

Community and Local Governance in Australia



Edited by

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Preface

The contributions collected in this volume result from an Australian Research Council project initiated in 2001 by the School of Social Work and Applied Human Sciences of the University of Queensland in collaboration with the Queensland Government departments of the Premier and Cabinet, and Families. The research project was initiated because of the editors' interest in examining the upsurge of spatially based policy activity aimed at addressing the spatial disadvantage that occurred in Queensland in the latter 1990s. The project's examination over three years of the Queensland experience also highlighted similar policy initiatives in other Australian States. These developments mirrored global trends. Globalisation has accentuated uneven regional economic development, and governments throughout the world are seeking new policy directions to address the needs of people and communities excluded from the benefits and opportunities of citizenship by virtue of where they live.

This book builds on the project's three years of research activity, which included a series of policy forums culminating in a major symposium conducted in Brisbane during late 2003, in which leading national and international scholars and policy practitioners examined these trends from national and international perspectives. The book's key theoretical themes and content areas were debated and developed during this symposium. Most of the chapters in this volume are based on papers given at that symposium. They have been selected from those presented and rewritten for publication.

The research project could not have occurred without the efforts of many groups and people. Financial support from the Australian Research Council and the Queensland Government was of course crucial to the project. Staff from the School of Social Work and Applied Human Sciences at the University of Queensland and officials from a range of Queensland Government agencies, particularly the Departments of the Premier and Cabinet, and Families, supported the project from its inception, and many participated actively in the provision of administrative support, the development of research papers, and the planning and conduct of policy forums. In particular, Bob Stimson fulfilled his role as an

associate investigator for the project with great enthusiasm and scholarship, and contributed significantly to the project team. Christine Nolan and Robert Bush offered many important policy insights and provided a pathway for Queensland Government agencies to allow access to key policy and program data for the project. Alice Thompson provided welcomed editorial assistance in the final stages of the production of the book's manuscript. To all of them our grateful thanks.

We are indebted to the support of the UNSW Press, particularly John Elliot, in the preparation of this book for publication. For many years the UNSW Press has played an important role in supporting the publication of scholarly and original research in Australia. Their commitment to building and sustaining a policy research agenda about community and local governance in Australia underpins this volume and is greatly appreciated.

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Abbreviations

AAP	Australian Assistance Plan
ABI	area-based initiative
ABS	Australian Bureau of Statistics
AGPS	Australian Government Publishing Service
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
ALGA	Australian Local Government Association
ANU	Australian National University
ATSIC	Aboriginal and Torres Strait Islander Commission
CAEPR	Centre for Aboriginal Economic Policy Research
CASE	Centre for the Analysis of Social Exclusion (London)
CBD	central business district
CPP	Community Partnering Project
CRP	Community Renewal Program
CSF	Community Support Fund
DP	deprivation poverty
DSE	Department of Sustainability and Environment
DURD	Department of Urban and Regional Development
DVC	Department of Victorian Communities
DWP	Department of Work and Pensions (UK)
ETMs	elaborately transformed manufactures
HES	<i>Household Expenditure Survey</i>
HILDA	Household, Income and Labour Dynamics in Australia
IP	income poverty

IPAA	Institute for Public Administration Australia
LFS	Labour Financial Statement
MAP	<i>Measuring Australia's Progress</i>
MUD	moral underclass discourse
NAPSincl	National Anti-Poverty/Inclusion Strategies (EU)
NGOs	non-government organisations
NPM	New Public Management
NR	New Regionalism
OECD	Organization for Economic Cooperation and Development
PAR	participatory action research
PCW	Premier's Council for Women
R&D	research and development
RCIADC	Royal Commission into Aboriginal Deaths in Custody
RCSD	regional councils for social development
RED	radical equality discourse
RIS	Regional Innovation Strategies
SECV	State Electricity Commission of Victoria
SEU	Social Exclusion Unit
SID	social integration discourse
SP	subjective poverty
SPIRT	Strategic Partnerships with Industry – Research and Training
WAC	(NSW) Women's Advisory Council

Introduction

Paul Smyth, Tim Reddel and Andrew Jones

[Does] democracy reside in the collective soul of a united nation, not so much a central government as a coherent and united people? Or does it reside in the decentralised empowerment of ordinary citizens in the governance of their communities and everyday lives? (Barber 2001: 231)

The original research leading to this book began with the editors' curiosity at the upsurge of spatially based policy activity which occurred in Queensland in the latter 1990s. This upsurge was a reaction to the radically conservative protest of the One Nation Party against the social and economic damage to regional Queensland then associated with economic rationalism. The policy response was expressed in terms of 'place management'. We were curious as to whether or not place management would prove ephemeral. Was it simply the product of short-term political need? Or was it in fact the beginning of a significant longer-term mutation in our form of regional governance which would in time replace the neo-liberal regime? Since then, spatially based initiatives have mushroomed across Australia in a variety of contexts and with apparent independence. State governments in particular have invested significantly in community engagement initiatives, with Victoria and Queensland actually creating separate departments to administer community policies. The idea for this book developed through a series of symposia and research papers all designed to lend critical perspectives to this rather frenetic policy activity. It is a first critical take on this important policy development and is meant for both researchers and practitioners. The book is designed to give a sense of the kinds of activity occurring in the various Australian States, the sorts of theory now informing practice, and the key challenges being faced in policy research and action.

The book begins with a chapter by Mike Geddes on the international context. It is really quite remarkable how global the emphasis has become on the ideas and values of civil society, of localism, of citizen engagement and so on. Such a global emphasis is beyond the scope of this book, which is concerned to explore spatial and community-based policy in developed countries. But it ought to be noted from the outset that the World Bank has been extraordinarily influential in promoting notions of building 'community capacity' and creating 'social capital' as part of its seemingly 'post-Washington consensus' development formula for economies in transition. Of course, many are deeply sceptical of this formula and see the emphasis on community as no substitute for collective interventions expressed through the state. Parallel arguments apply in the case of the local governance initiatives promoted in the welfare states of developed economies. As Geddes shows, there has indeed been a neo-liberal tendency in much community-based and place-based policy in welfare states, but national and local politics still create significant variation. Whether these variations in the Australian case might point towards the emergence of a new 'post-neoliberal' policy regime is the central theme of this book.

Bringing some theoretical coherence to such a diverse policy realm is a challenge. There have been relevant emerging literatures in a number of disciplines. Seeking some sense of the realm as a whole, we were struck by the similarity of ideas in the three different but related perspectives afforded by social policy, economic policy and governance. Our book holds up for scrutiny the proposition that when put together these perspectives indeed suggest a new, emergent policy regime. Thus we point first to the emergence of 'community' and 'social inclusion' as key terms in new social policy frameworks which break – rhetorically at least – with the hyper-individualism of the neo-liberal regime. Second, in economic policy, through the influence of institutionalism and evolutionary economics on the 'New Regionalism' (NR), we show the parallel emphasis on the economic importance of the social dimension in the form of local networks and clusters – factors accorded no significance in economic rationalism. And third, in the 'post-managerial' governance approach to public administration there is the promotion of local modes of governance centred on negotiation, policy learning and networks rather than on hierarchical command or market relations. Here governments and communities seek new approaches and methods for citizen participation and more engaged policy processes. These three overlapping perspectives combine to suggest an emergent regime which might aptly be titled 'associational governance'; a regime which, with its emphasis on the social dimension, moves beyond the earlier binary of state and market and could well

mature into a template for a new ‘post-competition’ regime in Australian locality-based and community-based policy.

Of course we would not suggest that the diverse group of contributors who have come together in the production of this book would be of one mind in regard to this proposition, or, indeed, would want to use as their own the term ‘associational governance’. As the reader will find, while all contributors acknowledge the policy trends described above, the trends are seen to be ambiguous and contested. Our task in the book has been to document the trends in policy practice as well as to present for readers an urgently needed critical guide to their interpretation and analysis.

Thematic structure of the book

The book has four parts. Reflecting the global reach of these developments, Part I provides an overview of the British and European Union experience. Part II offers highlights of recent Australian social policy initiatives oriented to ‘people and places’. Since it is unrealistic to try to represent the whole of the new Australian policy practice in this one volume, we have focused on overviews of policy developments in two of the key States, Queensland and Victoria; on studies of two of the most significant communities of interest, women and Aboriginal peoples; and on an examination of the crucial issues surrounding urban policy. Part III concentrates on developments in economic policy by providing an overview of the influential paradigm known as the ‘New Regionalism’, a case study of the same in the City of Playford in South Australia, and an account of community economic development. Part IV deals with issues of governance and administration generated by these policy developments. In this final section, two chapters discuss the theory and practice of ‘networked governance’; a third explores the personnel and training implications of the new administrative models; while the final chapter explains the implications for research of shifting the measurement of advantage and disadvantage from a ‘poverty’ to a ‘social exclusion’ framework.

Guide to the chapters

Mike Geddes’ chapter on the international context highlights the use of comparative welfare regime typologies in sorting through the global rhetorical sludge which has come to inundate the movement to local governance. He makes clear that terms like ‘local partnership’ and ‘social inclusion’ have very different meanings within different types of welfare state. Thus what we are calling community engagement in Australia appears to be much less a feature of what Gosta Esping-Andersen (1990)

calls the social-democratic and corporatist states. It is found to a much greater extent in liberal or residual welfare regimes in which the emphasis on local community action is often associated with neo-liberal efforts to reduce the role and size of government. At the same time Geddes observes that there is nothing about the current elevation of the role of local communities which necessarily implies that it takes the neo-liberal form. Add to this the ongoing diversity of regime types (in spite of the convergent tendencies associated with globalisation), and the clear social-democratic achievement of some of the social policies associated with New Labour in the United Kingdom, and you have the issue of the political colouring of what we are calling 'associational governance' left as an open question.

'People and places' begins with Paul Smyth, Tim Reddel and Andrew Jones's tracking the resurgence in recent years of decentralised forms of social governance concerned with the spatial dimensions of disadvantage. The authors examine aspects of this resurgence in the Australian State of Queensland where, after the hasty birth of 'place management' in response to the rise of 'Hansonism', a plethora of 'joined-up' policy initiatives were undertaken in relation to the regional dimensions of poverty. These trends, the authors argue, reflect in part new ways of thinking about the spatial aspects of disadvantage which have emerged in recent years and which have the potential to take regional policy beyond the narrow confines imposed by neo-liberal economic orthodoxy. These new ways of thinking have arisen in social policy through the reframing of disadvantage in terms of social exclusion and in regional economic policy through the influence of the 'New Regionalism'. The chapter shows how together these bodies of theory point us towards a new model of 'associational governance'. This chapter reviews recent Queensland experience and indicates those features of 'associational governance' which have become characteristic of locality-based social policy aspirations in Queensland. The political and policy sustainability of these trends, however, is uncertain. Despite the inherent limitation of policy practice, it is argued that the emergence of the associational governance model marks a theoretical departure which offers new potential for addressing issues of spatial disadvantage.

John Wiseman's exploration of the post-neoliberal tendencies of local and regional policy developments in Victoria makes for an instructive parallel with the previous chapter. We see a similar context of concern with issues of inequality and the environment, leading to a push for 'triple bottom line' public policy goals in place of simply 'economic growth, profitability and consumption'. Networks, partnerships and alliances are also present as elements of an approach to government that

will overcome a fragmentation of constituencies and heighten the representation of the excluded. The Victorian experience, according to Wiseman, has been less optimistic and adventurous than that of Queensland. He highlights the need for significant capacity-building within government to turn around practices and institutions which became embedded in what was known as the 'Contract State'.

Brendan Gleeson and Suzanne Lawson describe and analyse the gradual shift by Australian State governments away from functional administration of services and policy towards new spatial governance approaches, especially within urban regions. This shift represents a rescaling of urban governance in Australia, reflecting a new emphasis on both multi-level rather than single (state)-level public administration and recognition that services and policies must be matched more carefully with increasingly divergent community needs. This chapter identifies the implications of this change for the governance of urban areas, especially in the context of social polarisation caused by market forces gaining the upper hand over public agencies in the planning process. A conceptual framework to identify the key causes of, and rationale for rescaling is proposed for broader theoretical consideration.

Our book is concerned with 'peoples', or communities of interest, as much as it is with communities of place. Sue Goodwin's chapter examines the current policy promotion of 'community' from a feminist perspective. Her overview of the rhetoric of community-based action from the 1970s and the 1990s reveals some striking similarities and differences. For example, the 1970s had a strong emphasis on redistribution and the democratisation of public institutions, whereas the contemporary 'mainstreaming' concern with ensuring that males and females are treated as 'equivalent' tends to cover over entrenched patterns of female disadvantage. A priority for new forms of associational governance in this analysis is the creation of 'sites of citizen engagement' where women can be 'present' and have a voice in policy discourse.

David Martin's rethinking of Aboriginal community governance acknowledges that there are aspects of the social inclusion framework, notably its emphases on the interlinked nature of disadvantage and the importance of spatially appropriate forms of governance, which resonate with Aboriginal issues. At the same time he alerts us to the assimilationist potential of social inclusion discourse. Many Aborigines, he points out, have no desire to join the wider society or adopt its values and lifestyles. Clearly, social inclusion must be on Aboriginal terms, and here Martin articulates the need for a 'social technology' which will enable a 'strategic engagement' of Aboriginal peoples with the wider society; an engagement which allows both for the distinctiveness of Aboriginal

worldviews and for heightened opportunities to reduce disadvantage.

The first of three chapters to deal with regional economic issues is by Al Rainnie. His subject is the 'New Regionalism', which is of particular interest in terms of the associational governance model because of its successful critique of economic rationalism through characteristic emphases on the economic importance of local, tacit knowledge. With insights drawn from institutional and evolutionary economics, the NR approach asserts the importance of building 'trust' among 'networks' and 'clusters' of local economic actors and as such has clearly been an important strategic resource in overcoming the stranglehold economic rationalism previously enjoyed over regional development policy. Rainnie also highlights the fact that NR connects explicitly with social policy concerns, particularly in relation to the role of the social economy. His concern is with the way in which the positive social policy potential of NR is being endangered systematically by the 'skeletal' and 'anorexic' state of Australia's regional development institutions. The current enthusiasm for Richard Florida's promotion of the creative class is used as a case in point.

Katherine Gibson and Jenny Cameron critique the social dimensions of NR by presenting case studies of small-scale 'community economies' in the La Trobe Valley in Victoria. The Valley was the site of severe unemployment after radical downsizing and privatising of the State's Electricity Commission. They argue that mainstream analyses of regional 'economic' development, including NR, are 'capitalocentric'. The market logic of globalisation, they argue, has become the only logic for thinking about economic life when there are in fact other important ways of organising productive economy, whether in the home or in the community, and which do not conform to market logic. Their analysis highlights a range of non-capitalist dynamics at work in 'community economies': informal social safety nets involving family and neighbourhood relations, free spaces for social and creative expression, secure housing and social services such as education. They note that such elements are often referred to as 'social capital' but reject the label because these elements embody values which are the opposite of capitalist economic logic. Community economies, they show, offer alternative ways of thinking about our socio-economic futures than merely implementing market solutions and waiting for the benefits to trickle down.

Rodin Genoff offers us a very different perspective through a practitioner's case study of the 'New Regionalism' at work in the City of Playford. In this case study, the concept of the region is much more tightly defined than the 'communities of interest and place' around which we have organised our study overall. Here it relates particularly to the concept of 'high-performance growth hubs' and refers to economic areas of

significant size such as Brisbane, Newcastle and northern Adelaide. The case study offers a vivid account of how governments have forged partnerships to animate local business networks and clusters with some very significant economic successes.

Our final section of the book dealing with governance and administration begins with Tim Reddel's account of local social governance and citizen engagement. His focus is on the place of community associations within the emerging modes of local network governance in Australia. Using a framework derived from network and participatory governance, in this chapter he explores the problematic relationship between the state and civil society. Key dimensions such as the effectiveness of citizen engagement strategies, the sources of democratic authority, innovative forms of public accountability and the capacity of devolved and participatory institutions to deliver community outcomes are examined as a basis for reconceptualising state–civil society relations and constructing innovative technologies of participatory social governance.

Mark Considine and Jenny Lewis examine the strategic foundations and methods of associationalism through an empirical exploration of the internal political and bureaucratic dimensions of network forms of governance. The innovative potential of network governance is discussed through an empirical study of Australian municipal governments. The study identifies different norms used to define innovation and the important relationships concerning the role of political and organisational governance.

Michael Hess and David Adams address what a number of our contributors have identified as a key issue: the new forms of knowledge and the new skills that will be required if associational governance is to work. In a wide-ranging overview of theory and practice in public administration since the 1930s, they show that if local governance and community-building strategies are to be effective, we must have different management 'instruments' from those of the 1980s and 1990s. The latter were overly reliant on an orthodox economics view of how the world works. Further, they reflected an approach to policy knowledge which was positivist and reliant on experts. A constructivist approach to knowledge generation is required, according to Hess and Adams, if policy-makers are to access the kinds of local knowledge that will be necessary for associational governance to work. Their chapter closes with a systematic examination of the kinds of skill sets required of public administrators and community practitioners in the emerging governance regime.

The final chapter in the book, by Peter Saunders, focuses on social exclusion as a framework for measuring poverty. He notes the relatively slow take-up of this framework in Australia, where income-based mea-

asures of poverty have predominated. He looks at the development of social exclusion measures internationally and compares these with recent Australian attempts to develop a more systematic suite of indicators of social exclusion. Technical issues of measurement aside, Saunders also stresses that adoption of the exclusion framework ought not lead to a neglect of income measures of poverty. 'In the wrong hands', he writes, 'social exclusion has the potential to be used to moralise about the poor and further stigmatise the excluded'.

The future

The initial curiosity of the editors at the phenomenon of place management in the latter 1990s was surely well founded. Our book's panorama of community and local governance in Australia is only partial, but overall it is impossible not to be impressed by the breadth of the initiatives and the increasingly sophisticated bodies of theory that are informing practice. Whether or not we call it 'associational governance', there is clearly a post-'Contract State', post-neoliberal social policy regime emerging. In terms of social policy, social spending is now more positively constructed as investment in infrastructure and capacity rather than being seen as a 'drain' on the economy; while the New Regionalism has taken us beyond the stale state/market dichotomies of the 1990s into an associational governance regime where 'the community' is seen as an ingredient of regional economic success. In terms of future developments of the regime, some elements clearly warrant close attention.

First, we must pay new and serious attention to the issue of State differences. Social policy at the State or regional level is certainly a neglected research area in Australia. In this regard, Galligan, Roberts & Trifiletti (2001) have reminded us of the diverse ways in which the rights of citizenship have been exercised historically in Australia. In particular, the States have been significant political communities and sources of citizenship, both different from and parallel to that grounded in the nation-state. With some notable exceptions, as various contributors to this book remind us, the Commonwealth has been but an intermittent player in regional policy. Spatial policy, however, remains largely the prerogative of State and local governments and research is urgently required to map the diversity of State and indeed local government policy intervention.

This book has focused intensively on Queensland and Victoria, but other States need to be in the picture (IPAA 2002). The governments of South Australia, for example, established a Social Inclusion Unit, while the Tasmanian Government initiated 'Tasmania Together' in 2000, a strategy that tasks community leaders' groups with manoeuvring a com-

prehensive statewide consultative process into a series of specific goals and outcomes that over time will guide the State budget process (McCall 2001: 297). The NSW Government has also implemented an engagement strategy that includes the trialing of place management initiatives, together with more generic policies and programs that have been the subject of preliminary evaluation (see Mant 2002).

Second, in relation to social policy, it will be some time before we can tell whether the new approach to thinking about disadvantage in terms of social exclusion will take hold in Australia as it has done in the United Kingdom and in the European Union. We have welcomed the emphasis on the multidimensional nature of advantage and disadvantage (by including non-monetary aspects such as health and education), especially the spatial dimension, on the social processes generating exclusion, and on the restoration of issues of social cohesion and solidarity to a central place in social policy analysis, while being mindful of issues of diversity. At the same time this new emphasis on 'bringing society back in' should not distract us from the continuing importance of income measures of poverty; nor should it be used as a way of blaming the victims of structural disadvantage for their fate.

Third, the New Regionalism in economic policy, like the role of social inclusion in social policy, has the potential to complete the breach already made with the hyper-individualism of economic rationalism. Nevertheless, as Gibson and Cameron show, it too can become difficult to distinguish from 'capitalocentric' economics and can easily fulfil the role of a kind of 'third way' cover for the persistence of neo-liberal economic strategies. The social dimension, as Rainnie writes, can easily disappear into the too-hard basket. The inherent tensions between community-based and market values need to be kept clearly in view. Moreover, as several contributors to this book have emphasised, we need to maintain a sense of scale or proportion regarding what can be achieved realistically at the local level.

A final set of issues for the future relates to matters of administration and governance. In many ways our book suggests that these comprise the most important outstanding agenda in the development of associational governance. Today the new conceptual frameworks of social and economic policy enable us to articulate a more diverse set of economic, social and environmental goals than was possible within economic rationalism. Too often today it would seem the failures are at the level of management and administration. 'Real change', as Wiseman expresses it, requires that we back up the articulation of alternative policy goals with 'investment in the organisational changes and advances in skills and capacities needed to turn good rhetoric into reality'.

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Part

An International Perspective

1 International Perspectives and Policy Issues

Mike Geddes

In recent years the shift from local government to local governance, to concepts and practices of local partnership and to policy objectives and programs adopting a discourse of social inclusion have become more widespread, both in the ‘advanced’ world and beyond. A useful starting point for understanding these trends is the debate on welfare regimes and comparative social policy initiated by Esping-Andersen (1990). The development of local partnerships can be related both to the different social policy contexts described by such typologies, and to the convergence of welfare systems around neo-liberal principles in the context of globalisation. The shift to local governance, within which partnership is a central principle, and that from a concern with poverty to a focus on social inclusion, must also be located in this context. At the same time, substantial differences remain between welfare systems and in the extent of the shift to local governance and the prominence of partnership. These continuing differences indicate that space exists for policy alternatives and innovation. The second part of the chapter reviews some of the key issues for policy in relation to local governance, partnership and social inclusion.

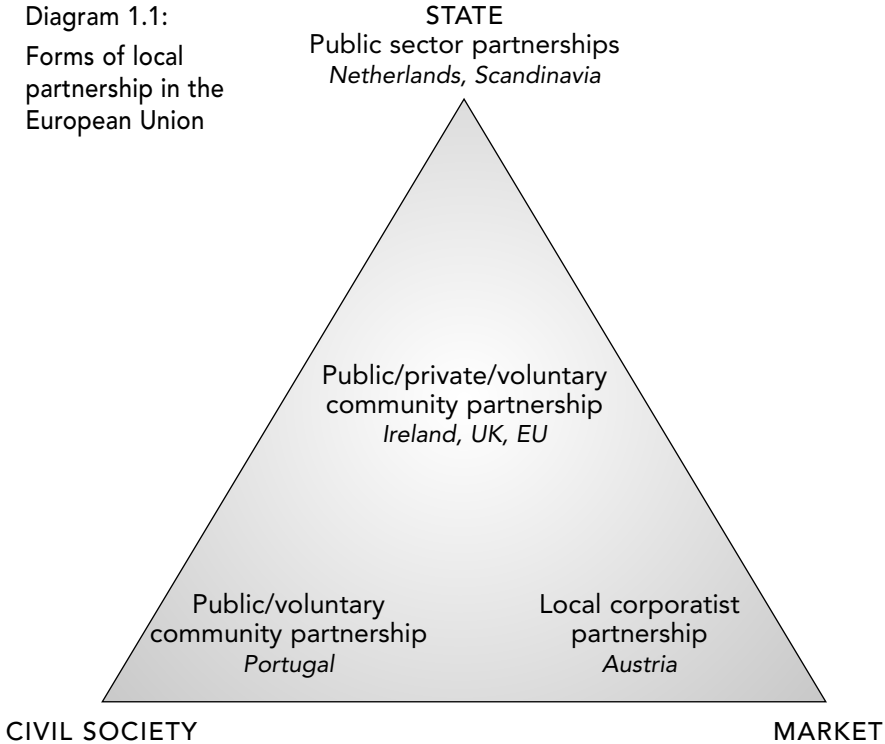
Welfare regimes, poverty regimes, partnership regimes

The typology of welfare regimes developed by Esping-Andersen and others has proved a highly influential framework for debate about comparative social policy. In a recent review, Arts & Gelissen (2002) discuss some of the criticisms made of the typologising approach. These include the limitations of typologies as opposed to theorising, the degree to which there is agreement on a set of ideal types, and the problems posed in classifying certain real-world instances, including the Australian case. They conclude that the value of the welfare regime framework withstands such criticisms. There remain differences about both the number of regimes identified, and which countries fall within them. However, the distinction between liberal/Anglo-Saxon, conservative/Bismarckian, and social-democratic regimes has stood the test of time and proved of lasting value.

I have argued (Geddes 2000; Geddes & Le Gales 2001) that it is possible to build on these typologies of welfare regimes to explore the evolution of local partnership as a policy response to poverty and social exclusion. Research on local partnerships across the EU conducted in the mid-1990s showed that, in the first place, local partnerships across the EU fell into four main groups (see Diagram 1.1) in terms of the involvement of different actors from the spheres of state, market and civil society:

- 1 Broad, multi-partner partnerships, including representation of public, private, voluntary and community interests. This is, for example, the dominant model in local partnerships in the UK and Ireland and in many local partnerships supported by EU programs. Of course there is considerable variety as to how and to what extent these main partner categories are represented.
- 2 Partnerships in which the main partners are the public, voluntary and community sectors. This category includes both partnerships between the public sector and substantial not-for-profit agencies, and others in which the core of partnership is between local voluntary and community organisations and public agencies.
- 3 Partnerships wholly or very largely among public sector authorities and agencies.
- 4 Partnerships in which the main partners are the social partners (employers and trade unions) and state agencies. These local partnerships replicate some features of national corporatist practices at the local or regional level.

Diagram 1.1:
Forms of local
partnership in the
European Union



This simple categorisation can, in turn, be related to welfare regimes, in the following way:

- *Comprehensive* welfare systems are associated with the *Scandinavian welfare states*. These systems are the product of societies in which strong and progressive labour movements have been instrumental in achieving a welfare system based on principles of equality (although this has been strongly contested in terms of gender equality). Local partnerships have not been a major feature in these countries, which are also among the more recent EU member states. While a local dimension is recognised as an important part of a comprehensive welfare state, which can ensure local responsiveness of provision, a partnership model is inconsistent with the dominant role of the state, and the clear separation of the roles of state and market. Partnership-type relationships tend therefore to be restricted to more informal collaboration between public agencies, or between public and not-for-profit providers of social services.
- *Corporatist* welfare regimes are associated with so-called *conservative welfare systems*, in which major vested interests, especially the employers and trade unions, collaborate with a strong central state to generate a segmented welfare system. Here (for example in Germany and Austria)

the principle of partnership (state and social partners) is found at national level, but not locally because effective corporatism is seen to require the organisation of interests by the state nationally.

- *Liberal* welfare regimes with *residual* welfare systems. Here the welfare system is the product of weaker middle-class mobilisation behind the welfare state, so that welfare is increasingly provided by the market alongside a reduced welfare state. The development of a local partnership approach seems to be particularly consistent with welfare regimes tending towards the residual (as in the UK). It appears to offer a cost-effective way of targeting specific areas of working-class welfare need, through local regeneration programs with a 'workfare', 'enterprise' agenda which aims to ameliorate poverty and exclusion and achieve local regeneration by improving local economic competitiveness. It is consistent with the emphasis on private provision of public services and competitive mechanisms for the allocation of resources.
- *Unevenly developed or rudimentary* welfare systems in the *Latin/Catholic rim* countries. These are characterised by a more partially developed and fragmented welfare state, in the context of an enduring domestic or community tradition of welfare. This model suggests certain factors consistent with local partnership (for example the need for collaboration between the state and the not-for-profit sector) but not others (weak welfare state, lack of involvement of social partners). The legacy of 'authoritarian statism' and clientilism in countries such as Spain, Portugal and Greece is an important reason why local partnership may be difficult to establish.

The identification of welfare regimes can be related to parallel typologising concerning 'regimes' of poverty and social exclusion. Paugam (1998) proposes three 'ideal types' of poverty in the European context. 'Integrated poverty' exists where large sections of the population are poor, and consequently poverty is not greatly stigmatised. Marginal poverty denotes situations where deprivation is much more restricted, leading to the stigmatisation of the poor as 'special social cases'. Disabling poverty, by contrast, characterises those situations where growing numbers in diverse social contexts are becoming poor or excluded. Paugam tends to reserve the concept of social exclusion for the last of these types. He associates 'integrated poverty' with southern European countries, marginal poverty with the European 'golden age' and still with Germany and some of the Scandinavian countries, and disabling poverty with the UK.

Table 1.1 summarises the relationship between welfare regimes, poverty and social exclusion, and local partnership.

Distinctive socio-economic patterns, practices and cultures formed and maintained within national boundaries, and the considerable differences in the nature, structure and impact of national state institutions and

Table 1.1 The relationship between welfare regimes, poverty and social exclusion, and local partnership

Welfare regime	Poverty and exclusion	Local partnership
Liberal	Disabling	Well developed: targeted response to disabling exclusion
Conservative	Marginal/integrated	Limited: tends to traditional social partner model
Social-democratic	Marginal	Limited by strong welfare state
Latin rim	Integrated	Limited but expanding with EU funding

policy, thus remain important to any explanation of the development of local partnership. However, while even a few years ago the reality within the EU was highly diverse, relating not only to the historical and institutional specificities of different countries but to the broader systems of welfare and patterns of poverty and social exclusion, today it is no longer clear that this is the dominant reality. Instead, the picture is one of the increasing diffusion of the local partnership model, within a wider pressure for convergence of welfare and social policy regimes.

Towards neo-liberal convergence?

While a globalised economy produces new forms of unemployment, poverty, inequality and social exclusion, neo-liberal social policies of marketisation and cutting down on welfare provision are offering a less adequate social protection net (Dominelli 1999; Penna, Paylor & Washington 2000; Ferraro 2003). These pressures result in policy transfer and convergence between countries (Begg & Berghman 2002). Thus EU partnership-based programs have an increasingly wide influence, both with the enlargement of the Union but also because of the influence of the Union beyond its borders in those states seeking accession or closely tied to it. Policy transfer between the USA, the UK, Australia and New Zealand has also assumed considerable importance (Beland, de Chantal & Waddan 2002; Johnson & Tonkiss 2002).

This is not to say that substantial and very important differences do not remain. While early debate saw change in terms of a regression from a golden age of social policy, more recent accounts, while recognising pressures for cuts and retrenchment, recommodification and cost containment, also emphasise the mediating effect of national political institutions (Swank 2002) and processes of modernisation and updating and

innovation (Ferrara & Hemerijck 2003) in response to globalisation and neo-liberal fiscal conservatism, and also to factors such as the ageing of the population and rising consumer expectations (Glennerster 1999). In Sweden, for example, despite pressure on the Nordic social model and the welfare state, and the impact of EU membership, poverty and social exclusion remain relatively marginal, as do local partnerships.

The diffusion of partnership is not, however, restricted to the EU. Jessop (2002: 466) notes how the World Commission's influential *World Report* contains

a strong emphasis on partnership and networks rather than top-down national government ... Partnerships should involve not only actors from the private economic sector but also NGOs, religious groups, community action groups, or networks among individuals. Promoting partnerships requires a retreat of the state so that it can do well what it alone can do.

Abrahamson (2003: 13), writing from the perspective of a cross-national European research project undertaken by the Copenhagen Centre, and including case studies of partnerships in eastern, northern, western and southern Europe, comments:

More than ever partnership is being promoted as *the* development approach of our time. Social development and social cohesion are no longer seen as the sole responsibility of governments; increasingly actors from the business community and civil society are becoming actively involved as well. Partnership is now part of global-level policy making.

The OECD, on the basis of a cross-national set of studies ranging from the USA and Mexico via the UK and Ireland to the Czech Republic and Norway, argues that everywhere now, 'to better respond to a new set of concerns of the population ... governments today actively seek a broad partnership with civil society and the private sector' (OECD 2001). The ongoing study by the Local Economic and Employment Program (local territorial) division of the OECD both documents and actively promotes a model of local partnership among and beyond OECD member states.

To sum up, local partnerships are now increasingly ubiquitous. Partnership is particularly consistent with neo-liberal policy regimes, and its diffusion can be related to the growing hegemony of neo-liberalism. As an institutionalised form of relationship between actors, both within and between the three sectors of state, market and civil society, partnership has become an integral part of most systems of local governance.

Local governance

The trend from (local) government to (local) governance seems now to be a fact of life for most commentators. We are now in ‘the age of networks, partnerships and joined up services’ (Considine 2002: 21). Stoker’s widely quoted set of five propositions seeks to define the shift to governance in terms of the involvement of institutions and actors drawn from within but also beyond government, and the blurring of boundaries and responsibilities for tackling social and economic issues. Governance implies that the capacity to get things done does not rest only on the power of government to command or use its authority (Stoker 1998: 18).

Governance is thus seen to imply (in a powerful but contested formulation, particularly as a new statism which is developing new forms of incorporation of non-state actors [Davies 2002]) the ‘hollowing out of the state’ through a reshaping of the roles and relationships between actors from the three spheres of state, market and civil society and, more specifically, the emergence of ‘multi-level governance’ implying the hollowing out of the *nation*-state, partly by the increasing importance of sub-national governance. Le Gales (2002: 75) identifies ‘the loosening grip of the state and the redistribution of authority within the European Union’, arguing that now, ‘European cities are not organised solely by the state but, increasingly, in relation to cities and regions in other countries – the horizontal dimension of European institutionalisation – and in relation to Brussels – the vertical, multi-level dimension’.

Intrinsic to the notion of governance is the necessity for ‘joined-up’ government, both in the sense of concertation at a specific spatial level – the local, for example – between state agencies (as well as with market and civil society organisations), but also in the sense of vertical concertation between tiers of the state. Ling (2002), drawing on international research for the UK Audit Commission, shows that such ‘joining up’ is much in evidence in a wide range of countries, from Australia, Canada and New Zealand to the United States, the Netherlands and Sweden, as well as the UK. The need for joined-up government, he argues, is not just a reaction to the deficiencies of centralised, functionally differentiated departments and traditional relationships between politicians, bureaucrats and professionals, but to the fragmentation of the public sector under neo-liberal regimes such as the Thatcher Conservative governments in the UK. Joined-up government is needed to enable integrated responses to ‘wicked’ cross-cutting issues such as crime and the fear of crime, urban and rural regeneration, and the environment.

The pressure for joined-up government is one part of the wider agenda of modernisation of government, and specifically of local government. In the UK, a thoroughgoing program for modernising local government is intended to improve both local leadership and the legitimacy of local government, and the quality and accountability of local services. Similar sweeping modernisation programs are affecting other localised agencies, including the police, the health service and local employment services.

Stoker's formulation of the shift to governance is in terms of institutions and institutional relationships, and makes no assumption that governance implies any specific policy content. But in other accounts, the move to governance is closely associated with neo-liberalism. Thus Jessop (2002: 452) points to the

recurrence and the recurrent limitations of liberalism ... [which] establishes a continuum of neo-liberalisms ranging from a project for radical system transformation from state socialism to market capitalism, through a basic regime shift within capitalism, to more limited policy adjustments intended to maintain another type of accumulation regime and its mode of regulation.

He identifies a 'typology of approaches to the restructuring, rescaling and reordering of accumulation and regulation in advanced capitalist societies: neoliberalism, neocorporatism, neostatism and neocommunitarianism'. Jessop (2002: 463) argues that 'the changes associated with each of these strategies typically involve some rescaling of the mode of economic regulation' and notes how key global neo-liberal strategies envisage a growing

role for cities in managing the interface between the local economy and global flows, between the potentially conflicting demands of local sustainability and local well-being and those of international competitiveness, and between the challenges of social exclusion and global polarisation and the continuing demands for liberalisation, deregulation, privatisation and so on. (Jessop 2002: 466)

Brenner & Theodore (2002) relate such changes to the 'neo-liberalisation of urban space', which presents the process of 'neo-liberal localisation' as one of destructive creation in which the old local state apparatus is replaced by new forms:

- an attack on the old bureaucratic 'silos' and the local politicians associated with them, and the creation of managerialist and networked institutions;

- the elimination of public monopoly local services and their replacement by competitive contracting and privatised provision; and
- the dismantling of traditional compensatory regional policies and their replacement by localised, competitive entrepreneurial strategies.

In this context, the content of local governance may not be the revitalisation of localities but a 'harsher reality of institutional deregulation and intensifying inter-spatial competition' (Brenner & Theodore 2002: vi).

If, however, the shift to local governance is a constant in these debates, so is the recognition of different paths and trajectories and differential rates of change. An increasing number of studies point to such differences. Keil (1998: 640) argues that 'globalisation makes [local] states in a variety of ways' and stresses the role of local politics and hence the possibility of alternatives. Cole & John (2001), comparing the UK and France, suggest that such differences occur along three axes – country, sector and locality – while overall arguing that the shift to governance has happened more rapidly in the UK than in France. Di Gaetano (2002) argues that the post-Fordist pattern of local governance identified by Painter & Goodwin (2000) is much more apparent in the UK than in the USA. The studies undertaken by the OECD show considerable variation between countries, from those where a local governance model is well established to others where it is still emerging (Czech Republic) or where it is contested as a result of the strength of more traditional social-democratic state structures (Norway).

Social inclusion

The shift to governance has also been paralleled by a recent and telling shift in discourse (and associated policy and practice) concerning deprivation and inequality, from a focus on poverty to one on social exclusion and, more recently, to the terminology of social *inclusion*. This shift, in the first place, accompanies the retreat from redistributive social policies and from policy objectives such as full employment. As with the shift to governance and the emergence of partnership, the key further element here is that while the concept of social *exclusion* (Room 1995; Atkinson 2002) foregrounds (potentially at least) the dynamic interaction of multidimensional and structural causative processes – who are the excluders as well as who are the excluded? – the terminology of *inclusion* powerfully suggests the potential for positive policy action within an inclusive society in which all actors from the three sectors of the market, the state and civil society work in partnership towards an inclusive society (Giddens 1998).

Social inclusion is, notoriously, a slippery concept. Levitas (1998), for example, points to different possible discourses under the broad inclusion umbrella – a continuing radical equality discourse (RED); a social integration discourse (SID), emphasising inclusion through the labour market; and a moral underclass discourse (MUD). This opacity is part of the political appeal of the terminology to centrist politicians, because of its attractiveness across the political spectrum. It also suggests that there might be potentially strong and progressive versions of social inclusion, which emphasise the need to tackle the causes of exclusion (in the state and in civil society as well as in the market) and which help to expand concerns with poverty and inequality by a recognition of the complex patterns and processes of class, race, gender and indeed geography.

In practice, however, the dominant discourses and practices of social inclusion seem to be associated with a failure to define with any precision what exactly an inclusive society is, and a consequent acceptance of inequality, and particularly of the inequalities generated by a neo-liberal economy. In the EU's discourse, for example, the pairing of terms such as 'competitiveness and cohesion' indicates an unwillingness to recognise fully the negative implications of competitiveness, both for some EU citizens and also for many of those outside 'fortress Europe'. Within the EU, social policy remains the poor relation of economic and competition policy, with the result that economic growth per se will not be enough to address problems of unemployment, poverty and exclusion, and the macro-economic impact of factors such as enlargement of the Union or the impact of an ageing population (Mayes 2002).

In the UK, New Labour's commitment to social inclusion, exemplified initially by the establishment of the Social Exclusion Unit in the Cabinet Office in 1997, marked a break from successive Conservative governments' denial of the existence of a poverty problem in the UK. Since then, there has been a proliferation of policy initiatives, from the ambitious commitment to ending child poverty to the introduction of a minimum wage, welfare-to-work programs and a National Strategy for Neighbourhood Renewal. Employment is now at record levels and there have been significant improvements for major social groups such as pensioners and children (Toynbee & Walker 2001). There has been a fall of 1 million in low-income households, though there are still 1.3 million households below the poverty level. Work, moreover, is no guarantor of inclusion – there remain major problems of low pay and disadvantage within employment (New Policy Institute 2002), while financial exclusion is becoming a serious issue. These limits to the effectiveness of New Labour's inclusion policies are consistent with an endorsement of market-driven inequality in the name of competitiveness, reflected in the unwillingness to limit – or even criticise – man-

agerial pay rises of often grotesque proportions, and other market trends such as the regionally skewed growth of house prices.

In the UK, some improvement in the situation of some disadvantaged groups is thus occurring within a context of increasing inequality. The latter is, of course, a global trend. Townsend & Gordon's recent review of world poverty (2002) shows inequality rising particularly strongly in the former communist countries and parts of the poor world, but also in most OECD countries. Growing polarisation between countries in the context of globalisation has been accompanied by similar trends within countries.

For most countries, the last two decades have brought about slow growth and rising inequality ... income concentration has risen in many nations of Latin America, Eastern Europe and the former Soviet Union, China, a number of African and Southeast Asian economies, and, since the early 1980s, almost two thirds of the OECD countries. (Cornia 1999, quoted in Townsend & Gordon 2000: 9)

According to Townsend & Gordon, the prime causes of rising inequality are the concentration of economic power, privatisation, the structural adjustment policies of global institutions and the retrenchment in social policies. Inclusion, it must be concluded, therefore means inclusion within an increasingly unequal society.

A new centrism?

The shift from government to governance, partnership and social inclusion policies is thus located within a structuring and limiting neo-liberal context. For some, therefore, this policy paradigm is a neo-liberal one. For others, governance, partnership and social inclusion are all-important parts of a 'new centrism' in politics and public policy – the so-called 'third way' between traditional social democracy and neo-liberalism. In particular, it is claimed, the 'third way' has developed as a result of policy transfer and convergence between a group of states including the USA under Clinton (Beland, de Chantal & Waddan 2002) and between Labor in Australia and Blair's New Labour in the UK (Johnson & Tonkiss 2002). For those who take this view, there are significant differences between the neo-liberalism of Thatcher, Reagan and Bush, and the accommodation with neo-liberalism of Clinton, Blair and Hawke and Keating. These are likely to include:

- higher social/public spending, coupled with a concern to raise the living standards of those at the bottom

- promotion of an active civil society, with roots in communitarianism and a linkage of citizen rights and responsibilities
- an energetic modernisation of the state towards a 'social investment state' (compared to the minimalist state of the New Right).

The important issue is, perhaps, not the definitional one – whether this is a 'third way' between social democracy and neo-liberalism, or one version of neo-liberalism. The fact is that, as a recent assessment by Stuart Hall (2003: 19) suggests,

New Labour is difficult to characterise. It combines economic neo-liberalism with a commitment to 'active government'. More significantly, its grim alignment with corporate capital and power is paralleled by another, subaltern programme, of a more social democratic kind, running alongside ... New Labour is a hybrid regime, composed of two strands. One strand, the neo-liberal, is in the dominant position. The other strand, the social democratic, is subordinate.

The 'new centrism' may offer local and social policy space of a kind which other versions of neo-liberalism do not. But this space is circumscribed by its alignment – be it enthusiastic or grudging – with 'corporate capital and power'. It is within this context that some policy issues are now explored.

Policy issues

LOCAL GOVERNANCE: RESTRUCTURING THE LOCAL STATE

If a primary objective of the shift to governance is that of more integrated and multi-level decision-making, then the difficulties associated with such 'joined-up' governance are becoming very apparent. Ling identifies the conflicts inherent in the notion of joined-up government, and the conflicting interests of different actors. Consistent with his conclusions, an increasing number of studies point particularly to two areas of conflict: the role of 'the centre' and the debate between managerialist and participatory/democratic principles of 'joining up'.

There is widespread agreement that the New Public Management (NPM) poses a threat to joint working. This is because the emphasis in NPM on hierarchical forms of accountability, regulation, inspection and performance management demand from public bodies a 'silo' mentality which militates against networking and partnership. Goodship & Cope (2001), for example, argue that regulatory agencies, with their different remits, agendas and styles, often compete with each other, resulting in frequent turf war. Inspectorate bodies are functionally organised and as

presently constituted will run into problems of collaborating in assessing the performance of policies that cut across functionally organised agencies. Those agencies that have specific, cross-cutting remits (in the UK, the Social Exclusion Unit and Neighbourhood Renewal Unit, for example) are mostly not powerful enough to impose a priority of joined-up working over functional objectives and targets. Functional managerialism tends to go hand in hand with centralisation. The dominance of functional over cross-cutting priorities tends to mean the dominance of national, vertically segmented targets and accountabilities over local efforts to join up. Thus, as Cowell & Martin (2003: 159), reviewing the progress of the local government modernisation agenda in the UK, suggest,

the superficially attractive logic of more integrated policy making and service provision, which runs so strongly through current reforms, belies the multidimensional nature of joined-up working ... In particular, the push for closer integration between local and central government, with ever-tighter control being exercised from the centre over priorities and performance, is seen as constraining progress towards more effective horizontal joined-up working at a local level.

The dominance of central priorities over local ones is further associated with the tensions in the modernisation agenda between managerialism on the one hand and participation and democracy on the other. In one sense, the prominence of references to participation in the modernisation and governance discourse reflects a strategy by the centre to bypass entrenched opposition from local councillors and officials by appealing over their heads to 'the people'. The triple thrusts within local government modernisation to identify an elite group of 'executive' local politicians and to challenge local representative democracy by means of a plethora of citizen participation processes, while at the same time emphasising the empowerment of the consumer over that of the citizen (Clarke & Newman 1997), represent an attempted resolution of the tension between managerialism and democracy.

This is also a resolution which is consistent with a consumerist concern with quality or 'best value' in service provision, and hence claims to be agnostic on the question of whether services are delivered by public, private or third sector providers, adopting a position of 'principled' pluralism and promotion of the mixed market. Such a formal pluralism and agnosticism, which offer no principled opposition to the various forms of privatisation, is of course highly compatible in turn with one of the – or perhaps *the* – primary concern of national government fiscal policies, the control of public expenditure.

A NEW LOCALISM?

One response to the problems associated with the tendency for the governance and modernisation agendas to reinforce a centralised managerialism that incorporates a limited degree of participation has been calls for a 'new localism'. This would-be 'genuine' localism recognises that 'excessive centralisation saps morale at local level ... destroys innovation and experimentation ... and ... fails to allow policy areas that are in fact interconnected to be joined up'. It calls for a posture of 'steering centralism' on the part of central government which 'rests less on central control and more on guiding local discretion'. Locally, the new localism means devolving power to those best placed to make decisions to deliver agreed goals and standards while being 'careful to strike a balance between encouraging local flexibility and rewarding success on the one hand ... and a firm commitment to tackling inequalities in provision and preventing two-tierism in public service delivery' (Corry & Stoker 2002: 6, 8).

Local initiative is also necessary, it is argued, because economic success depends partly on the mobilisation of local capacities in the light of local circumstances. Thus far, however, there seem to be few signs that this more optimistic agenda, attractive as it may be locally, is having much purchase centrally.

LOCAL PARTNERSHIP: RESHAPING LOCAL POLITICS AND THE POLICY-MAKING PROCESS

A prominent feature of the literature on partnership has been a concern with 'making partnership work' in practice. There has been a deluge of advice and guidance for those involved in local partnerships concerning the differences between working within an organisation and in partnership mode, and the consequent need for organisational and individual cultural change, learning and unlearning (Sullivan & Skelcher 2002; Kjaer 2003). While there are valuable lessons in this literature, not only for those working in partnerships but for those designing, managing and assessing partnership-based programs, much of the literature accepts too easily some of the rhetoric of partnership, such as the importance of partners treating each other as equals as far as possible (rooted in a rather naive pluralism), and focuses unduly on individual behaviours rather than the structural contexts and constraints of partnerships.

In contrast the discussion here will consider some of the structural policy issues raised by the move towards 'partnership local governance'. These are, first, issues of power and accountability in local partnerships

and the implications for local governance more widely; and second, issues of capacity, fitness for purpose and potential 'governance failure'.

