is the best approach. Therefore, one of the first tasks of any partnership should be clarification of joint purpose and values. Despite establishing common aims early in their life cycle, the key issue with partnerships is that members have different agenda, and therefore different interpretations of objectives. The principles of collaboration and competition can sit uncomfortably in the world of NPM, and issues are constantly raised about how far and on what basis to consult or engage in joint planning with agencies who are also competitors. This problem was demonstrated in the ICT case studies, where evidence emerged in the GAP program, and even more so in the RTC program, that insufficient time had been spent in open discussion to establish a common purpose and values, or to clarify what these might mean for the regional communities involved.

An underlying strength of the RCP as a regional governance initiative came from the fact that time and effort had been spent in working through and spelling out the purposes and values of the program. An underlying weakness of the Rural Communities Programme as a regional governance initiative was that the elements of the program did not comprise a coherent strategy and the program itself was disconnected from regional planning and decision-making processes.

Traditionally, partnerships at local levels have been forged between the public and private sectors. This model is based on power relationships, through its concentration on economic and physical capital and a market-based approach. It therefore often overlooks the potential of social capital and capacity building, and works to disempower local citizens. The RTC program demonstrated that while the private sector had economic power and the

---

public sector had the regulatory and administrative powers, these dictated and resulted in the unsuccessful implementation of the RTC program, because the community sector had been excluded from decision making around its development, and was not considered an equal partner in the program.

A more holistic approach to the concept of partnership is one that promotes cross-sectoral participation. Such partnerships may comprise local government, the public and private sectors and the non-government sector. Many of the regional projects examined in the regional governance case studies were based on this model of partnerships. However, this model can also serve to disempower citizens, as the power of professionals and 'experts', combined with a bureaucratic policy-making process can overpower the input of community members. Where citizen input is sought, this often takes the form of consultation, and although slight amendments might be made in the light of the views of local people, the purpose, budget, outcomes and process have generally been pre-determined. As Arnstein (1969) argues, such consultation is usually little more than tokenism.

Cross-sectoral partnerships are recognised as significant to modern policy making, evidence that a more equitable approach is required at local and regional levels. A different approach is required that builds on cross sectoral partnerships but is based on respect, equity and mutuality between partners.

The regional governance initiatives considered in Chapter 6 demonstrate that the social development of local communities cannot be shaped by economics alone. The economy is only one element of community life. The emphasis on corporate social responsibility and triple bottom line accounting promotes recognition of the principle that if the private sector has the right to make profits from the local community then it has the responsibility to contribute in a meaningful way to the welfare and social fabric of the community. The GAP demonstrated this challenge for government, when, following the mid term review, it factored a community service obligation into its funding formula for

---

Government Access Centres. It is appropriate that government, as an enabling authority, should have the role of overseeing such community partnerships.

Collaborative partnerships allow each sector to bring their own skills, expertise and knowledge to the local partnership. The private sector is efficient in getting things done. The community sector (including local government) articulates local views, communicates with users and develops a sense of citizen ownership and identity with the project. The government's key strengths are its enabling ability and its capacity to ensure the broader public objectives are achieved, by maintaining a strategic overview. This was strongly demonstrated by the RCP case study

Partnerships developed this way can promote a democratic approach to social change. To be successful they must encourage participation, so that joint purpose, common values and mutual understanding can develop. Enabling local communities to engage in the shaping and utilisation of community projects is an important step towards a more inclusive society.

Collaborative partnerships recognise the existence and importance of the social economy, where the non-government sector operates in a dynamic and flexible way. The grants-based programs identified in this research rely on the contribution that co-operatives, voluntary organisations and community groups make to the daily lives of citizens and communities. The active involvement of the community sector in the policy process through collaboration requires a re-examination of assumptions and practices relating to the power of administrators. Without changes in the way bureaucracies function, genuine participation will be limited to academic experiments of ideal types.

The processes and activities resulting from social partnership and social innovation are quite distinct from the structured approach found in the formal economy. These are best described as components of the social

---



economy, where community life is based on the principles of participation and self empowerment. That is, individuals have the right to self-actualisation and at the same time have social responsibilities to the rest of the community (Etzioni 1993). Such an approach is reflective of participatory democracy.

For government, genuine partnership arrangements must become fundamental to service models. Such arrangements involve more than privatisation, outsourcing and contracting of services. The processes of genuinely sharing power, decision-making and responsibility are more daunting because they are so innately counter-cultural to many government organisations.

### **Regional governance as new governance?**

The regional governance case studies highlighted the need for government to develop an understanding of the conditions that favour, and those that inhibit regional service solutions. A number of factors influence regional coordination, including local resistance to surrendering autonomy and resources to regional decision making processes. In the Regional Coordination Program, the extent to which an RCMG was able to be attuned to and respond to prevailing conditions in the region was a critical factor in local acceptance of the RCMG processes. In the Rural Communities Programme, the strengthened role of ACCs heightened the need for those organisations to more responsive to the needs of the community. The diversity of approaches incorporated in these programs included regional planning, clustering services, collocating and integrating services, supporting place management initiatives and creating multi-tiered structures to facilitate regional partnerships and decision making.

This diversity in approaches to regional coordination acknowledged that by understanding the dynamics of individual regions, governments accept that one model of regional service does not fit all regions, and that there is no

universal set of factors that leads to support for regional governance. Rather, there are unique factors that may lead to support for particular approaches.

The first important consideration for regional governance was the extent to which there was support for regional agencies to provide local services where these services were not currently being provided. In other words, the safety net provisions fell back to governments at both levels. In the second regional governance case study, the consolidation of human services and the development of a model of mobile service integration was considered by the community involved to be an effective, efficient and equitable resolution to their ongoing service gap. Again, in the ICT case studies, the expectation that government would find a solution to the withdrawal of transaction services, gave political legitimacy to the RTC program, even though it was assessed by government as being ineffective, inefficient and not delivering program outcomes.

A second important finding of the second regional governance case study (the NSW Regional Coordination Program) was the extent to which government overestimated the level of community awareness of its whole of government initiative. Furthermore, many disputed the claims that community support for regional integration was related to the program's success. Contrary to the suggestion from regional managers of service agencies that the RCP was responsible for the high level of cooperation across government and communities in some regions, community leaders reported that the RCP was **not** the driver of co-operative efforts; rather this cooperation was based on the self-help focus on economic and social planning being undertaken at local and regional levels by communities.

A perceived benefit of the regional coordination efforts was that the government had created the institutional capacity to concentrate on coordinating community services across governmental jurisdictions, while the private sector assumed an economic development role. This perspective, although separating the social and economic aspects of regional development,

---

acknowledged the strengths and contributions of partners in strengthening and retaining regional services.

A third finding of the regional governance case study related to the issue of leadership. Leadership is critical in creating opportunities for people's participation and partnership with stakeholders that can help transform communities. Individuals in key positions and community organisations play a crucial role in activating, initiating or mobilising public participation in community projects. Regional leadership was considered to require an entrepreneurial approach and regional development organisations (Regional Development Boards and ACCs) used their visibility to tap into private sources of support to encourage communities to co-operate in regional initiatives. They lobbied government for tangible outcomes and, although they had no real authority to enforce decisions, the process of regional problem solving was highly successful in dealing with issues that could be resolved through collaborative approaches.

A fourth finding was that the greater the impact of local activities on service provision, the more important it is to attend to the long-term process of implementing regional solutions. The first set of case studies demonstrates how these approach benefits regions that have little institutional capacity for regional decision making, by starting with regional programs that provide technical assistance designed to address problems that require collaborative solutions, e.g. natural resource management. This provides a collaborative context for more active regional roles that benefit communities and helps to develop the concepts of regional identity and regional governance.

