

Our Country: Our Choice. Phil McDermott

Our Country: Our Choice Future of Local Government Philip McDermott*

The legacy of weak local government Local government in New Zealand has never been strong. Fragmentation of administration from the outset of colonisation led to waste, ill-coordinated investment in infrastructure, and weak local democracy. Weak local democracy and under-developed professional structures undermined the quality of local decision-making. Poor performance led to public apathy and distrust. Distrust underlay the reluctance of successive central governments to devolve functions to their local counterparts. Notwithstanding its intrinsic weakness and limited role (focused on services to land and property) local government performed useful functions within these constraints, and was well-connected politically. These connections, and its amorphous nature, made it difficult to reconstruct. Despite repeated attempts, it was not until the late 1980s, after 100 years of trying, that central government finally managed to bring some order to local government. When it did come, reform was dramatic. In 1989 some 800 ad hoc and territorial authorities were replaced by twelve regional councils and 74 district or city councils. The commitment of the Labour Government in 1987 to the pace of reform which had been imposed on central government over the previous three years was critical to this. So was the fact that central reform provided a viable template for change at the local level. Another important ingredient was the collaboration of key personalities committed to change. Michael Bassett, the Minister of Local Government, had previous experience as a city councillor. As a historian he understood the forces ranged against change as much as he disparaged the haphazard and inefficient nature of local government. Despite coming from the conservative side of the political spectrum, the Local Government Commissioner, Brian Elwood, worked closely with Bassett to carry out reform. A former city mayor and respected throughout local government, Elwood saw the weakness of local government as undermining its potential to contribute to community life, something he felt could be rectified by larger, more powerful units. Deputy - later full - Prime Minister, Geoffrey Palmer provided political patronage. He needed competent regional government to fulfil his aspirations for overhauled environmental legislation, and favoured local government reform as part of a wider commitment to streamline regulation and reduce executive power in Wellington. There are lessons for future change in this narrative. Overlapping agendas led to a highly focused alliance among otherwise divergent political interests. An issue of constitutional importance was addressed with scant regard to traditional party allegiance. Structural reform was achieved as a matter of principle rather than as a matter of expedience. The forces of resistance were overwhelmed by a tightly targeted and clearly defined project which worked to a tight timetable and to limited but lucid objectives. Despite the dramatic changes to the form of local government achieved in just 18 months, changes in function were neither sought nor immediately achieved. The principal achievement of the 1989 reform was not to change the scope of local government, but to create fewer, larger organisations with the capacity themselves to undertake a further, substantial transformation of what they do, and how they do it. This transformation is still under way, and the outcome far from conclusive. Choices remain: will local government evolve as an agency of a reconstructed central state, or will it burgeon as an effective agent of local democracy? There are three threads to this continuing transformation; the refashioning of local government to reflect the credo of managerialism, a refocusing on services and functions which fall clearly in the public domain, and the reassertion of the democratic role of local government. The way in which these threads are woven will determine the relevance of local government to the communities of the 21st Century.

Managerial transformation As a result of the 1989 reforms local government management is being brought into line with private sector practices, in part through a new capacity for professional administration and modern management systems and practices. This has seen the introduction of 'modern' accrual accounting methods, for example, and a new view of the public as clients. Traditional precepts of stewardship over public goods and public service have been overtaken by the jargon of strategic planning and performance appraisal. Town clerks have been replaced by chief executives, public infrastructure has been remade into assets, and staff have been converted into human resources. Some commentators maintain that the managerial transformation is incomplete. Business and central government expect that councils will act with fiscal prudence by preparing ten year financial plans. These plans should reflect the long-term funding requirements and financial consequences of council commitments to a few prescribed public services. This push for fiscal responsibility is interpreted by some as obliging councils to reduce reliance on rates-based revenue and to increase user charges, thus reducing the domain of collective action, and undermining local political discretion. An alternative view might be that the full potential for local government to both expand and focus its democratic domain will remain frustrated by reliance on such a narrow funding base as property taxes and user charges.

Unfinished business: functional realignment Pressures for functional change come from several directions. Proponents of less government call simply for a reduction in the scope of local government activity. The thrust towards managerialism supports this, on the grounds that market-contestable services should be privatised. The pressure to achieve efficiencies and to increase reliance on market signals favours competitive models of service delivery. Local Authority Trading Enterprises and Business Units are becoming more common and will become prevalent for service delivery. Whatever happens, the functional thread of transformation means that local government is likely to become less directly involved in traditional infrastructure and services. In some cases, such as water supply and waste disposal, services may be corporatised and privatised, subject simply to anti-monopoly regulations. In others, such as the maintenance of parks and reserves, councils may remain responsible for provision, but delivery will be by private sector contractors. On the other hand, the reduced role of central government in the economy places more pressure on local government to meet needs. Already councils are experienced with economic promotion, in part justified by the local

employment and income consequences of the national economic restructuring of the 1970s and 1980s. A number provide lowcost housing, mainly in the pensioner sector. While the rationale for these sorts of investment is being debated, the demands for local social support grow as restructuring of the welfare state places a greater onus on the individual and therefore communities to meet their own education, health, and welfare needs. The outcome is likely to be a growing commitment by councils to social infrastructure, even if they simply act as purchasers or advocates on behalf of the community, rather than as providers.