PARTNERSHIPS AND POWER

As new institutions within the local governance system, partnerships constitute specific arenas in which power and influence can be contested. As such, they contribute to the redefinition of the perceived scope (and limits) of policy debate and decision at local level. In other words, partnerships are unlikely merely to constitute a new forum in which old practices are re-enacted.

There is, of course, as has been discussed above, great variety in the forms and functions of local partnerships. Despite this variety, the basic principles of partnership mean that they embody a tendency towards particular modes of power and accountability. Partnerships are constituted on what may be called an *elite sectoral interest* principle of membership and representation. The membership of partnerships is drawn from the public, business and voluntary and community sectors, and sub-sectors of each. Partnership members may be elected, but more often are appointed or chosen by means which are frequently opaque.

This is, of course, a very different form of interest representation from that embodied in local representative democracy, and so, to the extent that partnership becomes an increasing part of the apparatus of local governance, they represent a fundamental modification of the old order, towards an elite, 'executive democracy'. In particular, the elite sectoral interest principle of partnership is a direct threat to the power and influence of elected councillors. Partnerships tend to replace (party-) political debate about local policies and priorities by closed negotiation among the cross-sectoral local elite, with a consequent tendency towards a consensual, centrist local politics confined within bourgeois parameters in which class interests are replaced by 'sectoral' ones. While the elites in partnerships may be more or less inclusive, they are nonetheless largely unelected elites; and the processes by which they are accountable – to their own organisations or 'constituencies' or to the public more widely – are often undeveloped and obscure. Some of the more inclusive local partnerships are often at the neighbourhood level where there is more scope for the members of the partnership to be close to the ground. In these circumstances, community representatives may be elected, and accountability to the local community may be better, although accountability upward by local state agencies may not (see chapter 2).

Partnerships thus raise some fundamental issues for those committed to democratic local governance, whatever one may think of the often

manifest limitations of traditional local representative democracy, and however much some partnerships may give a voice to more powerless or excluded groups and communities. Perhaps the most important question is whether, and if so how, partnerships can fulfil a role which is supportive of local democracy, not a threat to it.

PARTNERSHIP CAPACITY

The second key policy issue concerns the capacity and ‘fitness for purpose’ of partnerships. The assumption is that a framework of partnership at local levels will create more efficient, inclusive and pluralist local governance, bringing together key organisations and actors (from the three spheres of state, market and civil society) to identify communities’ top priorities and needs, and work with local people to provide them. This is consistent with the widely shared perception in the policy community of the advantages of partnership working as the way to achieve effective outcomes, and solutions to so-called ‘wicked issues’, by building trust, sharing knowledge and resources, and working collaboratively across boundaries.

But before partnerships can deliver on this challenging agenda, they confront a number of tensions. Their success or failure depends on three linked processes:

- 1 cross-sectoral collaboration between actors from the three spheres of state, market and civil society
- 2 coordinated institutional and organisational change
- 3 coordinated multi-level processes.

The rules of the partnership game (Lowndes & Wilson 2003) are intended to change the behaviours of local actors to achieve cross-sectoral collaboration, by embedding new norms of behaviour, backed up by both incentives and sanctions. The question is whether the sanctions and incentives are adequate. Partnerships depend on a mixture of coercion and consent. But there is wide variety in the extent to which the norms and rules (legislation, guidance, financial incentives, audit and inspection) governing the behaviours of partners apply to different organisations and interests, and partnerships often find great difficulty in coercing or persuading partners to give partnership goals priority over their own objectives and targets, such as the targets imposed on local public bodies by national government, or the profit-driven targets of business. But the limited leverage of partnerships is not only a question of the conflicting priorities of partners. Most partnerships are only weak-

ly constituted in organisational terms, and the great majority have only very limited dedicated staff and financial resources. It is asking a great deal for such weak local organisations to achieve the kind of joined-up delivery that government itself finds very difficult.

These limits are compounded by a third factor, which is that the effectiveness of partnerships at the local level depends heavily on practices at national – and regional or federal – levels of government. Local partnerships are nodes in an emerging pattern of governance which should be seen as multi-level rather than specifically local. The power relationships within this multi-level framework are of course asymmetrical, with a bias towards the centre – the vertical element drives the local, horizontal action and circumscribes the limits of local autonomy.

This suggests that if partnerships remain mere vehicles for the delivery of centrally determined programs, they bring a potential democratic deficit with them, while the capacity of local partnerships to achieve outcomes in terms of joined-up governance is uncertain unless there is a significant shift of power downward to the local level.

Social inclusion: reorienting social policy

The above considerations are relevant in turning to social inclusion policy issues, given that programs delivered via local partnerships have become an important part of the policy response to poverty and social exclusion. But such programs raise wider questions about the role of local, often neighbourhood-based initiatives, and about the implications of the shift in discourse from poverty and redistribution to social exclusion and inclusion.

PROMOTING SOCIAL INCLUSION VIA AREA-BASED INITIATIVES

There are now a wide range of both sectoral and multisectoral area-based initiatives (ABIs) in many countries. Their perceived advantages are their ability to target resources to areas of concentrated deprivation, to respond sensitively to local needs and to tap local resources and opportunities. Their potential ability to reduce expenditure via spatial targeting makes ABIs especially attractive within a neo-liberal social policy context.

However, there is much evidence (see for example Modarres 2002 for the USA, Lupton 2003 for the UK) which asks a string of questions about the impact of ABIs, particularly if, as is increasingly common, they are seen as a major component of anti-poverty policy:

- Even when there is a national program which supports ABIs in a number of areas, there are generally many deprived areas which remain outside the program; and ABIs may displace problems to adjacent areas, and may not tackle poverty and exclusion in more prosperous areas, including problems experienced by non-spatial communities of interest and identity.
- ABIs tend to focus on issues internal to the locality, such as community capacity-building, improving local public services, creating third sector employment and improving skills. They mostly cannot act directly on the external and structural 'macro' causes of deprivation such as widening income disparities and private sector disinvestment.
- ABIs set up as a result of national programs may be driven by national rather than local priorities and may not be responsive enough to local needs.
- Most ABIs are limited in time (as well as resources), and even when the horizon is quite an extended one it is often insufficient to offset long-term processes of decline and disinvestment.
- When ABIs fail or have only limited success, it is easy for governments to blame local actors rather than recognise the limits of policy programs.

NATIONAL STRATEGIES FOR SOCIAL INCLUSION

In some countries, including those within the EU, a number of important factors have led to the introduction of national social exclusion strategies, in particular the squeeze on welfare expenditure and the need in this context to respond to the high levels of inequality produced by the neo-liberal economy by means other than 'traditional' redistributive policies, as well as recognition of at least some of the limitations of ABIs. In the UK, the Labour Government's strategy *Opportunity for All* was originally produced in 1998 and is updated annually (DWP 2003). A major function of the strategy is to provide a joined-up statement of government action on social inclusion, including an assessment of progress against a range of targets, such as the high-profile commitment to ending child poverty. In principle, therefore, such a strategy can provide a context within which some of the limitations of place-based policies can be ameliorated by ensuring that place-based and other policies work together.

In the last few years, in an important policy development, national anti-poverty strategies have been introduced across the EU. This process was initiated at the Lisbon EU Summit in 2000, which defined the EU's objective of becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.

A long wrangle over the Union's competence in the social policy field was resolved by a definition of its role in terms of policy coordination: 'spreading best practice and achieving greater convergence towards the

main EU goals.’ This is seen to require a coordinated approach to combating social exclusion, and several mechanisms have been identified for this. They include the production of biennial National Anti-Poverty/Inclusion Strategies (NAPSincl) by member states, review of these by the European Commission according to a so-called ‘open method of coordination’, and the development of sets of social inclusion indicators. The open method of coordination involves elements of peer review of the member states’ strategies, which, in principle at any rate, has important elements of networked governance and decentralised learning (compared to top-down audit and inspection), with the role of the ‘centre’, that is, the Commission, being to provide comparative information on best practice and expert commentary, facilitation and support. The Commission does, however, undertake an overall review which includes a quality banding of the national strategies (de la Porte, Pochet & Room 2001; Ferrara, Matsaganis & Sacchi 2002).

This is a decentralised, relatively open method of policy development, although critics suggest that there is a need for far more public involvement in, and ownership of, the process within the member states, including the excluded themselves, especially if the principle enunciated by some community organisations, ‘Nothing about us, without us’, were to be put into practice. It must also be recognised that social inclusion policy in the EU remains subordinate to its strategy for economic competitiveness.

Conclusion

This chapter has argued that the scope for policy alternatives has narrowed in recent years as neo-liberalism and its state forms have become more hegemonic. Neo-liberal pressures and global policy transfer mechanisms mean that the shift from local government to local governance, the resort to partnership, and social inclusion as the new policy fix on poverty and inequality are increasingly pervasive. Nonetheless, significant national policy choices remain possible, while at the local level the options suggested by debates around the new localism and the modernisation of local government, as well as some of the shortcomings of the new governance arrangements, indicate that the shape of local politics and the local state is far from fixed. It may, perhaps, be relevant to ask whether the trend of recent years towards a local governance model represents the inauguration of a relatively stable long-term accommodation, comparable to the position of ‘traditional’ local government under Fordism, or whether we are instead still in transition towards another, as yet unclear, mode of local regulation.

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Community and Social Inclusion

2 Associational Governance in Queensland

Paul Smyth, Tim Reddel and Andrew Jones

The idea that effective policies to address poverty, inequality and disadvantage require a spatial dimension has a long, albeit sporadic, tradition in Australian politics. The recent revival of interest in the spatial distribution of disadvantage and locality-focused interventions, documented in many of the contributions to this book, is part of an identifiable tradition dating back to the 1940s. In this chapter, however, we argue that some contemporary forms of policies to address the social and economic disadvantages of place, while grounded in this tradition, are distinctive, involving new ways of conceptualising spatial policies and interventions. We use the term ‘associational governance’ to characterise the nature of this new approach to spatial disadvantage. We show how this approach reflects the influence, in social policy, of the ‘social inclusion’ discourse, and in economic policy, the impact of the ‘New Regionalism’. We demonstrate the ways that ‘associational governance’ has emerged as a distinctive policy approach in Queensland under the Beattie Government since 1998, and consider the potential of this approach to address the persistent problems of spatial disadvantage and inequality.

Spatial disadvantage as a policy focus

Spatial disadvantage as a policy concern has a long but chequered history in Australia. A spatial perspective was an essential element of Commonwealth government efforts to redevelop postwar Australia, which emphasised the importance of regional development policies and the participation of local people in planning for their communities. However, after the defeat of the Chifley Government in 1949 the Commonwealth did not pursue an integrated regional development agenda, and Commonwealth government attention to the spatial distribution of disadvantage lay dormant until the election of the Whitlam Labor Government in 1972. The Whitlam Government refocused attention on issues of locational disadvantage, particularly through the urban and regional policy initiatives of the Department of Urban and Regional Development (DURD) and through the Australian Assistance Plan (AAP). DURD had a twin focus on attending to the problems of the major cities, including disadvantaged suburbs on the urban fringe, and implementing a major program of decentralisation by directing new urban settlement into designated regional centres (Fincher & Wulff 1998; Gleeson & Low 2000). The AAP was a regional social planning program emphasising, in somewhat contradictory fashion, both improved planning and coordination of regional social welfare services and community participation and community development. Neither the AAP nor the main initiatives of DURD survived the change of government in 1975, and issues of spatial disadvantage dropped off the national agenda.

During the 1980s little attention was paid at the national level to the spatial dimensions of poverty and disadvantage (Smyth & Reddel 1997). A number of States established regional social development mechanisms and processes such as the Family and Community Services Program in Victoria, Community Development Boards in South Australia, and Area Assistance Schemes in New South Wales, but it was not until the early 1990s that locational disadvantage reappeared on the national policy agenda. The early 1990s saw a plethora of Commonwealth government urban and regional policy and planning initiatives including the National Housing Strategy (1991), the Social Justice Program on Locational Disadvantage (1992), Building Better Cities (1992), the Regional Development Taskforce (1993), Integrated Local Area Planning (1993), and the Working Nation program (1994). However, the election of the Howard Government in 1996 saw the demise of any substantial regional or locational agenda, one of its first actions being the abolition of the Commonwealth Department of Regional Development and its associat-

ed regional development funding programs. A relatively low-key Regional Australia Strategy was established in its place, focused on a fairly small number of service-based initiatives spread across a range of portfolios (Gleeson & Carmichael 2000).

In the period since the late 1990s, however, an emphasis on locality and local disadvantage has re-emerged in somewhat muted form in Commonwealth policy and in a rather more energetic form in several of the States. Fincher (2001: 5) noted that 'the recognition that disadvantage is a fundamentally spatial phenomenon, something that is experienced in places, has appeared again in Australian politics after a lengthy absence'. At the Commonwealth level, the Stronger Families and Communities Strategy expressed the renewed Commonwealth interest in building community capacity to address local issues, especially in disadvantaged areas. In Victoria, as discussed in chapter 3, there has been an emphasis on community capacity-building and the development of measures of social capital and community well-being. The NSW Government has also implemented a number of programs concerned with addressing spatial disadvantage including the continuation of the Area Assistance Scheme and Community Renewal Program, the establishment of a Strengthening Communities Unit in the Premier's Department, the expansion of a Regional Coordination program across all areas of the State, and the development of place management initiatives in target areas such as Kings Cross, Cabramatta, Canterbury-Bankstown, Redfern-Waterloo and Kempsey (Walsh 2001). Place management has emerged as a new term in spatial policy language stressing the importance of breaking down the 'silos of government' and viewing the needs of localities in a more holistic fashion (Latham 1998; Walsh 2001). Through these programs, spatial disadvantage has re-emerged as a policy concern.

Associational governance: a new approach?

Our focus in this chapter is on developing an understanding of the Queensland government's policy emphasis on the spatial dimensions of disadvantage since the coming to power of the Beattie Labor Government in 1998. Queensland is the most regionalised and dispersed of the Australian States and it was also the birthplace of the ultra-conservative One Nation Party in 1996, whose brief but spectacular electoral success triggered political concern with issues of regional and local disadvantage. We argue that in the process of responding to its distinctive political, social and economic challenges, the Beattie Government is developing, albeit in rudimentary form at this stage, a new model of

governmental response to spatial disadvantage that we have termed 'associational governance'. We will first describe what is meant by 'associational governance', emphasising the influence of the concept of 'social inclusion' in social policy and the 'New Regionalism' in economic policy. Within this framework of ideas, we will then examine the Beattie Government's 'associational' approach to spatial disadvantage and assess its potential and significance.

In recent years there has been an international public policy interest in decentralised and joined-up forms of social governance concerned with the spatial dimensions of disadvantage. As Mike Geddes points out in chapter 1, there are strong relationships between the ideas associated with multisector local partnerships and policy action to address the multidimensional character of spatial disadvantage. Local governance systems involving public, private and civil sectors are seen to be crucial in addressing disadvantage and the social processes generating the exclusion of citizens from social, economic, political and community participation (see also Jones & Smyth 1999). Development of such processes is what we term 'associational governance'.

The contemporary interest in associational governance reflects the perceived shortcomings of the classical hierarchical command and control and the competitive market governance approaches (Reddel 2004). Such governance arrangements have resulted in fragmented service delivery, role confusion between policy-makers, purchasers and providers, and concerns about accountability (Davis & Rhodes 2000). A new form of associational governance based around the interactions of social, economic and political systems involving the public, private and civil sectors has been promoted as an alternative model. This new mode of governance focuses on management by negotiation and horizontal networks, policy learning and organic organisational forms rather than traditional hierarchies or market models (Jessop 1997; Davis & Rhodes 2000; Considine 2001).

This approach to local governance is linked to Hirst's (1994) conception of associative democracy and its emphasis on the decentralisation of power, reduced hierarchy and enhanced democratic participation. However, critics of associative democracy and the related emphasis on social capital, social enterprise and 'third-sector' solutions argue that these approaches too easily underwrite a diminished role for the state, neglect the often adversarial nature of state-civil society relations and may in the end support neo-liberal strategies by overstating the 'benefits' of working with market forces to ensure that localities and regions remain economically competitive (Amin, Cameron & Hudson 2002; Brenner & Theodore 2002; Mayer 2003). In this respect, it is important

to emphasise that expressions of the 'local state' which foster associational activity should not be substituted for the welfare state, the mainstream economy or authoritative national governance systems (Amin, Cameron & Hudson 2002: 125; Jessop 2002). From this perspective, the state can be viewed as a fundamental strategic agent of associational governance, with a primary role in coordinating, integrating and supporting associational activity.

THE IDEA OF SOCIAL INCLUSION

The concept of associational governance is derived in part from the emphasis on 'social inclusion' in recent international social policy analysis and debate. In their review of the relevance of the concept of social inclusion to Australian social policy, Jones & Smyth (1999) trace the spread of social inclusion as a new social policy concept in Europe and the United Kingdom, noting its contested meanings and highlighting its strengths and weaknesses. They welcome the emphasis on the multidimensional nature of advantage and disadvantage, the social and economic processes generating exclusion, the restoration of issues of social cohesion and solidarity to a central place in social policy analysis, and the importance of the spatial dimension.

Within Australia the adoption of the social inclusion framework in social policy has been slow (Bradshaw 2003). The framework has had some impact on the national welfare reform agenda, but has not generated the fundamental rethinking about social disadvantage that has occurred in the UK and Europe (Saunders 2002). The Australian policy and research communities have been somewhat sceptical of the concept. Whiteford (2001), for example, says that the traditionally dominant income measurement approach to poverty should not be discarded lightly. The social inclusion/exclusion approach, he argues, by introducing an emphasis on the attitudes and behaviours of excluded groups, lends itself too readily to a 'blaming the victim' approach.

While this is a genuine concern, it needs to be emphasised that there is now a wide acknowledgment in the international literature on poverty research that the standard approach to understanding poverty is 'too narrow' (Room 1999). There is an emerging view, especially in the European and British literature, that the strengths of the social inclusion framework lie in its multidimensional approach, its dynamic rather than static analysis, its focus on community and spatial as well as individual and family resources, and its shift of emphasis from distributional to relational aspects of disadvantage (Room 1999; Vleminckx & Berghman 2001; Saunders 2002). From this perspective, the social inclusion and

exclusion framework facilitates an approach that emphasises the development of 'freedom and capability' (Rawls 1971; Sen 1992).

The non-monetary and relational aspects of social exclusion are particularly prominent in current policy debates on the social dimensions of 'capability', often discussed in terms of community capacity-building, trust, social capital, and so on. According to Silver (1994), social inclusion points the way to 'a more personalized participatory welfare state ... one which rest[s] on new principles of social cohesion, sharing and integration'. This dimension distinguishes the social inclusion approach from the corporatist type mode of social engagement that characterised Australian politics in the 1980s. The emphasis in a social inclusion framework is more towards forms of decentralised, networked modes of community engagement where government works with a diversity of associations (Jessop 1997).

These ideas should not, of course, be adopted uncritically. In practice, decentralised policy approaches often reveal very little real decentralisation of power and resources (Goodlad 1999; Geddes 2000). As Harris (2001) and Shaver (2002) have pointed out, Australian welfare reform has been infused with the underclass theorising of Mead (1986) and Etzioni (1993), with an emphasis on social cohesion and order at the expense of equality and social justice. Others have highlighted the dangers of the politics of representation encouraged by associational governance being used to undermine a politics of distribution (Saunders 2002; Bradshaw 2003). However, it can be argued that there is nothing inherent in the associational aspects of social inclusion that precludes an emphasis on social citizenship (Amin & Thrift 2002).

We argue that the paradigm shift in thinking about poverty and disadvantage represented by the growing influence of the social inclusion framework underpins the emergence of an associational governance approach. In a parallel way, in the sphere of economic policy, the emergence of the 'New Regionalism' provides a theoretical foundation for associational governance.

THE IMPACT OF THE 'NEW REGIONALISM'

For much of the 1990s, thinking about spatial economic policy in Australia had reached a stalemate of ideas typified by the debate surrounding the Labor Government's 1994 employment policy *Working Nation* (1994). The dominant emphasis in *Working Nation* on top-down Keynesian-style regional planning was countered by resistance based on neo-classical economic analysis to any such active industry intervention (Stilwell 1993, 1997). Under the Howard Government, regional policy

shifted unambiguously towards a neo-liberal pattern modified only by an interest in the possible relevance to market outcomes of the importance of social capital (Gray & Lawrence 2000, 2001). However, the emergence of the framework of ideas now known as the 'New Regionalism' potentially offers a different approach.

Popularised in Australia by the *State of the Regions* reports for 2001 and 2002 (NE/ALGA 2001, 2002), NR draws its key ideas in an eclectic way from economic sociology and from institutional and evolutionary economics (Morgan 1997; Amin 1999; MacLeod 2001a,b). It places great importance on the roles of 'institutional routines and social conventions' in economic innovation and the regional development process (Morgan 1997), and generally emphasises the need to take account of the importance of associational activity in economic life (Casson 1993; Cook & Morgan 1998). This approach, emphasising the importance for economic development of 'institutional thickness' (Amin & Thrift 1995), implies an active role for state institutions.

This focus on associational routines and conventions suggests that local and regional factors will play important roles in spatial economic development (Porter 1998). For example, 'tacit knowledges' embedded in local institutions giving rise to what Storper (1997) calls 'untraded interdependencies' will have great significance for regional economic success and failure. Of particular interest from a social policy point of view are claims that local or regional systems of innovation depend for success on having an appropriate social framework (MacLeod 2001a: 805).

By bringing the associational aspects of the economy back into policy analysis in this way, NR opens the way to new considerations of the relationship of economic with social policy. Both social inclusion and NR readmit the potentially positive values of association, community and society into our policy frameworks. Although the social policy implications are not strongly emphasised at this point in the NR literature, they do potentially provide a basis for integration of social and economic development considerations with respect to regional and spatial policies. This acknowledgment of the social dimension in NR is seen by some as merely a sop to critics of the market approach, hiding a continuing commitment to the fundamentals of the neo-liberal model. As Fine (1999) writes of the embrace of the social capital agenda by the World Bank in recent years, it 'opens up an agenda for those who oppose the old consensus; but there is an admission price'. According to Lovering (1998), NR serves in this way to add a territorial dimension to the 'Weltanschauung of Global Liberalism', inscribing on regions new demands for flexibility and competitiveness. Mitchell (2002) sees NR as diminishing attention to macro-economic policies to the extent that it

has become a 'dangerous current flowing against full employment'. MacLeod (2001a) suggests that an economic model which has knowledge and innovation at its core can be easily wedded by national governments to a social policy package in which reflexive communities and smart regions are asked to shoulder their own social risks. Others emphasise that viewing communitarian values as an element of economic success distracts us from inherent power inequalities associated with class, race and gender (Narotzky 1997; Barnes 2002).

Others are more positive. Amin (1999) proposes that the information-driven economy implies the need for the dominant elites of the old economy to make way for new players if the hidden potentials of depressed regions are to be unlocked. This requires a 'pluralist and interactive public sphere', he writes, rebuilt by reinvigorating local cultures, recovering public spaces, community development initiatives, promotion of public participation, investment in social infrastructure, and a variety of strategies to advance civic education, rebuild social confidence and capacity, and reconstruct damaged civic identities. An inclusive culture and infrastructure ought to complement a reflexive, innovative and creative regional economy (Cooke & Morgan 1998; Amin & Thrift 2002). From a social policy point of view, the substantive policy implications of this position remain somewhat vague at this stage, although the potential for the integration of the social and economic is apparent.

Clearly, there is a need to maintain a sense of proportion regarding what can be achieved at the local level. Geddes' (1998, 2000) evaluation of local partnerships to combat social exclusion in the EU found some positive outcomes but concluded that they were 'seldom sufficient to reverse long-term trends of disinvestment, decay and social disintegration in deprived areas' (Geddes 2000: 795). Jones' (2001) study of New Labour's eight Regional Development Agencies found their programs defenceless against a rising tide of economic restructuring. In relation to EU regional policy initiatives, Grahl (1996) found that regional success stories against macro-economic trends are very much exceptions to the rule. Amin (1999: 375) emphasises that 'no amount of imaginative region-building will be able to sustain a spiral of endogenous economic growth in the absence of a conducive macroeconomic framework'.

Nevertheless, the New Regionalism does open a discursive space for the readmission of the importance of the social dimension in local economic life. Clearly, the 'social' can be constructed in divergent and conflicting ways; and there is a need to retain a sense of scale or proportion about what can be realistically achieved at the regional or spatial level. Overall, we point to the convergence of emphases on associational activity in the social inclusion and NR literatures, suggesting a new approach

to approaching issues of spatial disadvantage. We now turn to an examination of the emergence of these ideas in practice in Queensland since the coming to power of the Beattie Labor Government in 1998.

Associational governance in Queensland

Queensland would be considered by many an unlikely site for the emergence of an effective form of associational governance. For many years Queensland was ranked last among Australian States in social policy performance (Evatt Foundation 1994). This record has been linked to Queensland's relative lack of intensive manufacturing development and postwar immigration in the immediate postwar period, as well as to the smallness of its middle class relative to the other States (Galligan 1986: 245; Head 1986). During the last decade, however, Queensland has been a leader in economic performance, with booms in minerals, energy exports and tourism, coupled with a major population inflow from other States. In this context the protests against growing regional disadvantage mounted by the One Nation Party led to the vigorous prosecution of a regionally responsive policy agenda by the Beattie Government.

The Beattie Government's approach to issues of regional social and economic development can be contrasted with both the long period of conservative populism lasting from the 1950s to the late 1980s and the era of managerialism ushered in by the Goss Labor Government that came into office in 1989. The tight fiscal policy of the Goss Government placed significant constraints on any change to Queensland's historically low commitment to social policy (Ryan 1993; Ryan & Walsh 1994). Its economic policy orientation was summed up in the phrase 'market enhancement', whereby the aim was to create an environment in which 'the economy can operate efficiently, with minimal government interference with commercial decision-making' (Goss 1992: 2). Social reform was subservient to the dominant agenda of micro-economic reform and corporatisation of public utilities, a subservience which continued under the short-lived Coalition Borbidge Government (1996–98). As in other States, the managerial preoccupation saw a trend to compulsory competitive tendering in what became known as the 'Contract State', although the trend remained less advanced in Queensland than in some other jurisdictions. The reason for this, in part, was the election of the Beattie Government in 1998 in the context of the rise of the One Nation Party amid a regional voter backlash against economic rationalism and declining social services in rural areas. Davis & Stimson (1998) have shown how the support for One Nation was spatially specific. A new approach to regional policy in Queensland had become a political necessity.

ECONOMIC POLICY: 'THE SMART STATE'

The economic policies of the Beattie Government reveal a trend away from the economic policy framework of the contract state towards an approach encouraging 'associational governance'. Multi-sector partnerships and various forms of community engagement became central in the government's economic and social policy rhetoric, as illustrated by the following comment by Premier Beattie:

There is ... an emerging service delivery model involving governments working in partnership with communities to determine needs, devising strategies for meeting these needs, implementing activities consistent with these strategies and ultimately monitoring results. The emphasis is on community empowerment and not on traditional functional program delivery. (Queensland Government 2001: 10)

The aspiration to a networked mode of governance implied in this statement is far removed from that fundamental distrust of government inscribed on the 'market enhancement' approach of previous Queensland governments. It looks beyond the market to emphasise the importance of communities or associations and ascribes to government more positive administrative functions. This transition is by no means a completed project. What we describe is more the beginning of a trajectory which is revealed in a package of policies and programs. Our analysis of this package is framed in Table 2.1, which summarises key economic and social policy initiatives of the Beattie Government.

A key thrust of the New Regionalism is the recognition of the social dimension of the economy, a recognition which distinguishes the Beattie Government's policy approach. In contrast to comprehensive market enhancement is a more pragmatic approach where social objectives emerge as key policy goals along with economic priorities. The Queensland Treasurer has defined five such priorities, which are significantly headed as 'social and fiscal objectives' (Mackenroth 2001):

- 1 more jobs for Queenslanders
- 2 skills and innovation – the 'Smart State'
- 3 safer and more supportive communities with a better quality of life
- 4 valuing the environment
- 5 building the regions.

The policy contrast with the economic rationalism of the Goss Government is nowhere more apparent than in the Beattie Government's adoption of a Charter of Fiscal and Social Responsibility (Mackenroth 2001) together with a management framework, *Managing for Outcomes*

Table 2.1 'Joined-up' Queensland policy initiatives, 1998–2003

Economic policy initiatives	Aims/purposes	Organising concepts/ideas
Managing for Outcomes	Framework for resource management and achievement of social, economic and environmental outcomes	Management of financial and policy outcomes
Charter of Social and Fiscal Responsibility	Reporting framework for the government's priority outcomes	Identify performance indicators and measure: limited notion of social and community
Smart State – Innovation Directions	Strategic vision for economic innovation	'Building a modern sustainable economic base' based on [some] social dimensions and citizen involvement
Smart State – Vibrant Regions	Sustainable regional economic development	Capacity-building and linking economic, social and environmental policy
SEQ 2021/FNQ 2010/ Wide Bay 2020 RGFM	Regional management of population growth	Partnerships and agency coordination
Breaking the Unemployment Cycle	Employment creation and labour market programs	Public/private and community partnerships and some social development
Social policy initiatives	Aims/purposes	Organising concepts/ideas
Community renewal program	Reduce disadvantage and build community identity and confidence	Place; local governance; community partnerships and community outcomes
Queensland state education 2010	Students [as citizens] to acquire capacity to participate in and shape community, economic and political life Increase Year 12 completion rates	Investment in state school education within globalised economy
Education and training reforms for the future	Enhance education and post-school training systems	Economic prosperity, social investment and social justice
Smart State Health: 2020	Whole-of-government/integrated approach to health	WHO framework: 'A life time investment in health and well-being'
Housing policies	Recognise housing's role in social and economic policy	Unmet housing needs will impact negatively on other life outcomes
Queensland families: future directions	Increased government investment for children and young people 'at risk'	Prevention and early intervention strategies for 'at risk' children and young people
'Integrated' economic and social policy initiatives	Aims/purposes	Organising concepts/ideas
Cape York partnerships	Formation of cross-sector partnerships to address disadvantage and socio-economic dependency	Public, private and community partnerships; local governance; capacity-building; linking economic, social and environmental policy

(Queensland Treasury 2003), meant to indicate a holistic policy approach. The reporting framework has a mix of performance indicators including jobs growth, capital outlays, literacy and numeracy levels, youth suicide rates and so forth (Mackenroth 2001: 4). Other economic policy initiatives allude to the importance of community partnerships, social well-being, and the associational dimensions of economic development and innovation. Thus *Innovation Directions for Queensland 2001* (Queensland Innovation Council 2001: 12) states: '[The] Smart State provides the vision and stimulus to move Queensland to a modern sustainable economic base that has the ability to deliver social well being for all Queenslanders. Realisation of the Smart State requires the involvement of all Queenslanders as innovators in all aspects of their lives.'

The *Smart State – Vibrant Regions* (Queensland Government Department of State Development 2002) planning document has 'new regionalist' emphases on the development of knowledge-based economic activity and forms of regional networks and clusters of industries, research institutions, education and training systems and the local communities. Importantly, sustainable economic development is seen as involving the simultaneous pursuit of economic prosperity, environmental quality and social equity (2002: 3). The approach refers to Porter's notion of competitive advantage and asserts as an 'underlying fundamental principle' the importance of 'building social capital and specialized skills and capabilities in the regions' (2002: 6). Education, training, skills development and the local community's capacity for innovation and development are highlighted in this approach as critical factors in developing a region's competitive advantage. Partnerships between local governments, State agencies, regional development organisations, local businesses and community groups are presented (but not explained) as key strategies for assessing and fostering this regional competitive advantage. Other key initiatives reflecting this reintegration of social and economic policy include *Breaking the Unemployment Cycle* (Queensland Government Department of Employment and Training 2002) and the *Community Jobs Plan* (Queensland Government Department of Employment and Training 2002).

These regional development documents give a prominence to the social dimension of development which is consistent with the NR. The social and economic are presented in an integrated way and new modes of associational governance are seen as important for both. The next steps will be to unpack the implications of these broad socio-economic objectives for specific policy portfolios and to generate the kinds of technologies of representation appropriate to associational governance. More fine-tuned assessment of the implementation mechanisms (such as

regional partnerships) and the outcomes of these policy initiatives will also be essential components of this analysis.

SOCIAL POLICY: BUILDING CAPACITY

Under the Goss Government of the early 1990s, social policy initiatives remained at the margins of the policy agenda (Walsh 1993: 216). The view of welfare spending as unproductive has been encouraged more recently in Queensland by campaigns against so-called welfare dependency (Leach, Stokes & Ward 2000). This has motivated a reconceptualisation of social expenditure under the Beattie Government as an investment. Social policy is construed as a contribution to enhancing economic productivity as well as building individual and social capacity. In terms of social governance, the role of civil society groups and multisector partnerships, often neglected in Queensland's past, has been promoted in terms of 'engaged government' (Queensland Government 2001).

Many of the social reforms in education, housing, health and family policy are presented under the rubric of the 'Smart State' and detail the ways that health, housing, educational and employment outcomes are viewed as interdependent (see Queensland Government 2000, 2002a; Queensland Department of Housing 2001; Queensland Health 2001, 2002). In the recent reforms to the State's education system, for example, an extra year of schooling has been justified in terms of the linked goals of economic prosperity, social justice and equality of opportunity (Queensland Government 2002a: 1).

The language of social inclusion and associative governance has been most prominent in spatially oriented social policy initiatives. Here, the notion of place management became a popular 'badge' for a collection of practices concerned with the lack of coherence and coordination in government programs that purport to be serving the same place (Walsh 2001). 'Breaking down the silos' became a theme for 'joined-up government' at the local level (Smyth & Reddel 2000). The social inclusion emphasis on the multidimensional character of spatial disadvantage was seen to create a need for partnerships between local and State government and non-government stakeholders (Walsh 2001).

A major initiative in this context was the Community Renewal Program (CRP), which aimed to reduce the level of disadvantage and raise the confidence and image of fifteen disadvantaged communities across Queensland. It attempted to integrate service delivery across a range of government activities, with participation by government officials, elected political representatives, local community members, community organisations and the private sector. Network-building and an

integrated view of local community needs have been critical strategies for the CRP. It also emphasised the collection and analysis of indicators of community well-being (Walsh & Butler 2001).

A recent review of a CRP initiative operating in one of the most disadvantaged areas of south-east Queensland identifies some successful outcomes: the alignment of local community needs with the State Government's priority outcomes; the role of diffuse networks of trustful relationships as a basis for systematic change; relationship-building among a mix of stakeholder participants ranging from local residents to elected representatives of local and State government; and social capital-building as crucial to overall community well-being (Woolcock & Boorman 2003). Significantly, the CRP has attempted to move outside the traditional social welfare constituency and involve local residents in planning and local decision-making via an organised system of community reference groups, community forums and mechanisms for inter-sectoral partnerships (such as formal protocols or memorandums of understanding). Building a more sustainable partnership capacity encompassing both key 'institutional' policy communities and more discursive local actors is a serious challenge for enhancing the associational governance credentials of the CRP. The program remains, however, relatively marginal to the mainstream policy agendas and resource allocation processes of government. It is not at this point noticeably joined up with economic programs and services and sits alongside mainstream social infrastructure.

Arguably the most innovative and important venture in associative governance thus far has been the Cape York initiative. The *Cape York Justice Study of 2001* (the Fitzgerald Report) highlighted the multidimensional nature of social and economic problems in Cape York communities, pointing to the social problems of ill health, poor education outcomes, alcohol, violence, crime and the way these were interlinked with issues of land rights, governance and economic development. Economic development, the report emphasised, could not be separated from social development; a point given added weight by the critique of so-called 'welfare dependency' by the Indigenous Cape York leader, Noel Pearson. The report emphasised the central link between economic and social policy, recommending the reconfiguring of passive welfare transfers from government, including combining and managing welfare incomes, substituting imported services and labour with local, and increasing the generation of enterprises in communities. It also canvassed issues of sustainability, and the importance of a planned approach to enhancing social capital to enable collective action and transcend the closed Cape York communities (Fitzgerald 2001: 369).

The Beattie Government's response, *Meeting the Challenges, Making Choices* (Queensland Government 2002b), accepted this approach and demonstrated a willingness to experiment with new forms of associational governance through bureaucratic and community-based systems such as the Cape York Partnership Unit, which uses negotiating 'round tables' and regional budgets. Action plans are being negotiated and developed in each local community and are designed to meet the immediate needs of the community and to promote economic development opportunities. These plans recognise the rights of the local community – 'to country, culture, safety, security, education and health'. A Community Governance Strategy is also being implemented based on reform and support of the existing community councils and improved planning and service delivery by State agencies. In addition, a system of 'Community Champions' has been established whereby directors-general of State government departments are nominated or approached by local communities to 'champion' specific communities. This role includes advocating for the community in government decision-making, encouraging private investment and infrastructure, and developing ongoing positive working relationships and good communication with local communities.

These examples demonstrate the ways that social policy in Queensland has increasingly displayed the key characteristics of the social inclusion framework: an emphasis on the 'joined-up' nature of social issues, a corresponding ambition to integrate the policy response in appropriate ways, and an effort to devise associational forms of governance. As with economic policy, there is a sense that this approach is still under development, but the overall shift in emphasis in public intent is clear.

ASSOCIATIONAL GOVERNANCE: A WAY FORWARD?

It is important not to overstate the case for Queensland as an exemplar of a new, effective mode of 'associational governance'. The Beattie Government was re-elected to a third term in 2004 and its 'Smart State' agenda and related economic and social policy reforms remain largely a work in progress, with the outcomes of the initiatives discussed in this chapter largely untested. We are not suggesting that Queensland policy-makers have approached the issue of spatial disadvantage with a coherent theoretical model of 'associational governance' in mind. Nevertheless, as theory attempts to keep pace with practice, we do find in the social inclusion and New Regionalist approaches an emphasis on associational governance which makes sense of recent Queensland endeavours. The potential of similar policy experiments to generate a

new and progressive phase in addressing spatial disadvantage in Australia has been noted by others (IPAA 2002), including a recent proposal for a renewed Australian regional development agenda based on government leadership and cooperation (at all levels) matched by diverse and democratic pathways for citizen participation and community development (Beer, Maude & Pritchard 2003: 262–63). John Wiseman adds to this discussion in chapter 3.

At the same time, we also need to regard this Queensland and Australian experience in the light of international experience, where assessment of the effectiveness and potential of new modes of associationalism is equivocal (Jones 2001; Amin, Cameron & Hudson 2002; Brenner & Theodore 2002). The new ‘institutional architecture’ of regional policy development is highly contested (Jones 2001: 1187). Nevertheless our chapter has argued that the emergence of the associational governance model marks a theoretical departure that offers new potential for addressing issues of spatial disadvantage. What is now required are detailed Australian case studies of associational governance in practice. It is only through such detailed empirical studies that we will be able to determine whether or not associational governance represents a significant advance in the ongoing quest to more effectively address spatial disadvantage in Australia.

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Designing Public Policy after Neo-liberalism?

John Wiseman

The outcomes of the 2004 Australian and US elections provide a sharp reminder that rumours of the death of neo-liberalism and economic rationalism remain decidedly premature. At the same time evidence continues to mount that dominant market-driven and managerialist policy settings are incapable of adequately addressing the key policy challenge of a globalising world: *simultaneously delivering sustainable, fair and democratic prosperity in the context of accelerating global flows of information, resources and people*. As many of the authors in this book note, there is also increasing recognition of the differential and unequal spatial impacts of neo-liberal globalisation and of the importance of exploring new local and regional modes of governance and policy-making in responding to these challenges.

The aim of this chapter therefore is to draw on learning from recent policy-making experience in the Australian State of Victoria to reflect on some of the issues facing regional and local governments in setting alternative policy directions and, perhaps more importantly, in turning new directions into more desirable policy practices and outcomes.

The key argument is that a new and compelling narrative about the values and goals that should drive an alternative political and policy agenda ought to be accompanied by the policy implementation, organisational change and alliance-building strategies needed to turn good ideas into real and lasting change.

The neo-liberal roadmap

‘Neo-liberalism’ is clearly a broad church with a wide variety of denominations and characteristics (Barry, Osborne & Rose 1996; Beeson & Firth 1998; Hindess 1998; Dumenil & Levy 2001; Peck 2001). Nonetheless the ‘ideal type’ neo-liberal policy roadmap can usually be recognised by the following landmark assumptions:

- Maximisation of individual welfare is the driving motivation for human activity.
- Expanding economic growth and consumption is the best way of maximising individual welfare.
- Policy success can best be measured by short-term increases in economic growth, profitability and consumption.
- While economic growth will deliver trickle-down benefits to all citizens, a growing gap between winners and losers is probably inevitable.
- Private sector institutions and market forces are the best instruments for allocating resources and maximising economic growth and profitability.
- Private sector organisational arrangements and business practices provide the best model for most policy development and service delivery functions.
- The role of the public sector should therefore be confined to that of strategic planner, contractor and risk manager.

Changing conditions and warning lights

Three important international trends are leading to new debates about public policy and new challenges for governments at all levels after a period of over twenty years in which market ideas and instruments have dominated the thinking of many policy-makers.

First, there is increasing recognition of the interdependence of policies and in particular the need for policy settings that are sustainable – economically, socially and environmentally. The economic policy settings implemented in most industrialised societies over the last twenty years have been associated with significant increases in productivity and economic growth (as measured by GDP). They have also been linked to significant increases in inequality, with a growing gap between rich and poor, included and excluded, secure and insecure (Stillwell 2000; Nieuwenhuysen, Lloyd & Mead 2001). At the same time there has been growing recognition of the need to address the full range of environmental externalities – and the full environmental, economic and social costs – arising from the dangerous assumption of infinite energy and waste disposal resources (Diesendorf & Hamilton 1997; Eckersley 1998).

A more balanced understanding of economic, social and environmental logics leads to the realisation that it is neither desirable nor possible to continue down a policy path based on maximising economic growth at all costs and then hoping to fix up the social and environmental damage later. The detailed, practical implications of sustainable, 'triple bottom line' development remain a work in progress, but the core argument is compelling (Yencken & Wilkinson 2000; OECD 2001). It makes sound economic, social and environmental sense to develop ways of working, ways of doing business and ways of making policy which start by valuing and understanding the complex relationships between environmental, social and economic logics, values and forces.

Second, the increasing volatility and uncertainty of a globalising, fragmenting world has led to renewed expectations that government will play a significant role in meeting the complex challenges of balancing freedom and security (Bauman 1999; Hutton & Giddens 2000; Dror 2001; OECD 2001). These expectations have been reinforced by the increasing transparency and rapid circulation of information about the actions of governments. This has provided individuals and organisations with more detailed understandings of the consequences of policy choices and increased expectations that governments can and should be held accountable for their actions. At the same time there has been a widely documented fall in the levels of trust that citizens express in governments of all political persuasions (Pharr & Putnam 2000).

Alternative decision-making paradigms based on networks, partnerships and alliances between public, private and community sector organisations may not have the superficially comforting simplicity of market fundamentalism (Davis & Rhodes 2000; Fischer 2003). But the complex challenges of combining democratic legitimacy, social inclusion, environmental sustainability and economic prosperity will not be solved by a simplistic faith in competitiveness – any more than by a simplistic faith in central planning or local self-help.

The third public policy legacy of the last twenty years to have come under significant criticism is the managerialist faith in hierarchical, rational planning mechanisms linking mission statements, goals, objectives, programs and performance in straightforward chains of cause and effect (Considine 1994; Rhodes 1997; Bogason 2000). Numerous critiques of managerialist public sector direction-setting and change management strategies have demonstrated their limitations in a world where the knowledge and capacity needed to predict and address increasingly complex policy problems comes from many sources. A world of complex relationships requires learning a great deal more about new ways of involving and engaging citizens, communities, community organisa-

tions, businesses – and government – in making and implementing policy (OECD 2001; Hajer & Wagenaar 2003).

Alternative signposts

While no single term has emerged as a satisfactory basis for articulating an alternative to the neo-liberal paradigm, the following signposts are emerging from recent policy experimentation in a wide range of national, regional and local settings:

- rediscovering the importance of connectedness, creativity and time
- valuing and linking environmental, social, economic and cultural perspectives, strategies and outcomes
- longer-term investment in sustainable, resilient communities and environments
- strategic action to strengthen inclusion and respect for diversity
- reinvesting in community and public sector capacities, infrastructure and partnerships
- engaging and involving citizens and communities through representative and deliberative democratic practices
- developing the role and capacity of the public sector as a guide and catalyst
- coordinating and connecting multiple sources of knowledge and expertise.

Some of the key characteristics of these emerging political and policy assumptions, logics and practices are summarised in Table 3.1.

Reflections on recent Victorian public policy experience

It would require considerable optimism – some would say naivety – to look to the current cautious and uncertain ranks of social-democratic and third-way governments for signs of rapid progress towards the comprehensive implementation of the kind of post-neoliberal agenda outlined above. A more measured and useful research project might, however, reflect on the extent to which some of the actions of social-democratic and third-way governments cast light on the difficulties that need to be overcome in taking the first tentative steps towards more sustainable, inclusive and democratic policy-making. The second section of this chapter endeavours to explore this question by drawing on some of the lessons from the initial policy-making experience of the Bracks Labor Government in Victoria. This is not intended as a comprehensive evaluation of the gov-

Table 3.1 Public policy after neo-liberalism

Key questions about political and policy assumptions, logics and practices	From neo-liberalism towards post-neoliberal politics and policies
Assumptions underpinning political and policy directions?	Competitive and acquisitive individualism	Rediscovery of importance of connectedness, creativity and time
Relationship between economic, social and environmental perspectives and goals?	Narrow economic and market logic	Valuing and linking social, environmental, economic and cultural perspectives, strategies and outcomes
Time-frame for thinking about policy outcomes and actions?	Short-term profit and consumption	Longer-term investment in sustainable, resilient communities and environments
View about distributional outcomes?	Inevitability of growing gap between winners and losers	Strategic action to strengthen inclusion and respect for diversity
Roles of private, public and community sectors?	Maximising privatisation	Reinvesting in community and public sector capacities, infrastructure and partnerships
Breadth and depth of democratic decision making?	Opaque and unaccountable bureaucratic and corporate hierarchies	Engaging and involving citizens and communities in informed, democratic decision making.
Key public sector roles and skills?	Contracting and risk management	Coordinating and connecting multiple sources of knowledge and expertise

ernment's successes or failures but rather as a way of grounding discussion of some of the challenges faced by moderately progressive governments in posing the question: what policy settings and practices might begin to open up new paths beyond the neo-liberal racetrack?

The Bracks Labor Government took office in Victoria in October 1999, following an election result which surprised the many commentators who had been expecting the comfortable re-election of the Liberal-National Party Government of Premier Jeff Kennett. Over the previous seven years the Kennett Government had conducted a series of ground-breaking experiments at the more extreme end of market-based economics, combining deep cuts to public expenditure with an extensive program of privatisation, competition and outsourcing (Alford & O'Neil 2001).

Firmly burned into the minds of incoming government ministers was the memory of the way in which the media had characterised the previous

Cain and Kirner Labor governments (1982–93) as financially irresponsible (Considine & Costar 1993). The impact of this legacy was to create a culture of cautious reform in which ‘balancing the books’ and ‘not frightening the horses’ remained paramount objectives.

The new government faced four other significant constraints. First, it was a minority government dependent on the ongoing support of at least two of the three independent members of Parliament. Second, the Victorian Upper House (the Legislative Council) remained under the control of the Liberal and National parties. Third, the members of the newly appointed ministry were inexperienced, some without previous experience of being in Parliament, much less running a department. Fourth, the skills and capacity of the Victorian public service had become increasingly focused on outsourcing and contract management with a diminished capacity to explore and develop broader policy options and processes.

All of these ingredients have combined to produce a recipe for a government which has been very comfortable, with a reputation for a conservative, careful approach – but which has slowly begun to explore a number of the initiatives outlined below.