Regional governance demonstrates the strength of new governance in action. Managing change in regional service delivery can be supported by continuing to devolve authority and resource allocations to regional levels and supporting risk management strategies.

### **New governance and service delivery using ICT**

Information technology has redefined two distinct yet connected relationships between people and their governments: the relationship between the government and citizen as consumer, and the relationship between government and the citizen as owner and shareholder. ICT has also reduced the transaction costs of many services as the reach and speed of communications technologies improve, and as tools have become more robust. For regional Australia, however, ICT systems continue to be limited by ageing telecommunications infrastructure and resultant poor take up rates that inhibit investment by providers in what is a highly competitive market.

The ICT and Service Delivery case studies reveal the extent to which ICT generates pressures on government to improve service delivery, regardless of location, and highlight the opportunities for this to occur through community governed initiatives. The first pressure relates to fiscal and performance issues, which intersect with technology because increasingly, regional taxpayers and service users know that regional telecommunications infrastructure and government services lag behind private enterprise networks and services in terms of convenience, accessibility and efficiency.

The second pressure comes from what can be described as the rising tide of digital citizens: those with the skills and access necessary to use digital technologies, and who expect to be able to access these technologies regardless of location. New expectations of involvement are constantly created as digital consumers discover what it is possible to do online.

The third pressure comes from the fact that the new technologies are collaborative, immediate, involving and empowering. New technologies create new networks. This was demonstrated effectively with the virtual network created by RTCs, and the consequences of sharing information between communities that led to high levels of dissatisfaction with contractual arrangements with service providers.

Finally, ICT has changed public space, by connecting government, the market and civil society closer together and blurring the lines of what were once quite separate spheres. Technology-driven global integration of markets accelerates the influence of market forces on national governments. The internet has reduced the role of traditional intermediaries in market transactions and increased the number of citizen-to-citizen transactions.

All these pressures are driving new governance approaches to service delivery. New networking technologies eliminate the boundaries between and within government agencies as service delivery is organised around the needs of end users. In turn, these new networks of government, civil society and the marketplace are redefining the nature of public services. It would be expected that such service delivery reforms would be followed by fundamental shifts in government, creating new roles for citizens and a move beyond 'broadcast' democracy to a more intimate and immediate model.

The emergence of ICT as a vehicle for service delivery heightens the importance of partnership approaches. If the only services available to citizens are those regulated and priced by the service providers of a commercially developed infrastructure, then issues of access, social inclusion and active citizenship are diminished in value because the role of citizen is reduced to that of consumer. Even in countries with the highest levels of technology penetration, unacceptable gaps between digital 'haves' and 'have nots' are growing, challenging both governments and business to address the international and domestic digital divide with substantive and meaningful solutions.

While the ICT case studies demonstrated service models that were founded on the concept of community, success was best achieved by those which involved suppliers, the infrastructure providers and (perhaps most importantly), their customers in a network where they could build value together. Where this did not occur, the poor take-up rate and lack of support for the program was evident.

---

Risk management is a central element to any sound governance framework and requires commitment and ownership at all levels of the organisation. Both ICT case studies demonstrated that there was considerable naivety on the part of government departments and communities about the extent to which they could actually transfer risk associated with financial and transaction services. This resulted in overestimation of transaction numbers, and underestimation of transaction costs in both programs. It also demonstrated that being an uninformed buyer puts at risk the ability to select and justify the contract or service that offers best value for money, and the ability to select and justify an innovative solution. An unscrupulous contractor can also take advantage of the buyer's lack of knowledge. This lack of skill in risk management combined with the lack of government agencies' capacity in project management skills serves to highlight the importance in new governance of continuous learning and improvement.

Risk-management in the technological environment included security. Some citizens showed serious concern about privacy in when online, not just about providing personal information to a government agency, but also the risk that personal information provided for a specific purpose might end up on a number of databases.

New governance seeks to foster entrepreneurship in government to promote innovative thinking and reduce risk-averse strategies. The risk in this approach may be a reduction in consistency in decision-making, and an increase in policy incoherence if systems are not in place to maintain policy and program integrity. This was the case with the RTC Program, as reported by the ANAO (2003).

### **New governance and policy coherence**

'Coordination is the most commonly accepted way of dealing with the range and complexity of state activities where objectives must be divided up for ease of consideration and manageability' (Di Francesco 2001:107). The case

studies demonstrated that coordination in regional service delivery is essentially a political process that is subject to a number of competing interests.

New governance aims to achieve policy coherence, through instruments such as coordination, particularly when government remains dependent on the services provided by central agencies. There is a political imperative when policy coherence is associated with instrumental notions of 'control'. The loss of control, therefore, can be both a source and a product of policy incoherence. The case studies demonstrate this where the policy process was managed by formal institutional arrangements at the state level. They also show that at the Commonwealth level, there were continued efforts to refine policy objectives while little attention was devoted to the policy processes. This research has found that the potential for policy coherence lies in managing the policy process, rather than in the policy objectives.

Policy coordination as a process is directed at creating conditions – in particular, standardised decision making within the state apparatus – under which coordination can be achieved across different policy sectors (Davis 1995)

The success demonstrated in the case studies in coordinating horizontally at the state government level supports the approach to coordination *among* the parts rather than *of* the parts by some controlling body or person (Painter 1987). This was found to be more successful at the state level in the face of an increasingly diverse network of policy actors. Furthermore, coordination was seen in the case studies to provide systemic steering capacity for central agencies.

A feature of new governance is the increase in the number of interest groups seeking benefits from government. To manage this phenomenon, formal processes of consultation have been developed. These processes occur within the environment of competitive and conflicting goals of many government programs. Intergovernmental arrangements have also created a

complex web of interactions between governments and between government and society.

The case studies demonstrate that policy coherence can best be achieved through whole of government initiatives when there is control from central agencies over strategic policy outcomes. NPM reforms resulted in government fragmentation and made coordination more difficult. The growth of private sector organisations contracted to provide public services has also lessened the coherence of public programs and created a need for stronger central coordination efforts.

Salamon's tools approach is a valuable framework for describing how governments, and especially their political leaders, attempt to create greater coordination through a different range of instruments than were previously used. Public engagement in service design is one such tool, adding value and increasing levels of citizen satisfaction with government services.

## **Conclusions**

There are many contradictions in the development of government strategies to resolve regional service delivery shortcomings. Efforts to bridge the service divide are hampered when centralised political power is unwilling to devolve responsibility for service delivery. The regional governance case studies demonstrate that one of the most difficult barriers to overcome occurs when levels of regional autonomy are not clearly defined. Lack of policy coherence across government is further complicated by policy incoherence between levels of government, issues that are in part resolved through a network approach and the development of partnerships.

Partnerships involve government working with stakeholders and can take different forms, from a one-off arrangement confined to a specific issue or situation, to a regular practice. In some cases it is a matter of policy to foster partnerships with all stakeholders across the board and in all sectors. This is most likely to happen where public trust is strong, where a culture of



cooperation rather than competition and confrontation has been nurtured. In regional communities, the best outcomes occur when partnership mechanisms have been institutionalised. In this way, efforts to bridge the service divide acknowledge the relationship between regional processes and organisations and democratically elected state and local governments, and share the responsibility for setting regional priorities and accountability for effective policy outcomes.

*Chapter 9: Challenges for Government*

Throughout rural and regional Australia there are many small and isolated communities characterised by inadequate government services. Small declining populations and geographic isolation mean that appropriate services are simply not available locally and that citizens must travel long distances to access them from larger centres. Government at all levels is being challenged to develop appropriate alternative models of services that meet the needs of these citizens, while meeting its own economic and administrative efficiency needs.