The prospect: local democracy through community empowerment There is some way to go before councils can legitimate major changes in their functions. One reason is their failure to effectively define, justify and adhere to clearly identified and widely supported directions for their communities of interest. Only when the community plays a central role in defining direction might the full potential for local democracy implicit in the 1989 reforms be realised. And this, in turn, depends on transparent and accountable local government. The failure to resolve direction is in part a governance problem. Although clear lines of accountability between the political and executive arms of councils were outlined in the 1989 reforms, they are not always adhered to. The traditional paternalism of councillors, and the right they often assume to make decisions on a host of matters with which they are only vaguely familiar, is slow to fade. All too often councillors get involved in irrelevant detail. In doing this they risk making contradictory and disjointed decisions. The more appropriate approach is for politicians to work with management to make reasoned judgement on the issues which affect communities, and not to meddle in day-to-day management. A 1995 conference at Massey University's Albany Campus reviewed the progress of reform. The experiences discussed at the New Local Government Conference indicated that by adopting and adhering to the accountability tenets of the 'new managerialism' councils could enhance local democracy. In particular, more consultation, a willingness to explain and answer to the consequences of decisions, and a lift in the quality of governance will make local government more effective in defining its own role in the future, and reduce dependence on directives from the centre. If this in turn increases the willingness and ability of councils to listen to their communities of interest, we can be optimistic about the impact of reforms on the quality of democracy. Two important processes influencing accountability and transparency in local democracy are representation and participation. The test of their effectiveness is the extent to which they empower the community to determine its own future. Representation has traditionally suffered as a result of limited turn-out in local elections, and because of the voluntary and poorly-compensated nature of council membership. In the 1992 elections, for example, the overall turnout was little over 50% of eligible voters. It is hardly surprising that the successful candidates were not representative of the diverse nature of the electorate. Only 28% of those elected were women, and the overwhelming majority (86%) fell between the ages of 35 and 64 years. Some 91% were New Zealand Europeans, and 22% were from professional occupations. Poor or skewed representation need not defeat local democracy, however. At the 1995 Conference Sir Brian Elwood suggested that: "What is important is not so much that thousands within each local area could participate but don't, but that the obligation upon councils to operate in a way that provides an opportunity for participation keeps the system functioning in an open manner and at all times capable of being brought to account." Perhaps the populace should seek greater influence over councils by direct participation in decision-making, rather than relying simply on the quality of representation and representatives. Participation can take several forms. First, it is secured through the requirement in law that councils elicit, receive and hear public submissions on annual budgets and plans. While an improvement on the haphazard and largely invisible procedures of the past, this process focuses the public view on the short-term and the trivial, confining attention to the limited areas of discretion in councils' annual budgets. Second, ratepayer surveys are an increasingly common tool for gauging public opinion. These are often conducted to measure ratepayers' assessment of council performance, and used only incidentally to gather information on what the public actually wants. In addition, budgetary constraints compromise survey accuracy. Without systematic, comprehensive, and rigorous procedures for listening to the public, multi-purpose survey instruments may mislead as much as inform policy decisions. Third, interest groups can dominate meetings, demanding management and political time. They may influence council agenda in the interests of particular sectors. While an important component of local democracy, the presence of interest groups can further bias the intelligence on which policy decisions are based. The task of balancing these sources of public intelligence and using them to define a future to which the majority of the community might aspire is a challenge for both the institution of local government and the community for which it acts. Community empowerment means that determination of the larger issues facing a locality should not rest simply in the hands of an unrepresentative and only partially informed elected chamber. Nor should it be left to the discretion of an increasingly specialised and professionalised council executive. Ideally, sophisticated techniques of listening, consultation, and responding will ensure that the voice of the local community will be reflected in the enduring commitment of councils to particular physical and social programmes. In this a combination of renewed interest in civic affairs and the increasing accessibility and intensity of exchange associated with 21st Century electronic communications will both have important parts to play. At the least, the choices for community governance have been broadened by a process of democratic transformation initiated by restructuring. It remains with the individual community to determine how effectively it exercises its power by seeking out opportunities to engage with the local council on issues that matter.

The Challenge: Participatory Democracy in a Global Economy Local government remains at the crossroads. There is no guarantee that it will rise to the challenge of cheaper services or better democracy, that it will successfully redefine its future, or that it will contribute significantly to the development of communities. Yet there are a number of trends which demand that the role of local government be clarified and strengthened sooner rather than later. The shape of local government will never be entirely determined by local circumstance and local aspirations. The 1989 reform reflected a period of intensive central restructuring, during which the national regulatory regime associated with Keynesianism and