Growing Victoria Together

While the Bracks Government came to office in 1999 with a list of independently costed policy commitments known as the Labour Financial Statement (LFS), it quickly became clear that a more comprehensive long-term policy ‘vision’ and framework would be needed to communicate the government’s medium-term directions to the public service, stakeholders and citizens. The ‘Growing Victoria Together’ Summit held at Parliament House in March 2000 and attended by over a hundred key private, public and community sector stakeholders was therefore organised as a springboard for broadening and deepening the government’s policy agenda and mandate.

The Summit Recommendations’ commitment to develop a ‘triple bottom line approach to policy making’ provided the trigger and the mandate for the development of the *Growing Victoria Together* policy framework launched by the Premier in November 2001. *Growing Victoria Together* was never intended as a blueprint for every action the government would take. It was envisaged as a short, simple overview of the work needed to address the most important issues facing Victorians along with ways of demonstrating progress. In this sense it was an initial step on a longer path – a signpost, not a roadmap. The framework has four key purposes:

- to guide the strategic policy choices of the government
- to communicate the government's integrated economic, social and environmental directions to Victorians
- to provide a medium-term (5–10 year) policy framework for the Victorian public sector
- to provide a basis for engaging stakeholders in implementing future directions and actions.

The booklet begins with an introduction from the Premier noting that:

Growing Victoria Together expresses the government's broad vision for the future. It links the issues important to Victorians, the priority actions we need to take next and the measures we will use to show progress ... *Growing Victoria Together* balances economic, social and environmental goals and actions. It is clear that we need a broader measure of progress and common prosperity than economic growth alone. That is the heart of our balanced approach – a way of thinking, a way of working and a way of governing which starts by valuing equally our economic, social and environmental goals.

This is followed by a summary of the Victorian community's strengths and challenges leading to the following broad vision statement:

By 2010 Victoria will be a State where:

- Innovation leads to thriving industries generating high quality jobs
- Protecting the environment for future generations is built into everything we do
- We have caring, safe communities in which opportunities are fairly shared
- All Victorians have access to the highest quality health and education services all through their lives
- The bulk of the document consists of outlining the progress measures and initial priority actions in relation to eleven 'Important Issues for Victorians. The issues and related progress measures are summarised in Table 3.2 below.

While at first glance *Growing Victoria Together* can appear to be little more than a somewhat simplistic government public relations booklet, there are a number of features of the document and the process behind it which have the potential to give it greater significance.

- The 5- to 10-year time-frame deliberately opens up discussion about policy goals and actions extending beyond the next budget – or the next election – to provide the basis for a discussion about the actions needed to address underlying causes and longer-term challenges.
- It integrates economic, social, environmental and governance issues and outcomes.

Table 3.2 Important issues and demonstrating progress measures included in *Growing Victoria Together*

Important issues	Demonstrating progress measures
Valuing and investing in lifelong education	Victorian primary school children will be at or above national benchmark levels for reading, writing and numeracy by 2005. 90% of young people in Victoria will successfully complete Year 12 or its equivalent by 2010. The percentage of young people 15–19 in rural and regional Victoria engaged in education and training will rise by 6% by 2005. The proportion of Victorians learning new skills will increase.
High-quality, accessible health and community services	Waiting times and levels of confidence in health and community services will improve. Health and education outcomes for young children will improve. Waiting times for drug treatment will decrease as will deaths from drugs, including tobacco and alcohol.
Sound financial management	An annual budget surplus. Victoria's taxes will remain competitive with the Australian average. Maintain a Triple A rating.
Safe streets, homes and workplaces	Violent crime and fear of violent crime will be reduced. Road accidents and deaths will be reduced by 20% over the next five years.
Growing and linking all of Victoria	The proportion of freight transported to ports by rail will increase from 10% to 30%. Rail travel times will be reduced to Ballarat, Geelong, Bendigo and the Latrobe Valley. Travel in Melbourne taken on public transport will increase from 9% to 20% by the year 2020.
Promoting sustainable development	Renewable energy efforts will increase. Energy consumption in government buildings will be reduced by 15% and the use of electricity from Green Power by government will be increased to 5% by 2005. Waste-recycling efforts will increase and the use of landfill as a waste disposal method will be reduced. Waste water reuse in Melbourne will increase from 1% to 20% by 2010.
More jobs and thriving, innovative industries across Victoria	Victoria's productivity and competitiveness will increase. We will see this through increasing GDP per worker. There will be more and better jobs across Victoria. The proportion of Victorians learning new skills will increase. A greater share of innovative R&D activity will be in Victoria.
Building cohesive communities and reducing inequalities	The extent and diversity of participation in community, cultural and recreational organisations will increase. In a crisis there will be more people Victorians can turn to for support. Inequalities in health, education and well being between communities will be reduced.
Protecting the environment for future generations	The Snowy River will be returned to 21% of its original flow within 10 years and over time to 28%. The quality of air and drinking water will improve. The health of Victoria's catchments, rivers and bays will improve. The area covered by native vegetation will increase. There will be a real reduction in the environmental and economic impact of salinity by 2015.

Table 3.2 continued overpage

Table 3.2 continued

Important issues	Demonstrating progress measures
Promoting rights and respecting diversity	The proportion of Victorians aware of their legal and civil rights will increase. More Victorians from all backgrounds will have the opportunity to have a say on issues which matter to them.
Government that listens and leads	More Victorians will be consulted on issues which matter to them. There will be regular reports on progress in improving the quality of life for all Victorians and their communities.

- It is a short, simple communications document, providing a starting point for talking with stakeholders and communities about future directions and priorities.
- It includes a small number of tangible measures of progress for which government can be held accountable.
- The content and language draws on the outcomes of a range of consultative and policy research processes which go beyond and challenge the knowledge domains of normal departmental and program boundaries and frames of reference.
- It provides a basis and a framework for developing a broader, more democratic process for the identification of directions and priorities by regional and local communities.

Lessons which can be usefully learned about more integrated approaches to social, economic and environmental investment from the process of developing and implementing *Growing Victoria Together* include the importance of:

- Governments being able to articulate a short, compelling story about their overall direction and being able to communicate this clearly to their public service, key stakeholders and the broader community.
- Clearly articulating the way in which integrated policy directions will lead to tangible improvements in social, environmental and economic outcomes for people in particular communities – rather than relying on overly abstract appeals to freedom and security, justice and rights.
- Strong political leadership from the top leading to significant ministerial and public sector ownership.
- Engaging agencies and stakeholders. The time-consuming process of winning ministerial ownership was crucial in order to convince departments to take directions seriously.
- Embedding directions in corporate and business plans and in the day-to-day activities of program managers and service providers.
- Improving the policy and research capacity and tools to be able to understand and predict the relationship between particular policy interventions and their likely impact on policy trends and outcomes.
- Developing the research capacity and the political will to publish regular reports on progress in achieving agreed outcomes.

Longer-term investment in sustainable and resilient environments and communities

While the overall *Growing Victoria Together* framework can be usefully understood as an integrated, medium-term sustainability strategy, the more common reading of the government's first-term sustainability agenda focused on the traditional 'green' objectives of recycling, waste management, renewable energy, and water and forest conservation. This reflected an ongoing discussion within the government and public service about the extent to which sustainability priorities should focus on environmental concerns or broaden to encompass the long-term resilience, diversity and interdependence of environmental, social and economic relationships.

The compromise reflected in the government's 2002 election platform was to develop the capacity for an integrated State government approach to the sustainable management of built and natural environments. The primary mechanisms for achieving this objective were the establishment of a new Department of Sustainability and Environment (DSE) and a complementary office of Commissioner for Environmental Sustainability.

The second significant machinery of government initiative taken after the 2002 election victory was the establishment of a Department for Victorian Communities to provide a whole-of-government focus for strengthening the sustainability and resilience of community infrastructure, relationships and networks.

Key learnings from the Victorian Government's initial work on sustainability initiatives to date include recognition of the importance of:

- understanding and addressing the interdependence between long-term social, environmental and economic trends and outcomes
- demonstrating causal links between current actions and longer-term impacts
- winning strong stakeholder ownership and local community engagement
- mainstreaming sustainability agendas and objectives into core strategic planning, resource allocation and service delivery
- opening up broader questions about growth and progress.

Strategic action to strengthen inclusion and respect for diversity

'Building cohesive communities and reducing inequalities' is identified in *Growing Victoria Together* as one of the key *Important Issues for Victorians* and there is an explicit commitment that 'inequalities in health, education

and well being between communities will be reduced'. Importantly, the document also notes that 'the most effective actions which the government can take to make Victoria a fairer community are to expand job opportunities, and improve access to affordable high quality education, health, housing, transport, communications and energy services'.

Not surprisingly therefore, the dominant theme in the government's approach to strengthening social inclusion has been reinvestment in core health and education services, particularly through the employment of additional teachers and nurses. This has been complemented by support for a range of community-building programs designed to strengthen local infrastructure and resilience, with a particular focus on improving outcomes in the State's most disadvantaged areas through local place-based programs such as Neighbourhood Renewal.

At the broader level there has been considerable government and public service scepticism about the value of more comprehensive anti-poverty or inequalities strategies. The abiding concern has been about raising unrealistic expectations given the State's limited control over key income security and labour market policy levers. This does not fully explain the apparent reluctance to use the levers the State does indeed control in relation to taxes, charges and concessions in areas such as utility charges, health, dental and education costs.

Lessons to date from the Victorian Government's investment in strategies to reduce social inclusion and inequalities include:

- Local interventions and actions can make a significant difference to local outcomes if they are scaled up and backed by investment in strengthening the leadership capacity of local community organisations and local government.
- While local strategies can create significant improvements in community infrastructure, capacity and well-being, they are no substitute for the progressive State and national tax, income security, service delivery and labour market policies needed to create the conditions for broad and sustainable reductions in poverty, inequality and social exclusion.
- Effective State and national action to reduce poverty and inequality requires strong political leadership and a comprehensive strategic commitment to ensure debates about reducing poverty, inequality and exclusion remain high on the public agenda.

Reinvesting in community and public sector capacities, infrastructure and partnerships

The Bracks Government frequently points to its record in employing 3000 additional teachers, 2650 new nurses and 500 new police as proof

of its commitment to revalue and reinvest in the Victorian public service (Victorian Government 2004). These new positions combined with the funding needed to secure new public sector industrial and workforce agreements do represent a significant reinvestment in public sector social infrastructure. Questions remain, however, about the extent to which these investments will translate into improved public policy outcomes and about their sustainability in a tightening fiscal context accentuated by lack of progress in resolving seemingly intractable Commonwealth–State funding disputes.

There has been some rollback of the more extreme assumptions about the desirability of State and local government outsourcing, including ending the Compulsory Competitive Tendering policies which were a Kennett Government hallmark. Initial work has also commenced on developing more reciprocal and respectful partnership arrangements with local government and the community sector. But there is mounting concern within local government and non-government organisations about the extent of State government commitment to back the language of partnership with real changes to decision-making and resource allocation processes.

Importantly, and with a few minor exceptions in areas such as prisons, the Bracks Government has accepted the inevitability of the legacy of the privatised institutions, relationships and contracts left to it by the Kennett Government. The legal and financial constraints involved in ‘de-privatising’ public transport and energy utilities are clearly significant, but there has also been limited enthusiasm for reviewing contractual obligations or regulatory arrangements. In instances where private contractors have run into financial difficulties the government’s response has either been to prop them up or to temporarily reinstate public sector management pending new tendering processes. The benefits of public–private partnership arrangements have also continued to be accepted largely without question as the basic template for most major infrastructure projects.

Key lessons in relation to the challenges facing governments attempting to rebuild public and community sector infrastructure include the importance of:

- Leading and winning public debate about the importance of progressive taxation at all levels of government as a basis for financing high-quality, accessible community and public services. The alternative is likely to be an increasingly frustrating series of trade-offs between different areas of public service investment.
- Strengthening both community and public sector institutions and relationships.

- Exploring and building more effective private sector governance, accountability and regulatory relationships.

Involving citizens and communities

The diverse range of new citizen and community engagement strategies being explored by many international governments can usefully be seen in terms of the following continuum (see Caddy & Vergez 2001):

- *Citizen engagement as consultation:* Improving the breadth and effectiveness of feedback to government from individuals, communities and stakeholders.
- *Citizen engagement as community-building:* Strengthening the involvement of individuals and communities in policy development and service delivery.
- *Citizen engagement as participatory and deliberative democracy:* Expanding opportunities for informed, deliberative decision-making about policy directions and priorities.

While the Bracks Government has energetically explored an extensive program of consultative and community-building strategies, it has been far more cautious about opening up debate about participatory and deliberative decision-making processes.

The Bracks Government's enthusiasm for and approach to consultative policy development processes has been similar to that of many governments in other Australian and international jurisdictions. Traditional consultation methods such as surveys, focus groups, public meetings, policy submissions and stakeholder reference groups have been augmented by newer methods such as policy summits, citizen panels, on-line feedback mechanisms and Community Cabinet meetings.

As in other jurisdictions, investment in consultative processes has been driven by a combination of motives including a genuine desire to improve the responsiveness of the policy process and the importance of constructing an information base about community expectations which can be used to build legitimacy and provide early warning signs of emerging concerns and criticisms.

The renewal of interest in community-building and community development reflects and is underpinned by increasingly influential arguments and evidence linking investment in social capital, civil society and citizen engagement to improvements in economic productivity, social inclusion, public safety and public health (Productivity Commission 2003). Stripped of their rhetorical flourishes, community-building strategies being pursued by national, regional and local governments commonly involve the following elements:

- investment in the physical infrastructure needed to strengthen local networks (meeting places, cultural, sporting and recreation facilities, transport and communication links)
- investment in the social infrastructure needed to strengthen local community networks and leadership including through capacity-building, information-sharing and volunteer support programs
- involving citizens in identifying and agreeing on community directions, priority actions and progress measures
- supporting citizens and communities in developing and implementing programs designed to address local concerns and goals.

The Minister for Victorian Communities, John Thwaites (2003), has noted that the Victorian Government approach to community-building has been informed by the following assumptions and aspirations.

Community building ... is about harnessing the energy of communities so that they can shape their own futures. It is about fostering new and lasting partnerships between communities, government, business and other sectors. And it is about changing the way Government works, to better understand and respond to the needs and aspirations of Victorian communities. It is about finding new ways to tackle disadvantage and create opportunities, delivering tangible benefits such as jobs, educational options, safer places to live and work, better services and a healthy, sustainable environment. It seeks to achieve these benefits through revaluing community participation and local decision-making.

The evolution of the Victorian Government's community-building agenda can usefully be seen in terms of several overlapping stages.

After the formation of the new government in November 1999, there was an important initial focus on rewriting the guidelines of the Community Support Fund (CSF), which provided a vehicle for a percentage of funds raised from gambling to be distributed to community groups and organisations. The revised guidelines enabled the CSF to become a more proactive and creative mechanism for resourcing new community-building experiments. At the same time a number of government departments were beginning to develop their own community-building initiatives and approaches. Particularly significant examples of these departmental initiatives included:

- the Neighbourhood Renewal Program, established by the Office of Housing in the Department of Human Services to improve social and economic outcomes in the State's most disadvantaged areas
- the Community Capacity Building Program, established by the Department of Industry and Regional Development to strengthen local capacity and leadership in small rural communities

- the Local Learning and Employment Networks, established by the Department of Education and Training applying community-building strategies to improve local educational and employment outcomes.

In October 2001 the Community Building Initiative was established under the auspices of the Office of Community Building in the Department of the Premier and Cabinet. In addition to further expanding the role of the Community Support Fund and continuing to develop and support departmental community-building initiatives, eleven Community Building Demonstration Projects were also established as a basis for learning about the next steps in implementing effective community-building programs. The government described the defining characteristics of its approach to community building in the following way.

The Community Building Initiative:

- Is practical and uses an action learning approach from which government and communities can learn.
- Aims to make a tangible difference and address real issues (such as health, education and the environment) at the same time as building community capacity.
- Focuses on disadvantage while taking a positive asset based approach to defining issues and opportunities for communities.
- Emphasises improved partnerships with government and changing how government relates to communities.
- Promotes different ways of achieving traditional government outcomes.
- Provides specific funding for a limited set of initiatives (eg Demonstration Projects) but also expects all government departments to contribute direct and in kind support.

Following the government's re-election in November 2003, the Department of Victorian Communities (DVC) was established to provide an integrated, whole-of-government focus for achieving the *Growing Victoria Together* objective of 'building cohesive communities'. This has included ongoing implementation of the Community Building Initiative program along with exploring ways of developing more integrated approaches to policy development and service delivery.

The government's strong support for community-building has not been matched by the enthusiasm for exploring the kinds of experiments in 'bottom up' policy-making and deliberative democracy which have been a feature of recent policy-making experiments in other Australian States such as Western Australia, Queensland and Tasmania.

Key lessons from recent Victorian Government experience in citizen and community engagement include the importance of:

- restoring and maintaining trust in transparency and accountability of core democratic institutions
- exploring and learning from new forms of participatory and deliberative democracy
- recognising the importance of the following community-building success factors
 - high levels of trust and respect between all partners
 - strong local community ownership
 - strong local community leadership
 - clearly defined and agreed goals
 - appropriate resources and skilled staff
 - availability of relevant training opportunities
 - diverse, continuing participation
 - excellent communication systems
 - clear, tangible benefits.

The public sector as guide and catalyst

The Victorian Government's *Growing Victoria Together* policy framework reflects a broad commitment to developing more integrated, 'triple bottom line' approaches to social, economic and environmental policy-making. This has created useful political space and incentives for reinvesting in core public services and exploring ways of achieving more sustainable, innovative and inclusive policy and service delivery outcomes. A number of useful experiments in engaging communities of people and place in policy development and implementation also merit careful reflection.

However, the real 'bottom line' is that markets and price signals remain the dominant policy-making logic and that the dominant public sector paradigm and skill base remain contracting and risk management. There has been little substantive shift away from the Kennett Government legacy of privatisation and outsourcing – and slow progress on the actions needed to turn a philosophical commitment to more balanced and democratic policy directions into changed policy and service delivery outcomes. Real change in this direction will require clearer and sharper articulation of alternative policy directions combined with a significant shift in public sector culture and capacity. Indeed perhaps the strongest lesson from recent Victorian Government attempts at public sector reform is the importance of continuing to invest in strengthening new public sector roles, cultures, capacities and skills. As Michael Hess and David Adams explain in chapter 12, key public administration capacities and skills which will require significant development include:

- using new knowledge learning and evidence

- anticipating and understanding rapidly changing environments
- effectively communicating evidence and ideas to diverse audiences
- respecting and engaging diverse stakeholders
- working across boundaries and networks
- building alliances and partnerships.

Conclusion: Good intentions are not enough

Despite growing evidence of the contradictions and limitations of neo-liberal, market-driven policy and political paradigms, progress remains slow in articulating convincing alternative responses to the core question facing those seeking to challenge and move beyond neo-liberalism: what language, policies, institutions and constituencies provide the most promising starting points for delivering sustainable, fair and democratic prosperity in the context of accelerating global flows of information, resources and people?

Recent policy-making experience in Victoria also suggests that a critical component in this debate will be to recognise that articulating alternative policy and political and policy directions is only the first step. Real change depends on combining democratic processes and alternative priorities with investment in the organisational changes and advances in the skills and capacities needed to turn good rhetoric into reality.

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4 Shifting Urban Governance in Australia

Suzanne Lawson and Brendan Gleeson

All public policy-making and service delivery is spatial, meaning that there is an inevitable and distinctive geography that defines the activities and responsibilities of any government. For most of the 20th century, Australian State governments tended to use *functional* agencies – usually State departments or instrumentalities – for the delivery of core policies and services. In addition to statewide agencies, there were also numerous local statutory and non-statutory bodies, mainly in non-urban areas, that managed specific service tasks in the agricultural and resource management policy areas. As with most governments in Western countries, the functional approach was framed on a single, whole-of-jurisdiction scale. The key strategic focus of Australian State agencies was on the nature of their specific function (transport, health, electricity, education) rather than the geographic frames through which this function was defined and expressed. For State agencies and departments, spatial issues were inevitably present (for example in the form of regional operative frames) but were usually implicit or secondary considerations, largely subordinated to the functional considerations that emerged from the statewide task of delivering policy and services.

Since the 1980s, Australian State governments have gradually replaced certain functional administration frameworks with new spatially based approaches that emphasise whole-of-government service delivery to

meet the needs of a geographically defined local community. These new approaches to policy-making and service delivery cut across portfolio, professional and institutional barriers. The most recent examples of spatially based approaches are the local-level 'place-based' policy and service initiatives. These include Brisbane Place Projects and Community Renewal Program in the State of Queensland, the Neighbourhood Renewal program administered by the State of Victoria's Department for Communities (see chapter 3), and various place management and cross-government projects in the State of New South Wales, in particular the place-focused initiatives in Western Sydney (Randolph 2004).

These examples suggest a *rescaling of urban governance* in Australia. The concept of rescaling is drawn from the work of Brenner, who highlights how cities and states are being 'reterritorialised', 'reconfigured' and 'rescaled' to promote greater movement and accumulation of capital in a global economy (Brenner 1999; Brenner & Theodore 2002). The focus of this chapter is on two aspects of the rescaling literature. The first is the restructuring of governance arrangements to achieve competitive advantage for urban regions within a global economy, which began with corporate approaches to government in the 1980s. Brenner argues that 'contemporary forms of metropolitan institutional reform are a key expression of ongoing processes of state rescaling through which territorial competitiveness is being promoted at a regional scale' (Brenner 2003:15). The second aspect is the spatially based interventions by governments to 'fix' the uneven geographical development arising from competition between cities and regions (Brenner & Theodore 2002). Governments are now under pressure to match services and policies more closely with increasingly divergent community (local) needs. This matching is often focused on communities experiencing significant disadvantage. In this sense, the search for an appropriate scale of governance in Australia seeks to address spatial inequality between communities and the alienation of citizens from the political process.

This chapter outlines a way of describing and analysing the complex causes of shifting urban governance, focusing particularly on the role of Australian State governments. We do not attempt an exhaustive explanation of these changes but propose, for broader theoretical consideration, the elements of a conceptual framework to identify the key causes of this shift and their rationale.

The first part of the chapter reviews national and international debates about rescaling of governance. In particular, we note that recent international critiques of new spatial governance forms, such as the limitations of area-based initiatives in the UK (highlighted by Mike Geddes in chapter 1), have yet to receive significant attention in Australian poli-

cy and social scientific debates. Further, while the benefits of rescaling have been asserted, there has been little attempt in Australia to analyse both the complex causality of this shift and its apparent consequences for governments and communities.

The causes of shifting State governance in urban regions over the past three decades are considered in the next part of the chapter. The historical unfolding of key policy and theory shifts that stimulated the interest of State governments in urban policy is schematised as follows:

- 1970s: socio-political attention on the fragmented, and frequently adversarial, structure of Australian federalism
- 1980s: evolution of State government engagement with urban regions
- 1990s: rising socio-political concern about the unequal spatial impacts of neo-liberalism
- 2000s: experiments with spatially based programs and integrated governance

This schema illustrates and simplifies a series of more complex, and far from discrete, historical shifts: each successive reform pressure overlapped with its predecessor, containing points of both continuity and disjuncture. For example, some of the tensions evident in 1970s debates about federalism (see Troy 1978) have been echoed in contemporary discussions about the respective roles of the Commonwealth and States in urban governance (Latham 2003: ch. 6). As noted by Tim Reddel in Chapter 10, there is a considerable but intermittent history of citizen participation, spatial policy and governance in Australia, but finding the appropriate institutional framework remains an unresolved issue.

The third part of the chapter briefly reviews the contemporary shifts in State urban governance through a consideration of recent spatial initiatives. The analysis examines how these differ from traditional functional approaches that formed policy and delivered services on a supra-metropolitan (State) scale. The final part of the chapter draws the explorations of evolutionary trends, current practices and theoretical perspectives into a coherent framework for analysing State governance of urban regions. The framework for analysis provides a tool for defining, developing and assessing the potential of spatial approaches to address some of the crucial issues affecting urban regions.

Debates and themes

In his review of rescaling of urban governance in the European Union, Brenner (1999: 433) argues that ‘cities and states are being reconfigured, reterritorialised and rescaled’ to adjust to ‘intensified global economic

interdependencies and to promote capital investment and renewed accumulation within their territorial boundaries'. In addition to this global economic imperative, rescaling in Australian governance responds to decades of immanent critique and unfolding change in State policy systems that have reflected other concerns and priorities, including community accountability, service quality and the challenge of intractable place-rooted problems (Davis 2000).

The planning commentator Mant (2000: 50) argues that Australia's 'government and administrative systems do not facilitate the clear allocation of responsibility and accountability for the quality of places or the cohesion of the local community'. He advocates a wholesale restructuring of State government with 'place' as a central organising point for public administration, and citizens and government determining outcomes for local areas. Former Opposition Leader Mark Latham argues that 'place management' is the way to address the locational disadvantage arising from the economic impacts of globalisation (Latham 1998).

These arguments highlight important deficiencies in Australian federalism and governance arrangements – the complex, fragmented and often overlapping mechanisms for delivering government services and developing policy and the corresponding loss of accountability and citizen influence (Randolph & MacPherson 2002). The potential for governance deadlocks and policy failures in this complex system is high and, as illustrated in this chapter, is a key strategic concern driving new approaches to urban governance.

Consistent with the international experience, the Australian search for new governance approaches has focused on the need for 'joined-up' or integrated government. Notions such as 'collaborative' or 'engaged governance' are now embedded in the public policy discourse and emerge from enhanced sensitivity to locally and regionally framed needs (Edwards 2002; Reddel 2002). Smyth, Reddel & Jones (2003: 47) argue that the combination of social inclusion and new regional approaches in Queensland have 'the potential to converge in a new model of governmental response to social disadvantage' called 'associational governance'.

The rescaling of governance in Australia reflects similar recent trends observed in Europe, driven, according to Brenner (2003), by political-economic imperatives that emphasise the need for territorial competitiveness and stronger spatial management in the context of neo-liberal globalisation. Internationally, a rescaling away from traditional functional governance has been evident both in enthusiasm for the New Regionalism in Europe and, at the local scale, in 'area-based initiatives' in the UK and USA (McLeod 2001; Brenner 2003; Geddes 2003). Proponents of ABIs argue that this governance form can direct resources

to areas of concentrated deprivation, tap local resources and respond sensitively to local needs, while also reducing expenditure via spatial targeting. However, international experience cautions against adopting ABIs as a sole mechanism for addressing poverty and social exclusion because these initiatives cannot address structural causes of poverty, redistribute income, or reach those outside the defined policy area (Geddes 2003).

In chapter 1 Mike Geddes also highlights the contradictions between ‘centrism’ and ‘localism’ in the new governance arrangements, in particular how the rhetoric of joined-up government is undermined by the tendency of new public managerialism towards centralisation. He notes that ‘the dominance of functional [managerialism] over cross-cutting priorities tends to mean the dominance of national, vertically segmented targets and accountabilities over local efforts to join up’. Similar criticisms have been made of new regional initiatives in Europe (Lovering 1999).

These important reconsiderations of new spatial governance forms have not yet received significant attention in Australian policy and social scientific debates. Further, while the benefits of rescaling have been asserted, the causes and consequences of this shift have yet to be analysed. The rescaling process in Australia can be seen as a dynamic renegotiation of State responsibilities for urban regions, or the search for an appropriate scale of governance.

Shifting State urban governance

DYNAMICS OF AUSTRALIA’S FEDERAL SYSTEM

Australia’s federal system poses particular challenges for urban governance. In defining the constitutional responsibilities of each level of government, urban issues were not explicitly raised; the implicit assumption was that each State would take responsibility for urban affairs (Troy 1995: 265). Local government is not recognised in the Constitution and remains dependent on State legislation, yet local government plays a significant role in urban governance. The financial dominance of the Commonwealth over State and local governments has affected the way in which cities have developed – State and local governments are dependent on Commonwealth grants to meet the major infrastructure needs of cities (Troy 1995: 281).

A particular problem posed by the federal system is the duplication and overlap arising from the three-tier (Commonwealth, State and local) arrangement of responsibilities in urban regions (Foster 1995). The planning, funding and provision of urban services are divided among levels of government, between functionally specialised State departments

and between the territories of numerous municipalities (Halligan & Paris 1984). This complex, diffuse system allowed governments to evade responsibility for problems facing Australian cities (Halligan & Paris 1984) and fuelled a tendency towards adversarial politics and jurisdictional conflict (Painter 2001).

The ability of Australian governments to achieve policy coherence is constrained by these complex and contested constitutional arrangements. Urban policy requires explicit recognition of the interdependent forces at work within cities and the distributive impacts of a range of public policy areas (Parkin 1982; Troy 1995). Although the Commonwealth government may ultimately be able to drive its policy agenda forward, given its sheer fiscal force (Davis 2000), there is a high risk of policy failure.

The next section describes how the Commonwealth's agenda has shaped the evolution of State governance over the past three decades. In particular, the waxing and waning of Commonwealth urban interests, in concert with the different approaches adopted by States towards federal programs, tended to undermine overall public policy coherence in metropolitan settings – an embedded 'disorganising influence' that has helped to generate further political and institutional pressure for clearer spatial governance in urban regions (Parkin 1982).

EVOLUTION OF STATE URBAN ENGAGEMENT

The evolution of State engagement with urban regions during the 1970s and 1980s must be understood in the context of rising tensions between governments over responsibility for the cities. The process outlined in this section represents a rescaling of State focus from functional whole-of-jurisdiction scale to urban spatial scale and increasing recognition of the economic and political salience of cities.

Before the 1970s, urban issues were generally neglected: the urban policies of Commonwealth and State governments were undeveloped (Parkin 1982), there was no identifiable urban government (Halligan & Paris 1984), and malapportionment in favour of rural constituents was evident in some State parliaments (Parkin 1982). The Whitlam Commonwealth Government elected in 1972 adopted active urban and regional development policies incorporating decentralisation and devolution. The Commonwealth Government worked directly with local governments to develop coordinated and appropriate responses to local issues (Troy 1978). This Commonwealth 'intervention' in State affairs stimulated a new 'territorial awareness' by State governments (Parkin 1982: 95).

The State governments countered Commonwealth intervention in urban issues by adopting more consultative processes with citizens and

the restructuring of public institutions. The restructuring of State administrations was also driven by the new 'small government' policy agenda of the conservative Commonwealth Government of 1975–83. Deregulation and fiscal restraint affected the States' ability to provide the infrastructure and services required in urban growth areas (Foster 1995). State governments responded with a shift to user pays for the infrastructure costs of servicing new housing, the adoption of urban consolidation policies to reduce expenditure on infrastructure, and downsizing service departments and shifting services to voluntary and community sectors and local governments.

By the end of the 1980s, the 'libertarian' notion that economic development should be unrestrained by government was advanced towards the 'corporatist' ideal that states must attract global capital through active intervention. State governments became desperate to attract overseas capital via major CBD property developments (so-called mega projects). Major CBD development proposals were fast-tracked via special State legislation, local planning controls were ignored, and council boundaries were redrawn to reinforce the power of CBD property-owners. The Victorian Government's Melbourne ring road decision overriding the Shire of Nillimbuk is one example (Gleeson & Low 2000: 102–04).

During the 1980s, the dominance of State governments over urban regions – sometimes at the expense of local governments – highlights the increasingly important role of cities in the national and international economy. The quest for increasingly competitive 'global' cities fuelled the Commonwealth's agenda of deregulation and 'small government'. Just as States were subjected to the deregulation policy agenda and fiscal imperatives of the Commonwealth government, similar pressures were applied to local government. Therefore, during the 1990s, there was a domino effect of deregulation, privatisation and centralisation applying at all levels of government and ultimately consolidating the primacy of market forces over public sector activity. The spatial inequality that developed under this agenda gave rise to a search for new forms of governance at the turn of the century.

URBAN REGIONS AND SPATIAL INEQUALITY

During the 1990s Australian cities became polarised as successive governments restructured, deregulated, competed, and exercised the fiscal restraint required by neo-liberal ideology (Gleeson & Low 2000). This process of increasing economic segregation supports Brenner & Theodore's (2002: 349) thesis that neo-liberalism produces 'geographically uneven, socially regressive and politically volatile trajectories of institu-

tional/spatial change'. Rising polarisation caused governments to consider how to address the unequal spatial impacts of neo-liberalism and generated new demands for rescaling policy. Key policy analysts in many Western countries argued that differential impacts required more locally and regionally responsive policies – a view echoed in a rising chorus of popular critique of 'abstract' national and international institutions (Reddel 2002; Brenner 2003).

Under the neo-liberal agenda the States became more focused on competing for economic resources than on the public good of their cities. By 2000 a geography of segregation was evident within Australian cities: a division between 'gentrifiers' and public housing tenants in inner suburbs; declining affordability and growing disparity in middle suburbs; and a mix of poorly serviced concentrations of low-income earners and relatively wealthy, well-resourced communities in outer suburbs (Gleeson & Low 2002). The uneven impact of growth is also evident in the declining fortunes for other 'less favoured' regions, where deregulation and reform of public institutions has had dire consequences (see chapter 8).

The uneven impacts within regions are a key causal factor in the rescaling of governance towards locally based responses. As in the UK (see chapter 1), Australia has responded to emerging polarisation by developing policies of social inclusion that target 'disadvantaged' areas; place projects are one example. Reddel (2002) argues that the reason for heightened government interest in geographically targeted governance forms is that, unlike functional approaches, these forms are suited to managing 'spatial volatility' in political and policy systems. This is one of the themes of the emerging governance agenda.

SPATIAL APPROACHES AND INTEGRATED GOVERNANCE

The turn of the century has seen considerable growth of academic commentary on governance in liberal democracies. The shift in focus from *government* to *governance* is in part a response to the changes and problems brought about by the 'corporatist' or 'new managerial' approaches to government and public administration during the 1980s and 1990s. It also recognises the deleterious effects of two decades of neo-liberal reworking of the institutions and processes of democracy.

The term 'governance' encompasses the interdependencies between political leadership, public administration and the community as well as between national and international arenas (Marsh 2002a). The nexus between international (global) and community (local) is one factor in the emergence of state rescaling towards the local level. The elements of governance have been mobilised in the rescaling process as follows:

- 1 Policy-making has become more difficult for governments. The complexity of responding to economic and social changes, combined with shifting values and expectations, requires Australian governments to find the policy coherence and institutional capacity to take a long-term approach to political problems (Davis 2000).
- 2 The fragmented service delivery and diminished accountability resulting from corporatist public administration (Keating & Weller 2001; Edwards 2002) has led to a new wave of reforms centred on integrated or collaborative governance (Edwards 2002). Now that there are so many players with a direct stake in government policy and service delivery across the three tiers of government, there is a need for stronger partnerships and greater information-sharing and skills exchange.
- 3 Citizens have become increasingly active and highly mistrustful of government (McAllister & Wanna 2001; Marsh 2002a,b). This is forcing governments to find new ways of engaging with citizens based on decentralised and collaborative decision-making. Reddel (2002: 50, 57) argues for a 'local governance discourse' in which governments engage with citizens through decentralised and collaborative decision-making.
- 4 A shift in institutional arrangements away from formal constitutional arrangements towards the negotiated, non-hierarchical exchanges between institutions and governance processes that are characteristic of the concept of multi-level governance (Painter 2001; Peters & Pierre 2001).

The emergence of 'collaborative' or 'integrated' governance recognises that governments alone cannot solve the challenges confronting urban regions and requires them to adopt new approaches to policy-making and service delivery. The governance challenges for all three tiers of government are to achieve policy coherence, enhance local democracy and deliver public services in an environment of fiscal constraint and contracting out, and to develop partnerships across government, community and business that will address complex issues and improve the accountability of these arrangements. The new wave of spatial approaches to urban policy must be understood in the context of these challenges.

Recent examples of spatial initiatives

There have been a number of attempts at rescaling Australian governance to effect better management of cities and their sub-regions (Table 4.1), in particular the use of spatial targeting to address disadvantage in urban areas. For example, the Area Improvement Program in the early 1970s can be seen as a prelude to the 'place'- or 'area'-based initiatives of the last few years. New spatial approaches have attempted to address the complex problems of increasing social polarisation and may also reflect the

failure of New Public Management to achieve policy coherence.

These examples suggest that the combination of more complex issues, policy failures and resource constraints is leading to greater experimentation by governments. The initiatives listed in the table represent a rescaling towards integrated and spatial approaches that are more responsive to the needs of citizens.

A diversity of approaches to the rescaling task is evident. In NSW, Randolph & McPherson (2002) identified 36 programs that have explicit place-based outcomes of some kind, taking the following forms:

- *targeted programs*: grant-based funding to place specific community groups within defined parameters
- *place integration*: joined-up service delivery and program implementation; whole of government; streamlined end product
- *place management*: coordinated by a place manager and focusing on locality-based interventions to achieve targeted outcomes
- *place entrepreneurship*: an integrated multi-agency approach to community participation and partnerships.

Table 4.1 Examples of State spatial initiatives

State	Examples
New South Wales	Cross-agency pool funding to deliver services (e.g. Community Drug Action Teams). Whole-of-government initiatives coordinated by central agencies (e.g. Salinity Strategy). Place management to increase community participation and collaboration between government agencies at the local level (Kruk & Bastaja 2002).
South Australia	Social Inclusion initiative to address pressing social issues and disadvantage by linking social and economic policy. Based on cross-sectoral collaboration, partnerships and multilateral budget processes. Office of the North, an urban regional renewal framework, embracing multi-scale governance (shared ownership with local government and corporate sector).
Victoria	Integration of government functions through the establishment of mega departments: the Department for Victorian Communities and the Department of Planning and Infrastructure. Area-based approaches to community capacity-building through the Department for Victorian Communities (Adams 2003).
Queensland	Community Renewal, Regional Communities, Cape York Partnerships, Brisbane Place Projects; and the regional management strategies of South East Queensland (SEQ) 2021, Far North Queensland 2010, and Wide Bay 2020 (Reddel 2002).

The success of these initiatives remains to be seen. Randolph & McPherson's preliminary evaluation suggests that the plethora of place-focused initiatives from thirty-six different program areas has contributed to fragmentation and lack of coordination on the ground. They do, however, note that the NSW Premier's Department Place Management Schemes appear to be among the more effective, with their strong focus on coordination and their ability to bring together functional departments into a coherent policy approach.

This highlights a critical issue in considering spatial approaches against functional approaches: adding a spatial dimension to ad hoc functional program funding will not necessarily address the governance concerns highlighted above but will simply replace functional fragmentation with spatial fragmentation. Coherent, integrated and cross-sectoral elements must be included in spatial approaches if they are to be more effective than functional approaches. Given the relative infancy of these programs, the potential for spatial approaches to address the governance challenges posed by urban regions needs to be more rigorously assessed. The next section suggests a framework for this analysis.

A framework for analysis

This section draws the previous causal analysis of State rescaling and the examples of spatial initiatives into an analytical framework. Broadly, the framework provides a tool for revealing the conceptual premises of any policy-rescaling initiative by focusing on the questions underpinning reform of State governance in urban regions over recent decades. In short, it is an *interrogative instrument* that will logically relate spatial initiatives to the complex debates that have informed the evolution of Australian State governance.

In addition to conceptual analysis, the framework includes a process of comparative analysis: to describe, compare and categorise different approaches on the basis of their specific conceptual foundations, governance structures and programmatic features.

The framework comprises a series of heuristic tables. The first (Table 4.2) identifies the research questions arising from the preceding discussion and proposes how the analysis should be constructed. The dimension of each research task is then discussed. The approach reflects cross-referencing between content analysis of theoretical materials and comparative analysis of case study materials.

Classifying State spatial governance

The first research task is to identify the characteristics of State governance by differentiating between traditional/functional and spatial approaches. Government uses a broad range of approaches across the various programs and portfolio areas. An initial attempt at broadly defining approaches to decision-making using some examples of relevant programs/policies is outlined in Table 4.3.

These definitions are somewhat arbitrary and reflect in some cases a change in emphasis on the factors affecting government decision-making – that is, the spatial dimension assuming primary emphasis over other

Table 4.2 Overview of analytical schema

Conceptual	Interpretive
Define spatial and functional approaches	Review types of spatial approaches applied in urban regions.
Theoretical specification of spatial approaches	Explain the circumstances under which spatial approaches have been adopted and what were they intended to achieve.
Institutional arrangements of spatial approaches	Review range of spatial case studies against criteria.
Evaluative principles derived from the governance discourse	Review the governance prospects of evolving spatial approaches through qualitative research in selected case studies.

Table 4.3 Approaches to government decision-making

Approach	Functional	Combined	Spatial
Definition	Policy, planning, decision-making, budget, allocation according to portfolio or issue-specific priorities often determined by national/State policy agreements.	Adopting spatial approach to portfolio-specific (functional) issue.	Policy, planning, decision-making, budget allocation according to needs and priorities of defined geographical community.
Scale	National/State	National/State/ Regional/Local	Regional/Local
Examples	Commonwealth State Housing Agreement, National road program.	NRM/NHT projects (national), Community Drug Action Teams (NSW), Playford Regional Industry Development Strategy (SA).	Place programs (Qld, NSW), metropolitan strategies (various states); Regional Service Delivery Program (NSW).

factors (notwithstanding the importance of ministerial priorities or elected government decision-making). The shift from functional to combined, followed by a further shift to spatial, may in effect represent an incremental process of rescaling. The time-frame for implementation of these initiatives may give further insights into the process of shifting governance arrangements.

This method of defining the approaches provides a basis for initial differentiation. Further analysis of theoretical underpinnings and institutional arrangements provides a more thoroughgoing understanding of the rescaling phenomenon.

THEORETICAL SPECIFICATION OF SPATIAL APPROACHES

As noted in the introduction to this chapter, international and national debates assert that spatially targeted approaches have the potential to respond to local needs, engage with citizens, and result in more flexible and integrated governance. Further, proponents such as Latham (1998) argue that place management is the way to address the unequal economic impacts of globalisation and achieve urban sustainability (Mant 2000). Fragmented departmental structures and professional guilds can be overcome by locally driven spatial approaches to complex issues. These claims identify the different theoretical influences on spatial initiatives as being integrated multi-level governance (Painter 2001), collaborative participatory local democracy (Reddel 2002) and post-neoliberal rescaling to address geographic segregation (Brenner & Theodore 2002).

These conceptual influences have percolated through a complex, overlapping history of policy and institutional reform deriving from, among other things, a dynamic federal system, increasing State government intervention in urban regions, unequal impacts of neo-liberalism and the emergent governance agenda. Each spatial initiative can be assumed to derive from, and reflect, the unique set of conceptual influences that arose in specific temporal and institutional circumstances. Theoretical specification is necessary if the *particular* set of institutional rationales for any initiative is to be accurately described, analysed and, ultimately, assessed. Table 4.4 identifies the operational markers of the main theories influencing spatial approaches.

INSTITUTIONAL SPECIFICATION OF SPATIAL APPROACHES

Having identified theoretical influences, spatial approaches can be analysed in terms of their institutional arrangements. Recent initiatives by State governments reflect a range of institutional arrangements. Some

Table 4.4 Theoretical influences on spatial approaches

Theoretical influence	Operational marker
Integrated governance	Multi-level Cross-sectoral Pool funding Negotiated partnerships
Local democracy	Citizen and community engagement Collaboration and participatory processes Community capacity-building Accountability and representation
Post-neoliberal rescaling	Geographically targeted Place-based Regional disadvantage Social polarisation

spatial initiatives have involved restructuring of departments (such as Victoria), others have focused on coordinating structures outside government such as regional bodies (as in Queensland), while others again have centralised coordination within powerful central agencies (as in New South Wales).

Further, a range of different approaches can be identified within spatial initiatives. The Brisbane place projects use a collaborative community-based approach, whereas the New South Wales projects have a place manager. Comparative analysis of these approaches will contribute to an understanding of the specific and varying institutional arrangements that characterise spatial approaches (Table 4.5).

In practice, many of the new policies and programs prove on closer inspection to be hybrids of spatial and functional approaches. Spatial initiatives may go no further than the ‘first act’ – namely, decomposition of State or functional boundaries – and not involve many of the other institutional reform tasks advocated by proponents of approaches such as place management, area renewal or regional governance. The limitations of grafting spatial approaches onto functional structures have been highlighted by the Walsh (2002) and Mant (2002) debate on the effectiveness of place management. Our institutional specification, above, is ‘too pure’ and is intended to provide a heuristic device for positioning concrete programmatic examples on a broad continuum of possibilities that separate spatial from functional approaches. It can thus also be used to assess critically the claims made for spatial initiatives, which may prove, after analysis, to have retained many functional institutional elements.

Table 4.5 Institutional characteristics of spatial approaches

Criteria	Spatial approach	Differentiated from
Boundaries: where does it apply?	Defined geographical area either at the local or regional scale.	Defined by departmental boundaries/responsibilities (jurisdiction/State).
Decision-making: who makes key decisions, and in what ways?	Devolved: governments and affected community make joint decisions.	Centralised: governments decide with input from community representatives
Impact: who does it inform, in what way, and for how long?	Locally responsive. Informs whole-of-government priorities and allocations for agreed time-frame within defined geographic area.	Structurally embedded. Informs departmental priorities and allocations for agreed time-frame within program/portfolio.
Organisational arrangements: who is involved and how? Across levels of government and departments?	Appropriate to needs of defined area; includes cross-portfolio mechanisms and pool funding.	Determined according to portfolio arrangements and established mechanisms for coordination.
Accountability: who is responsible for outcomes?	Government and community agree on responsibilities	Government and contracted agencies.
Participation: who is involved and how?	Governments, citizens, organisations and businesses in the location	Governments, individuals and organisations with a stake in the functional area.

EVALUATION PRINCIPLES

The claims supporting new spatial initiatives have been linked to a number of reform agendas, including integrated governance, local policy and service responsiveness/accountability, and the need for States to address complex issues arising from neo-liberal restructuring (fracturing) of institutions. These elements provide a set of core principles, and a consequent rationale, for evaluating the governance prospects of spatial approaches in Australia (Table 4.6).

Summarising the analytical task

There is no simple, monocausal explanation for the spatial rescaling of State governance. The contemporary picture is one of complex political shifts, evolving institutional arrangements and policy experiments, as governments attempt to navigate the implications of post-neoliberal urban governance. The framework for analysis is designed to be a heuristic analytical device for understanding the specific instances of

Table 4.6 Evaluation principles for spatial approaches

Governance element	Evaluation principle
Political power	Ensure accountability of political leaders – representation.
Policy development	Achieve greater policy coherence.
Public administration	Improve service delivery – financial efficiencies. Address complex issues.
Citizen engagement	Improve participation of citizens – partnerships. Social inclusion.
Institutional arrangements	Build collaboration across government – integration and coordination, institutional arrangements. Lead to long-term systemic and structural change.

rescaling. Analysis of the different causal influences, conceptual foundations and policy usefulness enables us to consider the claims that are made for specific instances of rescaling and their relative potential to improve governance.

To date, many spatial initiatives have focused on issues of locational disadvantage, or on addressing a particular social policy task. This raises the question of what kind of spatial approaches should be used and when. For example, should these approaches be restricted to areas of locational disadvantage or applied more broadly? If applied more broadly, what are the implications for equity of services between different locations? The international experience suggests that areas with high levels of social capital and advocacy skills are more able to secure better services than areas without these characteristics (Geddes 2003). Issues of equity, type and appropriateness of spatial approaches need to be analysed by evaluating recent initiatives. Further empirical analysis is also needed to assess the ability of spatial initiatives to improve governance in other policy areas.

Conclusion: theoretical and empirical prospects

In Australia, spatially based policy initiatives have to date yielded mixed results in addressing some of the governance concerns that have arisen over the last thirty years. Given the increasing use of spatial approaches by State governments, there seems an urgent need for comprehensive evaluation of the long-term impacts of rescaling on urban and regional governance.