The purpose of this research has been to consider how government attempts to address conflicting priorities by improving decision-making and resource management. Two different policy approaches were examined, from which five distinct factors emerged. The first was *the extent and nature of involvement by government*: the ways in which government was involved in implementing policy at local levels is significant in determining that government's policy success or failure. Second was *the capacity for strategic planning*: if planning for services is not undertaken in a systematic way, local variables are not able to be taken into account. The third factor is *the use of interagency relationships*: agencies which have closely aligned services or common clients have established relationships through regulatory or legislative frameworks, which should inform planning and development of service models. Fourth *reliance on information communication technology*: use of ICT to replace face to face services is based on assumptions that citizens have access to online services and will use those services. Finally, *the involvement of citizens in the decision-making*: the involvement of end-users in the development of services acknowledges the rights of citizens as consumers with a legitimate role in the decision-making processes.

The case studies varied in the policy issues considered and the particular aspects of new governance on which they focused. On the whole, the regional

---

governance case studies emphasised the first three factors and highlighted the policy outcomes of using networks, coordination and central agency control to inform strategic planning and deliver policy successes. The ICT case studies featured the last two factors, emphasising the processes of decision-making, the balance of power in service relationships and the importance of political legitimacy as a factor in determining the likelihood of policy success.

The examination was intended to determine whether new arrangements that have emerged from the implementation of new public management reforms have been effective in delivering policy outcomes in Australia. This straightforward theoretical approach was soon tested by the practical concerns identified by Peters (1988): the lack of common concepts, definitions and methods for the study of bureaucracy. The language of 'whole of government' approaches demonstrates that there are differences in interpretation and emphasis, according to the perspective and level of government involved. These differences remind us to be cautious in using common terms which do not necessarily mean common practice. This was more apparent in the literature and approach to regional development and regional governance case studies than in the ICT case studies, where terminology and concepts have been more precisely defined in the technology literature and in technical practice.

The case studies demonstrated that effective regional service delivery is enhanced and sustained by certain conditions in the governance systems. These conditions relate to the institutional structures established to manage regional services and the associated resources allocated to deliver those services. The skills and organisational capacity required to implement, manage and evaluate regional service delivery, at both central and local levels are also significant factors in policy success and failure and policy learning. The quality of partnerships, local participation and local leadership are critical to the sustainability of regional services.

The regional governance case studies confirmed that when centralised bureaucratic procedures exclude recognising local needs and preferences they are unlikely to succeed in delivering effective services. Such an approach reflects the practice of designing programs not on the basis of the impact that they have, but on government's perception of these impacts. Those working with and in regional communities are best placed to provide insights into policy consequences, and unless they are consulted, the quality of decision making is weakened, as demonstrated in the Rural Transaction Centre program.

Regional governance does not always result in a more participatory approach to regional services. It does not always foster better partnerships with other stakeholders or always lead to more effective service delivery or improvement in the quality of life of people in regional communities. However, the right combination of all these elements will result in more effectively meeting the needs of people at the local level. It can be concluded, therefore, that where there is clear devolution of decision-making powers combined with sharing of commensurate resources and other enabling policies, decentralisation is most likely to make a difference. If the best features of regional governance are combined with strong capacity building measures, both at central and local levels, and effective coordination mechanisms, then the resulting policies and services will strengthen public accountability, foster greater participation and result on more equitable partnerships with key stakeholders.

The ICT case studies emphasised the political dimension of policy administration. They demonstrated the particular impacts of increased political control, identified by Davis and Rhodes, and the problems that can arise when government relies on consultants and policy advice from outside the public sector. One effect has been a heightened tendency to resort to risk averse policy responses. These responses generate one of two outcomes: either they result in micro-management of government processes, thus stifling the service flexibility they are supposed to generate; or they promote a lack of

transparency in decision-making. The contestability of policy advice also comes into question, and when combined with a reliance on community organisations for service delivery, leads to fragmentation and redundancy in service delivery systems.

Both sets of case studies highlight the financial and other costs involved in devolving decision-making and resource management to the local level, indicating that cost effectiveness is impaired and cost recovery possibilities are diminished when communities are not owners and stakeholders in the process. There are significant administrative costs in establishing a market system for service delivery. A reliance on contractual arrangements with private and not for profit organisations requires complex service agreements, and often a two-tiered system, where government funds safety net provisions. It is clear that bureaucratic approaches to service delivery which rule out community involvement are unable to tap the considerable social and intellectual capital of those communities. Political costs in monitoring and evaluating these policies must also be considered. Regardless of commercial contracts, ministerial accountability for perceived policy failure continues to be a feature of contemporary governments.

The case studies provided an experience-rich context in which to apply the new governance analysis, in effect a mini-laboratory of new governance. As expected, there were many organisational contradictions. The strength of the new governance approach in this study is the new insights it offers into what really happens in regional service delivery - when the rubber hits the road - and when the purpose of government and governance activities have become disconnected from the outcomes. The tools approach was useful in breaking down the administrative systems involved in the programs considered, and contextualised the NPM reforms.

Essential factors in successful new governance are collaboration, reciprocity and effective policy networks. This research has demonstrated that certain tools of government provide an effective institutional framework for

---

partnerships that involve government, private and community sectors, but that care must be taken when considering the choice of tools to ensure that they are able to deliver the policy outcomes required. Importantly, such partnerships can only be effective if the key roles and obligations of partners are clearly articulated and understood by all involved. This will enable the obligations to be reinforced in the management of projects and in the policy learning that is an outcome of the partnerships.

The research also demonstrates that successful regional initiatives are those that invest in local capacity building. This capacity includes building local legitimacy for decision making and resource allocation, strengthening the link between effective regional economic and social development. Again, when regional initiatives have been successful, there has been an emphasis on strengthening community links and decision-making processes by using consultative mechanisms, shared learning, and power sharing between agencies and communities. Policy failures in service delivery were demonstrated where policies were developed as political responses, without adequate analysis of risks, or investment in institutional arrangements that would ensure policy coherence and sustainability.

### **The potential for new governance**

A significant contribution to the literature is the work undertaken by Salamon (2002), which emphasises network management through mastery of generic tools of public action. Salamon's new governance paradigm was selected as the framework of analysis in this study because of the influence this work has had on modern public policy analysis.

The new governance framework is a valuable addition to the range of public administration perspectives. It attempts to make sense of the transformations of public institutions that have occurred following the implementation of new public management. New governance focuses on participants, purposes, means and politics ( Radin et al 1996:179). It shifts the unit of analysis from

programs and agencies to tools of action and moves the focus of administration from hierarchy to network: from public-versus-private to public-plus-private, from command and control to negotiation and persuasion, from management skills to enablement skills.

New governance seeks to address complex issues of accountability, by strengthening tools of government action. There are many practical signs of a paradigm shift to new governance in the case studies, but fewer indications that these involve institutional transformations. There is reason to expect that networks will continue to operate in addition to traditional hierarchical forms of governance. Pressure to create greater joining up will be most easily justified at the interagency level, and most difficult to achieve at the intergovernmental level.

Many public administration theorists acknowledge the phenomenon of new governance, although the arguments centre on the extent to which new governance is considered just another iteration of new public management. This research suggests that there is an evolutionary change in political, structural and internal bureaucratic systems in response to globalisation and the spread of information technology. This evolution has not required wholesale change in systems of government, but rather internal change at some levels to address issues of transparency and accountability, and to include the new actors who play such an important role in contracted service delivery. Supporters of the new governance approach recognise the differences that have emerged as processes of social self- regulation are being favoured over government intervention.