welfarism was dismantled. The regime which followed focuses more on individual rights and behaviours than on collective rights and actions. Faith is placed in the impersonal rationality of the market rather than on community consensus. The purported aim is to empower the individual, reducing dependence on state agencies. Consequently, government is curtailing its regulation of economic behaviour. Efficiency is seen as the key measure of public sector performance. At the same time, there is growing emphasis on the international arena as a basis for economic regulation. New Zealand is participating in the tendency towards international economic interdependence and diminishing national sovereignty. Central government is increasingly preoccupied with mediating international relations. National policy is concerned more and more with compliance with international standards and regulations. Coupled with shrinking welfare institutions and experimental models in health and education, the consequence is the diminishing relevance of central government to local communities. The implication for local government is twofold. First, it may fill the gap left by the contraction of central government, intensifying its role in distinctly local regulation. Second, local areas may be drawn increasingly into international networks and spheres of influence which bypass traditional central gatekeepers. The first tendency is demonstrated by the Resource Management Act (1991). Through this the government devolved regulatory responsibility to local government to deal with the environmental consequences of economic and social activity. The purpose of the Act is to redirect attention from what resource users and developers do, to the environmental consequences of their actions. The environmental consequences of different land uses and activities which are deemed acceptable and non-acceptable are defined, in large part, through a public process of plan preparation which reflects local circumstance and values. The Act lays out the steps local government must go through to protect the environment, but does not prescribe standards or regulatory methods by which this will be done. This type of qualified devolution could be extended to other areas, including the provision of social infrastructure and support. Further devolution depends, however, on local government first taking up the joint challenge of good governance and fiscal responsibility, thereby reassuring central government of its competence and capability. The second tendency is apparent in Sister City relationships. These will assume economic overtones as trade and investment missions increase on a city-to-city basis, and as cities interact more directly through migration, tourism and trade. And as globalisation comes to preoccupy nation-states, so it is expected that the interests of local communities will be served by asserting the character of the local state. This will serve two functions. The first is 'commodification of place' as a basis for participating in international economic networks. This is already seen as localities are marketed through distinctive area development initiatives (including downtown rejuvenation, waterside developments and mainstreet programmes), slogans, missions, and festivals. The second is meeting a basic human need to identify with a particular locality, nurturing roots in a world in which national character is of diminishing relevance and in which local identity is challenged by globalism.

Choices for Local Government in the 21st Century What is the picture we can draw of local government in the 21st century? Two paths are apparent, with a common starting point. This starting point is characterised by a reduction in service delivery, reduced focus on the property base of communities, and a shift to coordinating purchaser relationship with suppliers of physical and (perhaps) social infrastructure. One path forward simply invites local government to continue to contract its role, to fulfil its commitment as steward of local public resources and the environment, to fulfil those tasks delegated to it from the centre, and to do all this in as efficient and unobtrusive a manner as possible. Public participation would be limited to the triennial election and statutory requirements for consultation. Local government would continue as a creature of central government, its future tied to the uncertain future of the nation-state. The importance of place will be submerged by a combination of conservative liberalism, with the centre dictating social conditions, and international commercial imperatives and regulations dictating economic progress. Councils will do little more than help their communities adapt, and aim to trim local costs to cater to the needs of investors. Localities will be submerged within the international community, and social relations defined more by vocational affiliation than by territory. This is the future of minimalist local government, containing the cost of public services and denying the role of collective civic action. It is a future which is the more likely the less the interest which ordinary citizens take in the affairs of local government. The other path is marked by continuing functional and democratic transformation. This is the path to active, open and participative local government. It is the path of community empowerment, through which local government will be the centre of a distinctively local democratic political system. Councils will work closely with communities, providing leadership in the quest for identity and local quality of life to counter the pressure for international conformity. Participation in the international community will be mediated by a strong sense of place and local character. Competitiveness and individual welfare may be influenced - for better or worse - by where people reside, or elect to reside. This is not a future of absolute local sovereignty, so much as one in which local communities and their elected representatives collaborate to maintain some influence over their collective futures. This is the future of local democracy which might accompany, or even grow out of, the loss of faith of the ordinary citizen in his or her ability to participate in the affairs of the nation-state. It is a future in which issues of local diversity, local choices and local security begin to mobilise communities to assert their demands in a distinctly local political setting, whether dealing with health, education, welfare, or civic affairs. In reality, the choice we face with respect to local government may not be so clear-cut. Increasing mobility means that individuals choose to progress through localities at the same time as they progress through their careers and their life cycles, limiting their affiliation and their commitment to any one place. The current push for individualism, and individual empowerment, while potentially transitory, undermines the foundations of local democracy, and may permanently diminish the potential for community empowerment. Despite this, the realities of globalisation are encouraging many councils to explore the potential for supporting local enterprise by promoting the character of their jurisdictions, or funding programmes of reurbanisation. Despite shortcomings in representation, the appeal of civic service is revealed in increasing numbers of candidates for local elections despite limited remuneration. Without active, informed, and effective participation in the affairs of the local state by a wide range of people, the outlook is for more of

the same, weak local democracy, dependent on the will of central government, with which people currently struggle to identify, and prey to the whim of vested interests. The real challenge for the people of New Zealand is to claim a part in defining the role of local government and, thereby, in shaping the future of their communities. The experience of reform in 1989 demonstrates how setting aside personal agendas, working through alliances of disparate interests towards common ends, focusing on clear and finite goals, and exploiting the momentum of change might enable communities to achieve this.

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