The diversity of evident State spatial initiatives (Table 4.1) suggests the need for inter- and intra-jurisdictional analyses that can produce a

rigorous typology of different approaches, together with an assessment of the relative effectiveness of each. Our conceptual schema is intended to assist this project of typing and evaluating these approaches.

The evolution of urban governance has culminated in the rapid growth and spatially unequal developments of our cities. As Brenner & Theodore (2002) note, cities as crucial arenas for neo-liberal initiatives provide the starkest examples of their impact: geographic polarisation, inequality, political volatility, intensive development and economic experimentation. The emergence of the concept of integrated governance with its emphasis on collaboration between governments, agencies and non-government agents is one response to these developments.

The 'place'-based initiatives under way in Australia are an example of this new governance form based on the principles of integration and collaboration. These responses are likely to fuel citizen expectations that governments will address the increasing levels of geographic disadvantage evident in our cities. State governments can expect continuing community pressure to improve democracy, amenity and service delivery in Australian cities. The potential of spatial rescaling to contribute to the task of meeting these expectations is as yet unknown.

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5 'Community' and Social Inclusion

Susan Goodwin

Feminists identify primarily with the gender politics of affirmative action, while most people – male and female – want a society based on merit and equal opportunity ... Whenever governments intervene to nominate and promote a particular identity, other identities are downgraded. This is contrary to the goals of inclusive citizenship. (Latham 2001: 239, 240)

One of the unintended consequences of 'equal opportunity' is that women are now included as 'persons', and the gender specific nature of much social labour goes unacknowledged. What was originally intended as inclusivity has become a gender neutral veil of silence over the pervasive extent of ongoing gender differences –in socioeconomic status, in power, and in location and type of paid and unpaid labour. (Weeks 1993: 67)

Over the past ten years there has been a definite retreat from pressing claims or allocating resources on the basis of group identities. For example, across policy contexts 'women's issues' have become 'gender issues', pertaining to the interests of both men and women. Similarly, minority ethnic and racial groups have become 'equity' groups, and the poor have become 'the community' of a place or locality. This language, and the practices that flow from it, works to create an image of equivalence between Australians that seems on the surface to be inclusive. But

as many analysts of the theory and practice of citizenship have pointed out, mainstream formulations of inclusion in modern democracies have rested on a lack of recognition of the distinct experiences of oppressed or disadvantaged groups. For example, feminist scholars have drawn attention to the ways in which ideas about inclusive citizenship appear as gender-neutral, but are not. Broadly, the purpose of this chapter is to reinvigorate debates about the legitimacy of identity politics in contemporary formulations of governance, particularly those that seek to promote social inclusion through 'community' initiatives.

More specifically, the chapter is concerned with describing the political and administrative discourses and practices that have worked to legitimate and de-legitimate identity politics in formulations of community governance in Australia since the 1970s. As a number of contributors to this collection have pointed out, the contemporary interest in embracing 'community' as the foundation of policy-making and social support is not a new phenomenon in Australia but a resurgence, or second wave, of community politics. The first wave took hold on the Australian political landscape in the late 1960s and 1970s when new social movements emerged claiming not just the redistribution of social resources but the democratisation of public institutions to bring them under more direct popular control. The political and administrative reforms that flowed on from these activities resulted in, among other things, a state-sponsored 'community sector' of new types of programs and services, and new institutional spaces designed to enable 'citizen engagement' (Painter 1992; Everingham 2001). An overview of this history of reforms and their implications for citizen engagement in governance is discussed in detail by Tim Reddel in chapter 10. In contrast, I develop an analysis of the shifts that have taken place in relation to 'community' and social inclusion through a narrative of a single site of state-civil society interaction, the various manifestations of the NSW women's advisory committee. The value of this particular site for my discussion is that the committee has existed continuously from the first wave of community politics through to the present. This site is also an example of interventions designed to nominate and promote a particular identity group: women. As a result, its history provides a useful base from which to examine transformations in identity-based, rather than locality-based, community politics.

Women and social inclusion

Since the 1970s in particular, there has been a thoroughgoing reassessment of many taken-for-granted 'truths' concerning Australian women.

There have been enormous changes in assumptions about who women are, what they want and how they should live. Forms of private patriarchy (Walby 1997), in which women and girls are formally excluded from the public sphere and are controlled directly and individually by their husbands or fathers, have diminished. For example, some provisions are now available that enable women to establish and maintain autonomous households, and women have more control over their sexual and reproductive lives than previously. Intersecting labour market transformations and changes in gender relationships have comprised a partial but significant challenge to the male breadwinner model (Cass 1998: 53). In addition, formal barriers to women's inclusion in education, training and political institutions have been removed. These changes are often discussed in terms of women and men having 'equal opportunities' as citizens: women are no longer formally excluded from citizenship in the ways they had been for much of history, both ancient and modern.

No one would claim, however, that these changes have produced a gender-neutral society, or that Australian society has been 'de-gendered'. Gender remains a key organising structure. As sociologist RW Connell (forthcoming) explains, 'Gender, is, above all, a pattern of social relations in which the positions of women and men are defined, the cultural meanings of being a man or woman are negotiated, and their trajectories throughout life are mapped out.'

In Australia, the ways in which women have gradually achieved their civil, political, social, economic and cultural rights have often followed different patterns from men's, and these patterns have provided the context for the gendering of activities, relationships and individual practices. For example, men are still far more likely than women to hold positions of political power and are more likely to be in paid work. Men are likely to undertake less unpaid household work than women. Men are also more likely to have significantly higher personal incomes than women (see Goodwin 2003). Women, on the other hand, are far more likely than men to be the providers of social support, to be engaged in unpaid work in community services, education, training, youth and health services (ABS 2001) and to withdraw from the labour market when they have children or other caring responsibilities. These patterns, among others, suggest the ongoing existence of both gender divisions and gender hierarchies in Australia. It therefore remains relevant to be mindful of the operation of specific 'gender regimes' (Connell 2002: 53–68) in Australian society that produce gendered forms of social exclusion, even within the context of 'equal opportunity'.

Reforming specific gender regimes in directions that take account of

both men's and women's experiences has required, and continues to require, the *presence* of both men and women in the decision-making institutions of governance. Women in liberal democracies have deployed a number of different arguments in their demands for increasing women's presence in governance. Lister (1997: 155) suggests that these arguments tend to cluster around three main propositions: 'that women constitute a political interest which should be represented in the decision-making process; that society will benefit from the attributes that women bring to the formal political sphere; and that the under-representation of women in public life is an affront to the ideals of democracy and justice.'

Anne Phillips (1995) conceptualises this kind of argumentation as a 'politics of presence' in which the problems of social inclusion have been reframed not as 'what' is represented, but 'who' is represented. According to Phillips, in this politics groups that have come to see themselves as marginalised, silenced or excluded reject the idea that it does not matter who does the representing, and instead demand to be present in decision-making arenas.

Over the past ten years, however, the assumption that women as a group have specific interests, different from and potentially in conflict with men, has been problematised. As many feminist writers have pointed out, women are not a single interest group with coherent or unified needs, concerns or interests. Lister (1997: 156), for example, suggests that not only do women's 'objective interests differ ... they also do not necessarily subscribe to or share the same priorities just because they are women'. Indeed some feminist writers have drawn attention to the ways in which a politics based on gender identity has had the effect of universalising some women's experiences and interests, and in turn suppressing the differences that exist between women (Riley 1988; Naffine 1994; Young 1994; Fincher 1995). Others have also pointed to the way that gender does not stand alone in shaping the contours of social inclusion. Mouffe (1992) argues that individuals need to be considered as 'constructed through different discourses and subject positions' as opposed to reducing identity to a 'single position – be it class, race or gender'. At a theoretical level at least, these issues have challenged the validity of a politics based on 'identity'. For these reasons, the terms 'category politics' (Bacchi 1996) or '*strategically mobilized* identity politics' (Fincher 1995) are perhaps more appropriate than 'identity politics', as they encapsulate the highly constructed nature of designations such as 'women' and 'men'. From this perspective, it becomes increasingly important to develop understandings of the practices of category politics as they are played out in particular historical and political settings. The following discussion of the NSW women's advisory committees, from 1975 to the present,

points out the ways that the category 'women' has been mobilised in a variety of different ways in the context of shifting approaches to community governance and identity politics.

The NSW women's advisory committees

Women's advisory committees have been established by national, State and Territory governments throughout Australia, with the exception of South Australia, since the mid-1970s. They have been a significant aspect of the project to integrate women's needs and interests into public life in Australia. Where they exist, they form part of an ensemble of strategies explicitly developed to facilitate the inclusion of women for the representation of women's interests in the processes of government policy-making. But the following narrative of the NSW women's advisory committees is not provided in order to evaluate whether or not they have achieved this. Instead, its purpose is to explore the ways that meanings about 'women', and 'women in the community' have been represented, negotiated and refracted through these sites.

Sawer & Simms argue that the concept of what they call 'demographic representation' was in general late to arrive in Australia. They suggest that before the 1970s, the absence of women and other minority groups was not regarded as damaging to the legitimacy of existing formulations of governance. According to Sawer & Simms (1984: 17), 'it was only in the 1970s, after these groups had begun developing a strong sense of collective identity (and the symbolic resources to match) that this broader concept made inroads into Australian political and administrative thinking'. The second-wave women's movement was able to draw attention to the fact that while women's daily lives were affected by economic and social policies, they were rarely involved in the design of policy.

In a general sense, the establishment of women's advisory committees can also be seen as an 'orthodox' response by governments to the politicisation of women's issues and the mobilisation of women's groups which occurred during the latter part of the 1960s and early 1970s. In Australia, advisory committees had long been a feature of the political landscape and had been established by governments to include outside interests in policy processes or as sources of expert advice in specific policy areas (see Matthews 1983; Davis et al. 1993). Traditionally, advisory committees were established in the areas of economic and industrial policy, but during the 1970s they emerged across a broader range of policy areas when they were constructed as a legitimate way of responding to social movement demands for increased citizen participation in governance.

A number of issues specific to the establishment of *women's* advisory committees can be identified. First, there was a dominant perception in the women's movement that existing political structures were inadequate for the representation of women's interests. The low participation of women in parliaments, in political parties and in the decision-making centres of the bureaucracy was regarded as both contributing to the marginalisation of women's issues and evidence of the need for alternative methods for incorporating women's interests. Second, feminist experimentation with participatory democracy and collective decision-making encouraged some women to eschew hierarchical forms of organisation and to reject orthodox channels for participation in policy-making: the ballot box, elected representation, political parties, unions and traditional lobby groups (Broom 1991; Weeks 1994). As such, advisory committees were considered a more participatory approach to women's inclusion.

The first women's advisory committee in Australia was the NSW Women's Advisory Board, which was established in 1975 by the Liberal-Country Party Government. At this time there were no other forms of women's policy machinery in New South Wales. Very few women held senior decision-making positions in the NSW public service, despite the fact that women comprised 50 per cent of all staff employed under the *NSW Public Service Act* (Alaba 1994: 142). Although the major parties had 'women's auxiliaries', only nine members of the NSW Parliament were women.

While not constructed as a corporatist body, most of the women appointed to the Board were active in major women's organisations or had links to particular ethnic or professional groups. The Board's main role was to 'identify areas of concern to women and to make recommendations to Government in relation to these areas, to ensure that women have full and equal opportunities to fulfil whatever role they choose in the community' (NSW Legislative Council and Legislative Assembly 1975: 515). During its short tenure, the Board conducted a program of public meetings throughout the State, at which women raised concerns about a range of hitherto privatised issues. For example, they spoke about the difficulties associated with having 'handicapped' children, about discriminatory work practices, about rape and assault in the home, about lack of access to retirement incomes and finance, about discriminatory probate laws, and about the social and legal status of children 'born out of wedlock'. The process of translating these concerns into policy proposals began the development of a 'women's policy community' in New South Wales: a network of women (and some men) involved in interpreting and defining women's needs for the purposes of policy production (see Fraser 1989).

In addition to politicising and interpreting women's experiences, the Board played a part in constituting the category 'women in the community'. In particular, it established the significance of differences between 'country women' and 'city women', and addressing rural women's concerns was constructed as a key policy issue. Interestingly, attention to this line of difference remained throughout the history of the NSW women's advisory committees. The Board also established 'women in the community' as women *who were not already politically active*: the 'real' women in the community were those who were 'neither extreme conservatives nor radicals' (Vi Lloyd, chair of the Women's Advisory Board in the *Sydney Morning Herald*, 14 March 1976). Again, this notion of the authentic 'woman in the community' being without political allegiances has been maintained throughout the history of the committees and so remains relevant in the contemporary context of community politics.

In 1976, when the Wran Labor Government came to power, the Board was reconstituted and the women's advisory committee was known as the NSW Women's Advisory Council (WAC). Its establishment coincided with the major reviews of government administration: the Coombs Commission review of Commonwealth public administration and the Wilenski Review of the NSW Government, both of which emphasised the significance of community interaction with the bureaucracy. The so-called 'new public administration' movement of the 1970s provided an alternative conception of policy processes which underpinned a range of public administration reforms, including the opening up of government decision-making processes (see Wilenski 1986; Yeatman 1990, 1998; Alaba 1994). The 1970s are often referred to as the era of democratic-participative reform in Australian public sectors (Yeatman 1990, 1998; Dalton et al. 1996; Brennan 1998; Orchard 1998) and it was during this period that an 'official discourse' of participation emerged. It became accepted that for some groups, and for some types of decisions, governments *should* make arrangements to foster community involvement in policy processes (van Krieken 1981; Painter 1992; Davis et al. 1993). 'Women' were one such group.

It was also during this period that quasi non-government women's organisations proliferated. The new approaches to governance created opportunities for publicising, interpreting, addressing and resourcing a range of women's interests. For example, Commonwealth initiatives such as the Australian Assistance Plan and the Community Health Program underpinned the formation of a 'community sector' of locally organised, often government-funded, community groups in Australia (Broom 1991; Melville 1993; Eisenstein 1996). Indeed by the late 1970s and throughout the 1980s it was the 'community sector' that became the

locus of demands for citizen participation, particularly feminist demands. As Sawyer (1990: 30) points out, 'after the 1970s there no longer existed anything that could be referred to as "the central women's movement" and the movement only existed in the form of proliferating feminist networks, such as the collectives involved with the delivery of women's community services'. These organisations began to stand in for (or as) 'women in the community' in community politics.

Like the Board, the Labor WAC continued to hold public meetings, particularly in rural communities, throughout the period 1976–88. The stated aims of these meetings were to 'reach out into the community' and 'to gather information at the grass roots level'. According to one newspaper report 'more than 5,000 women came forward at meetings and in private talks with team members to talk about the problems that worry them most' (*Sydney Morning Herald*, 31 July 1978). The emphasis on public meetings, however, waned over time as the Council honed its 'consultative' techniques. During the 1970s and 1980s, writers concerned with citizen participation began discussing the technical processes through which 'true' participation of citizens in governance could be achieved, and a discourse of 'community consultation' emerged (Byrne & Davis 1998). During this period the WAC began to seriously reflect on its technologies and 'women in the community' began to raise concerns about the relationship between their engagement and policy outcomes.

An important initiative of the Wran Labor Government was the establishment of public sector bureaux to attend to group-specific policy, such as women's policy, migrant policy and indigenous policy. Richard Alaba, in his study of the social reform agenda of the Wran Labor Government, suggests that these developments actually hindered the community's access to government policy-making. He argues that the tendency of bureaucrats to preserve their own autonomy and institutional values prevented aspirations for wider citizen engagement from being fulfilled (Alaba 1994: 261). This argument is more complicated, however, in relation to women's inclusion. It is clear that women's access to government policy-making increased significantly during this period, primarily *through* their integration into bureaucratic agencies and the creation of new women's policy bodies. It is also the case that the Wran years were marked by unprecedented law and policy reforms that benefited women. Domestic violence, rape, incest and prostitution were addressed in law for the first time. The reform of school curriculum, the design of affirmative action programs and the implementation of sexual harassment grievance procedures were among the many achievements of this period (Allen 1990). But these occurred in the context of the newly created women's policy bureau, the NSW Women's Coordination Unit,

taking over the 'management' of the WAC's activities. As a result, the WAC became something of an ancillary player in the representation and interpretation of women's interests. In this particular policy area, at this particular time, women's community politics were overshadowed by women's bureaucratic politics.

The Greiner Coalition Government, elected in 1988, was not concerned with articulating or emphasising an official discourse of community engagement or participation. It was centrally concerned with reforming public institutions in order to improve their technical efficiency and to create a culture within the public sector that was focused on outputs rather than inputs. The assumptions underpinning this approach included the ideas that participatory policy processes run the risk of being 'captured' by vested interest groups, resulting in the misdirection of public resources. From this perspective, the distribution of public resources should be determined through technocratic rather than democratic processes and should be legitimated by individuals expressing satisfaction with the resources or services they receive, rather than expressing satisfaction with the processes by which decisions are made. This broad approach to policy production, however, did not flow through to the women's advisory committee during Greiner's period in office. Rather than eschewing women's participation in policy processes and privileging technical expertise in women's policy production, the Greiner Government retained the committee as a participatory space, but for a different group of women. From the Coalition's perspective, the women's policy agenda had been captured by 'feminists' and Labor Party women. (Indeed by the end of Wran's tenure, many of the women on the WAC were members of the Labor Party and the committee engaged in explicitly party-political activities). The committee was thus re-formed to enable conservative women's participation. The new members took on the role of wresting women's policy issues from the women's policy networks that had developed over the previous decade, creating a women's policy network of their own.

Dalton and colleagues' (1996) assertion that while governments may express a commitment to public choice theory they often continue to arrange for the participation of 'outsiders' in public decision-making was reflected in the Greiner Government's approach to the women's advisory committee. However, while the committee under Greiner tried to limit the participation of femocrats and feminist women's organisations in the women's policy arena, they did expand the opportunities for participation for women from private sector organisations and women allied to conservative political organisations and 'traditional' women's organisations. As a result, this women's advisory committee politicised a number of new issues and reconstituted the meaning of 'women in the

community'. Most significantly, it was involved in challenging and, indeed, defeating, some aspects of the Greiner Government agenda, particularly where these were seen to impact on women's interests, as understood by the committee. These included moves to de-fund women's health centres, and law reform to criminalise abortion.

By the time John Fahey took over the leadership of the Coalition Government in 1993, the frameworks for developing a 'performance management' culture in the NSW public sector had been installed. These included the establishment of the Office of Public Management to oversee the processes and practices of agencies across government and the implementation of techniques for measuring the performance and outputs of individual agencies. In 1994 an audit was conducted in New South Wales of all State mechanisms for community involvement in public sector decision-making, which recommended that mechanisms not involved in 'Corporate Governance' activities be abolished and replaced with 'alternatives' such as consumer surveys. These shifts in approach to community governance provided the opportunity for the government to reform the women's advisory committee in a new form as the 'NSW Women's Consultative Council'. This committee was primarily a technocratic body whose role was to gather information on women about prescribed policy issues in order to address them 'effectively' and 'rationally'.

This approach to community participation can be seen as focusing on women as 'consumers', able to express their preferences to government, rather than focusing on the processes of interest development or interest formation through participatory policy processes. Members of the Women's Consultative Council were replaced by women who applied for advertised positions, fulfilled specific selection criteria and were appointed on the basis of their 'individual expertise' or achievement. The terms of reference changed considerably, in that members were given a policy brief and their role was primarily as a research tool for government. Participation was thus managed and controlled, with a focus on outputs rather than processes. In this period, the scope of the women's advisory activities was largely dictated by the minister and managed by the bureaucracy. It was during this time that claims that the women's advisory committee should be 'representative' of key interest groups in the women's policy community were effectively sidelined, as the composition of the committee was rendered largely irrelevant to the predominantly research activities it was to undertake. While the committee did meet with 'women in the community', community women were defined by the policy issue being addressed, for example, 'women with postnatal depression' and 'carers'.

In 1995, when the Carr Labor Party won government, the Women's Consultative Council was replaced yet again. This women's advisory committee – the Premier's Council for Women (PCW) – played an important role in developing the frameworks for embedding institutional practices aimed at achieving 'social justice' in New South Wales. It did this by developing a whole-of-government approach to policy issues which intended to embed responsibility for enabling women's participation in policy planning and policy processes within the wide range of government agencies involved in developing and implementing policies for women. Within this approach it was intended that the women's advisory committee would cease to function as an institutional site that 'compensated' women for their exclusion from other policy communities. As a consequence, the committee became a participatory space for a range of 'experts' on women's policy, whose role was to design and oversee an approach to women's issues which would enable the participation of women in all of the policy communities within government. The PCW was not institutionalised as a participatory space for the broader category 'women in the community'. It became a *de facto* 'board of directors' to the central women's policy bureau, the Department for Women, shaping its activities and directing its functions. In addition, the technocratic role of the committee significantly closed down opportunities for women's organisations and 'women in the community' to participate in the politicisation and interpretation of new issues and needs.

The whole-of-government approach to women's interests is known internationally as *gender mainstreaming*. I suggest, however, that this development has been hamstrung by new interpretations of what 'gender' means in the contemporary context. Often where gender is represented in mainstream government policy (and, increasingly, with the success of the men's movement in promoting 'men's interests' in gender-specific policy), the concern appears to be with ensuring that males and females receive the *same services* or are treated in the *same way* as each other. This is quite different from a concern with gender inequality, or with women's disadvantage in relation to men. In many contemporary policy discourses, the term 'gender' is used to refer to men's and women's differences, and these differences are constructed as 'equivalent'. This trend in public policy must be seen in terms of a shift away from nominating or promoting women, regardless of the extent to which they are excluded from mainstream political, economic and social institutions. It also appears to be related to the decline or circumscribing of sites for citizen engagement. That is, when women's *presence* (beyond, but not excluding, bureaucratic positions) is circumscribed, so too are the opportunities for expressing their interests.

Conclusion

In the late 1990s the NSW Government revisited the issue of community participation and governance. The discussion paper *Directions for Public Sector Reform in NSW* promoted the 'community governance' model being developed in continental Europe and by the Blair Government in the United Kingdom. The authors of the discussion paper argued that while New South Wales may have been the Australian leader in adopting a view of government as an exercise in good business management, what was missing were 'the dimensions of social capital and community involvement, and of the importance of human interactions in social settings over and above their cost and allocative efficiency' (NSW Premier's Department 1998: 13). They stressed that a lack of attention to community involvement, particularly at the local or place level, had resulted in 'crises' in other polities. The challenge for the NSW public sector, they argued, was to retain the outcomes focus emphasised through the reforms of the 1980s and 1990s, while ensuring that the outcomes are established, even 'owned', by the community.

This approach, while at least acknowledging officially the existence of communities and group interests and the power of harnessing those interests, left the question unanswered of *how* 'communities' would be defined for the purposes of participation. Since then, the 'community governance' model has been developed and institutionalised in New South Wales through a range of interventions and initiatives. In the main, these are initiatives which focus on 'communities' as geographic locales. In addition, it seems that while social capital and community governance discourses have been effective in countering some elements of economic rationalist, managerialist and purely technocratic approaches to governance, public choice discourses still prevail. Given the significance that the legitimisation of community governance has for enabling women's presence, it seems important that 'equivalising' discourses are challenged. 'Women in the community' may be a constructed and shifting category, but retaining the possibility of mobilising this category remains crucial for women's social inclusion.

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Rethinking Aboriginal Community Governance

David Martin

Perhaps more starkly than for any other group in Australia, the situation of Aboriginal people demands innovative policy frameworks. In a context where there has been a long and fraught history of state-instituted discrimination and exclusion, often under legislative provisions, and where Aboriginal people continue to suffer from multiple and inter-linked disadvantage as measured by standard socio-economic indicators, policy frameworks predicated on social inclusion appear attractive. Equally, the promotion of new dispersed governance modes emphasising participation at the local and community levels rather than hierarchical state-instituted policies and program delivery seems essential when these latter have manifestly failed. Furthermore, such forms of dispersed governance would seem to be consistent with Aboriginal calls for self-determination, and to offer an alternative to the current Commonwealth Government policy framework which rejects self-determination, emphasises service delivery through mainstream agencies, and stresses the equality of rights and opportunities for all Australian citizens and their acceptance of mutual responsibilities.

However, challenges are posed for social inclusion policy frameworks by the well-documented maintenance of particular Aboriginal worldviews which may be inimical to certain forms of participation in the wider society, and by evidence that there are many Aboriginal people who, while they

seek better access to the goods and services of the wider society, nonetheless have no desire to join it or to share many of its values, lifestyles and locales. This chapter therefore introduces the concept of ‘strategic engagement’ as a particular dimension of social inclusion which focuses on the agency of Aboriginal people and which encompasses the possibility of diversity and distinctiveness in their worldviews, but which recognises that reducing disadvantage ultimately requires Aboriginal people to negotiate particular forms of engagement with the dominant society.

Since international and Australian research and experience suggests that institutions which have effective and accountable governance are fundamental to addressing Aboriginal disadvantage, and because over the past several decades Aboriginal-controlled organisations have become such an important means by which Aboriginal people themselves advocate their own interests and through which a wide range of services is provided to them, this chapter concentrates on such organisations as a central component of a broader, dispersed Aboriginal community governance, and as a key means through which Aboriginal people engage with the general Australian society.

The chapter first presents an account of Aboriginal organisations as ‘intercultural’ phenomena rather than as manifestations of a supposedly autonomous Aboriginal domain. It then situates good governance as a key requirement for addressing Aboriginal disadvantage, and argues that Aboriginal organisations can play important roles in enabling Aboriginal groups and communities to ‘strategically engage’ with the dominant society. It critically evaluates the notion of ‘culturally appropriate’ governance before turning to a discussion of accountability as an intercultural construct. In conclusion, it argues that ‘social inclusion’ as an all-encompassing policy framework is inappropriate if it does not recognise the diversity of worldviews, aspirations and circumstances of Aboriginal people across Australia. It is here that effective, appropriate and accountable Aboriginal organisations play a crucial role, for they can facilitate Aboriginal people’s strategic engagement with the institutions and values of the dominant society by providing them with a wider range of options than would be the case if they were dealing directly with government as individuals, and also by providing a vehicle through which their particular position and interests as the Aboriginal people of the nation can be advocated and protected.

Aboriginal people within Australian society

It has become almost a truism that Aboriginal people are overwhelmingly the most socio-economically disadvantaged group in Australia,

characterised by poverty, poor health, low life expectancy, high levels of imprisonment, poor education outcomes and high unemployment, and with relatively high levels of chronic social problems such as alcohol abuse and domestic violence (Altman 2000; Altman & Hunter 2004). This is particularly (although not solely) the case in rural and remote regions. This significant Aboriginal socio-economic disadvantage mirrors – and there are many who argue is caused by (see especially RCIADC 1991) – ongoing social and political exclusion which has its origins in the colonial past.

It is of the utmost importance, however, that we do not characterise the situation of Australian Aboriginal people solely in terms of their relative deficits or disadvantages, for to do so ignores not only diversity among Aboriginal people and their circumstances, but also the meanings and values which they themselves give to their lives – including potentially to aspects of them which others might see as aberrant or dysfunctional. Thus while there can be no doubting the profound impacts of colonisation on Aboriginal societies and the often devastating changes wrought over the past two centuries on people's lives, it must be recognised that through these changes, many Aboriginal groups and individuals have maintained distinctive – albeit transformed – worldviews and practices. And as many who have lived and worked in remote Aboriginal communities could attest, even in conditions of abject poverty and social dislocation, Aboriginal people can demonstrate a tenacious commitment to their way of life, along with extraordinary resilience, humour, zest for life, and artistic and intellectual creativity. The material conditions in which much Aboriginal art is created, to give one instance, would be very confronting to the affluent city dwellers on whose walls it hangs.

'Culture' and disadvantage

Our understandings of the position of Aboriginal people in Australia today, therefore, must take account not only of the legacies of colonisation and dispossession, but also of the consequences of widespread maintenance of characteristic Aboriginal worldviews and practices. Aboriginal people themselves have provided accounts of continuing and distinctive modes of familial life, sociality, mobility and economy, even for many of those living in the interstices of the dominant society (see for example Langford 1988). Ethnographic research too has long demonstrated the existence of Aboriginal values and practices which, while obviously transformations of those of the past, may show strong links to them. For example, Aboriginal 'economic' modes in rural and urban as well as remote settings, while necessarily linked to those of the general Australian society

and economy, may nonetheless differ from them in such matters as the emphasis on social rather than material forms of capital, a pervasive rejection of and sanctions against individual accumulation (Sansom 1988; Peterson 1993; Martin 1995; Schwab 1995; Macdonald 2000; Sutton 2001), and even an explicit rejection of the economic development ideology of the dominant society (Trigger 1995).

Another instance of continuity within transformation, and one of particular importance when considering the roles, forms and 'culture' of Aboriginal organisations, lies in the continuing dominance of 'localism' in much of Aboriginal political life, particularly in the centrality of kinship as a core structuring principle of social process. Aboriginal localism is characterised by such features as a strong emphasis on individual autonomy, by people according priority to their connections to local or small-scale groupings – especially those such as 'families' defined through kinship (Sutton 1998) – and conversely mistrusting those outside the group. In such systems, there may be only a weak notion of the wider common good, as people's moral and political imperatives lie within far more restricted social groupings. The intensity of connections and shared meanings and values within the group, accentuated by pervasive discrimination and exclusion by the general society, can lead to a form of ethnocentrism in which engagement with the wider society (while objectively an intrinsic fact of everyday life) is devalued and even scorned.

This ethnography suggests that the marginal political, social and economic position of Australian Aboriginal people has arisen not only through the well-documented historical processes of dispossession and exclusion, but also (in part) through the complex interaction between these processes and certain distinctive and persistent Aboriginal values and practices. It has been argued, perhaps most forcefully in recent times by Sutton (2001), that certain widespread Aboriginal values and practices may actually inhibit the kinds of social and economic changes which are arguably required to address disadvantage and exclusion – or at least those forms of it as measured by standard socio-economic indicators. Sutton focused on such matters as widespread Aboriginal mechanisms for dealing with conflict, including the readiness to use violence, a 'customary externalisation of blame' in which personal responsibility for adverse outcomes is avoided, loyalties to kin taking precedence over a wider sense of the 'common good', and child-rearing practices demonstrating strong continuities with the past, in which the emphasis on the autonomy of the child sits uneasily with requirements for mandatory school attendance to fit a child for full participation in the general Australian society. While such views have generated considerable controversy, the question is far from a novel one; for example, Elkin (1951),

Stanner (1979), Brunton (1993), Cowlishaw (1998), Martin (1998, 2001), Pearson (2000a) and Folds (2001) have all paid attention to similar or related themes, albeit from widely varying perspectives.

If these arguments are accepted, then while Aboriginal socio-economic disadvantage, widespread social dysfunction, and fragile, conflict-ridden political institutions must be seen as resulting from the legacy of colonisation including ongoing exclusion and discrimination, they may also arise (in part) from the determined maintenance of particular values which may be inimical to the kinds of social and economic outcomes which much government policy aims for. There is always a risk that such arguments will be portrayed as 'blaming the victim', but on the contrary they have the potential to place Aboriginal agency at the forefront of our understandings, to recognise that Aboriginal people continue to bring particular values and practices to bear in attempts to structure their engagement with the dominant society, and to accept that while they are clearly relatively powerless, they are nonetheless far from passive victims.

Distinct 'cultures' or an 'intercultural' field?

A point central to the argument here, however, is that while we can meaningfully delineate distinctive characteristics of the contemporary values and practices of particular Aboriginal groups, they have been produced, reproduced and transformed through a complex process of engagement with those of the dominant society which has established what Merlan (1998) terms an 'intercultural' social field. This process has involved not just the subjugation and exclusion of Aboriginal people, it has also involved Aboriginal people themselves appropriating and incorporating many of the dominant society's forms into their own ways of being. Even who and what Aboriginal people consider themselves to be has been affected by the representations of Aboriginality by others, as Merlan shows. Aboriginal societies and cultures are not bounded entities; nowhere in Australia do (or indeed can) Aboriginal people live in self-defining and self-reproducing domains of meaning and practices – rather, they live in complex and contested 'intercultural' worlds. However, while the notion of 'intercultural' implies that both Aboriginal and non-Aboriginal people are operating within (more or less) shared domains, they may well be doing so from quite distinct positions, as Merlan observes (1998: 233).

This is far from an argument that denies difference. It is crucial to recognise the very real and sometimes confronting sense of dissonance that people may experience in moving from one socio-spatial milieu to another; for example, from affluent suburb and air-conditioned office to

Aboriginal fringe camp, from Cape York Aboriginal community to Cairns Base Hospital, from Everleigh Street in Sydney's Redfern to government school classroom, or from Arnhem Land outstation to art exhibition in New York. However, it is to argue against essentialising difference, for the acknowledgment of interconnections between Aboriginal people and others, and for the recognition that these interconnections are not just social, political and economic but also involve mutual contributions to the worlds of symbols, values and practices by which people constitute their identities and, indeed, their differences. The following sections discuss the implications of these arguments for Aboriginal organisations in their roles of facilitating social inclusion.

'Governance' and Aboriginal disadvantage

The concept of 'governance' has considerable national and international currency in the development policy arena among others. 'Governance' and 'capacity-building' or 'capacity development' are seen as crucial precursors to addressing entrenched social and economic disadvantage in the developing world, and for so-called 'fourth world' of Aboriginal peoples within developed, first world, nations (see for example United Nations 2002). In the Australian context, there has been a raft of conference papers, government inquiries, research proposals, and both government and Aboriginal policy initiatives in these areas.¹ At the same time, it must be stated that it is not only Aboriginal capacity which needs to be built: that of government and its agencies is often a major limiting factor in addressing disadvantage and indeed may contribute to it (for example Pearson 2000a; Aboriginal and Torres Strait Islander Social Justice Commissioner 2003; chapter 8 of this volume).

In research frequently quoted in Australia, the Harvard Project on American Indian Economic Development asserts that its research demonstrates an unequivocal link between the general well-being and economic development of Native American nations and the existence of mature, politically robust and competent Aboriginal organisations which have a 'cultural match' with their constituencies (Begay et al. 1997; Cornell 2002). As discussed later, in the Australian context, 'cultural match' has commonly been misinterpreted in Australia to mean what is here referred to as 'cultural appropriateness'. The Harvard Project places a strong emphasis on Native American economic development, and this focus is mirrored in much, if not most, of the policy debate around how to address Aboriginal disadvantage in Australia.

Aboriginal intellectual and social policy activist Noel Pearson, for example, argues that the move away from a gammon (false) or 'passive

welfare' economy to a 'real' economy is fundamental to addressing both social and economic disadvantage (Pearson 2000a,b). There is of course an extensive national and international literature critiquing a narrow focus on economic development on environmental, social and political grounds, and as discussed previously, there is much ethnographic evidence for Aboriginal people maintaining distinctive 'economic' values and practices which may be inimical to full participation in the formal economy. This ethnographic evidence arguably supports policy frameworks which incorporate the recognition of non-market, community economies (including the customary economy) as alternative or supplementary development pathways to formal economic development (Altman 2001; chapter 8 of this volume). On the other hand, Pearson's colleague Richard Ah Mat (2003: 3) has argued that 'the cultural traditions of socially dysfunctional people will not last long in this world – they will soon pass away. Cultural survival therefore makes economic development urgent and necessary.'

Nonetheless, while there are certainly differences between commentators and policy-makers as to the centrality or otherwise of economic development, there would seem to be no doubt that the multiple and inter-related issues confronting Aboriginal people in many areas require multifaceted, interlinked and innovative strategies. Obvious areas for focus include the widespread education deficits, alcohol and substance abuse, and problems of community order including domestic and other forms of violence. These are clearly not just issues that relate to individuals, but concern the wider contexts within which individual and collective values are produced – and which in turn contribute to those contexts. Furthermore, as argued previously, these contexts can best be understood in 'intercultural' terms, rather than as the engagement between an autonomous Aboriginal domain and the general Australian society.

From this perspective, the notion of governance assumes centrality, for it relates to such matters as collective goal-setting, regulation, decision-making, and social, political and economic ordering. Governance can be seen as encompassing both formal and informal structures and processes through which a group, organisation, community or society conducts and orders its internal affairs as well as its relations with others (Plumptre & Graham 1999). Because governance concerns equally the formal and informal means through which people manage their own affairs and their relations with others, it provides an appropriate and useful tool in the analysis of social and political process and the development of policy in the intercultural contexts of Australian Aboriginal groups. In this chapter, however, I am concerned with a more limited aspect of governance, that concerning Aboriginal organisations in their role of facili-

tating engagement between Aboriginal people and the wider society, rather than with the ordering within Aboriginal groups and communities themselves.

Pearson, in his proposals for Cape York's Aboriginal communities, has paid particular attention to the deficits of government 'service delivery' paradigms as vehicles for addressing Aboriginal disadvantage, and at a range of levels to issues of Aboriginal governance. In a creative adaptation of 'third-way' political philosophy, he argues for a fundamental reshaping of the structural and political relationships between Aboriginal people and government, in part through a new institutional order, and for power and decision-making to be devolved to both formal and informal institutions (including families) at the regional, community and local levels. Such arrangements should build on existing local and regional organisations and capacities, Pearson (2000a: 65–73) argues, rather than supplanting or competing with them. And it is through these new Aboriginal-controlled institutions that the reciprocity and responsibility necessary to create a 'real' economy are to be implemented. Pearson is thus arguing for a new moral order, not just a new institutional and political framework. He has also called for new forms of Aboriginal leadership, which he suggests should be a 'pervasive' concept throughout the layers of governance (Pearson 2000a: 51–52, 2001), an instance of what Wolfe (1989) calls 'dispersed governance' (see also Rowse 1992: 88–90).

Pearson has not just focused on reforming institutional and political relationships with the state; a core component of his proposals involve linkages with the private and philanthropic sectors, through Cape York Partnerships. This is the flagship organisation aiming to drive a comprehensive social, political and economic change agenda in Cape York, for example through Indigenous Enterprise Partnerships, whose objective is to be a 'conduit for providing indigenous enterprise bodies with support by "linking up" the necessary resources and expertise' (see <<http://www.capeyorkpartnerships.com>>). Pearson, who is scathing of much existing academic and bureaucratic thinking and policy prescriptions (Pearson 2003), draws extensively on expertise, creativity and resources from the private and philanthropic sectors as well as on government resources in Cape York Partnerships and its associated policy development and research organisation the Cape York Institute for Policy and Leadership. The Cape York model shares much with the emerging forms of social governance discussed by Tim Reddel in chapter 10, which are based on local partnerships, networks and collaboration between civil society, the private sector and governments.

The Cape York institutions are also examples of a central point that is often obscured in calls for 'cultural appropriateness' in Aboriginal

organisations: if competent Aboriginal institutions are necessary precursors to addressing Aboriginal disadvantage, important questions are nonetheless posed. The well-documented vulnerability of Aboriginal organisations to failure, particularly from destabilising internal politicking, can be exacerbated and reinforced by particular values and practices – such as the intense localism discussed previously – which Aboriginal people bring to bear in their participation in them (Mantziaris & Martin 2000: 271–81). That is, there may be a contradiction between the requirements for effective and accountable organisations on the one hand, and the robustness of informal institutions of the particular Aboriginal group or society (such as loyalty to kin) on the other. The ‘capacities’ (and thus the values and practices) that may need to be developed or built in order to achieve better governance, accountability, and improved development and socio-economic outcomes may derive as much from the cultural repertoire of the dominant society as from that of the disadvantaged Aboriginal groups they serve.

The need for ‘strategic engagement’

In this context, the concept of ‘strategic engagement’ (Martin 2003) has both analytic and policy utility. Strategic engagement is to be understood here as the processes through which Aboriginal individuals and collectivities interact with, contribute to, draw from, and of course potentially reject, values and practices of the dominant Australian society, in a considered and informed manner that provides them with real choices as to where to go and how to get there. Strategic engagement refers to a process, not an outcome. It recognises that Aboriginal people are positioned within an intercultural domain that is constantly transforming, and that their position (as individuals and collectivities) is not fixed, but is influenced by a range of factors including individual proclivity and choice, as well as broader ‘structural’ factors (Martin 2003: 8). Strategic engagement can be seen as a particular dimension of ‘social inclusion’ which focuses on the agency of the excluded themselves, which attempts to encompass the possibility of worldviews and practices that entail a degree of autonomy and distinctiveness from those of the dominant society, but which also recognises that addressing marginalisation of necessity requires negotiating forms of engagement with that society.

By using this notion of ‘strategic engagement’, I am attempting to circumvent what is often a rather sterile public debate conducted in Australia using such loaded terms as ‘assimilation’, ‘cultural maintenance’, ‘tradition’, ‘economic independence’, ‘self-determination’ and so forth. Like all terms, of course, ‘strategic engagement’ is itself far from

value-free. Its advantage is that it recognises, first, that Aboriginal people are not living as part of self-producing and reproducing isolates, and that social, economic and cultural transformations are realities for all groups and societies. Second, it encompasses the important principle that the Aboriginal people involved should, within the limits imposed by the values of a democratic and pluralist society, have a substantial degree of control over the terms of this engagement. In other words, 'strategic engagement' recognises that Aboriginal people are more than just a disadvantaged ethnic group but occupy a particular and unique position in the nation, having been historically displaced in the processes of colonisation. Third, by being 'strategic' I mean that while there will always be consequences for those concerned arising from the terms of the engagement, some of them unintended or adverse, as far as feasible the engagement should be structured so as to minimise the adverse effects and maximise advantage for the Aboriginal people concerned. There is a set of value judgments here of course, implicit but necessary, for who is to determine what an adverse consequence is, and on what ethical and political bases? However, if it is accepted that there is no such thing as an autonomous Aboriginal arena, but rather a contested intercultural field of transforming and transformed practices and values, then it is simply inadequate to leave the construction and evaluation of such judgments solely to the Aboriginal people concerned and a domain of supposedly uniquely Aboriginal values.

In order for the manifest marginalisation and deprivation of many Aboriginal groups and communities to be reduced, Aboriginal people need to engage strategically with the social, cultural, economic and political dimensions of the wider Australian society; disadvantage cannot meaningfully be addressed within social, economic or policy enclaves. At the same time, it must be recognised that many Aboriginal people will choose lifestyles which accord with their own values and priorities, and which (as argued above) may be inimical to achieving socio-economic equality with the general Australian population. This capacity for strategic engagement is dependent on many factors, but in particular, mechanisms for effective governance, formal and informal, are central.

Aboriginal organisations and strategic engagement

A number of critical concepts have informed the discussion thus far. One is the importance of understanding Aboriginal organisations as intercultural phenomena, as sites of the engagement and transformation

of values and practices drawn from both Aboriginal worlds and the general Australian society rather than as institutions within an autonomous Aboriginal domain. Allied to this, I have argued for the significance of the effective governance of Aboriginal organisations as a crucial means of facilitating the process of 'strategic engagement' by Aboriginal people with the general Australian society. Together, these concepts speak to different perspectives on organisational design, governance and accountability.

Aboriginal organisations as intercultural institutions

One outcome of the unwillingness of the Australian colonial authorities and their successor national, State and Territory governments to recognise Aboriginal groups as possessing inherent sovereign rights is that the policy rubrics of 'self-determination' and (latterly) the more limited 'self-management' have been introduced as muted, and highly fragmented, responses to Aboriginal advocacy for the recognition of more fundamental rights. Under these policies, successive Commonwealth, State and Territory Australian governments have established or used Aboriginal-controlled corporations of various kinds. These have been set up under diverse Commonwealth, State and Territory statutes for purposes ranging from holding land or other assets, delivery of services such as housing and health, legal advocacy and commercial enterprises, and of course until recent moves to abolish it, national political representation and advocacy through the Aboriginal and Torres Strait Islander Commission (ATSIC) itself.

As has been argued elsewhere (see for example Tonkinson 1985; Sullivan 1988, 1996; Rowse 1992; Smith 1995; Martin & Finlayson 1996; Mantziaris & Martin 2000), these bodies cannot be seen simply as impositions by government on Aboriginal people, although many of them have indeed been established in the first place at the initiative of governments and to serve government purposes. They have also come to serve particular Aboriginal ends, typically operate through and mediate distinctive Aboriginal practices, and more generally have become fundamental elements within local, regional and national Aboriginal polities. Aboriginal organisations, however, not only provide focal points for engagement, appraisal, evaluation, contestation, competition and appropriation among Aboriginal people themselves, but they are also highly significant sites where these values and practices are contested, adapted and transformed through engagement with those drawn from the dom-

inant society. They are quintessentially intercultural institutions, with a form of ‘dual incorporation’, whereby they are simultaneously legally incorporated under, or established by, statutes of the general Australian law and ‘incorporated’ into Aboriginal polities (Mantziaris & Martin 2000: 274). These organisations, of course, while they ‘incorporate’ Aboriginal practices and values, by their very nature frame and constrain them, and are thus sites of their transformation. They are therefore a form of what Merlan (1998: 235–37) terms ‘social technology’, which has the potential to transform Aboriginal societies in a manner parallel to the role of technological development in the transformation of Western societies.

‘CULTURAL APPROPRIATENESS’

Aboriginal organisations have simultaneously carried the burden of policy expectations while serving various practical purposes such as service delivery, advocacy, representation and commercial development. Yet they appear to operate with highly variable success, as indicated, for example, by evaluations that continue to point to problematic aspects of their accountability and effectiveness (see Mantziaris & Martin [2000: 280] and successive reports of investigations into the performance of Queensland’s Aboriginal Community Councils such as the Queensland Parliamentary Committee of Public Accounts 1991). For some time the key to addressing this was said to be in developing ‘culturally appropriate’ organisations. But this concept has been largely unexamined and under-theorised, in the Australian context at least. For example, while the final report of the 1996 review of the *Aboriginal Councils and Associations Act*, under which some 3000 Indigenous associations are incorporated, proposes that cultural appropriateness should be central to organisational accountability and to self-determination (and should be facilitated by a statute re-formed around this policy objective), nowhere does the report provide a clear statement of what cultural appropriateness actually is (Fingleton 1996).

It should be noted in this regard that the assertion in the Harvard Project, discussed earlier in this chapter, that the ‘cultural match’ between Aboriginal organisations and their constituencies is one of the key factors underlying successful development in Native American nations (Cornell 2002), has been interpreted in Australia as being equivalent to support for ‘cultural appropriateness’ as commonly understood here. But it is clear that this is not the case; rather, what is being argued for, on the basis of the project’s case studies, is that organisational structures and processes should take account of, and indeed if necessary challenge, the

political values of the relevant Aboriginal group, and not necessarily be established solely in accordance with those values (see Dodson & Smith 2003: 19).

The term 'cultural appropriateness' has currency in Australia, it would appear, because it resonates with an unexamined view that there is an autonomous (and impenetrable) domain of Aboriginal values and practices and an arena of operations of these organisations which are independent of the legal, political and economic fields in which they are necessarily situated. Here, it is important to make a distinction between governance of the Aboriginal corporation itself, and that of the services it provides. It is clear that the delivery of services to Aboriginal people, particularly in areas such as health, must take account of their particular beliefs, understandings and priorities. However, if effective governance of the organisation itself is a core component of engaging strategically with the dominant society, then arguably it must draw not only from the values and practices of the Aboriginal people concerned, but also from those of the general Australian society.

Arguments for 'cultural appropriateness' therefore should not displace the overriding need for organisational structures and management processes to facilitate strategic engagement with the general society. Equally, arguments for Aboriginal 'self-determination' should not displace the necessity for competent management. The presence of skilled 'outsiders' along with local Aboriginal people in Aboriginal organisations, whether they be relatively better educated Queensland 'Murris' in Northern Territory organisations or non-Aboriginal people in Native Title Representative Bodies, or health and legal services, is necessary precisely because they can ensure that there is a diversity of perspectives and values brought to bear on an organisation's operations. Effective organisations are robust enough to encompass and engage diversity, competition and even conflict in values. As case studies of two exemplary Aboriginal organisations demonstrate (Finlayson 2004), supporting diversity is not just good general management practice; it is essential to strategic engagement.