New governance also takes into account how to manage the objectives of governance. When government confines itself to the structure and procedures of decision-making and enters into contractual arrangements for service delivery, there are important public policy implications. In the area of regional services and regional policy, the use of service integration and coordination approaches may in fact counter the stated policy objectives of effectiveness

---

and efficiency, if the outcomes are in fact silos of integration, or coordination efforts that merely induce compromise and moderate social conflict. New governance requires much more of both government and communities. New governance provides a way forward by recognising greater participation in governance by regional actors. In addition, greater communal responsibility is incorporated into decision-making arrangements.

New governance also promotes differentiation, and multiple perspectives in service delivery. There is recognition that no single model will effectively meet the service needs of all communities. This has important implications for strategic policy development and implementation which become closely linked in new arrangements that are based on local and regional networks. These arrangements enable greater and faster feedback and policy adaptation and responsiveness.

### **Opportunities for future research**

This research project commenced in an environment of new public management reforms embraced as part of international trends in public administration. The case studies provide examples of Australian governments' best attempts to respond to those reforms.

Several issues will continue to be the focus of reform. Reform of utilities, with its attendant implications for regional services, the future of Telstra and the telecommunications industry, and water rights and water pricing policy will be important policy areas where the 'new governance' approach can be applied. Governments at all levels, industry, communities and individuals continue to grapple with fundamental infrastructure and supply issues. The ageing of Australia's population with important consequences for health and community service requirements of coming decades also poses complex policy questions for future governments. New governance continues to provide an effective framework in which these and other areas of reform can be considered, in the interests of servicing the regions.



While it is easier to identify the key drivers of these reforms, it is much more difficult to identify solutions to the policy problems that they raise. New governance has emerged as a response to the impacts and outcomes of these changes and institutional arrangements now in place to deliver services are subject to increasing scrutiny. This research contributes to a better understanding of current initiatives within Australia, but as we move further into the less certain realm of dynamic and flexible solutions to regional service models, there will be research opportunities for more case studies in Australia, and comparative studies with other OECD countries to consider policy responses beyond NPM.

This research also prompts further research into a range of policy issues including:

- The contribution of political successes but policy failures to improving transparency and openness in government
- How governments remain accountable to citizens
- How government can best hold third party service providers accountable
- The potential of integrated governance
- How lack of contestability of policy advice can inhibit good governance and effective service delivery

The Commonwealth government has signalled its intention to strengthen its powers for decision-making through the intergovernmental framework of COAG. The extent to which its actions represent collaborative action and a shift to new governance, or a reversal to strengthen central control in the pursuit of economic reform remains to be seen. The government's control of the Senate from July 2005 will be a critical factor in its approach.

The measures introduced under the National Competition Policy reforms of the 1990s have taken their course and will be subject to review by the National Competition Council. Scrutiny of Australia's economic performance

by organisations such as the OECD will result in continuous processes of reform, as government seeks to improve productivity and strengthen national economic security.

*List of References*

Agricultural and Resource Management Council of Australia and New Zealand (ARMCANZ) 1997, *an integrated rural policy package*, ARMCANZ, Canberra, at [www.affa.gov.au/docs/operating\\_environment/armcanz/resolutions/armcanz](http://www.affa.gov.au/docs/operating_environment/armcanz/resolutions/armcanz)

Alexandra, J 1999, 'Regions– the bastard children of cooperative federalism', in Dore, J & Woodhill, J (eds), *Sustainable regional development, final report: an Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment*, Greening Australia, Canberra.

Alston, M, Share, P, Heazlewood, T & Kent, J 1997, *Evaluation of the Rural Communities Access Programme*, DPIE/Centre for Rural Research Unit, Charles Sturt University, Wagga Wagga.

Alveson, N & Wilmott, H (eds) 1992, *Critical management studies*, Sage, London.

Anderson, J 1996 'Rebuilding regional Australia: budget initiatives in regional development, Budget Speech, 21 August, at <http://www.finance.gov.au/budget96/budget96.html>

Anderson, J 1997, 'Federal government gives farm sector "AAA" rating', media release, 14 September, at [http://www.affa.gov.au/ministers/anderson/releases/97\\_122a.html](http://www.affa.gov.au/ministers/anderson/releases/97_122a.html)

Anderson, J 1999, 'One nation or two? Securing a future for rural and regional Australia', address to the National Press Club, Canberra.

Anderson, J 2000, '\$90 million Federal funding for "Regional Solutions" ', media release from Office of Deputy Prime Minister and Minister for Transport and Regional Services, Canberra, 18 June 2000.

Anderson, J 2001, 'Stronger regions, a stronger Australia', address to the National Press Club, Canberra, at [www.dotars.gov.au/media/anders/speeches/2001](http://www.dotars.gov.au/media/anders/speeches/2001).

Arnstein, S 1969, 'A ladder of citizen participation', *Journal of the American Planning Association*, vol. 35, no 4, July 1969, pp. 216-24.

Aucoin, P 1990, 'Administrative reform in public management: paradigms, principles, paradoxes and pendulums', *Governance*, vol. 3, no. 2, pp. 115-37.

ANAO 2003, *The administration of telecommunications grants*, Audit report no. 12, at <http://www.anao.gov.au>

Beem, C 1999, *The necessity of politics: reclaiming American public life*, University of Chicago Press.

Beer, A 2000, 'Regional policy and development in Australia: running out of solutions' in Pritchard, B & McManus, P (eds), *Land of discontent: the dynamics of change in rural and regional Australia*, University of New South Wales Press, Sydney.

Blair, T 1998, *the third way: new politics for the new century*, Fabian Society, London.

Blakely, G & Bryson, V (eds) 2002, *Contemporary political concepts*, Pluto Press, London.

Bourdieu, P 1986 'The forms of capital' in Richardson, JG (ed), *Handbook of theory and research for the sociology of education*, Greenwood, New York.

Bovens, M, 'tHart, P & Peters, BG 2001, *Success and failure in public governance: a comparative analysis*, Edward Elgar, Cheltenham.

Brunnson, N 1989, *Organisation of hypocrisy: talk, decisions and actions in organizations*, John Wiley & Sons, Chichester.

Bureau of Transport and Regional Economics 2003 (BTRE), *Government interventions in pursuit of regional development: learning from experience*, Working paper no. 55, BTRE, Canberra.

Butlin, N, Barnard, A & Pincus, J 1982, *Government and capitalism: public and private choice in twentieth century Australia*, Allen & Unwin, Sydney.

Carr, B 1997, Using the internet to do business and improve out quality of life, Report of the nsw government, at <http://www.oit.nsw.gov.au/pdf/3.3.3.summary.pdf>

Chadwick, A & May, C 2003, 'Interaction between states and citizens in the age of the Internet: "e-government" in the United States, Britain and the European Union', *Governance: International Journal of Policy, Administration and Institutions*, vol. 16, no. 2, pp. 271-300.

Cohen, D & Prusak, L 2001, *In good company: how social capital makes organizations work*, Harvard Business School Press, Boston.

Coleman, J 1990, *Foundations of social theory*, Harvard University Press, Cambridge.

Commonwealth Centre for Electronic Government (CCEG) 2002, *A survey of comparative e-government principles*, International Tracking Survey Report No.1, at <http://www.electronicgov.net>.

(CCEG) 2003, *E-government vs. e-governance: examining the differences in a changing public sector climate*, International Tracking Survey Report No.4, at <http://www.electronicgov.net>.

Considine, M 2002, 'The end of the line? Accountable governance in the age of networks, partnerships, and joined-up services', *Governance: An International Journal of Policy Administration and Institutions*, vol. 15, no. 1, pp. 21-40.