These were two very different organisations, the Wangka Maya Pilbara Language Centre in Western Australia and the Durri Aboriginal Medical Service in Kempsey, New South Wales. Yet there were a number of factors common to both organisations which underlay their ongoing success. Both organisations were outward-looking, and many of their achievements could be attributed to factors which they shared with successful non-Aboriginal organisations. They both paid careful attention to their stakeholders, customers and clients, and ensured that they provided accountable and transparent services to all. Both organisations had

strong and effective leadership and management, and ensured that diversity among their clientele and their staff was valued; while each of the organisations was clearly and unambiguously Aboriginal-controlled and focused, they were marked by productive and supportive working relationships between Aboriginal and non-Aboriginal staff, and Durri even provided medical services to both Aboriginal and non-Aboriginal clients in its region.

ACCOUNTABILITY AS AN INTERCULTURAL CONSTRUCT

The accountability of Aboriginal organisations, particularly ATSIC itself, has had considerable attention over recent years. Questions of the effectiveness, legitimacy, representativeness and accountability of Aboriginal organisations are often contested in terms of the differing values that Aboriginal and other people may bring to bear in their assessments of how organisations should function. In the case of accountability, there are often quite incompatible demands on personnel in such organisations to discharge their obligations to the wider system (usually framed in terms of financial accountability, or equity of access to resources and services), and those within Aboriginal groups and communities (such as the system of relationships and obligations operating through kinship).

The focus in the media and in much public and policy-related debate has been on external accountability, defined primarily in terms of its financial dimensions. Broadly speaking, the argument is that where Aboriginal organisations are publicly funded, the resources should be used for the purposes for which they were intended, and outcomes should be demonstrated. Expectations of external financial accountability are arguably entirely legitimate, and a focus on outcomes is an imperative given the demonstrated socio-economic disadvantage suffered by so many Aboriginal people. There has been less public focus, however, on the two dimensions of internal accountability: the accountability of organisations to their memberships and that to their constituencies or clients.

A point of some generality and one that has been made by others (Queensland Parliamentary Committee of Public Accounts 1991: 31–35; Martin & Finlayson 1996) is that internal and external accountability are not two incommensurate forms, but in fact are necessarily linked. This was borne out by case studies undertaken for the first review of the *Aboriginal Councils and Associations Act* (Fingleton 1996), which indicated that organisations that were accountable to their memberships and constituencies were more likely to also be accountable to funding

bodies and other external stakeholders. This and other research (for example Martin & Finlayson 1996; Finlayson 2004) suggests that those Aboriginal organisations which encompass diversity (including, where appropriate, in their representative structures), have instituted procedures for maximising participation of and reporting back to their constituencies, and work to maximise equity in their service delivery, are more likely to achieve both effective outcomes and the accountable use of funds. Conversely, those which have deficient or virtually non-existent mechanisms to ensure such principles are more likely to demonstrate poor financial accountability.

But there is often a tension between principles drawn from the wider socio-political sphere, such as broadly based equity and access to services and resources, and imperatives typically operating within Aboriginal groups and communities. Aboriginal organisational politics is frequently characterised by a high degree of factionalism or localism, in which the political, social and economic imperatives lie within various forms of local group rather than some broader aggregate or 'community'; by a focus on negotiating internal relationships rather than necessarily on demonstrable outcomes; by particular styles of political process and decision-making which emphasise the autonomy of the participants and their resistance to domination by others; and by notions of 'representativeness' which are not based on equal rights to participate in the political process but on having or asserting particular culturally constructed interests and rights to speak on specific issues. As outlined earlier, a concept of the 'common good', which underpins notions such as equity of access to resources and services, may not operate effectively past the limits of particular family and other such local groupings. In such circumstances, the delivery of equitable and accountable services may be rendered problematic, unless organisational structures and processes can take account of and incorporate the realities of localism, while still enabling effective and accountable services to the broader Aboriginal constituency.

This tension then poses a fundamental challenge, both to Aboriginal organisations and indeed to policy-makers. It may not be capable of 'resolution' in any easy sense, but incorporating mechanisms to enhance the internal accountability of Aboriginal organisations may allow localism to be more productively dealt with. The most effective organisations appear to be those that have made creative use of principles drawn from both domains in establishing structures and processes that seek to maximise internal accountability: that is, accountability must be understood and implemented as an essentially intercultural construct.

Conclusions

This chapter has argued that Aboriginal people's social exclusion has not arisen solely through dispossession and exclusion, but also (at least in part) through a complex interaction between these historical processes and particular persisting Aboriginal values and practices. The maintenance of distinctive worldviews poses challenges for social inclusion policy frameworks, if there is an implicit assumption that inclusion is a goal shared by those hitherto excluded groups or communities. It is important to recognise the diversity of Aboriginal Australians, but the evidence indicates that there are many who, while seeking better access to goods and services provided by the wider society, nonetheless have no desire to join it, or to share aspects of its values, lifestyles and locales. That is, social exclusion is a complex process to which the excluded may, unwittingly or not, contribute.

Furthermore, for understandable reasons Aboriginal people are very alert to policy changes which might be construed as a return to the period of 'assimilation' under which they were expected to merge with, and ultimately become indistinguishable from, the general Australian population. From this perspective, a policy framework of social inclusion may run the risk of being interpreted as neo-assimilation. The philosophical (and political) underpinnings of the new policy frameworks discussed in this book of course are entirely antithetical to those underlying the state-instituted assimilation policies, but nonetheless the challenge is to ensure that social inclusion also encompasses the recognition of diversity. Ultimately, however, there is always the possibility that health, educational, income and other socio-economic indicators for particular Aboriginal groups or communities may suggest continuing discrimination and exclusion by the dominant society, whereas in fact they may be also be (in part) the entailments of preferred lifestyles. A difficult philosophical, ethical and political question here is to what extent diversity can be accepted or even encouraged in a pluralist society when it involves very significant disparities in socio-economic status.

Discussion in this chapter has been framed around a particular form of social inclusion, 'strategic engagement', which recognises the diversity within and among Aboriginal groups and communities, and in particular recognises that people may be deeply committed to ways of life which are inimical to inclusion in the dominant society, and indeed may have no wish to join it. It is in this context that effective, appropriate and accountable Aboriginal organisations have a crucial role to play, for it is such organisations that can assist Aboriginal people to engage more strategically with the dominant society using a wider range of options

over which they can exercise a degree of control than if they were dealing directly as individuals with government, and to achieve ends that are in keeping with their own aspirations. Effective and accountable Aboriginal organisations can also provide a vehicle through which the particular position of their members and constituents as the Aboriginal people of the nation can be advocated and protected. The argument here therefore resonates with that of Susan Goodwin in chapter 5, who notes that mainstream formulations of social inclusion have failed to recognise the particular experiences and interests of disadvantaged groups, and argues for a ‘politics of presence’ of the disadvantaged and disenfranchised in decision-making institutions.

A challenge then is to develop distinctively Aboriginal organisations that facilitate effective engagement with the dominant society rather than limiting it, as a vehicle to address Aboriginal disadvantage, including political disadvantage. From this perspective, appropriate and effective organisations will not draw their structures, operating principles, and goals solely from a supposedly autonomous Aboriginal domain, but also from that of the general Australian system. While they must necessarily take account of specific values and practices of the Aboriginal people who participate in them or whom they serve, to be truly ‘culturally appropriate’ and accountable they may also have to directly engage, and even on occasion challenge and circumvent, these values and practices.

NOTE

- 1 See for example proceedings of the Aboriginal governance conference organised by Reconciliation Australia and held in Canberra, 3–4 April 2002, at <<http://www.reconciliation.org/graphics/info/publications>>, and the 2003 inquiry into capacity-building in Aboriginal communities conducted by the House of representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, see <<http://www.aph.gov.au/house/committee/atsia/Aboriginalcommunities/inquinde.htm>>.

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Part

The Economy, New Regionalism and Community

7 Regional Development Policy and Social Inclusion

Al Rainnie

There has been a growing interest in Australia in an approach to regional development that is characterised as the ‘New Regionalism’ (see Rainnie & Grobbelaar 2004; see also chapter 2). This is an avowedly ‘third wayist’ approach that sees itself as occupying the middle ground between both state centralist and free-market policies, both of which are taken to have failed. For the purposes of this volume, the New Regionalism is important because it posits an inextricable link between economic and social policy and the process by which that policy is formulated and administered. In theory at least, communities and localities, and those hitherto excluded from the corridors of (local limited) power are to be involved in designing and implementing their own futures. There are many problems with this hypothesis (see Rainnie & Grant 2004), and initial enthusiasm for the more democratic, devolved and inclusive approach (for all its faults) of NR is threatened with being blown off course by the winds of ‘faddism’ that regularly cause carnage in the world of regional development. The superficial cause for this is the emergence to prominence of Richard Florida and the ideas outlined in his bestselling treatise *The Rise of the Creative Class* (Pluto Press 2003). I will look in more detail at the problems associated with Florida’s thesis later in this chapter, but Florida’s rapid rise is symptomatic of a more deep-seated malaise – the influence of fad, fashion and political short-termism on regional development.

Fashion, fads and regional development

Australia's track record on regional policy has been described as 'experimental' by Gleeson & Carmichael (2001: 33), who cite Spiller & Budge's assessment of the Australian regional policy record:

Specific regional assistance packages have been produced at regular intervals often as either crisis management responses or as election sweeteners. Most programs have not been coordinated across agencies and between federal and state governments and have rarely been targeted to specific areas of need. The role and responsibility for federal governments in regional development has always been an area for debate and political mileage.

It is not simply that Australia's track record at federal level on regional policy in the last two decades has been described as experimental. Regional development has generally been viewed as the province of the States, and formal economic development policies at this level have tended to focus on non-metropolitan areas, reflecting, particularly in the 1990s, the decentralisation focus of many State programs (Beer et al. 2003: 146). But beyond this already patchy picture, at sub-state level an even more problematic picture emerges. Beer and colleagues (2003: 27) conclude that

local governments remain the smallest and poorest tier of government in Australia and their circumstances are worsening. Over the last two decades the real value of financial support to local government from the federal government has fallen – as has state financial support in some jurisdictions – while the tasks mandated to local governments by other tiers of government have grown.

In these circumstances it is not surprising to find that most local economic development agencies were small with very few staff and limited budgets, that they have been unstable, and that in many cases they did not have community and political support and in the perception of practitioners had little impact on their locality (Beer et al. 2003: 146–48). It is questionable in the extreme whether these skeletal agencies and the anorexic framework of regional institutions that they inhabit are capable of developing and supporting the institutions of inclusivity and associationalism that NR demands.

Within this patchy, non-systematic and ideologically driven framework it is perhaps not surprising that what regional development policy there has been has tended to fall foul of whatever passing fad promised a quick, apparently easy, measurable and relatively unproblematic solu-

tion to the problems of areas and localities. Symptomatic of the problem is the Australian Local Government Association's (ALGA) annual *State of the Regions* report, which moved from enthusiastic endorsement of the central tenets of the New Regionalism in 2001 and 2002 to an equally uncritical embrace of Florida's creativity hypothesis in 2003. On a more detailed but more universal level, the almost religious and unquestioning zeal with which Porterian notions of the efficacy and benefits of cluster development are a case in point.

Under the influence of writers such as management guru Michael Porter, locally concentrated business clusters have moved from being highly localised and specific forms of development to being the new 'silver bullet' of regional development. Clustering is, in this context, simply the latest in a long line of regional development fads that promise to deliver quantities and qualities of jobs and growth in an unproblematic, sustainable and environmentally sound form. There is hardly an economic development unit in Australia that will not have clustering as some, usually prominent, part of its development strategy. Indeed funding for economic development initiatives is now often couched in the language of clustering. As Kevin Morgan (2002) has noted, for critics of clustering, the phenomenon has moved from marginality to banality without encountering reality.

For economic geographers, industrial districts or agglomerations are a highly specific form of development but now, under the influence of Porter and the OECD, cluster analysis and intervention are seen to be applicable in all cities and all regions. This apparently new form is supposed to provide answers for everyone. But the problem of replicability is that many initiatives are doomed to disappointment. If the social, political and economic institutions of the locality as well as its habits, norms and patterns of behaviour are so important then they may well be idiosyncratic if not unique. This means that the search for replicability or a generalisable model may be a waste of time. At best it could mean, as Porter acknowledges, that such systems may take decades to develop, and then can just as easily ossify as grow. Furthermore, much research on small firms emphasises the reality that proximity can promote hyper-competitiveness rather than collaboration. We must also examine questions of power in commodity chains. If the local cluster is in a secondary or dependent position in a commodity chain it can be locked into dysfunctional relationships that may not benefit the region. The emerging structure may look like the new trendy form of networked organisation, but power may lie elsewhere, leaving development *in* but not *of* the region.

Of more relevance for this volume, however, is the fragile connection between policies designed to attack social exclusion and promote

inclusion (I will return to problems with these terms later) and more mainstream economic development policies. The argument of the first half of this chapter is that NR too easily reverts to a simple business-driven policy formulation as the social element is put in the too-hard basket in favour of job creation and business support. The argument of the second section is that the apparently progressive nature of Florida's thesis, with its gay and bohemian indices and talk of the importance of tolerance, actually conceals a retreat to a far more orthodox and exclusionary policy agenda which will have important implications for the nature of exclusion and inclusion in both metropolitan and non-metropolitan regions.

The New Regionalism

According to the *State of the Regions* report there are to be five elements to the new paradigm:

- 1 transition to a knowledge economy
- 2 clusters
- 3 encouraging embeddedness of global firms
- 4 a new role for the local and national state
- 5 dealing with disparities between core and peripheral regions.

This process is allied to a transition to a new stage of development of capitalist economies – the Knowledge Economy. According to the OECD (2001a) the knowledge economy is based on four key elements:

- 1 There is a shift from manufacturing and production of physical goods to information-handling, knowledge accumulation, and knowledge goods.
- 2 Symbolic resources are replacing physical resources.
- 3 Mental exertion is replacing physical exertion.
- 4 Knowledge capital is challenging money and all other forms of capital.

'Symbolic Analysts' will be the new Masters of the Universe; indeed the OECD claims that unskilled work is declining, to be replaced by knowledge workers. Our task is now to promote learning organisations in creative regions driven by the knowledge economy. Promoting innovation at the regional level lies at the heart of new regional policy rather than a welfare-driven approach emphasising the correction of inequalities. By building associations of institutions with this aim in mind, the focus shifts to developing the wealth of regions as a whole rather than focusing on individual firms. Translating this approach into the Australian context, Steve Garlick (2002: 10) argues:

The creative region is one where innovative people come together and pool their ideas to generate non-linear solutions to issues that contribute to their local communities becoming better places. The creative region will be one that has the ability to generate and implement new ideas, by actively linking its structures and processes of innovation and learning to regional needs.

NR is also driven by the distinction between tacit and codified knowledge, since it is the former that is taken to lie at the heart of competitive success for firms and regions. Tacit knowledge is that which cannot be easily written in a generalised form, codified and sped round the world at the flick of a switch. It is embedded in the attitudes, behaviours, culture and norms of individual, institutions and regions. As such it is person-embodied, context-dependent, spatially sticky and accessible only through direct physical interaction. Therefore proximity is important. In fact it is doubly so given that trust both within and between organisations is the glue that holds the new collaborative agglomerations of innovative organisations together. Trust takes time to develop, and also relies on personal interaction and therefore proximity. Trust has a number of important attributes central to the development of collaborative innovative activity (Morgan 2001a):

- It saves time and effort to be able to rely on others.
- It reduces risk and uncertainty and reveals possibilities for action that may not have been feasible in the absence of trust.
- It expedites learning since parties are privy to thicker and richer information flows because people divulge more to those they know.

The new economy is, therefore, going to be driven by clusters of collaborating institutions rather than the atomised hyper-competitive unit of neo-classical economic theory. The aim, much publicised by Michael Porter, is to develop dense localised networks of firms, research institutions, education institutions, regional development agencies etc. Universities are taken to lie at the heart of the new high-tech agglomerations. Once again Steve Garlick (2000: 23) translates general principles into the Australian context: 'There are few organisations outside the university or higher education institution today that have the interest, independence, authority, networks and information, critical mass and longevity of existence to take on an economic development leadership role in the regions, free of outside organisational controls.'

Earlier suspicions of transnational companies locating in regions serving simply to create branch plant economies have been replaced by a more positive attitude. Once again, new locational drivers are based on

the emergence of the knowledge-based economy. According to the *State of the Regions* report (NE/ALGA 2001: 3):

global corporations are giving greater emphasis to 'regional embeddedness'. They seek to incorporate themselves into regional production systems and to tap local 'tacit' knowledge as a means of sustaining their own competitiveness. They seek to maintain operations in regions where they have access to relevant research and educational institutions, competitive suppliers and service providers, highly skilled and adaptable workers, and an entrepreneurial and innovative culture. Previously, corporate strategies sought to maximise subsidies from host governments, and for knowledge inputs relied on technology transfer from their parent company to their regional plants.

At a regional level, we are looking to governance rather than government with a focus on partnerships between government, the private sector and non-profit organisations. There are strong echoes here of the New Public Management, but Sabel & O'Donnell, writing in the OECD report *Devolution and Globalisation* (2001b), argue that a new, more benign form of local governance is emerging. They suggest that there have been three phases of state development: first, the bureaucratic Westphalian state; second, from the 1970s onward and associated with a move to a post-Fordist society, the rise of the entrepreneurial state, closely associated with the NPM. This transition corresponds with Jessop's (1994) formulation regarding the Keynesian Welfare State being transformed into a Schumpeterian Workfare State. However, Sabel & O'Donnell argue that we are now entering a third phase, that of a more pragmatic, institutionalist experimental state. This is essentially a reaction to the extremes of the neo-liberal privatisation and decentralisation agenda of the NPM and suggests a re-engagement with civil society.

And, importantly, combating inequalities lies at the heart of the new strategy. Following Karl Polanyi, it is argued that unfettered free markets in a globalising world will simply create political and social inequalities that threaten the stability of the system. Therefore we need proactive strategies to combat growing disparities between core and peripheral regions as well as inequalities within regions. The *State of the Regions* report (NE/ALGA 2001: 2–3) suggested that 'globalisation and the knowledge-based economy are generating economic and social disparities based on differences in global connectedness, as outlined in previous SOR reports. To address these growing inequalities and disparities, there is a need for pro-active strategies to enable regions to attain their knowledge-based potential.' In this context, Ash Amin (1999) argues for the necessity of forms of governance that involves civil society, in particular

those without hegemonic power. This is all challenging and welcome, but there are problems.

Problems in paradise?

There have been a number of potent criticisms of NR (see Lovering 1999a,b; McKinnon et al. 2002), perhaps the most important being that most of the approaches that are characterised as NR have little to say in particular about questions of race, gender and class, preferring to talk rather vaguely in terms of challenging social exclusion. There is also a tendency towards an uncritical acceptance of the supposedly positive aspects of the NPM; there is a large body of work that takes a much more critical approach to NPM (Fairbrother & Rainnie 2004). Here I just want to raise a couple of specific problems.

First, although the proponents of NR would protest, the language of empowerment and self-activity can easily fit into a neo-liberal approach which allows the state to wash its hands of responsibility for less favoured regions, arguing that salvation now lies in their own hands. This reflects the shift in social policy from a Welfare Rights approach to one based on Individualistic responsibility, from the distributional to the competitive, from the collective to the individual. It is the regional development version of the contract culture. Echoes of this approach can be found in the discussion of regional universities in the Nelson review of higher education. But even some proponents of NR have disconnected the social and environmental from the economic, now proposing Regional Innovation Strategies (RIS) as a more focused alternative, arguing that employment and social implications must be dealt with separately (Cooke 2001).

Second, it is far from certain that local associational organisations, anorexic or otherwise, can construct an image of the locality that everyone can sign up to. Business associations and those representing the excluded and the dispossessed will have fundamental disagreements about priorities and strategy. For Amin (1999), the challenge to NR is to make an inextricable link between policies designed to develop the economy of a region and those designed to challenge social exclusion. Such policies cannot be an optional extra nor can we rely on trickle-down. Arguing that we have to go beyond simple cluster development, he issues what he calls 'Heavy Challenges':

- *Learning to learn and adapt:* Move from a culture of command and hierarchy to a more reflexive culture, encouraging a diversity of knowledge, expertise and capability.

- *Broadening the institutional base:* Move beyond rule-following to a culture of informational transparency, consultation, and inclusive decision-making.
- *Mobilising the social economy:* Growing influence of community projects and the Third sector.

However, reviewing the evidence from across Europe concerning attempts to encourage partnership approaches to confront social exclusion, Geddes (2001) points to a number of problems:

- Partnerships often exclude the very groups they are aimed at.
- Many partnerships are dominated by the public sector.
- Partnerships often manage distrust rather than encourage trust.
- There is a problem concerning the depth of involvement of many excluded groups.
- The emergence of local partnerships is more often evidence of a weakening of national government influence and activity than the emergence of new local governance structures.
- Many groups have problems with the processes of constructing voice.

Geddes concludes that only when groups representing the socially marginalised and excluded make no compromises with notions of partnership does a bottom-up approach show any evidence of succeeding. This brings us back to the problems of trying to construct or impose a consensual notion of region, and therefore regional development agenda, when regions themselves are contradictory and conflictual social constructs (Rainnie & Paulet 2002)

Therefore, for less favoured regions, such as Gippsland, and for those in metropolitan Melbourne excluded from the benefits of economic growth, the prospects are not wonderful. Morgan suggests that there are four challenges for what are referred to as Less Favoured Regions:

- Develop a quality institutional framework to mediate information exchange and knowledge creation.
- Create the capacity for collective action.
- Create the capacity for interactive learning.
- Create effective voice mechanisms.

This is a tremendous challenge, particularly for regions confronted by weak or inappropriate institutional structures and actors. In the absence of an effective response to these challenges, a reversion to an innovation strategy led and dominated by business will favour those core elites, organisations and regions that are already doing fairly well. Far from challenging inequality or uneven development, we may simply reinforce it.

The New Regionalism promises a welcome return to a more democratic and inclusive approach to regional development than purely market-led initiatives can ever hope to deliver. But as we have seen, some of the language regarding the necessity of tackling social exclusion is vague and unconvincing. The result is that, best intentions notwithstanding, policy defaults to a business-dominated approach that puts questions of social and environmental concern into the too-hard basket. Rather than simply bowing to what appears to be the inevitable, I think we should attempt to go even further than even Amin's 'Heavy Challenges'. The New Regionalism has little to say about issues of environmental or ecological concern, never mind its relative silence on the issues of race, class and gender.

For all its manifest problems and contradictions, NR wants to talk about inclusivity, and in three distinct ways. First, knowledge economies under NR are about knowledgeability, that is, accessing the gold in the head of all workers based on an understanding that everybody has got something to offer. This is essentially confronting the problems that Taylorism had constructed in its attempt to separate conception from execution within the labour process and positing control over the former, as far as was possible, in the hands of (scientific) management. In this way NR can be seen to be incorporating some of the softer managerialist rhetoric that emerged in the empowerment, involvement and quality debates of the latter end of the 20th century.

Second, in developing regional strategies, it is vital to be inclusive, to give voice to those historically excluded. NR is a top-down *and* a bottom-up approach – very much a bottom-up approach. For people like Ash Amin and Ray Hudson, it's not just a nice idea to include people; under notions of associational democracy Amin argues that it is necessary – indeed it is a *sine qua non* – that people hitherto excluded are included. This is so even though the new models of regional development are 'third wayist' in their concentration on questions of inclusivity and associative democracy rather than class, race or gender.

Third, NR has something to say also for less favoured regions. It acknowledges that it's going to be tough and that less favoured regions are unlikely to grow at the same rate as more favoured metropolitan areas. Furthermore they cannot be left to their own devices. It's not a question of disguising some sort of neo-liberal policy under the guise of talk of empowerment and individuation, and saying basically, 'it's down to you – get on with it'. This is a danger of much of the rhetoric currently surrounding the notion of social capital. It can be a Trojan horse to smuggle neo-liberal notions of individual responsibility (albeit at a community or regional level) disguised by a cuddly language of involvement. Under

NR, however, there is a vital role for State and Commonwealth government in promoting development within less favoured regions, among other things by controlling destructive inter-regional competition and harnessing the energies of communities, of towns and regions.

So we have three positive elements of inclusivity within the notion of the New Regionalism. I have been very critical of NR in the past (see Smith, Rainnie & Dunford 2001; Rainnie 2004; Rainnie & Grant 2004 forthcoming), but there was some evidence that some government structures were struggling slowly, painfully but willingly to take this notion of inclusivity on board. The newly structured Department for Victorian Communities is a case in point, and we cite other examples in Rainnie & Grobbelaar (2004). But while this complex matter was unfolding in 2002, a book was published, written by Richard Florida, who has been a prominent American academic and commentator for some time. The book, *The Rise of the Creative Class*, sold over 250 000 copies in the USA alone in the first two years of publication. In 2003 the UK journal *Regeneration and Renewal* reported: 'But if he is a mad professor, he's a pretty rich one. He regularly commands \$10,000 for civic speeches and will receive at least twice that for his visit to London later this month' (Walker 2003: 15).

This is a bandwagon of quite enormous size and apparently unstoppable momentum (but then again all fads are, albeit briefly). A web search on Richard Florida reveals major newspapers in practically every city in the United States recording their area as inviting Florida to come and tell them the secrets of how they can revitalise their run-down city areas and rank their cities in the US order of merit. And it's not just a US phenomenon. Its implications have been felt already in Australia – the new Ballarat Economic Strategy has ideas drawn from Florida, Brisbane focuses on its creative industries and Geelong talks about its clever quarter. In May 2003, the UK-based *Financial Times* (26 May 2003: 3) proclaimed: 'Today Manchester is acclaimed as our premier Bohemian city containing the most potential – thanks to its gay community.' As we have seen, the 2003 *State of the Regions* report leaned heavily on the ideas put forward in Florida's book. Most regions, cities and towns are searching (desperately) for their creative or clever quarter or population.

Florida argues that it is not knowledge or knowledgeability that is important in the new economy, but rather *creativity*. Creativity is taken to lie in the hearts and minds of a few talented individuals for whom the search is now on. Regional development is about attracting and retaining these creative workers – not about attracting and retaining the companies that will then get the workers, but attracting the workers who will attract the companies.

The rise of the creative worker

Unsurprisingly, many of the ideas in *The Rise of the Creative Class* are not entirely new. The debate about the changing nature of work and the management of highly skilled workers has a long lineage. Castells (1996), in promoting the concept of the ‘informational economy’, argued that labour markets were experiencing a fundamental shift in direction in so far as there are now taken to be three emergent positions:

- 1 *networkers*, who set up connections on their own initiative and navigate the routes of the network enterprise
- 2 the *networked*, workers who are on line but without deciding when, how, why or with whom
- 3 the *switched off* workers, tied to their own specific tasks, defined by non-interactive, one-way instructions.

Castells also differentiates between the deciders, who make the decision in the last resort; the participants, who are involved in decision-making; and the executants, who merely implement decisions. Robert Reich (1991) initially posited the emergence of symbolic analysts as the carriers of the knowledge economy. The supposed rise to pre-eminence of symbolic analysts has come in for concerted criticism (see Thompson & Warhurst 1998), pointing instead to the dominance of low-paid, low-skill service sector jobs as the dominant form of job creation in the 21st century. Criticism notwithstanding, by 2000 Reich had abandoned the term ‘symbolic analyst’, arguing that analytical skills alone would not prepare anyone for the new economy. Instead, he now argued, rather than analytic powers or the ascribed characteristics of ‘knowledge workers’, people’s value would derive from their creativity – what can be done in a particular medium and in a particular market and how best to organise work in order to bring these two perspectives together (Reich 2000: 48).

We can then trace Florida’s creative class back through debates on the ‘new’, ‘knowledge’ or ‘learning’ economy. In all of these approaches innovation and creativity take centre stage. What Florida does that has attracted so much attention is ally this analysis with locational dynamics that apparently ties together hi-tech company location (and crucially, relocation) with the existence of cosmopolitan and open-city cultures. There is an apparently progressive ring to this argument which also (fortuitously in an era of fixation with balanced budgets) suggests that tax breaks and similar financial bribes are not necessary for successful regional development. However, all is not what it seems. Let us pause for an examination of just who the creative class and the ‘also-rans’ are (Table 7.1).

Table 7.1 Defining the classes

CREATIVE CLASS
The Creative Class has two major sub-components: a Super-Creative Core and creative professionals.
Super-Creative Core
<ul style="list-style-type: none">• Computer and mathematical occupations• Architecture and engineering occupations• Life, physical, and social science occupations• Education, training, and library occupations• Arts, design, entertainment, sports, and media occupations
Creative-professionals
<ul style="list-style-type: none">• Management occupations• Business and financial operations occupations• Legal occupations• Healthcare practitioners and technical occupations• High-end sales and sales management
Service Class
The Service Class is composed of the following major occupational categories: <ul style="list-style-type: none">• Health care support occupations• Food preparation and food-service-related occupations• Building and grounds cleaning and maintenance occupations• Personal care and service occupations• Low-end sales and related occupations• Office and administrative support occupations• Community and social services occupations• Protective service occupations
Agriculture
<ul style="list-style-type: none">• Construction and extraction occupations• Installation, maintenance, and repair occupations• Production occupations• Transportation and material moving occupations

Source: Florida 2003: 328–29.

In many ways this is a chaotic concept. As we can see from the table, creative workers in the USA are taken to be around a third of the workforce and comprise two subgroups. The super-creative workers emerge from science, engineering, architectural design and so on to create meaningful new forms, followed by the creative professionals who are engaged in creative problem-solving. It may be argued that some creative professionals in business and finance have been far too creative in recent years, but that’s another argument. It’s worth pointing out at this stage that

Florida also argues that the proportion of the workforce who count as creative is higher in the United States than it is in other countries.

Regional Development is now about attracting and retaining these new mobile rare gods:

Leading regions establish competitive advantage through their capabilities. They are vehicles for resource mobilization that can almost instantaneously bring together the resources required to launch new businesses and turn innovations into successful products. For these reasons, the nexus of competitive advantage shifts to those regions that can generate, retain, and attract the best talent. This is particularly so since knowledge workers are extremely mobile and the distribution of talent is highly skewed. (NE/ALGA 2002: 18)

How is this to be done? Well, the answer is that creative workers apparently need places that are diverse, tolerant and open to ideas. Florida argues that companies move to where creative people are and creative people move to cities where they can be themselves, no matter how unconventional:

Regional economic growth is powered by creative people, who prefer places that are diverse, tolerant and open to new ideas. Diversity increases the odds that a place will attract different types of creative people with different skill sets and ideas. Places with diverse mixes of creative people are more likely to generate new combinations. Furthermore, diversity and concentration work together to speed the flow of knowledge. Greater and more diverse concentrations of creative capital in turn lead to higher rates of innovation, high technology business formation, job generation and economic growth. (Florida 2003: 249)

For Florida there are now the three T's of economic development: Technology, which primarily means research in the sense of major research-based universities; Talent, by which we mean creative workers; and Tolerance. It's not good enough to score highly on one or two of the T's. There are essential synergies that demand all three. The indices that Florida and his researchers have developed are the Gay Index and Bohemian Index among others, and these are taken together as a strong predictor of both high-tech industry concentration and high-tech growth in regions. The 2002 *State of the Regions* report ranked regions in Australia by their standing on some measure of this sort of index (Gippsland in south-east Victoria, where I live and work, came very close to the bottom of the Bohemian Index). But it's worth looking at what the *State of the Regions* report had to say about tolerance and diversity because it sums up very well, in the Australian context, all the points that

Florida is making about the nature of creativity and innovation and the sorts of areas that are likely to win out in the current debate.

A city's tolerance and acceptance of diversity – its level of tolerance for a wide range of people – is key to its success in attracting talented people. Diverse, inclusive communities that welcome unconventional people – same sex households, immigrants, artists, and free-thinking 'bohemians' – are ideal for nurturing the creativity and innovation that characterize the knowledge economy. (NE/ALGA 2002: 6.5)

There are enormous problems with Florida's approach, not least the confusion of correlation with causality or even the reversing of the flow of cause and effect. David Sawicki (2003: 93) argues that Florida's casual style lies at the heart of the confusion he exhibits between causation and correlation and that this can lead to inappropriate policy. He further suggests that although 'tolerance is important to Florida, his argument for its connection to the actual processes of regional development is virtually non-existent'. Other critics have pointed out that the most significant region (and Florida presents no coherent and consistent guide to what a region might actually be) in the USA in terms of job creation is Las Vegas, hardly a centre of creativity, technology, talent and tolerance in the sense that Florida gives to these words (Malanga 2004).

However, leaving the problems of method and theoretical thinness aside, if we accept the drive of Florida's argument, then as, SGS Consulting (an Australian development consultancy group) have argued, 'the tyranny of distance is back'. And what they mean by that is Florida's argument that an attractive place doesn't have to be a big city but it has to be cosmopolitan. For Sandra Yin (2002/3), Florida rests his argument on cities or regions with a population of at least 1 million people. And in the Australian context Florida has himself suggested that this country's creative class are concentrated almost exclusively in Melbourne and Sydney, with the rest of the country completely disconnected (*The Age* A3, 22 March 2004: 3). This echoes research which records the concentration, particularly in Sydney, of Australia's cultural economy: 'Spatially, patterns of uneven development in Australia, including metropolitan primacy within states, are reflected in the business location and employment data for cultural production. Sydney dominates in terms of total numbers of jobs and businesses' (Gibson et al. 2002: 187).

So if we go back to the three elements of inclusivity outlined when examining the New Regionalism, significant problems arise.

First, it would appear that a Florida-driven regional development policy is not only metropolitan-focused, but is going to attempt to attract and reward those who have essentially already won in the labour

market conditions of the late 20th and early 21st centuries. Development policy therefore will focus, in cities above the minimum threshold population level, on trying to attract and retain the very people who have benefited most from the stretching of the earnings ladder and subsequent soaring inequality in the late 20th and early 21st centuries. The implication is that the best that the rest can hope for is some sort of trickle-down.

Florida has disputed this interpretation of his argument and he does argue for cohesive, open and tolerant communities. But he also suggests that American society is balkanising into two segments with different economies, social and religious organisations, orientations and politics. One is cosmopolitan, open and creative. The other is a closer-knit, church-based older civic society of working people and rural dwellers. This growing geographic separation of the classes, between haves and have-nots, is being etched ever more deeply into American society (Florida 2003: 281, 320).

This leads into his argument against policy based on premises of building social capital. For the creative class it is the strength of weak ties that is important. It follows that trying to build Putnamesque policies can only reinforce in communities the attitudes and behaviours that have brought older civic societies of working people and rural dwellers to the sorry state they exhibit. Classic or high social capital communities score low on diversity, innovation and high-tech industry and show a strong preference for social isolation, security and stability (2003: 274–75). Creative class communities and social capital communities are moving in opposite directions. Creative class communities are centres of diversity, innovation and growth, while social capital communities are not. On the other hand Florida acknowledges that it is not possible to sustain a creative economy in a fractured and incoherent society (2003: 323), while also arguing that the disruption which the move to a creative economy demands is inevitable and trying to stop it through social capital-type interventions is counterproductive. He further acknowledges that dead-end, low-pay, low-tech service sector jobs providing for the needs of money-rich but time-poor creatives is the order of the day for the majority of the working population.

How then are these powerful forces driving towards a fractured two-class, have and have-not society to be controlled? According to Florida, group attachments are apparently breaking down, so resort to trade unions would seem to hold out little hope. The answer would appear to lie in these self-directed, individualistic high achievers evolving into a more cohesive, responsible group. In short, they must move from being a class in itself to a class for itself. They must cease to be 'cyberselfish' and

grow up (2003: 316). The creative class has three fundamental issues to address:

- investing in creativity to ensure long-run economic growth
- overcoming the class divides that weaken the social fabric and threaten economic well-being
- building new forms of social cohesion in a world defined by increasing diversity and beset by growing fragmentation.

This will be done by creating creative communities. Strong communities, not the institutions within them, are the key to cohesion and the community itself must be the social matrix that holds us together. Communities need to be strong and cohesive while also accommodating mobility and change. Quite how is never made clear. For the new service class, Florida's policy is to have as few service class jobs as possible and to redirect people towards more creative work that adds value and is more rewarding!

It would appear that the forces driving modern economies into ever more unequal and elitist modes are to be overcome simply because the creative class will suddenly see the necessity of teamwork (2003: 326). This is a utopian elitist wish list arising from a form of analysis which, in the absence of this leap to community consciousness on behalf of the creative class, simply reinforces the exclusive and unequal form of development that lies at its heart. In effect, the redistributive and inclusive elements of the New Regionalism disappear. Not only is regional development strategy now about attracting and retaining the beautiful people, but in many cases these are the people who are at the top end of the salary scale and who have done so well out of the market-driven distortions of the 1990s and 2000s. Any notion of inclusivity in terms of the new service class disappears out of the window. Malanga (2004) concluded that the argument that governments should help furnish bobo-friendly amenities ultimately comes to sound like a new form of class warfare as there is no place for old economy workers in Florida's utopian dreams. Florida can argue that working-class people are indeed talented but stymied, but there is no role for them in this new world other than trying to upgrade their occupational status. There is an understanding that working people are knowledgeable, but unlike in the case of the New Regionalism, no conclusion can be drawn that people should be included for that reason alone in the processes of planning and strategy and at the level of workplace and community. In Florida's world, it is only a miraculously reborn creative class who have the understanding and the ability to create the communities we need.

Furthermore, it would appear that non-metropolitan regions have lit-

tle more than a subordinate role, as SGS Economics and Planning have argued:

Non metropolitan regions can profit from the success of regions with large talent pools by offering a diversity of lifestyle and recreational opportunities. Day and getaway tourism and part-time housing strategies can be developed to capture some of the consumption spending otherwise trapped in the metropolitan areas. (SGS 2002: 7)

Florida argues that cities are coming back, for four reasons:

- Crime is down and cities are cleaner and safer;
- Cities are the prime location for the creative lifestyle and the amenities that go with it;
- Cities benefit from the demographic shift toward people staying single longer and becoming more lifestyle orientated; and
- Cities have re-emerged as centres of creativity and incubators of innovation. (Florida 2003: 287–88)

With a nod in the direction of the problems we have already alluded to, Florida does acknowledge that an influx of relatively wealthy bourgeois bohemians can cause tensions with existing populations, as the process of gentrification creates rising housing costs and displacement.

At this stage for non-metropolitan regions, their only future lies in accommodation to the lifestyle or leisure needs of burnt-out beautiful people. Exacerbated by the growing digital divide, the future lies in selling yourselves, your culture and your region. The creatives can help you out with this, but the creatives will be in Sydney or perhaps Melbourne unless they've got a nice little beach house which they'll come down to for the weekend. That is not a sustainable future in any sense of the word. It fails on two out of three counts of inclusivity and on any measure of sustainability.

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Building Community Economies in Marginalised Areas

Katherine Gibson and Jenny Cameron

The Latrobe Valley is one region in Australia where the impacts of the neo-liberal political agenda have been keenly felt. In the 1990s the Victorian Government forced the region's major employer, the State Electricity Commission of Victoria (SECV), to radically downsize as a prelude to privatisation. It has been reported that in total 17 000 jobs were lost (Baker 2001) in a region with a workforce population of around 43 000 (ABS 2001). As the most direct beneficiary of a state-sponsored program of industrialisation through the 20th century, the Latrobe Valley had been accustomed to near full employment and continued growth (Gibson 2001). Suddenly, in the 1990s, the region was cut free from a state-guaranteed life support system and thrown into crisis. The economic policy response by local government has been to try and attract large-scale replacement industrial businesses. The 'New Regionalism' policy approach has also registered, with efforts being made to develop various technology networks. The social policy response has been largely directed to 'mopping up' the extreme effects of the restructuring process by accessing State and Commonwealth government funding through programs such as the Department of Housing's place-based Neighbourhood Renewal initiative.

In this chapter we reflect on a project piloted in 1999 and 2000 as an integrated economic and social response to the situation in the Latrobe Valley. The Community Partnering Project (CPP) is aligned in varying ways to the three themes of this book: community and social inclusion, the New Regionalism, and associational governance. Processes for remaking community and addressing social inclusion were a key project concern and thus line up with the social policy developments of the post-neoliberal era discussed in other chapters. Like the NR approach, the project recognised the importance of the social dimension of development, but it went beyond what we see as the rather limited scope of NR to focus on hidden and undervalued parts of the economy as an economic and social development resource. Finally, the project was based on a partnership between universities and local government and was attempting to pilot new modes of local governance consistent with the objectives of the associational ‘model’. As this chapter shows, the experience of the Latrobe Valley CPP raises crucial concerns about the focus of social and economic policies and the avenues used to deliver policies.

In the first part of the chapter we offer an analysis of current economic and social policy approaches to development. We then introduce our distinctive ‘anti-capitalocentric’ approach. In the third part we detail how this approach was put into practice in the CPP and conclude by examining the project’s outcomes and policy implications, particularly for local governance.

Mainstream policy on uneven regional development

Since the late 1970s there has been a succession of mainstream policy approaches for redressing uneven regional development. Initial concern with the patterns and dynamics of regional development has become overlain in more recent years with wider concerns for social inclusion as the effects of deindustrialisation, globalisation and the neo-liberal political agenda have become more widespread and entrenched.

Traditionally, regions sought replacement industrial businesses by advertising the competitive advantage of place – a skilled labour force, non-unionised workers, infrastructural endowment, incentive payments, reductions in expenses and locational attractors. In contrast, those who subscribe to theories of the New Regionalism suggest that regions should shun the ‘locational tournament’ (Storper 1997) and promote the knowledge economy, enhancing the regional investment milieu by strengthening business networks, improving institutional governance,

fostering innovation, flexibility and post-Fordist production techniques (Morgan 1997; Scott 1998). Most models appear to accept externalisation of company labour costs and urge regions to engage in retraining the existing labour force to be more 'job-ready' and making new labour forces (women, immigrants or imported skilled labour) accessible.

Others have turned to the more intractable problems of areas where there is no hope of a quick economic turnaround. Here concerns have focused on processes by which large sectors of the population are becoming increasingly excluded from any share in mainstream economic development (Amin & Thrift 1995). This has prompted a research agenda focused on the 'social economy' – that 'third sector' of not-for-profit social enterprises offering social and welfare services to the excluded (Amin et al. 2002). The social economy approach is concerned with both economic and social policy. Strengthening the social economy is seen as providing a buffer zone of quasi-employment for the marginalised in intermediate labour markets working for not-for-profit enterprises, volunteer organisations and work-for-welfare schemes. This strategy will make the excluded more 'job-ready' in anticipation of the time when a revitalised formal labour market can absorb them as mainstream worker-subjects in capitalist enterprises, while in the meantime providing essential services to address social needs and rebuild a sense of community. Some are hopeful that the social economy might provide a 'real' alternative to mainstream public and private sector employment (Catterall et al. 1996; Ekins & Newby 1998), but others have found that the potential of the third sector is far more limited (Amin, Cameron & Hudson 2002).

Recently the concept of 'social capital' has come to dominate the social policy landscape. Innumerable programs are concerned with building and strengthening the bonding, bridging and linking relationships synonymous with social capital (Putman 2000; Woolcock 2001). For advocates such as the current Leader of the Federal Opposition, Mark Latham (1998), these networks provide an essential precondition for economic development. In the work of the economist Francis Fukuyama (1995: 351), social capital is also necessary to temper capitalism's excesses: 'just as liberal democracy works best as a political system when its individualism is moderated by public spirit, so too is capitalism facilitated when its individualism is balanced by a readiness to associate'. The theme of a social capitalism as a panacea for economic capitalism's ills is also evident in approaches that posit social, cultural, familial and other networks and associations as vital during periods of crisis and uncertainty. Communities with strong networks are seen as active, confident and resilient, and better able to absorb the negative impacts

of economic changes (Adams 2003).

Despite their different theoretical lineages and emphases, the approaches discussed all agree on the nature of 'the economy' and the importance of the dynamics of capitalist growth for development. The economy is capitalist, and economic and social policy are needed to keep the machinery of capitalism turning over smoothly or, when things go awry, to clean up the mess (Gibson-Graham 1996: 92–119). The New Regionalism and other economic policies for revitalising employment are directed to attracting or creating capitalist firms; the social economy provides a leg-up up into employment in capitalist firms; and social capital supports the functioning of capitalism as a whole – either by paving the way for capitalist development or by smoothing over the damage left in its wake. For the state, there is no problem with devising economic and social policies that have capitalist development as their ultimate goal, for it is assumed that capitalist growth will bring societal and individual well-being – if not through direct employment in capitalist firms then indirectly through the trickle-down of benefit. The tendency to locate capitalism as the unquestioned identity of the economy and capitalist industrialisation as the only pathway to economic development positions any other, non-capitalist, economic and social practices and development pathways as only ever existing in a subordinate or complementary relation to capitalism. We have called this tendency 'capitalocentrism' (Gibson-Graham 1996).

Our project of challenging the capitalocentrism of much social and economic policy and research stems from a concern to open up options for how we think about and enact economic and social change. Like the approaches discussed above, we are interested in contributing to economic and social policies, but our interest is motivated by an attempt to deconstruct the singular identity of the economy as capitalist, and thereby open up the possibility for diverse economic and social development pathways to be built.

There are good reasons for interrogating the identity of the economy. To date economic and social policy has sought to facilitate capitalist development, yet these efforts have not been sufficient to redress the unevenness and disadvantage produced by capitalism. For example, Mike Geddes, a contributor to this volume, has evaluated partnership approaches to social exclusion in Europe and found that efforts were 'seldom sufficient to reverse long-term trends of disinvestment, decay and social disintegration in deprived areas' (Geddes 2000: 795). Similarly, studies of those locations that disproportionately bear the burden of disadvantage have found that there is little improvement over time, despite these areas being the focused attention of economic and social policy (for

example Vinson 2004). Even when economic benefits are achieved under capitalism, social and individual well-being does not necessarily follow, as Clive Hamilton (2003), executive director of the Australia Institute, so convincingly demonstrates. It is testament to the pervasiveness of capitalocentric thinking that, despite the failure of economic and social policy to deliver the presumed benefits of capitalism to all, this is still where policy efforts are focused.

An 'anti-capitalocentric' approach to regional development

Our approach to regional policy advocates a shift of attention away from capitalism as the only form of economy to other economic arenas where social and individual benefit is produced directly. In order to explore the range of economic and social practices that might be the focus of policy intervention, we represent the economy as comprising a diverse range of transactions, labour arrangements and enterprise types (Table 8.1) (see Community Economies Collective 2001; Cameron & Gibson-Graham 2003; Gibson-Graham 2003). This table is to be read down the columns: economic activities are not necessarily aligned across each row; for example, the timber products or childcare services produced by a waged worker in a family enterprise might be exchanged for other goods and services through a barter system. This representation draws on the vast literature of 'alternative' approaches to the economy that have emerged from, for example, feminist economics, economic anthropology, economic sociology and informal sector analysis in order to deconstruct the singular identity of the economy as capitalist.

The representation disentangles the various economic practices that frequently stand in for capitalism (the market, for instance) by restricting the definition of capitalism to those enterprises in which workers produce surplus labour (surplus value in the terms of Marxian political economy) that is privately appropriated and distributed by capitalists (Resnick & Wolff 1987). Along with capitalist enterprises that seek to maximise profits, the framework also recognises the presence of 'alternative' capitalist enterprises, driven by a social or environmental ethic that aims to distribute some surplus in ways that will benefit the community or protect environmental assets.