Cox, D & Veteri, D 1992, *Developing Links with Rural Victoria: An Information and Discussion Paper*, Victorian Council of Social Services and Office of Rural Affairs, Melbourne.

Credit Union Services Corporation (Australia) Limited (CUSCAL) 2002, *The way ahead*, at <http://www.cu.net.au/cuscal/docs/2002>.

Curtain, R 2000, 'Towards greater transparency in policy-making', *Canberra Bulletin of Public Administration*, no. 96, pp.1-5.

Davis, G 1995, *A government of routines: executive coordination in an Australian state*, Macmillan Education, Melbourne.

Davis, G & Keating, M (eds) 2000, *The future of governance: policy choices*, Allen & Unwin, Sydney.

Davis, G & Rhodes, RAW 2000, 'From hierarchy to contracts and back again: reforming the Australian public service' in Keating, M, Wanna, J & Weller, P (eds) 2000, *Institutions on the edge? Capacity for governance*, Allen & Unwin, Sydney.

Davis, G & Weller, P (eds) 2001, *Are you being served? State, citizens and governance*, Allen & Unwin, Sydney.

Department of Primary Energy and Industry (DPIE) 1996, *Business advice for rural areas: budget preparation and financial guidelines*, AGPS, Canberra.

Department of Transport and Regional Services (DOTARS) 1999, *Submission to the Senate Inquiry into the level of banking and financial services in rural, regional and remote areas of Australia*, at [http://www.aph.gov.au/Senate/committee/corporations\\_ctte/completed\\_inquiries/2002-04/banking/submissions/sub127.doc](http://www.aph.gov.au/Senate/committee/corporations_ctte/completed_inquiries/2002-04/banking/submissions/sub127.doc)

DOTARS 2000, *Rural Transaction Centre Programme* at [dotars.gov.au/rtc.htm](http://dotars.gov.au/rtc.htm).

DOTARS 2002, *Annual Report*, at <http://www.dotars.gov.au/dept/annrpt/0102/index.htm>

Deth, van J 2000, 'Interesting but irrelevant: social capital and the saliency of politics in Western Europe', *European Journal of Political Research*, vol. 37, pp. 115-47.

Di Francesco, M 2001, 'Process not outcomes in new public management? "Policy coherence" in Australian government', *The Drawing Board: An Australian Review of Public Affairs*, vol. 1, no. 3, pp. 103-16.

Dore, J & Woodhill, J (eds) 1999, *Sustainable regional development: final report*, Greening Australia, Canberra.

Dore, J, Woodhill, J, Andrews A & Keating, M 2003, 'Sustainable regional development: lessons from Australian efforts' in Dovers, S and Wild River, S (eds), *Managing Australia's environment*, The Federation Press, Melbourne.

Dovers, S and Wild River, S (eds) 2003, *Managing Australia's environment*, The Federation Press, Melbourne.

Edgar, D 2001, *The patchwork nation: re-thinking government – rebuilding community*, Harper Collins, Sydney.

Edwards, M 2000, 'Governance: meaning and issues', *Canberra Bulletin of Public Administration*, no. 96, pp. 5-9.

Etzioni, A 1993, *the spirit of community*, Crown Publishers, New York.

Falk, I, Kilpatrick, S & Bell, R Falk, IH, Kilpatrick, SI 2000, 'What is social capital? A study of interaction in a rural community', *Journal of the European Society for Rural Sociology, Sociologia Ruralis*, vol. 40, No. 1, pp. 87-110.

Farland, T 1998, *the service chain: strategic themes for the design of integrated services*, NSW Premier's Department, Sydney.

Farland, T 2002a, *Regional Coordination Program review: summary document*, Premier's Department, Sydney.

Farland, T 2002b, *The RCP review and regional human services: issues and strategy*, Premier's Department, Sydney.

Fine, M 1997, 'Searching for a "one-stop-shop" and the seamless service system', *Social Policy Research Centre Newsletter*, no. 64, pp. 1-5.

Frissen, PHA 1999, *Politics, governance and technology: a postmodern narrative on the virtual state* (trans. C Emery), Edward Elgar, Cheltenham.

Fukuyama, F 1995, *Trust: the social virtues and the creation of prosperity*, Penguin, Harmondsworth.

Garlick, S 1999, 'The Australian history of government intervention in regional development', in Dore, J & Woodhill, J (eds), *Sustainable regional development, final report*, Greening Australia, Canberra.

Gerritson, R 2000, 'The management of government and its consequences for service delivery in regional Australia' in Pritchard, B & McManus, P (eds), *Land of discontent: the dynamics of change in rural and regional Australia*, University of New South Wales Press, Sydney.

Gibson, K, Cameron, J & Veno, A 1999, 'Negotiating restructuring: a study of regional communities experiencing rapid social and economic change', Working paper no. 11, Australian Housing & Urban Research Institute, Monash University, Melbourne.

Giddens, A 1998, *The third way: the renewal of social democracy*, Polity Press, Cambridge.

Granovetter, M 1984, 'The strength of weak ties: a network theory revisited' in Marsden, PV & Lin, N (eds) *Social structure and network analysis*, Sage, Newbury Park, CA.

Graycar, A 1977, 'The relevance of community involvement to social welfare and public administration', *Australian Journal of Public Administration*, vol. 36, no. 3, pp. 238-248.

Hall, P 1999, 'Social capital in Britain', *British Journal of Political Science*, vol. 29, no. 3, pp. 417-61.

Halligan, J & Power, J 1992, *Political management in the 1990s*, Oxford University Press, Melbourne.

Hanich, V 2000, Draft *NSW Government Access Pilot Program evaluation report*, unpublished document.

Hammersley, M & Gomm, R 1997, 'Bias in social research', *Sociological Research Online*, vol. 2, no. 1.p. 2, at <http://www.socresonline.org.uk/socresonline/2/1/2.html>

Hart, J 1998, 'Central agencies against departments: empowerment and coordination', in Peters, BG & Savoie, DJ (eds), *Taking stock: assessing public sector reforms*, McGill-Queens University Press, Montreal.

Hayden, W 1996, *Hayden: an autobiography*, Angus & Robertson, Sydney.

Heeks, R 1999, *Reinventing government in the information age: International practice in IT-enabled public sector reform*, Routledge, London.

Hood, C 1983, *The tools of government*, Macmillan, London.

Hood, C 1990, 'De-Sir Humphreying the Westminster model of bureaucracy: a new style of governance?', *Governance*, vol. 3, no. 2, pp. 205-14.

Hood, C 1991, 'A public management for all seasons', *Public Administration*, vol. 69, no. 1, pp. 3-19.

Hood, C 1995, 'The new public management in the 1980s: variations on a theme', *Accounting Organisations and Society*, vol. 20, no. 2/3, pp. 93-109.

Howard, J 2000, 'Quest for a decent society', *The Australian*, 12 January.

Howe, B 1994, *Guidelines for the Regional Development Program: Growth through our regions* Department of Housing and Regional Development, Canberra.

Industry Commission 1993, *Impediments to industry regional adjustment*, Report no. 35, vol. 1, AGPS, Canberra.

Jacobs, J 1961, *The death and life of great American cities: the failure of town planning*, 1992 edn, Vintage, New York.

John, P 1998, *Analysing public policy*, Pinter, London.