The representation also draws attention to the important role that non-market transactions and unpaid labour play in the reproduction of society. In many areas of the world where engagement in capitalist enterprise is minimal (rural areas of most nations, but particularly those

Table 8.1 A diverse economy

Y M O N O N Y E C O N O M Y C O M M U N I T Y	Transactions	Labour	Organisational form
	Market	Wage	Capitalist
	Alternative market	Alternative paid	Alternative capitalist (surplus distributed to public good)
	Local trading systems Alternative currencies Alternative credit Underground market Co-op exchange Barter	Cooperative Self-employed In kind Work-for-welfare Indentured*	Green capitalist firms Socially responsible capitalist firms State enterprise
	Non-market	Unpaid	Non-capitalist
	Household flows Gifts Gleaning Indigenous exchange Theft*	Volunteer Housework Family care	Not-for-profit Communal Independent Family Feudal/Peasant Slave*

* These anti-social practices are excluded from our definition of the community economy

in the ‘third world’; whole neighbourhoods of ‘first world’ cities; economies in crisis or transition such as Argentina or the former Soviet Union), communities survive largely through economic activities shown in the lower part of this table. Even in so-called ‘capitalist’ economies, as feminist and mainstream economists have shown, more than half the hours worked take place in the household or state sectors (for example Bowles & Edwards 1993: 93). Furthermore, the value of goods and services produced by unpaid workers in households is equivalent to the value of goods and services transacted through the formal market (Ironmonger 1996).

One of the most important implications of this decentred representation of economy is for the conceptualisation of economic dynamics. Economic models that inform planning interventions are dependent on somewhat precarious theories of causation and determination that employ assumptions about economic order and ‘health’ emerging from disordered individual behaviour, the linearity and predictability of interactions, and the independence of certain activities as against the dependence of others (Amariglio & Ruccio 1994). Models of economic change that underlie visions of regional development are focused on the determining dynamism of factors internal to capitalist economic activity, for example investment in infrastructure, technological change and

the productivity of labour. The assumption is that capitalist growth can be actively promoted if the right policies are followed and that this will cause regional development. But can we be so definite on the issue of determination? Economic and social well-being is arguably produced as much (if not more directly) by a range of non-economic and non-capitalist dynamics, for example maintenance of informal social safety nets comprised of familial and neighbourhood relations of reciprocity and sharing, development of diverse social connections, access and use of free spaces for association and creative cultural expression, secure housing, social services and education. In contrast to those whose essentialist focus allows them to project certitude about economic dynamics into various policy recommendations, we are interested in a less determined, and thus less certain, approach. Recognising the diverse economy allows us to consider more unusual policy agendas that widen the sphere of action and responsibility of institutions interested in economic and social development.

In terms of economic and social policy, it is the bottom two rows of the diverse economy – the community economy (excluding anti-social practices like theft, slavery and indentured labour) – that we believe has potential for new types of policy interventions. In the community economy, in place of those values and dynamics associated with pure capitalist economic behaviour – competitive individualism, growth and private accumulation – we find economic practices that are guided by ethical values connected to community provisioning and servicing, cultural networks of kin and sociality, and environmental sustainability. In the community economy we find economic activities that deliver material and social well-being directly rather than relying on the trickle-down of benefit from capitalist development.

Some of the practices that we associate with the community economy are not dissimilar from those that in the eyes of other theorists are the ‘stuff’ of social capital. We, however, shy away from using the term ‘social capital’ because of our interest in developing a more nuanced anti-capitalocentric language of economy in which practices like gifting and volunteering are not positioned in relation to capitalist economic development but are seen as having their own identity and dynamics. For us the community economy is a neglected economic and social development resource, particularly in those regions that are not benefiting from mainstream economic ‘development’. In the account of the CPP that follows we highlight some new avenues for regional economic development policy that emerge from our different representations of a diverse economy, and the multiple social and economic dynamics of development.

The Latrobe Valley Community Partnering Project

Community Partnering was a pilot partnership project between Monash University and Latrobe City Council conducted in 1999 and 2000, with the aim of developing an anti-capitalocentric approach to social and economic development. Funding for the project was fairly small, with an Australian Research Council Strategic Partnerships with Industry – Research and Training (SPIRT) grant of \$75 000, and Latrobe City funding of \$40 000 made up of a cash component and in-kind contribution of office space, equipment and staff time. Council's cash component included a donation from two of the largest private firms in the Valley, Australian Paper and Loy Yang Power, one of the newly privatised power stations.

With the support of a Council officer, the project was carried out by a team of three university researchers and three community researchers recruited from groups hardest hit by the restructuring of the SECV: unemployed ex-SECV workers; unemployed young people (many of whom would previously have worked for the SECV); and sole parents (many of whose households had fractured under the pressure of male unemployment). Starting in March 1999, the team worked in a participatory action research (PAR) mode supporting marginalised and disadvantaged groups to initiate and run community economy projects (the project steps are elaborated in Cameron & Gibson 2001 and 2004b, and the documentary *It's in our hands*; the PAR approach is detailed in Cameron & Gibson 2004a).

The goal of the first part of the project was to generate ideas for community enterprises in such a way that groups of residents were identified with the ideas and prepared to work on them. Initially this meant turning around prevailing understandings of the economy and social make-up of the Latrobe Valley. The research team worked with residents who were attending various social service programs (like Numeracy and Literary classes, Life Skills programs, Violence Management groups and Work for the Dole) to identify the diverse economic practices that people were already actively engaged in. Instead of seeing the Latrobe Valley as a place lacking in employment opportunities and themselves as economically inactive and dependent, through this process residents began to recognise and value the multitude of activities in the community economy that they and others were contributing to. Stories emerged of people who were helping each other out with odd jobs around the house and yard, cooking meals for sick neighbours, donating food to cash-strapped families, volunteering in their children's schools and local op-shops, fix-

ing broken bicycles for neighbourhood youngsters, sewing their own clothes, restoring old films and film equipment, setting up an emergency neighbourhood communication system and driving elderly neighbours to the shops and doctors. Alongside these familiar informal practices people were introduced to some of the more formal community enterprises that already existed in the Valley (like the various artists cooperatives, and a not-for-profit woodworking business) and elsewhere (like CERES, a well-established not-for-profit environmental and community gardens in inner-city Melbourne).

The familiar understanding of the Latrobe Valley as besieged by social problems like family breakdown, drug and alcohol abuse, gambling, depression, crime and violence was also broken down. This was done using the asset-based community development approach developed by Kretzmann & McKnight (1993), with the community researchers giving people an opportunity to talk first about the needs and problems of the Latrobe Valley before shifting attention to the area's assets, and most importantly its people assets. Through this process those who were participating in social service programs (mostly at the state's behest) designed to address their needs (such as an absence of numeracy and literacy skills, life skills or work skills) identified their own skills, talents, ideas and interests. Unexpected connections were made as people started to find out more about others in their groups: someone who wanted to learn sewing found a person in the same program who could teach sewing; people with a passion for gardening connected; 'tinkerers' found each other.

To build on the shift in understanding about the economy and the social make-up of the region, participants from the various groups and programs came together for informal workshops starting in mid-1999. Ideas for potential community enterprises began to take shape as the groups engaged in collective activities like preparing food and eating together. These smaller workshops were followed by one large community workshop in October 1999 where a range of participants brainstormed over sixty ideas for community projects. By far the most popular was for a community and environmental gardens. After a 'How to' workshop run with one of the founders of CERES and a bus trip to visit CERES, a determined group formed in November 1999 to begin building a gardens for the Latrobe Valley. Another idea was to build on the skills of an ex-SECV worker who decorated his house each Christmas with an elaborate display of lights and cut-out decorations, and set up a Santa's Workshop for Valley residents. Once the ex-SECV worker's commitment was secured, the community researchers worked with him to open the workshop in time for Christmas 1999.

Two other community enterprises started in slightly different ways. The community researcher who was spending time with unemployed young people found there was interest in learning circus skills. To gauge the level of interest, an initial one-day circus workshop was held in June 2000 with professional trainers. Unexpectedly, a group of unemployed young people who participated had already formed an incorporated association to perform at various 'underground' techno-electronica music events. The group was keen to combine traditional circus skills with their more contemporary focus, and this became the basis for Latrobe Cyber Circus. The impetus for the final community enterprise came from the offer by a retired businessman of a disused industrial workshop. Around this physical asset a group of largely retired, unemployed and disabled people interested in creating a woodworking and art space for the towns of Moe and Newborough was formed in mid-2000.

With project ideas identified and groups committed to working on them, the role of the research team was to lend their support and expertise. Each project had its own development pathway both during the formally funded period of Community Partnering and in the period since. The community and environmental gardens was granted access to a disused caravan park on Crown land near the centre of Morwell that the Council was responsible for. A committee of management formed made up primarily of people who were unemployed, retired, from non-English-speaking backgrounds, of varying ages, and with intellectual and physical disabilities. The group stepped onto a steep learning curve as they started working on the neglected 3-hectare site. They applied for planning permission and then sought grant funding for basic infrastructure such as water reconnection and fencing (a planning requirement), held regular sausage sizzles to raise funds for public liability insurance, commissioned a landscape architect to help design the layout of the site, and organised working bees to clear the site of rubbish, old vegetation and the concrete pads from each caravan site. With each of these tasks a range of skills had to be acquired, for example occupational health and safety training, food-handling, managing finances and the GST, and meeting and group skills. The bureaucratic and physical work of site preparation seemed interminable. By the end of 2003 (almost four years after the group had started working together) only two crops of vegetables had been produced and many of the initially very enthusiastic members who were keen to start gardening had lost interest or become discouraged by the wait. Exhausted from their efforts and cautious of investing further energy into trying to reignite interest, the committee of management decided to close down the gardens.

The story of Santa's Workshop is quite different. The ex-SECV worker, with the support of CPP, was able to immediately use the disused pre-school building provided by Council. Council also agreed to cover the cost of public liability insurance and electricity, and the Workshop opened in 1999 in the pre-Christmas period. Initially off-cuts of timber and tins of paint were gifted by local hardware stores and drop-in participants made their own house decorations free of charge. As the operation has expanded and others have become committed to the enterprise, a more elaborate system has been devised. Since 2000 the Workshop has been open two days a week throughout the year making decorations that are sold to private businesses, town committees and individuals. Proceeds go directly into a special account at a local hardware store to pay for materials supplied to the Workshop at cost price. The surplus funds accumulated during the year are then made available to local residents in the form of free timber and paint for them to make their own decorations. The small group that now runs the Workshop also makes decorations that are donated to nearby schools, nursing homes and even local families. For the moment the group is more than happy with the way the Workshop is running and plan to continue the operation.

The Latrobe Cyber Circus idea developed further when a small group from the initial circus workshop (mainly the young people already active in the techno-electronica scene) joined with Council's youth program and two other youth projects to run a longer one-week circus camp in early 2001 for interested young people. The training centred on developing a circus performance of a Dr Seuss story that the group could perform at schools, street festivals and other events. After the camp, however, there was conflict within the group and despite the concerted efforts of the youth workers the initiative folded.

Latrobe Community Workshed @ Newborough Inc. initially worked out of a donated industrial building. In 2000 they generated start-up funds by making Christmas hamper boxes out of waste timber for a local business. Restrictive conditions attached to the use of the building led the committee of management to investigate other options and they settled on a vacant butcher's shop for a small weekly rent. Woodworking and other tools and equipment were funded through a Commonwealth Government grant, and in 2002 the Workshed opened its doors as a workspace for residents to use to restore furniture and make wood products. At the moment the Workshed relies on annual membership fees and a gold coin donation from users to cover the cost of weekly rent, Council rates and electricity. This arrangement is not financially viable and the challenge is for the group to find other ways to cover these costs or to reduce them.

Outcomes and policy implications of the CCP

The CPP was a pilot project that formally lasted two years and was funded more or less on a shoestring. From our perspective it demonstrated the potential of an anti-capitalocentric intervention focused on the community economy as an economic and social development resource. In this section we review some of its outcomes and policy implications for community and social inclusion, regional economic development and the New Regionalism, and associational governance.

COMMUNITY AND SOCIAL INCLUSION

Through the process of working together to plan and run projects that would contribute to a remaking of community in the Latrobe Valley, groups of residents who were more used to receiving all sorts of government services were transformed from ‘done-to into doers’ (Forester 1999: 115). The asset-based community development approach redefined people who were usually seen in terms of their needs and deficiencies as having ideas and skills that might be the basis for community projects. Participants readily embraced the approach and were encouraged by this alternative representation to form groups around shared interests where the emphasis, in the words of one disabled participant from the Workshed, was on ‘giving back to the community what we’ve got out of it ourselves’.

As they participated in building their initiatives, people from largely socially excluded groups were also developing their social capital resources. Each enterprise involved a bonding process as participants who were often quite different in ethnic, educational, health and ability backgrounds learned to work cooperatively. One participant from the community and environmental gardens described the process in the following way: ‘They’re just a mixed group that if they’re trying to do so much work, trying to do something, you’ve got to find where you fit.’ The bonding process occurred not just through work-related activities, but also social events like barbeques, birthday celebrations and pizza evenings. Relationships were cemented and sometimes unlikely friendships formed. The project’s community enterprises offered a new site for the kinds of sociality once offered in the Valley by employment in the power and related industries. Bridging and linking networks were also developed as groups made connections to other groups, businesses and government agencies. Participants put themselves forward to do things that were well out of their ‘comfort zone’, like talking on radio, approaching businesses, holding meetings with government officers and lobbying politicians.

Through involvement in CPP, participants also learned skills that were not all that dissimilar from those taught in the various compulsory (re)training programs in the Latrobe Valley – using computers, writing newsletters, running meetings, opening and managing bank accounts, keeping to a budget, complying with the GST, cooperating in a group, using the telephone for professional purposes, managing their own time and other people. The learning, however, took place in a sociable atmosphere where people learnt from each other rather than being positioned as deficient students or trainees reliant on the trainer or teacher to impart knowledge and skills. As a result of skills acquired, some people did go on to get paid work or do further study; for those who did not, the learning was not an isolated or ‘wasted’ activity but something that added to their ability to make an ongoing contribution to the community enterprise.

The CPP demonstrates in a small way the benefits of strengthening the social capital of the marginalised by investing in support for community enterprises, seeing these as active and engaged sites of training that directly contributes to community well-being.

REGIONAL ECONOMIC DEVELOPMENT AND THE NEW REGIONALISM

The narrow economic outcome of the CPP was that four non-capitalist community economy enterprises were formed. Unlike interventions in the social economy, these initiatives were not developed specifically to service the poor or to meet social and welfare needs once provided by the state. They provided (or were intended to provide) a range of goods and services directly to the community at low or no cost – food for the food bank, mended furniture, house decorations for Christmas, and entertainment and training for young people. These enterprises were not isolated from other parts of the diverse economy but engaged in the market with consumers and businesses. They also drew upon volunteer labour, Work for the Dole labour and gift-giving from institutions and individuals to get established and keep running. They accessed unused sites and ‘waste’ products as well as formal government funding.

The CPP demonstrates the potential benefit that might accrue if some small portion of the economic development funds set aside for locational attractors to capitalist firms flowed instead into the community economy. Building on the existing skills of residents, the community enterprises were aimed at meeting local demand and drew on local resources to do so. The long neglected reality in mainstream policy circles, as Amin and colleagues (2003: 27) point out, is that ‘the bulk of

regional economic transactions are related to servicing local demand'. They argue for the importance of '*demand-led regional growth and regeneration*' considerations, over the contemporary focus on growth through supply-driven boosts to competitiveness' (emphasis in original) and advocate a greater focus on 'circuits of provision that could draw on local resources, for example, in the welfare economy, the social economy, farmers markets, local exchange schemes, second-hand markets, social needs-led regeneration'. Though insignificant in size and vulnerable after the pilot ended, the community enterprises formed show the potential for this kind of development.

An initiative like CERES demonstrates what is possible. It took CERES over twenty years to transform from a small volunteer community garden into a multidimensional economic enterprise running commercial activities, including a café, plant nursery, educational program and solar electricity-generating plant that sells electricity to the national power grid, as well as a host of voluntary and alternative market initiatives. It has an annual budget of over \$1.6 million and twenty-five full-time equivalent employment positions (G. Freeman 1999, pers. comm., 8 October 2004; see also <www.ceres.org.au>).

ASSOCIATIONAL GOVERNANCE

Did the experience of the CPP provide evidence of an emergent form of associational governance, that is, a 'joined-up' or integrated policy approach capable of tackling social and economic issues in unison; a 'people-centred' agenda; and networks of government and non-government agencies working together (Smyth et al. 2003)?

By focusing on strengthening the community economy as a strategy for both economic and social development, the CPP attempted to pilot a 'joined-up' policy approach, one that challenged the assumptions that currently underpin economic and social policy thinking (including NR and social inclusion). The focus of the CPP was on the community economy, not the capitalist economy. While we attempted to engage policy-makers in discussions around mainstream understandings of economic dynamics and social outcomes, the economic development office of the Council was reluctant to join up in any practically meaningful way with the social and community development office. The opportunities to explore implications for local policy of the potential interdependencies between the community economy and capitalist enterprise were thus not realised.

Consistent with a 'people-centred agenda', people were definitely put first in the CPP, but the project did not position them as needy and deficient recipients of state funds or as potential resources for private capi-

talist development – as retrainable future employees in call centres, magnesium smelters or food-processing plants. People with capacities, skills and gifts were put forward as the ‘raw materials’ and ‘agents’ of economic development. We were to discover that many government agencies are heavily invested in being the community’s central change agent controlling the flow of ideas, information, resources and expertise, and that this tended to undermine the effectiveness of a ‘people-centred agenda’. Indeed, we found that in terms of ‘capacity-building’, sometimes more needs to be done to shift the understanding and practice of social service providers than simply informing local residents about an initiative; most of them readily recognise the efficacy of an assets-oriented approach.

In the early stages, nascent community enterprises like those started through the CPP are extremely vulnerable and need the support of government and non-government agencies. This is where networks are critical. The Latrobe Valley CPP was very successful at accessing funding networks, with over \$100 000 of one-off government grant funding secured for three of the four enterprises. On reflection we can see that it was less successful in becoming inserted in networks capable of offering strategic, hands-on and ongoing business, managerial and planning support. This level of support is not necessarily excessive, as Santa’s Workshop demonstrates, but makes a real difference to the sustainability of an enterprise and its ability to generate surplus that can be put into community benefit. Our inability to access ongoing support was partly a result of the changing relationship with Council. A shift in Council’s internal politics since early 1998, when the project was first agreed to, meant that once project funding ceased in December 2000, the original commitment to support initiatives was not honoured. That two projects are ongoing and that one continued until the end of 2003 is testament to the dedication and commitment of the local residents involved (including two of the community researchers who have continued to offer their voluntary input). Our part of the partnership was also at fault here in that we did not realise that the work of maintaining networks with elected Council officials was as important, if not more so, than building and activating networks in the community.

Once it was clear that Council backing for the project had been undermined, we attempted to draw in a range of non-government agencies, but this was difficult because of their narrowly defined government program funding priorities, which left limited scope for more discretionary initiatives. Furthermore, the notion of the community economy and the asset-based approach were foreign to most agencies, requiring considerable commitment and time on the part of the agency to reorient the way they ‘did business’.

Overall, we are arguing that if government is to play a role in developing and sustaining community economy projects it needs to reorient its approach to governing, becoming less reliant on using program funding as the primary mechanism for intervention and more focused on providing ongoing human resourcing, support and expertise for initiatives.

Conclusion

As a pilot intervention, the Latrobe Valley Community Partnering Project has made a distinctive contribution to ways of encouraging community and social inclusion, redirecting the focus of the New Regionalism to produce community benefit more directly, and exploring the possibilities and challenges of an associational mode of governance. It has demonstrated the potential of focusing on the community economy as a resource for social and economic development. By initiating, developing and consolidating community economy enterprises, the project produced both social and economic outcomes. Those involved developed skills and strengthened social networks in a meaningful context. For some this provided an avenue into formal paid work and for others a way of directly contributing to community well-being. The enterprises built on the hidden but socially valuable economic activities of local residents, especially those who had been excluded from the mainstream economy. They used locally available waste materials or abandoned infrastructure and they targeted local demand. The initiatives linked community economy activities and workers to capitalist enterprises through market and non-market mechanisms. In the process residents were repositioned as capable local experts and governments as potential supporters of their community economy endeavours.

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A Case Study in the New Regionalism

Rodin Genoff

It's the afternoon rush hour. As the train pulls out of the station a band of men and women armed with laptops sit down to discuss the latest in technology and what their friends in London and Boston are up to. No, we're not in Silicon Valley or crossing the Sydney Harbour Bridge into the high-tech precinct of North Ryde. We're in Elizabeth, in Adelaide's northern suburbs. Our laptop carriers have just finished work at the Defence Science and Technology Organisation (DSTO), Australia's largest scientific research facility. They could just as easily have been from any of the other high-tech offices in the northern suburbs.

Stretching from Port Adelaide to Elizabeth, the northern Adelaide region, which includes the pivotal City of Playford, accounts for 70 per cent of South Australia's manufacturing output and generates a major part of South Australia's knowledge-intensive manufacturing exports. Key economic strengths in the region include the automotive, engineering, electronics, information technology, defence, plastics, food processing and horticulture industries. The region has strong links with Adelaide CBD's knowledge infrastructure – its universities, research establishments, service and engineering providers and the financial services sector. Together, northern and western Adelaide, with its concentration of industrial know-how and its major knowledge infrastructure hubs of Technology Park and the DSTO, and the CBD, constitute the backbone of South Australia's regional innovation system.

The City of Playford recognises that the core services to manufacturing located in the CBD are critical to the future development of the region's competitive advantage and ability to compete in global markets. This is why Playford's strategic industry development approach includes the need to encourage strong and sophisticated local demand by the manufacturing sector for services located in the CBD. These include such key areas as engineering, R&D and the like. Our approach will directly build the technological capacities and capabilities within and between industry sectors and our leading companies. Manufacturers benefit because they can directly tap into the local applied science, engineering and research expertise of our public and private sector research organisations located in the heart of Adelaide. Service providers to manufacturing benefit from developing stronger business credentials on the ground through these local connections. And as their track records improve they will contribute to building the long-term business and export potential of the CBD.

This process will directly contribute to new start-up companies and strengthen the appeal of Adelaide and its CBD as a desirable investment destination. The City of Playford's objective here is to ensure that as local manufacturing opportunities grow through the development of new export markets, local expertise and technological know-how are employed to meet these growing demands.

This chapter begins by challenging the stereotypical views of what makes a successful city or region. It explores the contribution our industrial regions such as northern Adelaide and the City of Playford make to national prosperity and the development of Australia's competitive advantage. It finds that because our industrial regions have specific characteristics and needs, policy that is devolved to the local level, if well executed, is more likely to meet these needs and maximise their unique characteristics.

Playford's approach draws on some of the ideas and approaches that can be found in the New Regionalism, which is an alternative to simplistic free-market approaches on one hand and the interventionist approaches of the past. This chapter shows how a tailored local economic development approach is delivering investment and jobs. While the New Regionalism seeks to integrate social and economic policy, the reality is that without new investment opportunities being created at the local level, the challenge of addressing social issues remains daunting. Growing investment and the creation of new local jobs build hope and a renewed sense of confidence in communities that have traditionally been seen as part of the problem. But this is just the first step, and the reason the City of Playford has established the Playford Partnership, a new local

governance architecture to integrate social and economic strategies more effectively and in a manner that moves beyond one-dimensional approaches in order to tackle complex issues arising from over two decades of relentless structural adjustment pressures. Essentially the Partnership is about developing 'joined-up' or whole-of-government strategies and programs in order to get policy traction.

In the final section of the chapter, I outline how an alternative and devolved policy approach based on industry clustering has delivered new jobs and investment at the local level, from a new \$90 million high-tech centre and the creation of Australia's first business-based Centre of Robotic Excellence leading to 200 new engineering-based jobs, to the establishment of a new global business network and company with a combined turnover in excess of \$220 million. I show how alternative thinking and strategies which have drawn upon the ideas of the New Regionalism can make a difference.

My conclusion is that theory does matter. By embracing the new thinking to be found in evolutionary economics which seeks to explain the dynamics of growth and innovation that drive the knowledge economy, Playford has developed an economic toolkit that has delivered strong economic and industry development outcomes. And at the time of writing this chapter, Playford is preparing, in partnership with the OECD, a report on investment for the OECD's Foreign Direct Investment Review Panel. This research will assist Playford and the OECD to gain a better understanding of the drivers of investment and the role hard and soft infrastructure play in attracting investment. Such international partnerships illustrate the new role local government can have in facilitating investment. It may come as a surprise to some to learn that industrial areas such as the City of Playford, which traditionally have been seen as part of the problem, are in fact part of the solution.

Industrial regions are critical for the knowledge economy

Industrial regions are all too often thought of as rust belts with intractable problems. But is this really the case? As I outline in the book *Manufacturing Prosperity* (1998), elaborately transformed manufactures (ETMs) such as electronics, information technology, automotive, engineering and pharmaceuticals continue to be one of the fastest growing areas of world trade. The production of ETMs, in fact, is often at the very heart of our industrial regions. For example, as reported in Melbourne's *The Age* newspaper (4 September 2001), research from the United States

suggests that Chicago, long dismissed as a rust belt area, now has more high-tech jobs than Silicon Valley. The reason is quite simple. In sophisticated industrial economies, manufacturing accounts for around 65 per cent of all research and development (R&D). Put simply:

If you never spent time inside a modern factory it's hard to imagine what industrial means today. The word sounds treacherous of another era, sooty connotations. But because of astounding leaps in productivity, gains in manufacturing productivity have outstripped those in the overall economy by 50% over the past 30 years – the modern factory is ... a wonder to behold: amazing machines, billing various interchangeable tasks in vast spotless warehouses ... It is easy to forget that nearly everything still comes from manufacturing, the engine room of the world economy. Think of it this way ... If the US manufacturing sector were a nation it would have the fifth largest economy in the world, larger than the gross domestic product of France. (*The Fortune* 500, April 2004)

So in traditional industrial cities it is not surprising to find a new generation of manufacturers, researchers and service industries combining in knowledge-intensive industry clusters to generate wealth and prosperity. As outlined in a 2003 publication, the OECD suggests that by measuring a region's technology diffusion clusters it is possible to more effectively understand the industrial dynamics driving change.

Across Australia one can find nine such high-performance growth hubs that have significant technology and knowledge-intensive clusters (see Genoff & Sheather 2003). These are northern Adelaide, Brisbane, southern Melbourne, inner/western Melbourne, Greater Geelong, Newcastle, Wollongong, Western Sydney, and eastern Perth. These industrial regions have dense spatial concentrations of knowledge-intensive manufacturing and related services competing in global markets. Understanding these technological flows and dynamics of growth is a key feature of the City of Playford's industry development framework.

Cities, CBDs, clusters and the dynamics of growth

Australian cities generate around 75 per cent of the nation's wealth. They do this because it is in the cities and their associated industrial regions that primary value is added and knowledge economy activities occur. If the importance of the Australian cities needs further proof, there is no better place to begin than the Property Council of Australia's excellent discussion paper *Recapitalising Australian Cities* (2001). Successful cities

are powerful cities, centres of finance and corporate headquarters. Global cities such as New York, London, Paris and Sydney have a thriving multicultural metropolis and are home to new emerging industries such as biotechnology. Each year thousands of tourists flock to them. They want to be part of the action and share the cultural energy these cities generate. But where does this leave Adelaide, Brisbane, Perth, Adelaide, Hobart – and even Melbourne? Unfortunately, there is a perception that a business cannot legitimately be part of the knowledge economy if it is not located in the CBD or surrounds of a global city. In reality, this is not so. The knowledge economy depends on other factors. It is defined spatially through the connectivity between services and manufacturing. Modern industry tends to cluster, with established success attracting new investment. New companies want demonstrated infrastructure and want to be close to other companies they do business with – to share ideas and develop new products for global markets. It is not so much that we are moving from an industrial economy to a services economy, but rather from one form of industrial economy to another where the dynamics of growth are changing.

Clearly this means our cities need to be viewed through a very different lens. The CBD is no longer purely about processing information and providing professional, business, property, educational and government services, while industry is confined to the urban fringes. Rather, it is about the level of integration between the two and the global dynamics of growth that sculpt local competitive advantage. Our challenge is to redefine traditional conceptions about the economic and cultural roles played by our CBDs, industrial hubs and the regional centres that support them. The time may have arrived to question the passive role played by regional centres and instead examine how we can move beyond the traditional planning view to a more dynamic one where regional centres are legitimately seen as hubs which embed investment and connect our citizens throughout a city. Our regional centres, particularly in the industrial north and south of Adelaide, which are home to our knowledge-intensive industries, need to be seen as more than just shopping centres and dormitories. Adelaide, with a population of 1 million, needs to marshal the creative energy of the entire city to ensure that our city performs and feels like one city. To connect the different energies across our city is to celebrate the achievements of all our citizens so that they may continue to invest in our future prosperity. As shown in Table 9.1, two forces are at work globally: industrial and financial concentration on the one hand, and disintegration on the other. This dynamic is more pronounced in medium-sized cities such as Adelaide, where head offices move offshore and industry continues to experience adjustment pressures, both

Table 9.1 Industrial cities are knowledge-intensive cities

	Global cities	Industrial cities
Growth poles: competitive advantage		
Finance centres	✓	
Direct foreign investment	✓	✓
Knowledge formation	✓	✓
High-tech industries	✓	✓
Technology diffusion	✓	✓
Global R&D	✓	✓
Global headquarters	✓	
Subsidiaries/SMEs	✓	✓
Global infrastructure hubs	✓	✓
Population growth	✓	
Commodity industries		
Creative class	✓	✓

positive and negative. We need to remember that there are only a few global cities, while not forgetting that many successful knowledge-based regions are emerging. These industrial and knowledge-intensive cities and regions are globally connected in their own right, and are at the centre of high-growth, high-performance hubs, even if they don't fit the definition of a global city. It is the global connectivity that drives investment considerations. Successful industrial regions offer diverse industrial structures that link services with high-tech and manufacturing industries. They also offer rich social and business networks, and the creative milieux that underpin the dynamism of our knowledge-intensive industries. The implications for public policy are clear.

A new knowledge economy industry policy

There is no doubt that success in the global economy depends on a nation's ability to enter new markets. This, in the 'new economy', means being innovative and at the cutting edge of product development. In turn, successful regions also have strong local innovation systems. As Porter (1998: 90) concludes, 'the enduring competitive advantages in a global economy lie increasingly in local things – knowledge, relationships, motivation – that distant rivals cannot match.' The OECD (1999: 70) observes: 'Networks of innovation are the rule rather than the excep-

tion, and the most innovative activity involves multiple actors. To successfully innovate, companies are becoming more dependent on complementary knowledge and know-how in companies and institutions other than their own.⁹

Successful companies are often collaborative ones. Broadly speaking, such insights are increasingly being drawn from a new strand of economic thinking known as evolutionary economics. As the OECD has concluded, traditional neo-classical or free-market economics have failed to explain just how the dynamics of technological change and innovation occur. Such economic thinking is also informing the New Regionalism and showing how regions can develop more responsive economic and industry development programs.

The key point is that the new knowledge economy industry policy is based on understanding the dynamics of regional innovation and growth. It emphasises the transition taking place from price and location-based competition to time-based or hyper-competition, and the application of new technology ensembles that blur the distinction between the traditional manufacturing and services industries. This new industry policy focuses on the innovative capabilities within and between industry sectors, and within and between regions and nations. It seeks to understand these intersectoral technology pathways and complementarities in the context of the dynamics of global markets, and innovation and diffusion systems.

The development of relevant and responsive industry policy must reflect these dynamics of growth. The industry policy architecture in the new economy is not a 'one size fits all'. Rather it focuses on moving firms up the competitiveness ladder in global markets. New economy industry policy seeks to strengthen collaboration between firms and to strategically position them in global supply chain linkages and regional, national and global systems of innovation. This new thinking understands that in these global systems of innovation, companies that collaborate to compete will prosper in markets that deliver higher rates of return. Regions with well-developed science and research infrastructure and supporting institutions, and companies anchored in the knowledge-intensive manufacturing and services industries, together act as a magnet for investment in new technology and innovation. The process of clustering based on collaboration can directly enhance knowledge generation and diffusion in regional innovation systems, but this depends on strong regional leadership to build local competitive advantages. Such an approach is at the heart of the City of Playford's economic development model, and tells us why devolving policy-making to the local level is so important to achieving policy traction.

Devolution and policy traction

Our world changed forever when Prime Ministers Bob Hawke and Paul Keating opened up Australia to global competition. From the intense hardship experienced during the 1980s and 1990s, Australia now has one of the best performing economies in the OECD. But despite this stellar performance, Australia's R&D effort is lacklustre compared with other leading OECD countries. At the same time our vital industrial regions continue to experience social disadvantage and acute shortages of skilled labour, despite significant resources being directed to overcome these problems. Clearly, the real difficulties lie deeper. In Australia, Canberra holds the purse strings, the States are poor and mendicant second cousins, and local government is increasingly left to pick up the pieces. It is obvious that new policy architectures are required if communities and business are to prosper in the knowledge economy.

There is much talk of 'joined-up' or integrated government, but this has not resulted in joined-up solutions between actual programs on the ground. For instance, instead of a multitude of national and State education and training programs delivered at a regional level, why not a knowledge formation strategy unique to the region that builds business investment and export markets? This would involve bundling resources and expertise to create projects of sufficient size to make a genuine difference. Our challenge is to develop projects of significant magnitude that are transformative in their own right. We need projects that make a long-term difference to the community. This means more than just getting the economic fundamentals right. With low interest and inflation rates now a feature of the Australian economy, it is time to turn our policy attention to investing in infrastructure and building our knowledge economy. While Australia is one of the OECD's strongest performers in terms of growth, this is precisely the time to set new agendas. It is certainly not a time for complacency.

The opening up of the Australian economy delivered a competitiveness dividend that we now enjoy. But we cannot rely on past achievements. If the Australian dollar surges over US\$0.70 for a protracted period, our competitiveness will drop and our exports will suffer. As a nation we cannot afford to rely so much on our exchange rate. Just as the Scandinavian economies provide many of the 'smarts' for the rest of Europe, we must position ourselves to provide the 'smarts' for Asia. Genuine collaboration is required between each tier of government, business and the community to develop joint indicators and targets to measure success to set both strategic directions for regions and the quality and level of investment needed to remain globally competitive.

Responsibility must be shared to inform accountability and action. This may sound fanciful, but countries in the European Union are moving down this path. They are focusing on developing local visions for flexible and networked institutions, communities and business. They understand that economic development is based on strengthening industry clusters and promoting training for the knowledge economy while emphasising entrepreneurship, human capital and social cohesion.

A recent OECD report, *Globalisation and Devolution*, clearly articulates the challenges facing national and local/regional authorities as they struggle to develop appropriate policy architectures in response to global pressures. The OECD concludes that the regime of top-down policy development and implementation is failing us at the local level. This is because 'macroeconomic policy tools that were relied on heavily in the past are now more difficult to use'. The OCED, therefore, suggests that 'devolution provides an opportunity for institutional and policy innovation that should be seized. Cities and regions that develop strong institutional capital and distinctive development policies are more likely to be successful in the globalising economy' (OECD 2001a: 4).

Local governance solutions for the knowledge economy

The distinctive bottom-up approach with joined-up solutions is at the heart of the City of Playford's economic and industry development effort. Our focus has been on developing regional and interregional industry projects, incorporating whole-of-government initiatives. The knowledge economy is about a networked economy. At the local level this demands leadership, excellent research, policy innovation and a commitment to action. For instance, our work on industry and food clusters stretches over four regions and is aimed at building industrial capacity and capability. At a time when Commonwealth and State industry development programs are often at arm's length from business and the regions, Playford has a strong facilitation role locally and provides the necessary interface with government, as well as the stewardship to build long-term partnerships with business.

But providing this stewardship requires new governance architectures. At the local level Playford's Economic Forum is bringing together several economic agencies to develop regional flagship projects that will be well resourced and transformative in nature. Our approach is about bundling up small and under-resourced projects into ones of significant magnitude. In short, we will create bottom-up approaches and joined-up

solutions to complex local and regional issues. Playford's approach is succeeding because rather than creating yet another sclerotic layer of regional government, we are letting what needs to be done determine our strategy and the structure of our institutions. The outcomes are virtual governance structures that are about doing. Instead of competing interests, our economic development is driven by the formulation of one strategy and implemented by one team. This is a team that has one strong voice. It is credible, authoritative and driven by business. At the regional level, the outcomes are being translated through the State Government's Office of North which has the task of integrating and coordinating broader economic and infrastructure issues.

Playford's approach has been informed by the OECD's principles of metropolitan governance and is summarised below:

There is no one model of metropolitan governance. It is clear that (in addition to the broad principles which underlie any adequate system of democratic government – transparency, accountability, accessibility, representativeness, constitutionality, and protection of fundamental freedoms) a number of principles can also be applied in order to define the adequacy of systems of governance for metropolitan regions in the 21st century. (OECD 2001a: 34)

Of these principles, 'particularity' is one of the most important. The OECD reminds us that 'institutions of government must be crafted to fit the unique circumstances of various parts of the country'.

Innovative governance architectures being developed in the region and at a broader level in South Australia are sensitive to issues of particularity. For example, the Playford Partnership, chaired by local MP Michael O'Brien, brings together both sides of politics and three levels of government, supported by the northern partnership, a forum comprising key chief executive officers from across government.

The Playford Partnership, by integrating representative democracy with whole-of-government approaches, is unique in Australia. It addresses a common problem found by the OECD in its member states. As the OECD concludes in *Local Partnerships for Better Government*: 'weaknesses in representative democracy, compartmentalised public services and few local powers have been among the main forces behind the creation of partnerships between organisations in disadvantaged regions' (OECD 2001b: 29). The Partnership's virtual governance structure is also very much in keeping with the OECD's principle of 'flexibility' and is constantly evolving as relationships mature and projects develop. It is this flexibility that gives the Partnership its strength and adaptability. But it is up to the stakeholders to collaborate to make it work. And breaking

Overview of the Playford Partnership

The Playford Partnership is an informal alliance between government and non-government agencies which aims to achieve the ongoing revitalisation of the City of Playford. It emphasises the value of collaborative working relationships across all levels as the basis for achieving far better community outcomes. The result is improved management of existing resources with less need for historical administrative arrangements. Several informal structures have been established to provide direction, guidance and the mutual sharing of knowledge and expertise. These structures are non-hierarchical. The emphasis is on informal connections, networks, relationships and information flows to achieve both vertical and horizontal alignment of objectives.

There are three levels within the Partnership: the Elected Members Forum, Partnership Executive, and Specialist Working Parties.

The Elected Members Forum comprises those Commonwealth, State and local government politicians whose electorates fall partly or wholly within the City of Playford. The role of this Forum is to receive progress reports, set overall strategic direction and provide a policy dimension to the Partnership.

The Executive is responsible for focusing the attention of the Partnership on specific strategies, such as education, training and employment and early childhood and families, and for workshoping specific issues. The Executive is comprised principally of representatives from agencies that also have a role in promoting collaborative action, and specialist working parties to implement inter-agency and integrated project initiatives.

down old patterns of inter-governmental and inter-departmental behaviour, and, indeed, competition, is proving to be a real challenge, despite all the rhetoric about collaboration.

Complementing the Partnership is the new Office of the North, established by the SA Government to address major issues of social disadvantage, school retention, and education and training in northern Adelaide, which brings a whole-of-government and partnership perspective to integrate top-down and bottom-up approaches. Resources can be more effectively directed to where they are needed most – the coalface. The Office's governance structure reflects two key OECD principles of metropolitan governance: 'coordination' and 'endogenous

development'. There is great potential, therefore, to reduce duplication and competition between government agencies.

However, one should not confuse the processes of deconcentration and devolution. As the OECD notes, deconcentration is employed by some central governments and authorities to ensure local input into the policy process. (At this stage it is still too early to tell whether the State Government's Office of the North can live up to its expectations or whether it is merely an exercise in deconcentration as outlined below.) Devolution, on the other hand, goes much further than this:

Its aim is to increase policy effectiveness by developing entirely new policies as well as to improve governance by bringing decision making closer to the people affected. The challenge for devolution, therefore, is not only to improve decisions about how to implement traditional policies, but to change the system. One of the main consequences of adopting the devolution approach rather than deconcentration is that the central level needs to operate as a partner with the local level and no longer as its controller. In the long run this approach is likely to lead to more innovative and effective policies than simple deconcentration. (OECD 2001a: 16–17)

As we can see from the OECD's insights into the process of devolution, without establishing new governance systems, that is, 'to change the system', regions will continue to remain constrained and weighed down by ineffective governance structures.

Such changes and policy innovations are also being reflected at the Commonwealth level. Two years ago the Commonwealth Government developed the Sustainable Regions program. This \$100.5 million pilot program focuses on eight regions around Australia, of which the Council areas of Playford and Salisbury are one of the program partners. It is designed to achieve policy traction through bottom-up input into the planning process. What is remarkable about this program is that a local steering committee has been appointed to manage it, reporting directly to the Deputy Prime Minister, John Anderson. This direct link between the local level and the Deputy Prime Minister's Office not only provides open and effective channels of communication, but builds bridges within and between government departments. The local steering committee, through a comprehensive community and business consultative process, is succeeding in activating key principles of metropolitan governance such as 'social cohesion' and 'local solidarity'.

At the local level, it is pleasing to see how this initiative in the Playford and Salisbury region is reducing competition and duplication in some key areas of community and economic development. By focusing

on the ‘big picture’, small local projects and initiatives are becoming part of larger and transformative ones that can ultimately lead to sustainable outcomes. The Sustainable Regions program is a good example of how the process of devolution can work in practice. This investment in process across the broader region in northern Adelaide reflects the governance principle of ‘particularity’, so necessary to marshalling the energies of business and the community. Without these coalitions of public and private interests, developing the necessary level of integration is difficult if not impossible to achieve. As the City of Playford’s economic plan (1999) emphasises, ‘effective governance draws on the energy of a region and community which knows itself, knows its history and knows its culture – the manner in which the community relates and its companies do business. These are a community’s DNA.’

From small things big things grow

In September 1999, former South Australian Treasurer Rob Lucas officially launched the City of Playford’s Economic Plan, *An Innovative City*. At the heart of the strategy was an ambitious plan to develop new export markets, build on the region’s innovation system and tap into the national innovation system. In January 2001, Playford received international recognition for its innovative work on developing industry clusters. It was invited to present its work on clusters to the OECD/French Government’s world congress on ‘Local Clusters’ in Paris. Later in the year, Rob Lucas was joined by his counterpart, former Federal Industry Minister and now Finance Minister Nick Minchin, to launch an interim report of Playford’s research, cluster and investment outcomes. This included a number of significant business networking outcomes arising from this project. For a newly amalgamated local council the response was overwhelming. Front-page headlines of Adelaide’s daily newspaper *The Advertiser* (11 July 2001) read ‘World Takes Notice of Northern Adelaide’. But the best was reserved for the editorial:

People used to the old ways, values and assumptions may be quite startled to learn that the City of Playford ... has attracted the approving attention of the OECD, club of industrialised nations ... But Australians have never been strangers to innovation and it only takes a few moments’ thought to see why the northern suburbs of Adelaide are a natural location for bright ideas, energetically implemented.

The City of Playford’s work over the past two years has received national and international recognition for the vision and leadership it has provided. This includes winning the Department of Transport and Regional

Services' national local government award for Australia's most innovative economic development program and governance structure in 2002 and 2003 respectively. Playford followed this up by winning an international award in the Netherlands for Planning for the Future. This was against competition from cities as powerful as Chicago. The City of Playford, through hosting Clusters Asia Pacific Inc., which shares joint secretariats in Playford and Canberra, is a member of the Paris-based OECD Local Economic and Employment Program. This gives it contact with leading international experts in regional development and other like-minded regions around the world. Playford is increasingly being viewed as a council in an industrial region that, as set out earlier, is now being seen as part of the solution rather than the traditional view of being part of the problem.

The report *Innovation and the Knowledge Economy* (Genoff & Sheather 2003) describes the City of Playford's first steps towards meeting its strategic objectives of an integrated approach to local and regional development. It explores the new global challenges facing local government and how the City of Playford has tailored the use of cluster approaches to meet the demands of the new economy. It refers particularly to the way in which business-to-business e-commerce is transforming global supply chains and the implications this has for local economies as companies compete to enter global markets, or re-enter existing ones. Working in partnership with Professor Graeme Sheather, director of manufacturing and management at the University of Technology Sydney, the City of Playford has developed practical methods to measure enterprise best practice and supply chain performance. Results are reported from a study of forty-four original equipment manufacturing firms and their 143 first-tier suppliers in the electronics and related industry sectors operating in the region. This industry intelligence has been employed to create a number of networking and clustering initiatives in the region. New market and export development opportunities are in train, along with the prospect of facilitating technology diffusion among companies in the food-processing and electronics sectors. Results of this work over the past three years have begun to yield important commercial breakthroughs.

Jobs, investment and a new high-tech hub

In areas where the City of Playford has a direct role in business development opportunities, industry intelligence that the Council has gathered has been put to great strategic use, with pleasing results made possible by funding assistance from the Department of Transport and Regional

Services. With more than 200 companies participating in several key projects, major outcomes over the past three years include:

- Creation of Produce Direct Australia Pty Ltd – an exporting network of companies employing 350 people, exporting horticultural products to Asia. This is the creation of a true global network. The network comprises Comit Farms Pty Ltd, winner of the 2000 Premier's Food & Fibre Award (Category – Horticulture Industry Achievement Award), Mercorella Group, with a turnover of \$100 million, and Freshway Farms, a new emerging local small to medium-sized enterprise. Produce Direct Australia is part of Playford's food cluster strategy (see Brown & Genoff 2001).
- Formation of an engineering alliance of fourteen companies that is continuing to work to achieve investment and export outcomes. This project has been undertaken in partnership with the Engineering Employers Association of South Australia.
- Assisting in the formation of a grapegrowers' and wine producers' association with a membership of forty companies. Twenty of these companies are forming an export network. A new grape-growing region for the Adelaide Plains has been registered and we will continue to work with this group in developing export markets. The Adelaide Plains Wine Region, with the support of the Council and the South Australian Government, has employed an executive officer to support its market development activities.
- Formation of a local engineering network comprising three companies. The Council is actively assisting it to enter into new markets, including the USA and the Middle East.
- Formation of an alliance between two engineering companies that has tendered for a \$5 million export contract for materials movement, storage and handling in South America. The alliance is also exploring contract opportunities in China.

The networking method is to directly assist companies involved in our project with business planning for growth and market development. This includes a best-practice supply chain study of Castalloy, one of Australia's leading component manufacturers. These activities directly contribute to long-term and sustainable economic development in the region, arising from the development of new markets and export development opportunities.

More recently, the City of Playford shifted its Economic Development Unit to a disused factory site at 95 Womma Road in Elizabeth West, co-locating with the Northern Adelaide Development Board, Northern Adelaide Business Enterprise Centre, the Adelaide Plains Wine Region Secretariat, and several design and IT companies. This move is spinning off new investment outcomes. Most important has been the creation of a virtual network of advanced manufacturing companies that

have located on this one site, leading to a \$90 million investment. The 18 000 square metres of space in the disused factory is now home to four overseas companies with major overseas export contracts, creating 200 new engineering-based jobs. At the heart of this high-tech hub is the creation of Australia's first business-based Centre of Robotic Excellence. This major new manufacturing investment in South Australia is an exciting example of how public-private partnerships can build on these clustering activities. It is no wonder this former old disused factory has been renamed the Innovation Network and was recently opened by Prime Minister John Howard.

A partnership with the University of South Australia's Australian Manufacturing Centre of Excellence and the development of a R&D demonstration project on site further builds on the investment activities of the companies on site. In turn, Business SA (South Australia's peak employer and business organisation) is also participating in a future cluster project through the Economic Development Unit. And with the North Adelaide Development Board developing a broadband service for the northern Adelaide region, this strategic investment in infrastructure is strengthening the fabric of the knowledge economy in northern Adelaide through networking. In turn, the Elizabeth West Industrial Precinct has become the favoured location of a \$100 million investment by the Japanese-based automotive components and engineering company Hirotec Corporation to produce components for the new model Holden. By working in partnership with the Commonwealth Government's investment attraction agency, Invest Australia, the City of Playford facilitated this mayor investment and the creation of an additional 280 jobs. This investment provides a significant boost to Playford's cluster strategies. While this investment was destined for South Australia because of Holden's expansion plans, local stewardship and knowledge contributed to a locational outcome that has underscored the revitalisation of an industrial precinct, which has once again become a magnet for new industrial investment.

As important as these commercial initiatives are, the breakthroughs are also creating changes in culture, both in business and government. Without such changes in culture and attitude, it is unlikely that we can fulfil the region's exciting potential to build new markets and sustainable employment opportunities for future generations. From a regional governance perspective, this means an investment in genuine public-private partnerships and whole-of-government approaches, which go to the very heart of the New Regionalism. Perhaps the most important shift in attitudes arising from these successes is that we now have a region that increasingly feels more at ease with itself and confident in its ability to

deliver world-class outcomes. Communities and business are demanding greater integration between social and economic outcomes.

Thinking through the 21st-century city

Smart cities of the 21st century are integrating industrial and urban regeneration into transformative strategies that underpin future global competitive advantage. As a practitioner, I believe that the thinking emerging out of the New Regionalism has been useful – at least it asks the right questions, and invites us to think differently. The City of Playford recognises that it needs to develop a new plan for the 21st century. The last plan was developed for the 1950s. A new plan is required to make the region a global investment destination and to marshal the energy of communities in northern Adelaide and to build their connectivity to the CBD. And this definitely requires new thinking.

Not surprisingly, a strong vision for the future drives our work. Over the past year Playford, in partnership with the SA Premier's Thinkers in Residence program and the Adelaide Capital City Committee, has been working with the internationally renowned urban and cultural strategist Charles Landry. One the aims of the residency was to explore the connectivity between the CBD and our industrial regions, and what this means for city-wide governance issues. A major outcome of the residency has been an historic convening of Adelaide's major knowledge economy and industrial or manufacturing-based councils in northern and southern Adelaide. These councils are preparing to develop a forum to consider complex governance and economic development issues. The forum will canvass spatial issues of investment, infrastructure and governance structures for collaboration; ensure that the voices of industrial councils are heard in Canberra leading to responsive industry programs; reinforce the contribution industrial councils make to the knowledge economy through innovation and research and development in Australia; and seek to redefine the role of regional centres and the CBD with regard to spatial, infrastructure, citizenship and investment issues. Our main challenge is to ensure that Adelaide works as one city and does not divide its efforts between north, south and the CBD through a competitive battle between different parts of the city. This theme is now being championed through the Property Council of Australia and Charles Landry's residency. At a time when industrial regions such as Playford are too often seen as part of the problem, our council through initiatives such as the Premier's Thinkers in Residence program is developing sustainable solutions that contribute to regional and national prosperity. As a report in the *Australian Financial Review* by Adelaide-based writer Nigel

Hopkins (2004) concludes, 'In recent years something quite strange has been happening just north of Adelaide. What many have regarded as an industrial wilderness is busy transforming itself into a "new north" – with new industry, new residents and new purpose in the satellite cities of Playford.'

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Part

Local Governance and Community- building

10 Local Social Governance and Citizen Engagement

Tim Reddel

Developing more integrated and inclusive social and economic policies requires innovative and participatory systems of governance, public administration and social analysis. This chapter opens this book's final section by exploring these themes of local governance policy and practice. Emerging forms of social governance based on local partnerships, networks and collaboration between civil society, the private sector and governments are being promoted as alternatives to traditional hierarchical state authority and as responses to 'the challenge of governing complex and fragmented societies' (Newman 2001: 14).

As Mike Geddes discusses in chapter 1, the resurgence of international policy interest in more engaged and community-focused public policy and service delivery is evident in the European Union. The Blair Government in the United Kingdom has popularised reforms centred on supposedly new ideas of 'devolution', 'partnerships' and 'community' in responding to social exclusion. Recent policy interest by Australian governments in social capital, community-building, citizen engagement and joined-up government reflects this broader context. Brendan Gleeson and Suzanne Lawson in chapter 4 track these national trends as part of the rescaling of urban governance in Australia, reflecting a new emphasis on multi-level rather than single (State) level public administration and a recognition that services and policies must be matched more carefully

with increasingly divergent local community needs. From a theoretical perspective, proponents of critical approaches to spatial policy and planning such as Healey (1997), Forester (1999) and Gleeson & Low (2000) have posited innovative governance frameworks based on dialogue and deliberation and the recognition of power differentials.

This chapter explores these diverse ideas concerning relations between the state and civil society by examining spatial policy and governance directions in Australia's postwar history. The contested nature of these relations will then be re-evaluated using a framework developed from network and participatory governance literatures. A set of 'participatory governance technologies' is posited as a methodology for bringing strategic coherence to state-civil society relations and as a way of promoting participatory forms of localised democratic organisation which complement and extend liberal representative democracy.

The postwar years: reconstruction and regional planning

A spatial and participatory perspective was a key element of the Commonwealth Government's efforts to redevelop postwar Australia, with the term 'regional planning' prominent in the 1944 Final Report of the Commonwealth Housing Commission. The Commission argued strongly that national policies and programs should be seen in a regional context which promoted 'a rising standard of human welfare' and the participation of local people in planning for their communities (Commonwealth Department of Post-War Reconstruction 1949: viii). Establishing governance arrangements where 'people themselves [could] initiate proposals and participate in formulating them' was crucial to postwar reconstruction (Ministry of Post-War Reconstruction 1944: 27).

Following the release of this report, the first Commonwealth-State Housing Agreement commenced in 1945, as the government's primary urban and regional strategy. The Commonwealth Minister, HV Evatt, called for a 'new order' of postwar Australia, based on social reconstruction by means of regional development, decentralisation of secondary industries, an alleviation of the housing shortage by means of government building programs, and the assurance of full employment (Evatt 1942: 41).

These intentions, however, were not matched by sustainable practical action, and after the defeat of the Chifley Labor Government in 1949, the Commonwealth did not pursue an integrated urban and regional

agenda or citizen participation in policy and planning (Harris 1989: 109). Despite the promises inherent in a 'new order' of more people-centred policy, the prevalence of centralised planning bureaucracies, top-down master plans and the fragmentation of Australian federalism neutered the social-democratic dimensions of postwar reconstruction. Technocratic policy-making and planning dominated Australia's cities and regions (Howe 2000).

This tension between nationally managed policy directions and the promise of localised and participatory planning remained unresolved during this period. The institutional capacity of national governments to determine or even influence localised policy agendas was limited. Not only was this incapacity affected by Australia's diluted governance arrangements, but was also, as Harris (1989) and Howe (2000) have argued, a function of the paucity of authoritative and effective participatory policy and planning systems. This search for new social governance institutions and processes in the Australian context remained an ongoing challenge for the next twenty-five years.

The Whitlam years: regionalism and communities

The 1950s and 1960s saw a diminution of any Commonwealth government role in spatial public policies, exemplified by *laissez-faire* preferences for promoting individual home ownership rather than any broader social-democratic policy intervention (Lloyd & Troy 1978: 21). State and local governments argued that the introduction of statutory land use planning processes would regulate the excesses of unfettered capitalism. The limitations of these planning arrangements, however, were significant and tended to reinforce the entrenched power of private property investors, doing little to address emerging transport and infrastructure problems, the shortage of community services and the lack of affordable housing in Australian cities (Berry & Sandercock 1983: 51). The Whitlam Government, elected in 1972, promised Commonwealth leadership in spatial and participatory policy-making through initiatives such as the Department of Urban and Regional Development and the Australian Assistance Plan.

DURD was established in 1972 to attend to the problems in the larger cities, notably declining access for low-income earners to housing, infrastructure and other services, and to implement a major program of decentralisation by directing urban growth into newly designated regional centres (Gleeson & Low 2000). This program of decentralisation was

aimed at improving employment opportunities in disadvantaged areas. A critical factor impacting on DURD's effectiveness was the opposition of many State governments to the Commonwealth's policy of decentralisation (Harris 1989), which reflected more generalised tensions associated with Commonwealth–State relations within Australian federalism.

THE AAP: REGIONALISED AND PARTICIPATORY SOCIAL GOVERNANCE

Of particular relevance to this chapter's examination of state–civil society relations is the Australian Assistance Plan, established by the Whitlam Government as an experiment in 1973, with the object of assisting 'in the development at a regional level within a nationally coordinated framework, of integrated patterns of welfare services, complementary to income support programs' (Australian Government Social Welfare Commission 1973: 3). The main focus of the AAP was the development of locally determined welfare programs, which combined regional participation in decision-making with control over the administration of social welfare budgets (Hayden 1996: 186). The AAP's central institutional platform was the establishment of regional councils for social development (RCSD) comprising representatives from government (elected members and officials), trade unions, employer groups, welfare consumers and community organisations. The RCSD was the key social planning, evaluative and advisory body for the region, thus forming 'a link with the Australian government and the State government in connection with the social development needs of the region' (Australia Government Social Welfare Commission 1973: 4).

The AAP represented a shift in government's approach to social policy, promoting the complementary roles of community planning and participatory processes rather than focusing purely on pensions and residual welfare services (Roper 1993: 195). The links between the AAP's social development intent and mainstream social welfare programs was evident in early policy pronouncements: '[The AAP is] an attempt to bring together the threads of planning, regionalism, true democratic participation, community development and regular critical evaluation of the performance of programs to ensure their continued relevance and satisfactory operation' (Hayden 1973: 667). By 1975, thirty-four regions had been approved to implement this experimental program, but the AAP was eventually disbanded by the Fraser Coalition Government in 1977.

THE OUTCOMES OF THE AAP

There was significant debate about the primary purpose of the Australian Assistance Plan, centred on the tension between a concerted attack on poverty and a community development approach (Halliwell 1975: 136; O'Brien 1975: 144–45). Adam Graycar, primary evaluator of the AAP, highlighted these tensions by examining the Plan's key themes of regionalism, participation and the alleviation of poverty. Poverty was seen not just as a lack of material advantage but also as related to powerlessness. In order to overcome powerlessness and poverty, social programs should facilitate participation by the disadvantaged in shaping their social environment (Graycar 1977). In reflecting on the AAP's philosophy and methodology, Graycar argued that the Plan's use of the discourse of 'citizen power' became diluted by the reality and limits of traditional government program structures. The participatory ethos of the AAP required a more strategic interface with political and policy systems in order to deliver social development outcomes (Graycar & Davis 1979: 59–61):

Graycar argued that there were four major barriers to the successful implementation of the AAP (Graycar 1979: 468): the quirks of Australia's federal system, which created structural tension between national, State, regional and local policies and organisations; the lack in manufactured structures such as RCSDs of the local legitimacy or capacity to coordinate established community and government agencies; poor implementation skills; and insufficient understanding of citizen participation in the Australian context.

The AAP's governance capacity relied on the planning, decision-making and resource allocation processes of RCSDs to challenge existing political, bureaucratic and community power arrangements. Elected political representatives, however, questioned the legitimacy of the RCSDs' non-elected community leaders and the authority of their decision-making processes. The belief that regional administration and political decision-making could prosper within the framework of Australia's federal system was perhaps unrealistic given the structural confusion between the spheres of government regarding planning and service delivery (Hayden 1996: 191).

The AAP can be seen as an example of the Commonwealth government trying to create a new structure which was not directly accountable to the community through parliamentary or electoral processes and was without clearly defined roles and responsibilities (Graycar 1977: 89). Harris (1976), in his minority report for the Australian Social Welfare Commission, argued that social planning organisations such as RCSDs

did not have the necessary authority to implement proposals developed from the community. Local government, as an elected political institution and not a 'new statutory regional advisory structure', was seen as the more appropriate authority because of its capacity to make decisions and its direct accountability to the community (Harris 1976: 85; Graycar 1977).

Despite these limitations, the AAP remains an important episode in the evolution of local social governance (Wiseman 1998: 142). Almost thirty years on from its abolition, remnants of the Plan are still evident in current Australian spatial policy. Of relevance to contemporary debates is the capacity of organisations such as the RCSDs to engage a diverse range of state and civil society actors at the regional level while also influencing policy development at the centre. AAP principles such as localised decision-making and control must be linked with governance and policy systems. Political and administrative resources such as mandate, authority, legitimacy and funding are necessary to support structural responses based on citizen participation. The challenge for such forms of spatial governance is to complement existing liberal democratic political and bureaucratic institutions, while ensuring that they are informed by a participatory ethos.

The 1990s–2000s: reports and experiments

REGIONAL DEVELOPMENT AND METROPOLITAN PLANNING

Despite some limited State-based initiatives, the 1980s could be described as the 'years of neglect', with little attention by Australian governments to the spatial or participatory dimensions of social governance (Smyth & Reddel 1997). The Hawke and Keating ALP governments of the 1990s oversaw a limited resurgence in Commonwealth policy attention to regions and social policy. The integration of social, economic and environmental concerns was evident in the policy rhetoric of 1990s regional development and social planning through initiatives such as the Social Justice Program into Locational Disadvantage and Better Cities (Alexander 1994). Critics argued, however, that these initiatives reflected a crisis management approach to urban and regional affairs without a capacity for engaging disparate local and regional interests (Badcock 1993).

During this period, a more strategic and participatory approach to metropolitan and regional planning was given impetus by the mixed impacts of globalisation, deregulation, population growth and urban consolidation (Lennon 2000). State governments began to explore new

ways of engaging disparate interests. In Queensland, the SEQ 2001 project was established in 1991 as a response to projections of significant population growth in the southeast region of the State. The SEQ 2001 project proposed a comprehensive planning process where the State Government was committed to ongoing engagement with local governments and community groups (Low Choy & Minnery 1994). Despite its corporate management and corporatist features where citizen engagement was tightly controlled, the project represented an important (albeit tentative) shift in the State Government's recognition of the need for more participatory approaches to policy-making and regional planning.

A sustainable national program of integrated regional development and planning has, however, not matched the early 1990s policy rhetoric. Rather, as Alexander (1994) has noted, there was a plethora of urban and regional experiments that did not lead to a longer-term commitment by all spheres of government. The institutional arrangements necessary to support more participatory spatial governance remained underdeveloped.

REDISCOVERING COMMUNITY AND PLACE?

The election of the Howard Coalition Government in 1996 saw the demise of any substantial spatial or place policy agenda. Indeed, one of the early expenditure savings exercises of the new Commonwealth Government was to abolish the Commonwealth Department of Regional Development and its associated regional development funding programs. In more recent times, political imperatives including the influence of the One Nation political movement coupled with broader concern about the consequences of regional socio-economic disparities have placed the themes of 'regions' and 'regionalism' back on the Commonwealth's policy agenda (Pritchard & McManus 2000). Urban policy, however, remained largely the prerogative of State and local governments.

Complementing the partial rebirth of spatial policy in Australia was some interest by the Howard Government in social capital, community and participation as important but regrettably undefined components of social welfare policy (McClure et al. 2000). The Commonwealth has argued that social capital and communities are best left alone without unwanted interference from governments, their bureaucracies or indeed their resources (Everingham 2001). Despite some limited attempts by the Commonwealth to develop more institutionalised approaches to community association and social capital in rural and regional policy (see Beer, Maude & Pritchard 2003), a neo-liberal governance regime remains dominant.

There has, however, been significant policy interest by State jurisdictions in the themes of place and community engagement (IPAA 2002). The Victorian Government established a Department of Communities to provide political and bureaucratic leadership for a range of community-building and 'joined-up' strategies (see chapter 3). 'Tasmania Together', initiated in 2000 by the Tasmanian Government, tasked community leaders with manoeuvring a statewide consultative process into specific goals and outcomes to guide the State budget process over time (McCall 2001: 297). The NSW Government also implemented an engagement strategy which included the trialing of place management initiatives, together with more generic policies and programs that have been the subject of preliminary evaluation (Mant 2002). In Queensland, the Beattie Labor Government promised a more community-responsive policy development and program delivery (Smyth & Reddel 1997). Specific initiatives based on spatial and people-centred policies were implemented together with the establishment of a community engagement function aimed at providing public sector leadership for a citizen participation agenda (Queensland Department of the Premier and Cabinet 2001). These policy and program initiatives are complemented by a regular schedule of Community Cabinet meetings with a focus on rebuilding the relationship of executive government with local communities.

While the primary focus has been on State governments, the role of local governments should not be excluded. Local governments have become more attuned to a broader (but perhaps less defined) set of responsibilities beyond the traditional 'rates, roads and rubbish' stereotype. Human service planning and coordination, community development activities and citizen participation in land use planning are increasingly seen to be important directions for local government (Cuthill 2001).

REVITALISING SOCIAL GOVERNANCE

This historical scan of postwar Australian spatial governance and citizen engagement is by no means complete. It does, however, highlight a lack of consensus on theoretical foundations and policy methodologies.

Current modes of social governance appear to be struggling with the challenges of building authoritative democratic state capacity in the face of public sector reforms, based on a 'recipe' of competition and neo-liberalism, citizen disengagement, and a 'retreat from the state' (see chapter 3). In response to these challenges, the 'partnership' discourse has become the key governance principle in the UK. As Mike Geddes discusses in chapter 1, the research literature identifies significant limita-

tions to local partnerships. He argues that the promotion of local partnerships highlights significant neo-liberal tendencies in New Labour's political project. Fundamental to this form of politics is a diminution of state power and a shift of policy responsibilities and risk to under-resourced local communities. Earlier, Geddes (2001: 194) concluded that 'local partnership therefore offers the excluded a stake in the market, but, as is the case for small shareholders generally, this may not be a stake that carries much clout'.

Contemporary Australian interest in local partnerships is reflected in community-building and joined-up strategies such as 'place management', which aim to work with and beyond existing government, professional and community functions to deliver localised outcomes (Mant 2002). Documented critical analysis of place management and other community-building initiatives is limited to 'insider' accounts and discussion of specific initiatives (see Reddel 2002). As a preliminary comment, there are a number of variations of place management and community-building, straddling communitarian, competitive market and more traditional hierarchical public sector models. This meshing of approaches is problematic and parallels criticisms of New Labour's local partnerships.

A balance between the institutions of the state and civil society is of crucial importance. Everingham (2001: 110) argues that an active state as the 'collective tool' of the people is obliged to work with and through diverse forms of civil society to manage the social effects of externalities such as globalisation. Developing the theme of an active state further, civil society should be seen in a context in which the state prescribes the parameters and rules of associative activity and 'compels association members to think about the common good, beyond their own conceptions of the good life' (Walzer 1992: 103). The state can no longer be simply equated with a set of government institutions but with a broader set of imperatives for collective social action.

The notion of an 'active state', in which governments and their agencies play a leadership and strategic function in collaboration with social movements and other forms of civil society, offers a viable expression of social governance which is both democratic and focused on community outcomes. Such a view of the state builds on Beck's (1994) concept of the 'self limiting state', as an alternative to what Pixley (1998: 149) has called the 'old bureaucratic state' and the 'market oriented state'. An active state would see political and bureaucratic institutions collaborating and negotiating with social movements and other forms of civil society to ensure social and economic development.

Networks, institutions and participatory governance

The strategic foundations and practice methods underpinning the re-engagement of state and civil society remain underdeveloped. Traditional consultative models for defining state–civil society relations are no longer viable. Building on classical critiques of Sherry Arnstein, Leonie Sandercock (1978: 117) argued that there are inherent limits to traditional technical consultative approaches, which should not be ‘a substitute for planning or for regular government’ in addressing the needs of disadvantaged peoples’.

More contemporary analyses have raised concerns about the increasing focus on civil society as a primary site for new forms of politics that place citizen associations at the centre of the democratic project (Brown et al. 2000: 204). Terms such as ‘community’, ‘citizen participation’ and ‘social capital’ have taken on a rhetorical if not philosophical and analytical significance (Adams & Hess 2001). Juxtaposed with the gradual emergence of this community discourse was the existing primacy of neo-liberalism in various waves of public sector reforms based on corporate management and the supremacy of market relations (Davis & Rhodes 2000). These reforms assumed a minimalist or at best diminished role for the state and its institutions in making policy choices (2000: 92).

Traditional governance approaches based on a mix of hierarchies, markets and corporate management seem incapable of addressing the contemporary challenges of reconceptualising relations between the state and civil society. Spatial planning and policy-making models have been traditionally preoccupied with top-down technical analysis and management (Healey 1997; Forester 1999). In a more general sense, conventional governance systems have resulted in fragmented service delivery, role confusion between policy-makers, purchasers and providers, and concerns about accountability (Davis & Rhodes 2000). As an antidote, a new form of governance has been suggested in the public policy literature, focused on management by negotiation and horizontal networks, policy learning and organic organisational forms rather than traditional methods of hierarchical command and control or market models (Rhodes 1997; Jessop 1999; Considine 2001).

The translation of these ideas into a sustainable local governance framework remains unfinished. A substantial European policy literature has emerged focusing on the sustainability of local partnerships and associational modes of governance and policy networks (Bogason 2000; Geddes & Benington 2001; Coaffee & Healey 2003) and the means,

mechanisms, instruments or what post-structuralists have called ‘technologies’ (Rose & Miller 1992) necessary to assemble and implement participatory forms of local governance. Concepts consistent with the development of participatory governance technologies include: political and policy learning; inter-institutional dialogue; reciprocity and trust within governance institutions; more strategic forms of social capital; links between representative and participatory democracy; deliberative democracy; and institutional arrangements based on networks and diplomacy (see Davis & Rhodes 2000; Sullivan 2001).

Using these themes as a base, Table 10.1 summarises eight participatory social governance technologies. These technologies are presented relative to contract or market governance in order to provide a comparative perspective.

Space prevents a detailed explanation of all eight technologies, but two specific areas are singled out for attention: institutional and implementation

Table 10.1 Technologies of participatory social governance

Governance technologies	Contract/market governance	Participatory social governance
Source of authority	Supremacy of the market and minimalist state	Interdependence of active state and diverse/engaged civil society
Policy-making focus	Technical: focus on outputs and outcomes	Political: focus on shared ownership with vision driving strategic change
Culture	Public interest limited Consumer choice promoted	Building ad hoc coalitions to understand the complexity of policy issues
Implementation strategies	Confrontation, agreement and compromise based on ‘the contract’	Networks and partnerships but confrontation and conflict can be necessary
Skills	Performance assessment and the monitoring of contracts	Stakeholder analysis and diplomacy
Institutions	Bureaucratic and expert structures with representation of directly affected interests	Devolved and centralised policy institutions involving elected/ community/bureaucratic representation and ad hoc coalitions
Resources	Focus on minimising public sector expenditure and	Strategic mix of public, private and community-based resources maximising private sector profits
Accountabilities	Enhancing consumer choice	Vertical and horizontal accountabilities

arrangements based on networks and partnerships; and the sources of authority and accountability necessary for participatory local governance.

NETWORKS, PARTNERSHIPS AND INSTITUTIONS

The potential of networks and partnerships is evident in the tentative steps by policy-makers, program administrators, community organisations and local groups to engage with each other, outside the traditional routines of consultation events or agency coordination meetings (Reddel 2003). From a theoretical perspective, these findings also reflect the literature's definitional debates about the terms 'policy networks', 'policy communities' and 'partnerships' (Rhodes 1997; Lowndes & Skelcher 1998). At a technical level, the key properties underpinning these concepts, such as trust, resource exchange, negotiation, knowledge, power, legitimacy and the capacity to influence policy outcomes (Rhodes 1997), require further examination.

Amin & Thomas (1996: 257) pick out five elements of network governance for particular attention: a high level of interest representation and organisation; a spread of decisional authority and autonomy; the state as arbitrator and facilitator between autonomous organisations; a dense network of vertical and horizontal channels of representation and communication; and a reliance on iterative dialogue for conflict resolution and policy consensus. Importantly, Jessop (1999) considers new forms of state legitimation and authority by arguing that the state has a 'meta-governance' role in managing the plurality of social, economic and political networks.

These ideas and principles are yet to be translated into a more systematic practice framework. Two specific areas require further research and policy development.

First, there are dangers in an overly generalised account of the place of networks in local social governance. Power differentials, differences between the networks of the state and civil society, and the diversity of network properties all require careful attention (Bogason & Toonen 1998). What network forms and mixes (political, bureaucratic, private sector and community) are most effective in policy implementation and innovation (see chapter 11)? There are problems in an overly technical or organisational analysis of the governance role and capacity of networks which assume a consensus and fail to address the conflictual nature of contemporary social, economic and political relations (Lowndes & Skelcher 1998).

From a practical policy orientation, writers such as Marsh & Smith (2000) have interrogated the concept of networks in terms of cohesion,

interconnectedness, policy context, structure, skills, resources and interaction. Each of these variables has an impact on the relationship between the form of network and its policy outcome. Peters (1998) analyses the 'administrative Holy Grail of coordination' in the context of a differentiated polity, inter-organisational politics and a focus on networks. He concludes that despite their limitations, networks offer an effective coordination strategy, especially in implementing solutions to local and grounded problems and promoting more citizen-centred local governance (Peters 1998: 308).

Second, more participatory forms of local governance cannot simply rely on diverse networks, but must also construct a sustainable institutional framework or what Jessop (1999) has called an 'institutional ensemble' comprising a mix of policy, discourse, negotiation and arbitration structures that can negotiate the complexity of political, social and economic life. The design of this ensemble is critical. Fung & Wright (2001) propose a series of design properties such as administrative and political devolution; centralised supervision and coordination connecting local institutions to higher-order structures; and authoritative state leadership to mobilise and legitimise deliberative and democratic action. New institutional theory provides further insights, particularly in understanding the relationship between values, structure and organisation. Institutions are not simply administrative and political organisations, but comprise a set of networks, inter-related norms, routines and incentives, and have the capacity to generate order and promote a collective understanding of meaning (Bogason 2000: 110; Lowndes & Wilson 2001: 632).

At a more practical level, Lowndes & Wilson (2001: 631) argue that the local state is important in shaping the institutional conditions for democratic renewal and can facilitate the active promotion of the 'virtuous combination of civic engagement and good governance'. In this context, local governance arrangements must provide accessible pathways for citizen participation, and a practical deliberative and problem-solving orientation to community issues. Addressing network form and institutional design are thus fundamental to the development of democratic local governance.

AUTHORITY, LEGITIMACY AND ACCOUNTABILITY

Despite their individual merit, many of the current community-building and place initiatives remain fragile, unable to deal with the realities of local politics and Australia's federal system of governance. The multiple relationships between Commonwealth, State and local governments and

the increasing importance of the private and community sectors in the planning and delivery of services mean that the sources of authority and legitimacy are ambiguous and contested.

Accounts of recent spatial policy initiatives in Queensland also highlight some of the tensions between hierarchical state-centric and more diversified and participatory notions of authority and legitimacy (Reddel 2002). Democratic authority has been achieved traditionally through instrumentalist forms of hierarchical control and in more contemporary policy settings via competitive market forces (Davis & Rhodes 2000). Dryzek (2001: 664–66) provides an alternative approach based on the notion of ‘deliberative or discursive legitimacy’ where democratic legitimacy and, by extension, authority can be enhanced by marrying collective decisions with informed public opinion based on the democratic contestation of ideas.

Similarly, traditional approaches to political and bureaucratic accountability are increasingly contested. Accountability systems have been constructed in terms of hierarchical command and control and are based on legal obligation and economic performance. Government officials are answerable to their respective departmental managers and chief executives, who are then accountable to their ministers, who are collectively responsible to parliament (Edwards 2002: 58). More attention must be given to horizontal accountability based on an organisational culture of shared values and principles and network theory as a device for feedback and review.

The ‘local modernisation’ reforms of the current British Government highlight the tensions inherent in trying to balance vertical and horizontal accountabilities. Central vertical accountability requirements tend to subsume the ‘many hands’ in local communities (Sullivan 2003). As with much of the network tradition, the tools of horizontal accountability are lacking. Rhodes (1997: 21) also acknowledges that horizontal accountability has the potential to undervalue ‘the traditional mechanisms of representative democracy’. The challenge for central authorities (parliaments and executives), bureaucracies and civil society is to collaborate in defining roles and responsibilities and developing accountability systems which capture both vertical/hierarchical and horizontal dimensions (Edwards 2002: 59).

Conclusion

Historical debates about social governance and the nature of state–civil society relations have much in common with more contemporary politics, policy and theory. The tension between the promise of a ‘new order’

of national leadership, citizen engagement and the dominance of rational, hierarchical and 'top-down' policy, planning and governance systems is as relevant today as it was in postwar Australia.

The AAP's short-lived tenure during the 1970s produced limited tangible outcomes. Mainstream welfare programs and broader economic policies marginalised the impact of its local initiatives. An over-reliance on process and unauthoritative governance structures was a further limitation. Despite these important caveats, the AAP model has a significant legacy in Australian public policy. The regional councils for social development provided an institutional platform for local policy development and action. The Queensland experience highlights the ongoing role of these bodies and their successors in many of the current community-building and place-based initiatives (Reddel 2002). It is suggested that this would be an important factor in many other regions and communities throughout Australia.

The development of a sustainable and participatory institutional framework remains an unresolved issue. Thus local social governance systems must ensure an institutional balance between state and civil society. The state has a crucial governance role in facilitating, arbitrating and managing the plurality of networks and other associational activity. New institutional theory gives some conceptual direction for new forms of networked governance based on Granovetter's notion of 'the strength of weak ties' which bind disparate actors together across organisational boundaries (Granovetter 1973; Lowndes 2001). Expressions of the local state which foster these network forms (or 'weak ties') are crucial, but are not a substitute for the welfare state, the mainstream economy or authoritative central governance systems (Amin, Cameron & Hudson 2002: 125). A diverse 'institutional ensemble' of state, market and civil society structures and networks is required to negotiate the complexity of political, social and economic life (Jessop 1999). Exploring these theoretical directions while critically examining historical and contemporary practice seems a promising method for deepening our understanding of the contested nature of the relations between the state and civil society.

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Mapping the Normative Underpinnings of Local Governance

Mark Considine and Jenny Lewis

Much of this book's focus has been to examine the externalities of new governance systems, particularly the interactions between public, private and civil sectors and its participatory dimensions. The previous chapter by Tim Reddel constructed a set of participatory governance technologies as one way of reconceptualising state–civil society relations and describing more precisely the strategic foundations of associationalism and the methodologies of networked modes of governance. This chapter continues this important task and shifts focus from the meta-analysis of previous chapters to a more empirical exploration of the internal political and bureaucratic dimensions of network forms of governance. The innovative potential of network governance is discussed through an empirical study of Australian municipal governments. The study sought to identify different norms used to define innovation and the important relationships concerning the role of political and organisational governance.

Context and background

Most people involved with government value improvements in the way things get done. There is always room for innovation in what is produced for citizens and clients, and there is always scope to do the traditional things better (Savage 1978; Hall & Preston 1988; Lazonick 1993). This could be as simple as wanting a form of customer assistance that gets it right the first time, or as complex as wanting different services to talk with one another to achieve an integrated outcome. Whether as citizens, staff members or outside stakeholders, most people place a high value on improvements in both the efficiency and responsiveness of government. In this study we see this as a question of governance, by which we mean the skilful integration of various public and private actors. We also see this governance issue as a particular mix of formal (institutions) and informal (networks) contributions, which provide opportunities for, and constraints upon, local innovation.

It is surprising that so little is written about innovation and government. If innovation is the engine of the new global economy, does it drive government, or only the private economy? It turns out that we know very little about governmental innovation, except to say that it has something to do with 'policy development', 'implementation skill' and 'institution-building' rolled into one. Governmental innovation is certainly the poor relation in the new family of policies and theories concerning economic and organisational change. All too often the public sector is simply left out of the analysis altogether. For example, in an otherwise excellent account of innovation, Dodgson & Bessant (1996: 4) define the aim of innovation policies as 'improving the capacity to innovate of firms, networks, industries and entire economies'. No specific mention is made of the public service, or bureaucracies, of NGOs or other public organisations.

We want to broaden this so that government is included as an important actor – not just as a funder of innovation, or as providing the right environment for others to be innovative within, but also as a crucial site for innovation itself. For this study, we define innovation as any sustained, purposeful effort to improve government policies and programs. In focusing on innovation, we use it as a means for unpacking both norms about innovation among politicians and bureaucrats, and for understanding how the structures and processes of different governments help and hinder innovation. A brief discussion of the literature on innovation follows.

Three central questions are thrown up by the innovation literature: the product-versus-process question, the radical-versus-incremental

question, and the normative question. The product-process issue is a question about the type of innovation undertaken. At the organisational level this means that change might be located either in the type of product being produced, or in the method used to produce it. In service delivery agencies the notion of product would equate with the type of intervention or activity. Most studies accept that innovation can be either product- or process-oriented.

The radical-incremental issue asks about the magnitude of the impact of innovations. Those favouring the 'radical break' criterion ask that we consider innovations as some form of recognised breakthrough or leap from current practice. Since many of the things that firms do might be considered to involve important changes to current practice, and since the macro literature is more or less in consensus about the fact that innovation is a process of *paradigm change*, the definition of what constitutes an innovation becomes an assessment not just of the local but also the impact of the local on more systemic conditions, and ultimately on the economy and society itself. In colloquial terms the better mousetrap may be no more than a further development of an existing type, or it may be a radical shift that eliminates the species and alters the ecosystem. An example often quoted is the shift from the icebox to the refrigerator.

The final dimension is the one concerning the normative importance of innovations and whether or not we assume that innovations are inherently good, or instead, judge them by whether or not they create systemic, useful change. In this sense we might see innovation as a synonym for major change and remain agnostic about impacts, or view impact as an issue for evaluation. Drugs with adverse side-effects and industrial processes with negative environmental impacts are examples. Clearly, not all innovation produces actual improvements.

What these core questions suggest is not so much a set of criteria as a number of continua by which innovations can be assessed. Better mousetraps, new drugs and improved childcare services may be less dramatic than space travel or gene technology, but might still be considered to be indicative of an innovation culture and of significant, breakthrough improvements for vulnerable populations. This assessment process is further complicated by the fact that the impacts of innovations are difficult to measure at the time of creation and adoption. Either studies must wait the long march of history before making worthwhile judgments, or some interim evaluation must be used.

In conventional studies of innovation within the private sector, each of these issues must be considered and incorporated into the study design. In studies of government innovation the design must include several extra dimensions. In particular, we know that government involves

a *defined form of institutional development* that is often very different from the managerial and technical processes found in industry. Government action is more complex and involves actors with quite different attributes. Politicians and bureaucrats have not only different roles but also different constituencies and different skills (March & Olsen 1989). There is also a much greater emphasis on accountability in the public sector, with officials involved in innovation having to keep a close eye on the budgetary implications of developing and implementing innovations and having to justify innovation expenditure against competing priorities.

The government innovation story therefore needs to take explicit account of the normative frames that actors use to calibrate their actions and to influence the actions of others, as well as the governance relationships and action channels which privilege certain forms of action and restrain others.

Research questions

In this chapter we address two related questions about local governance, using innovation as a focal point. First, we seek to remedy the silence that prevails with regard to the role of political actors and innovation. At a general level we seek to understand what innovation means to those engaged in the public sector. How do politicians define these issues and build their roles? What do senior bureaucrats contribute? Second, we want to explain the institutional aspects of innovation inside government. Do these actors see the formal structures as contributing to innovation or as a source of obstacles? Do managerial processes play a significant role?

To explain the contribution of these relationships and structures in innovation we must also understand how real actors frame the issue of innovation, how they create expectations about what it might deliver, and how they evaluate or rate their role in achieving innovations. Are there substantial differences between politicians and bureaucrats, and between different governments? Does the seniority of different groups of actors mean that they see innovation in different terms? Do politicians and bureaucrats see institutional structures and processes differently and thus are they likely to employ different approaches to achieve innovation?

Methodology

We elected to investigate municipal governments because this makes it possible to generate a large number of cases with common institutional structures. Our eleven Australian municipal governments were drawn

from the State of Victoria where common legislation creates a bounded environment with standard tax, service and regulatory structures. But the cases vary considerably in the socio-economic status of citizens, the nature and degree of party polarisation, gender representation and urban/rural diversity.

We surveyed all politicians and bureaucrats down to team leader/coordinator level (the top four levels of bureaucrats) in eleven municipalities between August and December 2002. We have used pseudonyms to describe these cities. Questionnaires were distributed either at staff meetings or through the internal mail system, and up to two follow-up approaches were made to non-respondents. The overall response rate was 80 per cent and the specific response rates for each council and for politicians and bureaucrats are shown in Table 11.1. The overall response rate for councillors was fractionally under 70 per cent, and for council officers and staff was 80 per cent.

This study was preceded by a pilot study in another municipality in 2001 in which in-depth interviews were used to explore the willingness of politicians and officials to discuss these issues and to determine whether we could develop usable measures. Interview material from this

Table 11.1 Response rates for councils in study

Council	Staff identified in Sample*	Returns	Response Rate %	Councillors	Returns	Response Rate %
Banksia	77	63	81.8	7	3	43
Bilby	48	41	85.4	7	6	86
Koala	88	78	88.6	9	7	78
Mimosa	66	51	77.3	9	4	44
Mangrove	54	45	83.3	8	7	88
Myrtle	65	57	87.7	7	2	29
Melaleuca	233	162	69.5	9	7	78
Magpie	93	74	79.6	10	8	80
Platypus	102	89	87.3	7	5	71
Wallaby	52	46	88.5	5	3	60
Yabby	69	59	85.5	9	7	78
Overall	947	765	80.8	87	59	68

* The number of staff identified from organisational charts and other information provided by the councils, as being at the top four levels – chief executive officer, director, manager and team leader/coordinator.

pilot study was used to generate statements to be used in the questionnaire. The questionnaire was then pilot-tested on the contact officers from the eleven councils and further changes were made in order to simplify and shorten the schedule. Abbreviated versions of the items used in the final questionnaire are given in the tables in the Appendix.

THE NORMATIVE FRAME

We asked politicians and bureaucrats to situate their own views in relation to a series of statements about innovation in order to discern their underlying assumptions, tacit understandings and norms in this area. The statements included different definitions such as ‘innovation means making small, continuous improvements’, and ‘innovation means making major changes’. Respondents were asked to indicate their level of agreement with these statements on a 5-point Likert scale, ranging from strongly disagree to strongly agree.

We then used the sixteen items concerning the normative basis of innovation to develop a set of common positions, or latent normative structures. The sixteen items were factor-analysed using principal components analysis, and the results are shown in the Appendix. The five factors that emerged we have characterised as representing *institutional*, *structural*, *sceptical*, *incremental* and *adaptive* views of innovation norms. The institutional factor refers to innovation being seen to be mostly about internal structures and organisational factors. The structural type refers to innovation as radical, externally driven and based on conflict. Sceptical refers to innovation being seen as limited and having an uncertain role in government. Incremental refers to small and planned efforts, and adaptation refers to innovation being seen as based on adapting ideas from elsewhere and as being quite different in the government context.

The resulting factor scores were then used in a series of analysis of variance tests, to determine whether there were significant differences between councils, between politicians and bureaucrats, and between people in different positions. In Tables 11.2 to 11.4, standardised mean factor scores are given. These scores have a mean of zero, so anything above zero is in effect above the mean for all groups, and negative scores indicate groups that are below the mean. Not all of these showed statistically significant differences between groups – the significance is indicated by the F test in the final column of the tables. Only those significant at $p < .05$ are discussed.

Table 11.2 shows that significant differences were found for the institutional type across councils and across positions, but not between politi-

Table 11.2 Innovation norm: institutional (internal structures and organisation)

	N	Mean (factor score)	Significance of F test
Banksia Council	61	.61	Overall p=.00
Bilby Council	39	-.09	
Koala Council	71	-.15	
Mimosa Council	45	.15	
Mangrove Council	42	.30	
Myrtle Council	51	-.03	
Melaleuca Council	152	-.34	
Magpie Council	64	-.20	
Platypus Council	84	.17	
Wallaby Council	45	.34	
Yabby Council	55	-.09	
Politician	48	.13	p=.38
Bureaucrat	656	.00	
Mayor	11	.28	p=.01
Councillor	40	.08	
CEO	10	.64	
Director	47	.42	
Manager	174	.03	
Team Leader/Coordinator	286	-.07	
Other	142	-.09	

cians and bureaucrats. This shows that a view of innovation as resting on internal structures and organisation is different in different places. Banksia Council scored highest on the institutional type, while Melaleuca scored lowest. It is also strongly associated with the role occupied by the respondent – where you sit helps determines how you think. CEOs identified most with the institutional norms, followed by directors then mayors, then councillors and managers, and team leaders/coordinators identified least with this norm.

The structural view of innovation was also significantly different across councils, with Platypus and Yabby Councils being most closely

Table 11.3 Innovation norm: structural (radical, externally and conflict driven)

	N	Mean (factor score)	Significance of F test
Banksia Council	61	.20	Overall p=.01
Bilby Council	39	-.27	
Koala Council	71	-.17	
Mimosa Council	45	-.10	
Mangrove Council	42	-.25	
Myrtle Council	51	.07	
Melaleuca Council	152	-.03	
Magpie Council	64	.02	
Platypus Council	84	.26	
Wallaby Council	45	-.27	
Yabby Council	55	.28	
Politician	48	.25	p=.08
Bureaucrat	656	-.02	
Mayor	11	-.09	p=.30
Councillor	40	.36	
CEO	10	.05	
Director	47	-.01	
Manager	174	-.09	
Team Leader/Coordinator	286	.02	
Other	142	-.03	

aligned with this view of innovation, and Wallaby, Bilby and Mangrove Councils the least aligned with this view. The difference was also close to significant for politicians versus bureaucrats (Table 11.3), with politicians more likely than bureaucrats to view innovation as a structural issue.

Whether respondents were likely to adopt a sceptical view of innovation (seeing it as little to do with government) also varied significantly across organisational positions and was close to being significant across councils. Mayors and ‘others’ (generally people at the fifth level down in organisational terms) were the most sceptical about whether government could contribute much to innovation, followed by team leaders/coordi-

nators and managers. Councillors and directors were less sceptical and CEOs were the least sceptical about innovation (Table 11.4).

The incremental view of innovation did not produce significant differences, between councils, between politicians versus bureaucrats, or between positions. Innovation being expressed as a process of adaptation did not differ significantly across councils, politicians versus bureaucrats, or positions either.

To summarise, we found five different views of innovation based on the outlook of municipal actors. Three of these – institutional, structur-

Table 11.4 Innovation norm: sceptical (limited and uncertain government role)

	N	Mean (factor score)	Significance of F test
Banksia Council	61	.02	Overall p=.07
Bilby Council	39	.04	
Koala Council	71	-.10	
Mimosa Council	45	-.03	
Mangrove Council	42	.26	
Myrtle Council	51	-.14	
Melaleuca Council	152	-.08	
Magpie Council	64	.03	
Platypus Council	84	.31	
Wallaby Council	45	-.31	
Yabby Council	55	.01	
Politician	48	-.05	p=.75
Bureaucrat	656	.00	
Mayor	11	.12	p=.01
Councillor	40	-.17	
CEO	10	-.99	
Director	47	-.19	
Manager	174	-.05	
Team Leader/Coordinator	286	.04	
Other	142	.14	

al and sceptical – demonstrated important differences based on structural locations and roles. This suggests that there are local ‘cultures’ of innovation which shape how individuals within these organisations see innovation. Institutionalists are also more common among the higher ranks of the bureaucracy, suggesting that senior bureaucrats tend to be more optimistic about what the structures and organisational features of a council can contribute to innovation. Some municipal governments have a more structuralist view, suggesting more of a ‘big bang’ culture of innovation that sees it as radical, and driven externally and by conflict. Mayors and more junior bureaucrats are more likely than others to be found among those sceptical about what innovation means in the local government setting.

From definitions to institutions – what helps or hinders?

While there are differences between key actors in regard to the part played by institutional processes, all are implicated in a governmental process that demands some engagement with this regulated environment. We wanted to know how these actors would evaluate different parts of this institutional realm. Which pathways towards innovation would be most important to them? Where would they locate the chief impediments to innovation?

We asked our politicians and bureaucrats about the main institutions and instruments used in local government. A list of thirteen items, including such things as the role of statutory meetings, budgets and corporate plans, was presented to them and they were asked to rate each item in regard to whether it mostly helped or mostly hindered innovation. Strongly coherent groups of variables emerged from a factor analysis of these items. We found three different positions, expressing different views of instruments most likely to help and hinder. We have called these *political governance*, *managerial governance* and *electoral governance*. The items can be seen in the Appendix with the factor analysis results.

The factor that we have called political governance covers all the formal legislative processes of local government. The annual budget process and the corporate plan belong with both this factor and the organisational factor, suggesting that these are associated with political governance and also seen as part of internal management structures. Managerial governance includes the internal management structures associated with councils and council staff, but not politicians. These include pay and performance systems and the role of divisional structures and quality proce-

dures. The variables making up the electoral governance factor centre on the role of elections, State government regulation, and the culture, values and other characteristics of local politicians.

The results of the analyses of variance presented in Tables 11.5 to 11.7 again give standardised mean factor scores with a mean of zero. In this case, positive scores indicate that this group saw the factor as helping, while negative scores indicate the factor was seen as hindering.

The view of whether political governance helps or hinders innovation varies significantly between bureaucrats and politicians, with politicians being far more positive about what this set of processes delivers than

Table 11.5 Innovation processes: political governance

	N	Mean (factor score)	Significance of F test
Banksia Council	52	-.01	Overall p=.14
Bilby Council	30	.22	
Koala Council	60	.08	
Mimosa Council	43	.26	
Mangrove Council	36	.08	
Myrtle Council	45	.01	
Melaleuca Council	136	-.13	
Magpie Council	57	.13	
Platypus Council	73	.07	
Wallaby Council	37	-.10	
Yabby Council	47	-.35	
Politician	44	.44	p=.00
Bureaucrat	568	-.03	
Mayor	9	.32	p=.05
Councillor	37	.51	
CEO	9	-.11	
Director	44	-.08	
Manager	153	-.02	
Team Leader/Coordinator	242	-.07	
Other	121	.04	

Table 11.6 Innovation processes: managerial governance

	N	Mean (factor score)	Significance of F test
Banksia Council	52	.46	Overall p=.00
Bilby Council	30	-.18	
Koala Council	60	.13	
Mimosa Council	43	-.04	
Mangrove Council	36	.07	
Myrtle Council	45	.10	
Melaleuca Council	136	-.27	
Magpie Council	57	-.26	
Platypus Council	73	.01	
Wallaby Council	37	.50	
Yabby Council	47	.01	
Politician	44	.05	p=.41
Bureaucrat	568	-.01	
Mayor	9	.34	p=.00
Councillor	37	.10	
CEO	9	1.04	
Director	44	.42	
Manager	153	.14	
Team Leader/Coordinator	242	-.16	
Other	121	-.16	

bureaucrats (Table 11.5). This suggests that councillors value those instruments over which they have most control. Mayors and councillors see these processes as helping, while bureaucrats at all levels see them as hindering innovation.

Managerial governance and its impact on innovation differs significantly between councils and across positions (Table 11.6). At one extreme, Banksia and Wallaby Councils view these processes as helping innovation, while Melaleuca and Magpie Councils see them as hindering. CEOs were the most positive about managerial governance in helping innovation, followed by directors then mayors. It should be noted that

mayors are the only full-time politicians and as such spend more time in the Town Hall than their colleagues. Managers and councillors are next in line and team leaders/coordinators and others (the most junior positions) see managerial governance as hindering rather than helping.

Electoral governance varies significantly across councils, but not across positions or politicians versus bureaucrats. At one extreme, Koala Council viewed electoral governance as hindering innovation, while Platypus Council was at the other extreme, seeing it as helping innovation. Clearly, the view of how helpful the democratic process of electing councillors is varies from place to place (Table 11.7).