---



- Keating, M, Wanna, J & Weller, P (eds) 2000, *Institutions on the edge? Capacity for governance*, Allen & Unwin, Sydney.
- Keating, P 1994, *Working Nation: the White Paper on employment growth*, Australian Government Publishing Service, Canberra.
- Kelty Report, see Taskforce on regional development 1998.
- Kingdon, JW 1995, *Agendas, alternatives and public policies*, 2<sup>nd</sup> edition, Harper Collins, New York.
- Leutz, W 1999, 'Five laws for integrating medical and social services: lessons from the United States and the United Kingdom', *The Millbank Quarterly*, vol. 77, no. 1, pp. 77-110.
- Lewins, F 1993. *Writing a thesis: a guide to its nature and organisation* (4<sup>th</sup> ed), Canberra Bibliotech, Canberra.
- Lewis, G 2001, "Laughing all the way to the credit union": *the CreditCare experience in "No Bank" towns 1995-2000*, ACCORD, University of Technology, Sydney.
- Mant, J 1998, 'Place management: why it works and how to do it', *Sydney Vision: UTS Papers in Planning*, no. 13, Sydney.
- Marsden, PV & Lin, N (eds) 1984, *Social structure and network analysis*, Sage, Newbury Park, CA.
- McCarthy, D 1996, 'A responsibility shared: partnership in the Republic of Ireland', in Harbour, B, Morris, P and McCormack, I (eds), *Learning to disagree: peace and economic development in Ireland*, Unison/Impact, London.
- McKinsey & Company 1994, *Lead local compete global: unlocking the growth potential of Australia's regions*, McKinsey & Co, Sydney.
- Miles, M & Huberman, M 1994, *Qualitative data analysis*, 2<sup>nd</sup> edn, Sage Publications, Thousand Oaks, CA.
- Muir, A & Oppenheim, C 2002, 'National information policy developments worldwide 1: electronic government', *Journal of Information Science*, vol. 28, no. 3, pp. 173-86.
- Mulgan, R 2002, 'Accountability issues in the new model of governance', Discussion Paper no. 91, Graduate Program in Public Policy, Australian
-

National University, Canberra, at  
<http://www.anu.edu.au/pubpol/Discussion%20Papers/No91Mulgan.pdf>

National Economics 2002, *State of the regions report 2002: a report prepared for the Australian Local Government Association*, Australian Local Government Association, Sydney.

National Office of Information Economy (NOIE) 2002, *Better services, better government: the federal government's e-government strategy*, November, at  
[http://www.noie.gov.au/publications/NOIE/better\\_services\\_better\\_gov/index.htm](http://www.noie.gov.au/publications/NOIE/better_services_better_gov/index.htm)

Organisation for Economic Cooperation and Development (OECD) 1995, *Governance in transition: public management reform in OECD countries*, OECD Publication Service, Paris.

OECD 2000, *Governance outreach initiative: progress report and next steps*, OECD Publication Service, Paris.

OECD 2002, 'Improving governance for sustainable development: learning from experience in five OECD countries', *Governance for sustainable development: five OECD case studies*, at  
<http://www1.oecd.org/publications/e-book/4202051E.PDF>

Olson, M 1982, *The rise and decline of nations: economic growth, stagflation and social rigidities*, Yale University Press, New Haven, NJ.

Osborne, D & Gaebler, T 1992, *Reinventing government: how the entrepreneurial spirit is transforming the public sector*, Addison-Wesley, Reading, MA.

Ostrom, E 1993, 'A communitarian approach to local governance', *National Civic Review*, vol. 82, no. 3, pp.226-33.

Painter, M 1987, *Steering the modern state: changes in central coordination in three Australian state governments*, Sydney University Press.

Painter, M 1991, *Problems of coordination and cooperation in planning for Brisbane and its regions: intergovernmental coordination and cooperation*, Centre for Australian Public Sector Management, Brisbane

Painter, M 1998, *Collaborative federalism: economic reform in Australia in the 1990s*, Cambridge University Press.

Parliamentary Joint Statutory Committee on Corporations and Financial Services 2004, *Money matters in the bush: Report of the inquiry into the level of banking and financial services available to Australians living in rural, regional and remote areas of Australia* Commonwealth of Australia, Canberra, at <http://www.aph.gov.au/house/pubs/ar03-04/append4.htm>

Peters, BG 1996, *The future of governing: four emerging models*, University Press of Kansas.

Peters, BG 1998, 'Managing horizontal government: the politics of coordination', *Public Administration*, vol. 76, no. 2, pp. 295-311.

Peters, BG 2000, 'Governance and comparative politics', in Pierre, J (ed), *Debating governance*, Oxford University Press.

Peters, BG & Pierre, J 1998, 'Governance without government? Rethinking public administration', *Journal of Public Administration Research and Theory*, vol. 8, no. 2, pp. 223-43.

Peters, BG & Savoie, DJ (eds) 1995, *Governance in a changing environment*, Canadian Centre for Management Development, Ottawa and Montreal.

Peters, BG & Savoie, DJ 1996, 'Managing incoherence: the coordination and empowerment conundrum', *Public Administration Review*, May/June, pp??.

Peters, BG & Savoie, DJ (eds) 1998, *Taking stock: assessing public sector reforms*, McGill-Queens University Press, Montreal.

Pierre, J 1995, 'The marketization of the state' in Peters, BG & Savoie, DJ (eds), *Governance in a changing environment*, Canadian Centre for Management Development, Ottawa and Montreal.

Pierre, J (ed) 2000, *Debating governance: authority, steering and democracy*, Oxford University Press.

Pierre, J & Peters BG (eds) 2002, *Governance, politics and the state*, Macmillan, Montreal.

Pollitt, C 1990, *Managerialism and the public services*, Blackwell, Oxford.

Portes, A & Landolt, P 1996, 'The downside of social capital', *The American Prospect*, vol. 26, pp. 18-21.

Power, M & Loughlin, R 1992, 'Critical theory and accounting', in Alveson, N & Wilmott, H (eds), *Critical management studies*, Sage, London.

Premier's Department 1996, *Fair go, fair share, fair say :New South Wales social justice directions statement*, the Cabinet Office, Sydney.

Premier's Department 1997, *Regional Coordination Program: program guidelines*, Strategic Projects Division, Sydney.

Premier's Department 2002a, *Regions, agencies, results: a review of the Regional Coordination Program*, Strategic Projects Division, Sydney.

Premier's Department 2002b, *Regional strategic management framework*, Strategic Projects Division, Sydney.

Pritchard, B & McManus, P (eds) 2000, *Land of discontent: the dynamics of change in rural and regional Australia*, University of New South Wales Press, Sydney.

Productivity Commission 1999, *Impact of competition policy reforms on rural and regional Australia*, Productivity Commission, Canberra.

Putnam, R 1993, *Making democracy work: civic traditions in modern Italy*, Princeton University Press.

Putnam, R 1996, 'The strange disappearance of civic America', *The American Prospect*, vol.7, no. 24, pp. 34-48.

Putnam, R 2000, *Bowling alone: the collapse and revival of American community*, Simon & Schuster, New York.

Radin, B, Agranoff, R, Bowman, A, Buntz, CG, Ott, S, Romzek, B & Wilson, R 1996, *New governance for rural America: creating intergovernmental partnerships*, University Press of Kansas.

Rainnie, AI 2002, 'New regionalism in Australia: limits and possibilities', paper presented to the Social Exclusion and New Regionalism Workshop, University of Queensland.

Regional Australia Summit 2002, *Steering Committee Interim Report*, April, at <http://www.dotrs.gov.au/regional/summit/outcomes/committee/report>

Rhodes, RAW 1994, 'The hollowing out of the state: the changing nature of the public service in Britain', *Political Quarterly*, vol. 65, no. 2, pp. 138-51.

Rhodes, RAW 1996, 'The new governance: governing without government', *Political Studies*, vol. 44, no. 4, pp. 652-67.

Rhodes, RAW 1997a, 'It's the mix that matters: from marketization to diplomacy', *Australian Journal of Public Administration*, vol. 56, no. 2, pp. 40-53.

Rhodes, RAW 1997b, *Understanding governance: policy networks, governance, reflexivity and accountability*, Open University Press, Buckingham.

Rhodes, RAW & Marsh, D 1992, 'New directions in the study of policy networks', *Journal of European Political Research*, vol. 21, pp. 181-205.

Richardson, JG (ed) 1986, *Handbook of theory and research for the sociology of education*, Greenwood, New York.

Rosenau, JN 2000, 'Change, complexity and governance in globalizing space', in Pierre, J (ed), *Debating governance: authority, steering and democracy*, Oxford University Press.

Rural Communities Consultative Council 1997, *Report of the NSW Rural Communities Consultative Council*, RCCC, Orange, NSW.

Salamon, L (ed) 1989, *Beyond privatization: the tools of government action*, Urban Institute Press, distributed by University Press of America Lanham, Lund, Washington, DC.

Salamon, L (ed) 2002, *The tools of government: a guide to governance*, Oxford University Press.

Schatzman, L & Strauss, AL 1973, *Field research: strategies for a natural sociology*, Prentice Hall, Englewood Cliffs, NJ.

Sharp, J 1996, Press Release, Minister for Transport and Regional Development, *Regional Development* 18 July.

Sisk, J 2002, 'Capacity of the public sector to support creation and application of knowledge, innovation and technology for development', paper presented to the United Nations Committee of Experts on Public

Administration, 16 May, at <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan005790>.

Sorenson, T 2000, *Regional development: some issues for policy makers*, Commonwealth Department of the Parliamentary Library Research Paper no. 26, Canberra.

Stillwell, F 1993, *Reshaping Australia*, Pluto Press, Sydney.

Success Works 2002, *Working together: integrated governance*, Institute of Public Administration Australia, at [http://www.nsw.ipaa.org.au/07\\_publications/rsrch\\_wt\\_integr\\_gov02.pdf](http://www.nsw.ipaa.org.au/07_publications/rsrch_wt_integr_gov02.pdf)

Taskforce on Regional Development 1994, *Developing Australia: a regional perspective* (Kelty Report), vols. 1-3, AGPS, Canberra.

Taylor, A 2000, 'Hollowing out or filling in? Task forces and the management of cross-cutting issues in British Government', *British Journal of Politics and International Relations*, vol. 2, no. 1, pp. 46-71.

Taylor, A 2002, 'Governance' in Blakely, G & Bryson, V (eds), *Contemporary political concepts*, Pluto Press, London.

Tonts, M 1999, 'Some recent trends in Australian regional economic development policy', *Regional Studies*, vol. 33, no. 6, pp. 581-6.

Trochim, W 1985, 'Pattern matching, validity, and conceptualization in program evaluation', *Evaluation Review*, vol. 9, no. 5, pp. 575-604.

Twose, N & Blakely, A 1999, 'Business partners for development: vision, history and potential' in Regelbrugge, L (ed), *Promoting corporate engagement with civil society*, CIVICUS, Washington, DC.

Wanna, J & Withers, G 2000, 'Creating capability: combining economic and political rationalities in industry and regional policy', in Davis, G & Keating, M (eds), *The future of governance: policy choices*, Allen & Unwin, Sydney.

Wildman, P & Hubble, G 1992, *Managing the process of sustainable community economic development*, Prosperity Press, Nundah, QLD.

Wilenski, P 1986, *Public power and public administration*, Hale and Iremonger, Sydney.

Winter, I (ed) 2000, *Social capital and public policy in Australia*, Australian Institute of Family Studies, Melbourne.

Woolcock, M 1998, 'Social capital and economic development: towards a theoretical synthesis and policy framework', *Theory and Society*, vol. 27, no. 2, pp. 151-208.

World Bank 1999, 'Social capital for development', at <http://www.worldbank.org/poverty/scapital/index.htm>

Wright, DS 1988, *Understanding intergovernmental relations*, Brooks/Cole, Carolina.

Yin, R 1994, *Case study research: design and methods*, 2<sup>nd</sup> edn, Sage, Beverly Hills, CA.





*A p p e n d i x*

**New Governance Questionnaire**

Dear

This survey is part of a research study investigating the evidence of what is called '**new governance**' in regional programs supported by the NSW and Commonwealth governments.

The research study itself is a doctoral thesis in public administration that I am undertaking through the University of Canberra.

The research involves two sets of case studies. The first set involves regional decision-making, while the second investigates how governments are using information technology to provide access to services in regional communities. The period being investigated is from 1996- 2001.

Please answer the questions for the service or project your work mostly involves and for the period 1996-2001. Most questions require an answer along a scale (*e.g. agree/disagree*).

Please mark the point that matches your opinion closest.

I would be grateful if you could complete and return this questionnaire by 15 August 2002. It should take about 30 minutes to complete. All responses will be treated confidentially and no individuals or individual projects will be identified in the final report.

The results will be aggregated across the programs being investigated, and ranked according to a high, medium and low scale.

Your help with this research is greatly appreciated

Ursula Stephens

**HOW TO COMPLETE THE SURVEY**

The questionnaire is in 3 sections:

**PART A** asks you about the characteristics of your service;

**PART B** asks about the performance of your service;

**PART C** asks about factors affecting your service

**All responses will be treated in COMPLETE CONFIDENCE.**

**For further information please contact Ursula Stephens: [ursula@goulburn.net.au](mailto:ursula@goulburn.net.au), or 02 482922330.**

**PLEASE RETURN THE COMPLETED SURVEY IN THE ATTACHED STAMPED AND  
ADDRESSED ENVELOPE BY 15<sup>TH</sup> AUGUST 2002**

**INTRODUCTION: YOUR ROLE**

Your Name \_\_\_\_\_  
*(For administrative purposes only)*

Your role \_\_\_\_\_

Agency \_\_\_\_\_

Service/Project \_\_\_\_\_

Funding source \_\_\_\_\_

When was this project established? \_\_\_\_\_

**ABOUT YOUR SERVICE/PROJECT**

- *Thinking about your service or project as it operated between 1996 and 2001 to what extent do you agree with the following statements?*

**Bridging the service divide: new approaches to servicing the regions 1996- 2001**

|   | Strongly Agree | Agree | Disagree | Strongly disagree | Don't know |
|---|----------------|-------|----------|-------------------|------------|
| The service is prepared to take risks   |                |       |          |                   |            |
| The service is at the forefront of innovative approaches to service delivery  |                |       |          |                   |            |
| We place the needs of users first when planning and delivering services   |                |       |          |                   |            |
| The values and objectives of the service or project are widely understood and owned by staff and committee members                              |                |       |          |                   |            |
| The service welcomes partnership with the private sector  |                |       |          |                   |            |
| There is a strong focus on continuous improvement   |                |       |          |                   |            |
| There are incentives for managers to maximise performance in the service  |                |       |          |                   |            |
| Control is devolved to service managers   |                |       |          |                   |            |
| The service cares about its staff   |                |       |          |                   |            |
| The service has sustainability as a key priority  |                |       |          |                   |            |
| The service is aware of its weaknesses and the problems it faces  |                |       |          |                   |            |
| The service is willing to make the necessary changes to improve its performance   |                |       |          |                   |            |
| The service concentrates on achieving its objectives  |                |       |          |                   |            |
| The service is ambitious  |                |       |          |                   |            |
| There is a high level of trust between management and staff   |                |       |          |                   |            |
| There is a well developed framework of performance measurement to drive what we do  |                |       |          |                   |            |
| Written policies and procedures are important in guiding the actions of staff   |                |       |          |                   |            |
| When results deviate from our plans, the decisions to take appropriate corrective action usually comes from senior management or funding agency |                |       |          |                   |            |
| There are clear links between the objectives and priorities of the our service and those of government as a whole                               |                |       |          |                   |            |
| We are able to transfer or second staff   |                |       |          |                   |            |
| Our management systems enable use to judge progress towards meeting goals and targets   |                |       |          |                   |            |
| Our management information systems enable senior management to judge their progress towards meeting goals and targets                           |                |       |          |                   |            |

## SECTION 2

### DEVELOPING STRATEGIES IN YOUR SERVICE OR PROJECT

- *These questions are about how you decide to deliver services or the ways you go about developing new approaches to service delivery.*

|  | Strongly agree | Agree | Disagree | Strongly disagree | Don't know |
|--|----------------|-------|----------|-------------------|------------|
| When the services formulates strategy it is planned in detail                                    |                |       |          |                   |            |
| Options are identified and evaluated before the best option is selected                          |                |       |          |                   |            |
| The strategy with the greatest political support is usually adopted as our policy                |                |       |          |                   |            |
| We produce policy options that are very similar to those we already have                         |                |       |          |                   |            |
| Strategy develops through an ongoing process of adjustment                                       |                |       |          |                   |            |
| We produce broad goals and objectives  |                |       |          |                   |            |
| Strategy develops through a process of bargaining and negotiation between groups and individuals |                |       |          |                   |            |
| Strategy is made in consultation with our external stakeholders users, other agencies etc.)      |                |       |          |                   |            |

## SECTION 3

### MANAGING YOUR SERVICE OR PROJECT

- *These questions are about the management of your service or project. Please indicate which of the following were part of the management approach being adopted in your service or project.*

|  | Yes | No |
|--|-----|----|
| The introduction of new information technology systems |     |    |
| The introduction of new management information systems |     |    |
| Significant changes in internal communications         |     |    |
| Significant change in external communications          |     |    |
| New approaches to service planning/budgeting           |     |    |

## Bridging the service divide: new approaches to servicing the regions 1996- 2001

|   |  |  |
|---|--|--|
| New management processes  |  |  |
| Decentralisation (e.g organising services on a district/local council/regional basis) |  |  |
| Centralisation (organising services at head office)                                   |  |  |
| Restructuring the organisation  |  |  |
| Promoting coordination and joint working with other agencies or groups                |  |  |
| Contracting out/outsourcing   |  |  |
| Developing strategic partnerships   |  |  |
| Developing statutory partnerships   |  |  |
| Providing new services to new users   |  |  |
| Providing new services to existing users  |  |  |
| Providing existing services to new users  |  |  |
| Ceasing services  |  |  |
| Working more closely with users   |  |  |
| Developing new methods of raising income  |  |  |
| Reducing the costs of service delivery<br>Focusing on core business areas             |  |  |
| Enhancing environmental performance   |  |  |

### SECTION 4:

#### INTERACTION BETWEEN YOUR SERVICE/PROJECT AND OTHERS

- *These questions relate to the interaction between your service or project and others.*

| How frequently does your service or project interact with | Daily | Weekly | Monthly | Yearly | Not often |
|---|-------|--------|---------|--------|-----------|
| Committee or board members                                |       |        |         |        |           |
| Local business leaders                                    |       |        |         |        |           |
| Local government  |       |        |         |        |           |
| Volunteers  |       |        |         |        |           |
| User group representatives                                |       |        |         |        |           |
| Other services or projects                                |       |        |         |        |           |

**Bridging the service divide: new approaches to servicing the regions 1996- 2001**

|                              |  |  |  |  |  |
|------------------------------|--|--|--|--|--|
|                              |  |  |  |  |  |
| Senior departmental officers |  |  |  |  |  |
| Trade union representatives  |  |  |  |  |  |
| Local state MP               |  |  |  |  |  |
| Local federal MP             |  |  |  |  |  |

| <i>In your last interaction who initiated contact with these groups</i> | Them | Us | Third party |
|---|------|----|-------------|
| Committee or board members  |      |    |             |
| Local business leaders  |      |    |             |
| Local government  |      |    |             |
| Volunteers  |      |    |             |
| User group representatives  |      |    |             |
| Other services or projects  |      |    |             |
| Senior departmental officers  |      |    |             |
| Trade union representatives   |      |    |             |
| Local state MP  |      |    |             |
| Local federal MP  |      |    |             |

**PART B: PERFORMANCE OF YOUR SERVICE OR PROJECT**

- *These questions are about how you assess the performance of your service or project, relative to others. Please indicate whether you think your service rates as **high, medium or low** on the following criteria.*

|   | HIGH | MEDIUM | LOW |
|---|------|--------|-----|
| Quality ( how responsive are your services)                                 |      |        |     |
| Value for Money   |      |        |     |
| Efficiency  |      |        |     |
| Effectiveness   |      |        |     |
| Equity  |      |        |     |
| Manageability   |      |        |     |
| Legitimacy  |      |        |     |
| Political feasibility   |      |        |     |
| Consumer satisfaction   |      |        |     |
| Staff satisfaction  |      |        |     |
| Promoting the social, economic and environmental well being of local people |      |        |     |

**PERFORMANCE IMPROVEMENT**

- *How important were the following internal issues in driving performance improvement in your service and project?*

|                                       | Very important | Important | Not important |
|---------------------------------------|----------------|-----------|---------------|
| Political leadership                  |                |           |               |
| Managerial leadership/key individuals |                |           |               |
| Changes in management                 |                |           |               |
| Resource constraints                  |                |           |               |
| Extra resources                       |                |           |               |
| Agency/service collaboration          |                |           |               |

**Bridging the service divide: new approaches to servicing the regions 1996- 2001**

---

- *How important were the following external issues in driving performance improvement?*

|  | <b>Very important</b> | <b>Important</b> | <b>Not important</b> |
|--|-----------------------|------------------|----------------------|
| Activities of auditors   |                       |                  |                      |
| Direct intervention from government                                      |                       |                  |                      |
| External pressure (eg media)   |                       |                  |                      |
| Activities of other authorities/services                                 |                       |                  |                      |
| User and citizen demands   |                       |                  |                      |
| Professional associations/networks disseminating good practice           |                       |                  |                      |
| Changes in the social, political and economic context facing the service |                       |                  |                      |
| New technologies   |                       |                  |                      |
| Competition from other service providers                                 |                       |                  |                      |
| Government policies  |                       |                  |                      |
| Environmental issues   |                       |                  |                      |

- *How important were the following government initiatives in driving performance improvement?*

|  | <b>Very important</b> | <b>Important</b> | <b>Not important</b> |
|--|-----------------------|------------------|----------------------|
| Agency planning/ strategies                            |                       |                  |                      |
| New government policy                                  |                       |                  |                      |
| Public sector agreements                               |                       |                  |                      |
| Public-private partnerships                            |                       |                  |                      |
| E-government initiatives                               |                       |                  |                      |
| Reforms to capital and revenue finance                 |                       |                  |                      |
| Recovery support and intervention for failing services |                       |                  |                      |
| Local strategic partnerships                           |                       |                  |                      |



**Bridging the service divide: new approaches to servicing the regions 1996- 2001**

---

*Thank you for your time and for completing this questionnaire. If you have any further observations to make about your organisation, please feel free to add additional comments on the next page. They will be treated **in confidence and not divulged to anyone else.***

***Ursula Stephens***

**ADDITIONAL COMMENTS**