Table 11.7 Innovation processes: electoral governance

	N	Mean (factor score)	Significance of F test
Banksia Council	52	-.27	Overall p=.00
Bilby Council	30	-.14	
Koala Council	60	-.78	
Mimosa Council	43	-.05	
Mangrove Council	36	.10	
Myrtle Council	45	.13	
Melaleuca Council	136	.07	
Magpie Council	57	-.06	
Platypus Council	73	.58	
Wallaby Council	37	.22	
Yabby Council	47	.00	
Politician	44	.18	p=.22
Bureaucrat	568	-.01	
Mayor	9	.50	p=.44
Councillor	37	.13	
CEO	9	.00	
Director	44	.11	
Manager	153	-.03	
Team Leader/Coordinator	242	.03	
Other	121	-.13	

To summarise the findings on innovation processes, we found that politicians are most positive about the role of political governance, while CEOs and top officials are negative about this aspect of governance in relation to innovation. Whether you favour managerial governance or electoral governance is likely to depend on what council you work in. But regardless of this, you are more likely to favour managerial governance if you are a CEO, a mayor, or a senior bureaucrat. If you are a lower level official you are likely to regard these organisational processes as an impediment to innovation.

What these results have shown is that there are more or less coherent normative positions among these actors with respect to two different dimensions: the way innovation gets defined, and the role played by key governmental processes.

Finally, we investigated whether these different dimensions of norms or institutions are related to one another. The institutional norm is significantly associated with each of the three governance types, but is *most strongly correlated* with managerial governance (Table 11.8). That is, people who see innovation as about internal structures and organisation also see things like pay and performance as most helpful. Not surprisingly, the structural approach is not related to these internal processes, since in this view innovation is primarily about major and external change. Neither the sceptical nor the adaptation norms of innovation are correlated with internal processes, indicating that if the view of innovation is limited and uncertain, or simple adaptation from elsewhere, then processes are not likely to be seen as important. The only remaining significant correlation is between the incremental norm and political governance. People who see innovation as small and planned also see Council’s formal meetings and the budget processes as helpful to innovation.

Note that because orthogonal rotation of the factors was used, there

Table 11.8 Correlations* between innovation norms and processes (n=715)

Political governance	Managerial governance	Electoral governance	
Institutional	.17	.47	.13
Structural			
Sceptical			
Incremental	.17		
Adaptation			

* Spearman rank correlation coefficients (p), significant at p <.01 shown.

are no significant correlations among the five innovation norms, or among the three innovation process factors.

Discussion and conclusions

These results suggest that we can usefully generalise about several important aspects of the relationship between local governance and innovation. First, we can incorporate into the discussion about governance an awareness of important normative dimensions. It is plainly not enough to talk about governance as a series of structural relationships between actors or institutions and to fail to take into account that all such actors operate from within a normative frame. We have investigated the frame as it concerns the question of innovation, but the same would be true if we looked at other critical elements of governance such as leadership, engagement or accountability. In each of these cases there would be a prevailing set of norms and counter-norms regarding the meaning, deployment and importance of these concepts.

What we have shown with respect to these eleven municipal governments is that the key actors do have coherent normative positions and that these differ by municipality, by role and by place in the hierarchy.

The five positions we discovered using factor analysis were termed *institutional*, *structural*, *sceptical*, *incremental* and *adaptive* norms. The institutional frame refers to the belief that innovation is supported by internal structures and organisational factors. The structural type frames innovation as externally focused and sometimes involving conflict. The sceptics refer to innovation as something government does not do, or which it may impede. The incrementalists see innovation as small and planned actions, while those viewing it as a form of adaptation refer to the capture of ideas from elsewhere.

The significant differences we found for the institutional and structural frames across councils suggest that a different ‘culture’ of innovation exists in these different governments. Adherence to the institutional frame is also associated with the role occupied by the respondent – where you sit helps determine how you think. CEOs identified most with this institutional frame, followed by directors then mayors, then councillors and managers, while team leaders/coordinators identified least with this set of norms. Those lowest on the hierarchy are far more likely to be sceptical about the innovative potential of their organisations’ organisational structures.

The structural view of innovation was close to statistically significant for politicians compared to bureaucrats, with politicians more likely than bureaucrats to view innovation as a structural issue. This confirms a view

that politicians are far less interested in the internal processes of innovation than in external results. These findings suggest a number of tensions in the way innovation is being understood in the governmental setting.

Having established the normative basis for this analysis, we then examined the role of actual governmental processes and asked our politicians and bureaucrats about the main institutions and instruments used in local government. Strongly coherent groups of variables emerged from the factor analysis of things such as the role of key meetings, the budget, and corporate plans. We found three different positions, expressing different views of the instruments most likely to help and hinder, and labelled these political governance, managerial governance and electoral governance.

Politicians were more favourable about the role of political governance than bureaucrats, perhaps because it is they who have formal control over this part of the governmental process. Managerial governance and its impact on innovation differs significantly between the councils and across roles and positions. The distribution of councils saw two being quite negative and two being highly positive. Predictably, CEOs were the most positive about managerial governance, since they have direct statutory control over these levers and incentives. Next most enthusiastic were directors, then mayors. As noted above, mayors spend more time in the Town Hall than their colleagues. Two conclusions could be drawn from this. Either their greater proximity to the bureaucrats affords them a chance to see how managerial systems work to the advantage of innovation, or their location leads to their capture by bureaucrats.

The assessment of electoral governance varies significantly across the councils, but not across different positions or between politicians and bureaucrats. Plainly, some have bad experiences with electoral contests and politicking by councillors, while others enjoy a history of positive engagement, even where this includes the necessary competition for positions.

We have shown that the concept of innovation has a number of different normative frames which can help in understanding the different cultures operating inside municipal governments. We have also shown how different frames vary in relation to where an individual sits within the hierarchy and whether they are on the political or bureaucratic side of the fence. Our findings also indicate that different types of governance can be identified and that governance processes are important in determining whether innovation occurs or not.

It is not surprising that politicians most favour those governance processes that are about council meetings and the budget process, where they have substantial input and control. Neither is it surprising that those

with the most positive view of managerial governance are CEOs, directors and mayors. More and less positive views on electoral governance probably reflect the extent to which the cycle of electing councillors is seen as part of the democratic process or as a nuisance that interferes with the smooth running of municipal government business.

While we chose innovation as the focal point here, our study has broader implications for understanding local governance. Structures are important, but so are the normative underpinnings of the different ‘cultures’ of local governance. Similarly, views of governance and how it helps and hinders innovation are variable and relate to where actors sit within structures. Drawing conclusions about how local governance can be improved will rest on a stronger foundation if such normative frames and governance processes are understood. Knowing that certain classes of actors will evaluate innovation differently and favour different institutional pathways does not rule out alternative strategies, but it does mean that certain inbuilt imperatives must first be accommodated, and if necessary overcome.

This chapter has provided a window into the norms, behaviours, relationships and institutions which support political and bureaucratic innovation. These factors are crucial to building sustainable local governance architecture for two reasons. First, enhanced citizen participation and more devolved democratic organisation requires politicians and bureaucrats, supported by the institutions of parliament and government, with the capacity and willingness to dialogue and deliberate with the ‘messiness’ of civil society. Second, political and bureaucratic innovation is crucial to addressing the ‘wicked problems’ of social exclusion and building real partnerships between the state and civil society.

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Appendix

FACTOR ANALYSIS OF INNOVATION NORMS
AND INNOVATION PROCESSES

INNOVATION NORMS FACTOR LOADINGS (N=715)

	Institutional	Structural	Sceptical	Incremental	Adaptation
Small continuous improvements				.73	
Develop or adapt new technology					.44
Making major changes		.47			
Planned effort to improve process, service program				.71	
Working closely with community		.60			
Not something governments do			.69		
Resolving conflicting priorities		.56			
Accountability requirements limit innovation	-.40		.58		
Need to move outside regular channels		.60			
No difference between roles of experts, politicians, managers		-.43			.52
See self as an innovator			-.41		.46
Structures encourage innovation	.82				
Councillors identify needs, officials create innovations			.54		
Organization values innovative individuals	.82				
Strength is in adapting innovations to situation					.56
Difficult to be innovative in our organization	-.78				

Principal components analysis with varimax (orthogonal) rotation).
Only factor loadings with a magnitude of .30 and greater are shown in this table.
Percentage of variance explained by 5 factors = 51%.

INNOVATION PROCESSES FACTOR LOADINGS (N=619)

	Political governance	Managerial governance	Electoral governance
Annual budget process	.51	.38	
Council corporate plan	.35	.49	
Council statutory committee meetings	.79		
Council advisory committee meetings	.72		
Council meetings	.72		.39
Pay and promotion system		.54	
Values and culture of executive management		.80	
Divisional structure of council		.62	
Quality of proposals coming from officers		.62	
Council election campaigns			.67
State govt regulation of local govt			.55
Values and culture of elected councillors			.75
Quality of proposals coming from councillors			.74

Principle components analysis with varimax (orthogonal) rotation).

Only factor loadings with a magnitude of .30 and greater are shown in this table.

Percentage of variance explained by 3 factors = 52%.

Localisation in Contemporary Public Management

Michael Hess and David Adams

If contemporary Australian public management is to respond successfully to international trends in the localisation of policy and implementation it will need a new knowledge base and a new set of skills. This chapter outlines the background to the deficits in these areas currently facing our public administrators and suggests ways of addressing them. Other authors in this book have identified many of the factors that are propelling changes to public management. Some of the key features of this changing landscape include:

- the re-emergence of community and its potential policy agency
- the focus on place management
- the importance of networks to knowledge creation
- the convergence of traditional planning with social capital
- the perceived redistributive failures of economic rationalism and market instruments.

While there are broader discussions about the future roles of markets, communities and governments in public policy, we have focused in this chapter on the specific issues of new forms of knowledge in the public

sector and the challenges such knowledge throws up for current instruments and practices – in short, introducing the idea that knowledge has an important spatial as well as temporal element to it.

Following the patterns set in the UK and the USA, Australian public management was dominated in the 1980s and 1990s by instruments and practices based on economic knowledge. Not only did this functionally marginalise social policy, it also had a profound impact on how we viewed the knowledge and skills required for making and implementing good public policy. The ‘economic policy lobby’, whose knowledge and expertise underpinned this policy revolution, became located in or were closely associated with central government agencies such as cabinet offices and treasuries. This centralisation of knowledge, with the apparent certainty of a unitary frame of reference, was fundamental to the political success of NPM. It was also responsible for the principal deficits under this model of policy and management, which began emerging during the 1990s.

Recognition of the deficits created by an over-reliance on economic instruments has seen public managers (re)discovering alternative ways of making and implementing policy. At the same time, the management of locational factors is increasingly being seen in both public and private sector management as a determinative factor in successful adaptation to changing economic and policy environments (Porter 2000; Florida 2003). So, on the one hand, businesses can be seen attempting to draw together threads of knowledge and networks of relationships available in particular localities to increase competitive advantage and return an investment to shareholders, while on the other hand governments can be observed responding to customers and citizens, who are demanding processes and outcomes more tailored to their particular local needs. In both cases the enterprises and organisations which are able to tap into local knowledge and networks will be advantaged. The decades of dominance by economic knowledge and instruments have left public managers ill equipped to ride this new wave of locality-based innovation. The extent to which Australian governments are able to respond to these trends will be determined in practice by the extent to which public administrators are able to retrain themselves to gain the skills required for developing and implementing location-based policies.

This chapter rests on a logic previously developed in the historical analysis of changes in the ontology and epistemology of public administration (Hess & Adams 2002, 2003). In these works it was noted that such changes have historically taken place more or less constantly but are particularly noticeable during periods in which the role of government is being redefined to fit changing relations in societies. In such periods, the

knowledge frameworks on which public administration rests are also likely to be redefined around questions of what knowledge might be newly relevant to government in general and to specific policy areas in particular. In our previous analysis, referred to above, contemporary changes in public administration were characterised as involving a move from positivist to constructivist knowledge frames. Two aspects of this which have particular relevance to the issues of locality and social inclusion are that centralised expertise is being challenged by local knowledge and that multiple knowledge frames are being simultaneously acknowledged as significant for policy-making and public management.

This movement in knowledge base has the potential to create a policy role for community networks and local governance. It is, however, important to note that neither the success of arguments for this nor the creation of the means needed to enable it to succeed are guaranteed. One cause of potentially fatal barriers is the political process itself. Electorally driven political leaders may well see little beyond the risks of greater exposure to community participation or the advantages of hitching a ride on this latest bandwagon. Either way a narrow focus on the electoral risks and advantages of localisation may prove fatal to an historic opportunity to add to our policy toolkit. The alternative of seeing a move to local governance as an evolution in the capacity to make and administer sound policy certainly requires considerable vision and leadership. There is a great temptation to seize the instruments of local policy engagement, community consultation for instance, for immediate political advantage. Equally great is the possibility of shying away from local engagement because of a perception of its political risks. If either of these reactions dominates policy processes they will not merely fail to grasp the opportunity offered by real localisation, but the whole process may also be discredited. Rhetoric about consultation not matched by performance may also create a significant political backlash. While it may be that such rhetoric is cynical, there is also a strong possibility that it may fail even where it is genuine, because of a lack of appropriate skills among those called upon to implement it. From a public management viewpoint, then, the task of localisation is not a simple one, and if the pitfalls are to be avoided a clear understanding of the context and underpinning concepts is required.

The context

Attempts by public administrators to balance an over-reliance on economic ideas and data by bringing different forms of knowledge into public policy and administration have involved two sets of epistemological

implications, each with their own impacts on the skills that are likely to be required of public administrators.

First there are those skills required for deploying the particular alternative areas of knowledge that may be used to address the deficits evident after two decades in which markets have been seen as containing the secrets of good government. One way of thinking of these alternative sources of knowledge is to add the non-financial 'capitals', human, social and natural, to the public policy equation. While not all of the knowledge this makes available is new, a lot of it is new to today's public administrators, whose conceptual focus has been narrowed by their formal training and two decades of reliance on economic knowledge.

The second set of implications is about the need to simultaneously value the various alternative knowledge frames relevant to particular areas of public policy and administration. A contrast can be drawn here between the relatively unitary nature of economic knowledge and the variety of factors brought into play by the inclusion of knowledge arising from other forms of capital. Some of these alternative knowledge frames are inaccessible to centralised policy and administrative procedures and thus pose operational difficulties for people who are trying to use this 'new' knowledge while working within traditional public organisational structures. One difficulty is that attempts to use other sources of knowledge to balance economic ideas and data create compatibility problems in the structures and skills required for community or state engagement on policy and its implementation.

The period of dominance of economic knowledge built upon a strong history of positivism in public administration. This tradition had two great advantages for governments in periods in which their societies expected that policy-makers would take the lead in planning and executing economic growth and social development. The first was that this knowledge was directed at solving problems. In democracies this had electoral importance because it enabled governments to address the issues of the day. In administrative terms it facilitated a focus on specific policy areas for which apparently discrete and highly specialised organisations, with different and highly specialised forms of knowledge, could be developed. The second advantage of a positivist approach was that this knowledge was owned by the experts who, until recently at least, were government employees with careers (and lives) structured within the organisational silos, which institutionalised the knowledge needed for particular policy areas. Among the results were an inability to address specific problems arising within communities of location or interest and an inability to manage locational factors as drivers of innovation in policy-making and implementation.

A constructivist approach to knowledge provides an alternative. Such an approach implies a focus on iteration and learning in which knowledge is not owned by the experts. Rather, it is something which is developed during policy and management processes. The positivist approach has experts searching for the 'right' ideas and applying objective expertise to solve specific problems. The constructivist approach suggests that it is within a policy discourse that the appropriate knowledge develops. Public administrators and politicians, traditionally the sources of policy, are certainly parties in that discourse. So, however, are communities based on both location and interest. It is here that an epistemological discussion may meet a concern with local governance because, under a constructivist approach, it is in the relationship between government and communities that the knowledge appropriate to particular issues is created and legitimised.

This relationship (re)emerged in Australian public administration in the late 1990s with the rise of community consultation mechanisms as a suddenly mandatory part of policy processes (Adams & Hess 2001). Among the concerns about the wisdom and effectiveness of community consultation is the old problem of participation summed up so famously in the French student slogan of the late 1960s: 'I participate; you participate; we participate; they decide'. Without wishing to get into a critique of consultation processes, it is clear that in Australia they have covered a wide range. The worst have tended towards window-dressing. Many have, however, been seriously undertaken but have still not improved policy or its implementation. At a knowledge level these more genuine processes have often seen public administrators setting forth Columbus-like from their organisational structures in the hope of finding the missing pieces of particular policy jigsaws. The point for analysis is that the assumptions have remained positivist and so the skills employed have been those familiar from older patterns of policy-making based on centrally owned expertise. It is difficult to see how such a knowledge and skills base can facilitate the push to localisation, and easy to see how it might undermine such initiatives.

The 'new' knowledge

So what would a constructivist approach to policy knowledge look like and what are the skills needed for public administrators to take part in contemporary knowledge creation involving community networks?

The policy and administrative knowledge traditionally developed, protected and acted on by organisations mandated to look after particular policy areas has no natural meeting point with local knowledge devel-

oped in community networks. In Australia the realisation that this is the case has seen governments taking specific steps to create structures which will 'look after' alternative processes and specifically bring community considerations and processes into the operation of government. The establishment of the Department for Victorian Communities is one institutional attempt to acknowledge the importance of community skills and energy as drivers bringing the local knowledge of community networks into public administration (Hess 2003). While these initiatives are laudable as attempts to redress the balance in policy-making, our point is that they run the risk of failure at a practical level because the skills required of the bureaucracy and the community have not been part of our national life for some time. While academic discussion of the virtues of social capital may claw back some intellectual legitimacy for a focus on non-economic policy outcomes, we will need skills of engagement and cooperation, unlike anything we've previously attempted in non-emergency situations, to make community participation work.

This concern is not based on making guesses about the future. Rather, it arises from an analysis of contemporary trends in which the knowledge frames in public management are already changing. Nor is such change a new or alarming phenomenon. It may in fact be seen as part of a continual process of adaptive practice as public administration moves with the times. Table 12.1 is revisited here from earlier work (Hess & Adams 2002). It establishes a conceptual context within which to place the discussion of skills by considering how the relationships between worldviews, knowledge frames and the conduct of public administration has changed over time. In discussing the following table, some depth is added by choosing a commentator whose work characterises the periods which seem to be watersheds in change to produce a set of stereotypes of public administration in these periods. This is used to show how particular views of the world of public administration (ontologies) have been related to what has been constituted as good knowledge (epistemologies) in given historical policy environments.

The first column characterises 1930s public administration. In developing this we were struck by just how foreign a contemporary description of the character and activities of our earlier counterparts now sounds. Subsequently colleagues working in some areas of public management in which vocational motivation has survived, like health and education, have remarked on the affinities they feel with the earlier stereotypes. In any case, commentary on the 1930s public administration emerges as being based on a combination of faith and reason (Finer 1932). Under such an approach the stereotypical Civil Servants must believe that the public welfare is their sole end, and that they are not

Table 12.1 Ontological and epistemological change in public administration over time

	1930s	1960s	1990s	2010?
Caricature	Manuals and forms	Planning and policy	Management and contracts	Knowledge and energy fields
Core subject	Constitutional law	Policy analysis	Management	Brokering meaning systems
Discipline	Political science, law	Policy studies	Management and economics	Governance
Body of knowledge	Law, history	Social science	Public choice (deductive positivist)	Interpretive (inductive empirical)
Unit of resourcing	Functional sphere	Programs	Individuals outputs	Public service outcomes
Problematic	Administration	Poverty, employment	Legitimacy	Coherence of economic, social and human capital
Main tool types	Regulatory, budgeting	Planning, management	Competition, productivity	Sustainability, deliberation
Organising focus	Bureau	Programs	Output groups	Networks
Public servant	Bureaucrat	Public administrator	Public manager	Knowledge facilitator

entitled to spiritual and material adventures which conflict with this end. If our stereotypical Civil Servants receive orders which are unsound, or are reprimanded unjustly, their sense of obedience must not be weakened, and (without animus) they must honestly state what seems to them unfair and inefficient. Their use of leisure would need to be such as not to render them unfit for the best performance of their duties. Their inventive faculties must be continually kept at their fullest natural stretch. Their imagination must, as far as it can, see through the bureaucratic forms and the oral and written reports to the human realities they represent. The representative political assembly and its organs will lay down the limits within which they may act officially, and they owe obedience to these decisions.

This approach involves a view of public administration as having stewardship of the public interest. Good public sector knowledge was therefore seen as coming from a clear mind acutely tuned to the laws and procedures passed down from central authorities. Where these authorities derive their legitimacy from a democratic constitution it was

assumed that they would, as long as due process was followed, arrive at the policy outcome which best served the public interest. Faith in hierarchy and the application of 'generic' reason flow through this thinking. In the UK and those nations where government was modelled on the British system, this was the mainstream ontology and epistemology of public administration until well into the 1950s.

The general administrator under this stereotype was a cultured and cultivated man (!), whose knowledge of society was historical and institutional or legal. The main arguments about the desirable education for such public administrators revolved around the significance of law, and the claims of modern as against ancient history or philosophy. An extension of this education to take in modern social structure or economic institutions could be accommodated within this tradition, but instrumental techniques of social science fell outside it. This exclusion rested on a subtle distinction between 'administration', as concerned with high affairs of state, and 'management' as concerned with the routine operation of public services, a distinction long expressed in the relationship between the administrative and executive class in the UK.

The second column considers a public administration stereotype of the 1960s. By this period the historico-institutional knowledge frame was outdated and the exclusion of quantitative and managerial techniques from administrative education was no longer practicable (Self 1972). Although these instrumental techniques were to be performed mainly by various specialists, the administrator needed at least to understand their relevance for the tasks of analysis and appraisal. Conversely, of course, a heavy concentration on the study of quantitative techniques, to the exclusion of institutional and historical studies, was seen as dangerous because it would turn the administrator into a technician who was uninformed about the structural and historical setting of the problems public administration must address.

The cultured and cultivated public servant now needed an injection of quantitative and managerial techniques. This was, not coincidentally, the high point of the claims of the social sciences to understand the social world in the same way that the physical sciences were apparently able to understand the physical world. The laws of social relations were about to be discovered and this knowledge would, for instance, enable poverty to be structured out of existence.

In the third column the changes wrought in 1990s public administration under the impacts of economic rationalism are evident (Kemp 1998). In this new era public administration was called on to balance three quite complex issues. First, it was called on to view policy from the perspective of choice. Strategies which assumed limited choice or monopoly in the

consumption of service by citizens became unacceptable for many activities of government. Second, the process of policy development and strategy demanded greater sophistication. Choice-based policy options called for more transparent, more creative and more subtle processes than those based on either administrative regulation or planning procedures. While this involved the consideration of many new dimensions, the primary one was determining how the citizen could have the maximum freedom within a market of services. Public administration needed to comprehend both supply and demand issues. The third set of new issues to intrude themselves into public administration under the impact of economic rationalism was the centrality of the clear identification and articulation of outcomes. This required quantitative measurement of a high degree of detail and was fraught with problems of both method and process. Methodologically, the failure to cope with qualitative factors was a major problem because processes involving freedom of choice introduced variables with which centralised agencies using a narrowly economic knowledge base had difficulty coping.

So in the 1990s the assumed objectivity of the social sciences was supplanted by a more specific endorsement of public administration as being like a market. In this conceptualisation, good knowledge is knowledge driven by public choice reasoning. Price signals and competition become the currency of good knowledge. From an epistemological viewpoint, the owner/funder/purchaser/provider model represents a high point of how to create a particular form of knowledge which becomes self-referential: because it is market-type knowledge it is 'good' and because it is good it is likely to be based on market practices. Under this approach, altruistic and non-market ideas began to struggle to make an impact on policy or its implementation (Stillwell 2000).

In the final column an attempt is made to bring contemporary movement in public administration together into a picture of possible futures for public administration. This draws on insights into the impact of post-modernism on views of where public administration might fit and on what knowledge it might be based (Fox & Miller 1996). In this period it appears likely that the ontology of public administration will be deconstructed (no more departments, for example) and an attempt made to construct a new reality based on another type of language and action. The Fox & Miller work on this is as dense and as odd to read as Finer's description of the public service of the 1930s. Because it is hard to understand, the first response may be to treat it as nonsense (as many do). But then one of the reasons it is hard to understand is that currently prevailing ontologies and epistemologies make it difficult to comprehend alternative views of possible futures.

At a second glance, however, the key concepts of a postmodern approach have a lot in common with elements of current public administration debates. So the 'public energy fields [of] all those activities and recursive practices currently conceived as agencies and institutions in organisational chart boxes' (Fox & Miller 1996: 100) seem to be something like the networks we talk about as being central to new and open forms of knowledge construction. The demise of the department might well sort out many of the 'silo' problems frequently experienced in current structures. Similarly, an approach in which knowledge is seen as residing in 'a public sphere with multiple sources, like sunspots potentially flaming up from any and all points' (1996: 101) also sounds familiar. The idea of privileging knowledge from multiple public sphere sources over technical and pressure group interests seems entirely consistent with what most governments want to do at the moment. The image of pulsating sunspots brings people and emotions back into the picture and also resonates with the primeval policy soup of Kingdon (1984) and the post-positivists of the 1990s (Farmer 1995). The sunspots metaphor may also resonate with recent thinking about the episodic (rather than linear) nature of time, rules and policy (Bauman 2001a,b). The point is that an apparently unlikely postmodern future has many knowledge, and therefore skill, connections to issues faced by public administrators attempting to come to terms with contemporary realities.

A summary of earlier changes in the knowledge framework of public administration might be that despite changes, up to and including the introduction of contestability, public administration knowledge has been drawn from functional areas using institutional approaches. This made sense when administration was a matter of applying the statutory rules or the economic model. But what happens to the operational needs such as skills and institutional structures, when the public administrator must be not only a bureaucrat, public servant, public administrator, social planner and public manager but also a knowledge facilitator? One set of answers lies in the epistemology discussed above. Another lies in a 'new' set of skills which the changing epistemology demands of public managers.

The 'new' skills

The knowledge base of the New Public Management revolution was located firmly in the market where the skills of economics facilitated policy based on deductive logic. The necessary knowledge was largely quantitative and could be sought and applied by the experts within or contracted to bureaucratic agencies. The necessary skills were learned in universities, during in-service training courses, or on the job within the

institutional structure. Aspects of current trends are rendering such skills incomplete. Rather than applying well-known knowledge to which they have privileged access, contemporary public administrators spend increasing amounts of time on the processes by which meanings and values are created and embedded in policy. This is especially the case where these processes involve locality issues in general and require community engagement in particular.

The skills base of public administration needs to reflect this shift. Strong law and economics graduates were well equipped to understand the underpinning and legitimising concepts of NPM and to use its tools, such as cost-benefit analysis and contracting. The strength of these skills lies in their normative nature. In some cases they may be reduced to a set of formulae which are readily taught in formal pre-service training and can be applied in many situations to bring order to, and provide direction in, complex situations. The skills of governance, networking and cooperative enquiry are more difficult to package and seem unlikely to be as readily picked up in undergraduate courses as are those of statistical and legal interpretation. In some senses the difference is almost like that between science and craft. The former, with its well-developed set of disciplinary tools based on logical and deductive thinking and its focus on measurable outcomes, seeks patterns and certainty. The latter may be both more pedestrian in its methods and ambitions but may also involve more intuitive thinking, with inspiration and flair playing greater roles. In this sense at least, the recent trends in accessing and using local knowledge as part of policy processes might be seen as a revisiting of the old definitional debate about the extent to which public administration is rightly seen as a science or a craft (Dunshire 1973).

In any case, the skills needed for dealing with the new sources of knowledge and translating them into appropriate administrative mechanisms will include some familiar ones but also some that are quite different from those required under regulatory or market-oriented public administration. Table 12.2 relates the features of better public administration as identified in Canadian and UK experience of the post-NPM era (CCMD 2000; UK Cabinet Office 2001) to the knowledge base these assume, the disciplinary sources which validate them intellectually, and the competencies they require of public administrators. As with Table 12.1, the attempt to reduce a complex web of interaction to a two-dimensional table is inevitably flawed. Despite this, the table is useful in showing the multiplicity of knowledge frames assumed in the emerging practices and how the competencies required under the constructivist approach vary from those needed by public administration in the past.

Table 12.2 Knowledge and skills for contemporary public administration

Features of better public administration	Knowledge (disciplinary source)	Competencies
Forward-looking clear on outcomes and criteria for evaluation; contingency planning	Government policy aims (political science, history, management)	Strategising; forecasting
Outward-looking Aware of: practices in other states; regional variation; public and agency relations	Other governments' policies and administrative practices (organisational theory, political science, geography, IT)	Research; communication; information-gathering
Evidence-based review existing research; commission new research; consult experts; consider and cost options	Research methods (economics, public administration, demography)	Quantitative and qualitative data collection and analysis; cost-benefit analysis
Learning Identify and publicise lessons learned	Media, advertising (history, journalism)	Narratives; storytelling
Innovative Using alternative ways of working, organisational structures, outside expertise	New ideas and methods (psychology, philosophy, sociology)	Managing change; presentation; risk assessment and management
Inclusive Consult service deliverers and receivers; assess impact; monitor feedback	Good governance Networks (organisational behaviour, public administration, sociology, psychology)	Listening; communication; building trust
Joined up Identify cross-cutting objectives and barriers to cooperation; set up joint working arrangements	Policy intersections; implementation processes (management marketing)	Establishing partnerships; developing support
Reviews Establish performance measures and feedback mechanisms; identify failures in policy and implementation	Evaluation (management)	Interviewing; judging; mentoring

Source: CCMD 2000; UK Cabinet Office 2001.

The possibility of certainty may be seen as a key conceptual difference between the ideas validating the previous skill sets and the skills required for the emerging practices. In organisational silos applying health, education, agriculture or transport policy, the specific skills of qualified experts could be applied using known information and tested methods. The skills required in the 'better public administration', far from being

about given information and tested instruments, involve being able to identify and construct meaning systems which can be made into instruments of public administration. These skills are quite untypical of traditional public administration.

One way to demonstrate this is to consider what happens to consultative processes where they are conducted under positivist assumptions about knowledge. Where the knowledge base seen as relevant to the particular policy area is assumed to be accessible primarily by experts applying a given set of tools, consultation is likely to be reduced to a communication exercise. The experts already know most of what they feel is needed before consultation takes place, and the aim is to increase public awareness of what is well known to the experts. On the one hand this limits the degree of genuine community or stakeholder participation and on the other it turns public administrators and policy-makers into salespersons, with the task of effectively communicating that of which they are already convinced. Either way consultation is likely to be characterised by frustration and to do little to improve policy outcomes.

Under a constructivist approach knowledge is not a given but really does need to be constructed. Where this is done best it will take the form of a cooperative process of discovery. The potential benefits in terms of knowledge are twofold. First, there is the issue of knowledge in itself – especially local knowledge – which is simply inaccessible to expert-centred processes. Second, there is the issue of reaching shared understandings regarding the value to be placed on that knowledge. So there is not just a process of discovering a set of facts but also a process of appreciating and mediating often conflicting ideas about those facts. The appeal of constructivist approaches is therefore in the degree to which they can produce usable knowledge in the dual sense of knowledge relevant to and shared by those communities of location and interest with specific experience of particular policy areas.

The sources of knowledge required for public management continue to include policy aims of both home and other governments, while established research methods providing basic socio-economic data remain essential. A glance down column 2, however, indicates how rapidly these knowledge sources need to be complemented if public administration is to fulfil the aims captured by such overworked expressions of contemporary commentary as ‘learning’, ‘innovative’, ‘inclusive’ and ‘joined-up’.

The distance between what we have until recently seen as best practice and the directions in which the new trends are taking public administration is even clearer when it comes to the skills needed to access the newly significant knowledge sources. The competencies required for producing usable knowledge from constructivist approaches are set out in

the right-hand column of Table 12.2. In this column, two types of skills changes can be identified. The first type relates to bringing new ideas into public administration. The second relates to how the organisation of public administration needs to change to facilitate this. The first group of skills arises from those changes identified in international practice as public administration which is forward and outward-looking, based on evidence and oriented to learning. The second are the skills relating to the organisational changes necessary to achieve the aims of innovation, inclusivity, joining up and reviewing practices.

While the disciplinary sources required to bring new ideas into the mainstream are quite familiar in public administration (political science, history, management), their application takes on an altered focus because of the increased risks of forward-looking policy-making. Adding an outward orientation takes this a step further and increases the risk because it moves public administration into unfamiliar territory in which it is more difficult to control processes and outcomes. Evidence-based policy may be seen as an attempt to provide some insurance against this by making the unknown the subject of focused research. Taken together, the call for forward and outward-looking policy processes based on verifiable evidence will rely on a breadth of disciplinary knowledge across many social sciences spanning economics, political science, sociology, history, geography, demography, organisational theory and management.

In the international commentary tabulated in Table 12.2, identifying the key features of better post-NPM public administration, the key skills difference is the nature of the focus on information-gathering and research. The research and information needed to address the complexity of policy issues is seen as requiring a combination of quantitative and qualitative data. Public administrators will need either to have the skills to collect and analyse this data or to understand how to get others to do this in ways that make it usable for policy work. Here the NPM revolution has laid a strong foundation with its promotion of economic research as the key to policy-making and the use of tools such as cost-benefit analysis as fundamental to public management. Evidence neglected under NPM included areas of social research and thus we should expect that sociology in general and its applied areas such as demography and social policy will receive increased attention.

Where the constructivist approach becomes significant is in the second area of skills called for as organisations struggle to meet the demands of innovation and inclusivity. Here it will be particularly the skills of communication that become vital. In a positivist approach, communication is primarily about the techniques of getting an established message across to a target audience. In a constructivist approach, however, the

skills needed are those that allow technical knowledge to evolve within an environment inclusive of the relevant communities of interest and/or location. It is precisely this approach of bringing community into public administration which has the potential to drive innovation and overcome the barriers posed by organisational silos.

A way to think of the basic difference in the nature of the learning required to move public administration beyond NPM is to consider the basic questions public administrators need to ask. Under a traditional bureaucracy of the Westminster type these were: 'What is the policy?' and 'What is the procedure?' Under NPM they were augmented by a focus on economic data: 'What is the cost?' or 'What are the numbers?' In a constructivist approach, however, the starting point is the question 'What is the story?' After years of getting used to the hard data of economic measurement this seems a soft question unlikely to lay a firm foundation for policy. Its subtlety lies in the way in which it opens up the policy process. Public administrators asking 'What's the story?' are likely to be addressing both their own and the relevant communities' narratives. Such an approach may allow them to understand and evaluate the knowledge and views embedded in those stories. This engagement with values had the potential to open up new knowledge and new ways of doing things.

The idea that such a soft and open-ended approach can be a valuable addition to our public policy and management toolkit is likely to meet structural resistance from public organisations based on the creation of proprietary knowledge focused on discrete policy areas. So the second area under which changed skill requirements might conveniently be discussed has to do with reorganising public administration to facilitate the integration of new knowledge areas into public management. The issue is the constraints structural rigidity in public organisations places on the capacity to respond flexibly to complex policy issues. The principle here might be seen as innovation to achieve an inclusive and joined-up approach. Many of the skills of innovation have already become common in some areas of public administration because of changes under NPM. In particular, public administrators have become adept at presenting new ideas. As these become more complex, and under a constructivist approach involve more variables, there will be an increased need to manage change and particularly to assess and manage the risks it brings with it. Structural rigidities create particular problems where aims include the development of community-based policy-making and service delivery. Some commentary has implied a normative role for 'community' – perhaps replacing 'market'. This runs the dangers of replicating the epistemological problems of the market focus. In the post-market

orientation an assumption that the invisible hand of the community will provide policy solutions would not be sustainable. In any case, the management skills required to engage successfully in such new forms of public administration would be different from those needed under either NPM or traditional bureaucracy.

Among them will be the requirement that public administration become inclusive. This would require the old skill of communication but also the newer skills of listening and building trust. Without the listening skills, attempts at consultation are likely to be counter-productive; without the trust-building skills, inclusiveness may be shallow. This area of trust-building has obvious implications for placing public administration in the context of communities. It is also significant within government as structural rigidities between and within public organisations need to be addressed. Inter-departmental committees may be seen as a step in this direction but political manoeuvring rather than trust may be their defining characteristic.

Finally, the new skills would include those necessary to genuine reviews of performance. The human resource management orthodoxy, to which all public organisations pay lip service, has introduced the mechanics for the evaluation of performance. For many public managers, however, this remains a task rather than a tool. The basic competencies involved in interviewing and providing feedback have been included in training courses for years, but the actual practices still seem uneven. The situation is even worse in respect of the development of judgement. This seems to be assumed to be an accessory of innate ability and experience.

How are we doing?

Chapters 2 and 3 of this volume set out some of the very significant structural changes taking place in Australian governments in response to the needs for locality-based input into the making and implementing of policy. Governments and the public sector have developed instruments over the years that are best suited to the rationalist idea of knowledge as an objective entity that is ‘tapped’, for example through consultation. That knowledge is then fed into the mainstream policy processes and juxtaposed with other knowledge by experts and other resource allocators. In doing so the concept of local knowledge is devalued and reduced to metrics.

Valuing of local knowledge could mean radical changes to public administration, one of the most obvious being the need to revitalise local institutions such as local government and the community sector. These have the capacity to be the key nodes in the co-production of local

knowledge while simultaneously providing sufficient organisational stability and reach to work with most community groupings.

Governments around Australia and internationally are now revisiting the significance of local institutions as a key source of network creation and support for strengthening local communities. Investments in institution-building may well be as productive in the longer term as investments in service delivery.

Essentially, the evidence emerging from localisation pilots undertaken by the Commonwealth and the States suggests a series of learnings requiring further analysis. These learnings can be summarised as:

- Pilots tend to work because they are well resourced and governed; what is much less clear is the capability of governments to scale up local pilots and/or replicate them.
- Local leadership is critical to success.
- Increased connectedness (for example arts, recreation, learning, sport) is strongly correlated with improved social outcomes.
- An enterprise focus (for example skills, jobs) is critical to sustainability.
- Local institutions are critical but variable in terms of capacity and agency.

There are many other broader theoretical questions emerging and these can be summarised as:

- The policy agency of community remains contested.
- Social capital theorising is now so loose and fast that it lacks coherence.
- Networks remain critical to the link between theory and action but their agency is also contested.
- There is little evidence to suggest that localisation can address structural inequalities.

Conclusion

As governments move beyond the New Public Management, multiple knowledge frames, significantly involving community and local knowledge, are entering public administration. This chapter has provided a brief overview of those issues in order to identify the implications of these changes for the skills required of public administrators.

Debates about place and localisation are complex. Often they collapse at the first hurdle in being able to address issues of equity – treating like places alike and unlike places differently. Paradoxically, of course, democracy itself is organised around place (electorates) but plans and delivers public administration through other mechanisms (most starkly through departments and programs). These in turn are highly dependent on the dominance of centralised functional expertise to achieve objectives of

equity and coordination. Until recently the dominance of central expertise was also thought to be the locus of knowledge production. This is now under challenge from local knowledge.

An immediate problem for those seeking to understand the potential of alternative forms of public administration based around local knowledge is the absence of spatially and temporally located theory in public policy and management literature. We have sought to make progress in this area by indicating the importance of understanding community capital. Among the key building blocks in the development of spatially and temporally sensitive public management theory could be:

- *endowment*: the stock of capitals at any time in a community including historical capital (such as rules and mores)
- *knowledge*: how such endowment is valued and prioritised over time; what matters and why.
- *efficacy*: the ability of people to mobilise and create agency and shape knowledge stocks
- *governance*: organising to give effect to efficacy.

The point is that such knowledge frames are not yet in scope in public management, but the interactions between these four elements at any historical conjuncture could well be the key to new forms of knowledge which could address current gaps in our capacity for making and implementing policy.

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Social Exclusion as a New Framework for Measuring Poverty

Peter Saunders

It is now more than five years since Andrew Jones and Paul Smyth published their article ‘Social Exclusion: A New Framework for Social Policy Analysis?’ in *Just Policy* (Jones & Smyth 1999). The article represents a perceptive contribution to what was – and largely remains – the rather limited Australian literature on social exclusion. In it, Jones & Smyth identified the following five potential benefits of a social exclusion framework:

- broadening the analysis of poverty
- providing a bridge to discussions of equality and citizenship
- providing a basis for understanding the peculiarities of difference
- highlighting the spatial dimensions of exclusion
- facilitating cross-national comparisons.

They saw the two central tasks for social policy analysis in the context of social exclusion as being to understand the processes that result in social exclusion and to critically interrogate policy discourses that purport to redress exclusion. The fourth benefit in particular provides a way of addressing spatial issues using an exclusion approach that has not featured prominently in the conventional framework of (income) poverty.

This chapter examines how the concept of social exclusion has evolved in the academic and policy debate in Australia and elsewhere (mainly in the UK) since that article was written. It does not attempt to do this comprehensively, but rather tries to illustrate some of the most important developments in conceptualising the idea of social exclusion, in generating the data needed to measure it and in its application in a policy context. The discussion also provides an opportunity to reflect on some of the issues raised in Jones & Smyth's perceptive analysis.

This chapter is organised around three principal themes: concepts, measurement and policy.

Concepts

In what many still regard as the classic articulation of a deprivation approach to poverty, Peter Townsend defined poverty in the following terms:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong. Their resources are [so] seriously below those commanded by the average individual or family that *they are in effect excluded from ordinary living patterns, customs and activities.* (Townsend 1979: 31; emphasis added)

More recently, Nobel Prize-winning economist Amartya Sen compares his notion of capabilities with the conventional approach to poverty as a lack of income as follows:

Income deprivations and capability deprivations often have considerable correlational linkages ... If our attention is shifted from an exclusive concentration on income poverty to *the more inclusive idea of capability deprivation*, we can better understand the poverty of human lives and freedoms in terms of a different informational base (involving statistics of a kind that the income perspective tends to crowd out as a reference point for policy analysis). The role of income and wealth – important as it is along with other influences – has to be integrated into a broader and fuller picture of success and deprivation. (Sen 1999: 20; emphasis added)

In Australia, Treasury Secretary Ken Henry has quoted approvingly from Sen (1983: 163), who refers to a subset of capabilities:

The capability to live without shame ... that of being able to participate in the activities of the community ... that of having self-respect ... are examples of capabilities with extremely variable resource requirements.

And ... the resource requirements typically go up in these cases with the average propensity of the nation. (Henry 2002: 45)

It is clear from this description that in term of its language, the idea of capability, like that of exclusion, has been picked up in the current welfare reform debate.

Thus a recent statement of the Howard Government's welfare reform objectives notes:

People who depend for long periods on income support rather than paid work face increased risk of financial hardship and social exclusion. The longer they spend out of work the harder it is to get another job and the more likely they are to lose confidence. This can have negative effects on their personal relationships and lead to a sense of detachment from society ... The Government believes that Australia is best served by a safety net that encourages participation, through a renewed emphasis on expecting Australians to use all their existing capacities. (Commonwealth of Australia 2002: 5, 7)

Here we see not only how the ideas of social exclusion and capability have permeated the policy debate, but also how their cause is identified with long-term welfare dependence. Financial hardship (code for the 'p word') is mentioned, though only as a side-effect of more enduring issues. Resource poverty, defined as low income relative to need, or deprivation in the sense of Townsend, are nowhere in sight!

The emergence of concepts like social exclusion and capability failure in part reflect a need to broaden our understanding of poverty beyond a narrow focus on income. But in doing so, we need to be mindful of the fact that income plays an increasingly important role in constraining opportunities in ways that can lead to exclusion or a breakdown in capabilities. This point has been made by Rob Watts – not someone who is known for his support for the neo-liberal notions that underpin the significance attributed to income. Thus Watts writes:

It is plain that for some people the core problem constraining their capacity to live well or to have a satisfying life, may well have little to do with the level of income they have. It may have more to do with a basic condition like a physical illness or an intellectual disability or indeed an emotional indisposition like depression or some disabling compulsive disorder. Equally ... the level of income one has in a society like Australia, characterised as it is by a constant intensification of commodification (where more things are marketised and are available only by paying a market price for them) is a core constraint (if it is too little) or an opportunity (if it is sufficient) affecting the choices people make about their access to a very wide range of activities, goods and services. (Watts 1999: 29)

The shift away from a purely income focus has been driven not only by the factors referred to in the earlier part of Watt's remarks, but also by emerging problems in the measurement of income, particularly for those who have little of it (ABS 2002a).

A more telling limitation, however, in the current context is that most of the available income data has, for reasons of confidentiality, been released to researchers in a form that suppresses most information on location. This has meant that studies of income poverty have not been able to explore the spatial dimensions of poverty in any detail, focusing instead on such issues as the links between poverty and family type or labour force status. This has distorted the research agenda and diverted the policy debate away from issues of location and disadvantage, contributing to the growing irrelevance of poverty research in a context where spatial issues have grown in importance. Evidence to support this trend can be found in the recent Senate Report on *Poverty and Financial Hardship*, which devotes only twelve of its 440 pages to rural and regional communities (Community Affairs References Committee 2004).

It is far easier to give a sense of the principal concerns of social exclusion and how they differ from notions of resource poverty than it is to give a precise meaning to the term (see Arthurson & Jacobs 2003 for alternative definitions). In a useful review, Whiteford notes the European origins of social exclusion, and argues that:

European debates about social exclusion are more concerned with social relations and ruptures in the social contract. They are also implicitly focused on sub-sets of the low-income population who are distinguished within themselves and from the 'mainstream' by location, attitudes and behaviour. Not all low-income people are excluded from society, nor do all excluded people have low income. (Whiteford 2001: 66)

The description signifies how, in the wrong hands, social exclusion can become a vehicle for vilifying those who do not conform and an excuse for seeing their problems as caused by their own 'aberrant behaviour' (as has happened in the Australian welfare reform debate).

In the UK, social exclusion features prominently on the policy agenda of the Blair Government. There, the Social Exclusion Unit (SEU) has defined social exclusion as 'a shorthand label for what can happen when individuals *or areas* suffer from a combination of linked problems such as unemployment, *poor skills*, low incomes, poor housing, *high crime* environments, *bad health* and *family breakdown*' (italics added). The definition embodies several key aspects of how social exclusion differs from most traditional notions of resource poverty, as encapsulated in the italicised phrases. These give emphasis to the idea that social exclusion:

- is not just a characteristic of individuals
- is multi-dimensional and reflects a combination of inter-related factors
- focuses on causes (low skills), outcomes (high crime) and processes (family breakdown), as opposed to available resources at a point in time.

However, Ruth Levitas (2000) has pointed out that since the SEU definition fails to point out what actually does happen – or indeed whether anything at all happens – it does not constitute a definition of social exclusion.

Others have been less concerned about getting a precise definition of social exclusion, citing some of the problems that conventional poverty research (and more importantly, its credibility and policy impact) has encountered as a consequence of protracted disagreement over definitional issues. Bradshaw (2004), for instance, has noted that those associated with the SEU in the UK see merit in not being too precise about what to focus on, giving them the flexibility to explore new ideas and avenues as they arise. Rather than seek what may turn out to be an unwarranted clarity of definition, a better strategy may be to develop a general conception of social exclusion, either by identifying specific problems that are examples of exclusion, or by characterising social exclusion as a lack of participation in key aspects of society without prejudging what forms this might take in specific instances (Burchardt 2000).

Viewed from either of these perspectives, the SEU conception of social exclusion is clearly differentiated from income poverty, as indicated earlier. It is also the case, as implied in the earlier quote from Whiteford and as Micklewright (2002) has recently emphasised, that income poverty is neither a necessary nor a sufficient condition for many of the specific conditions referred to. This still leaves open the issue of what it is about social exclusion that differentiates it from related social problems such as income poverty, deprivation, unemployment or regional disparities in service provision (public and private).

Here, the work of Atkinson (1998) has been valuable in identifying three key features of social exclusion:

- *relativity*: the idea that exclusion can only be judged by comparing the circumstances of some individuals (or groups or communities) relative to others, in a given place and at a given time
- *agency*: the idea that people are excluded by acts of some agent(s)
- *dynamics*: the idea that the characteristics of exclusion (and its adverse effects) may only become apparent over time, as an accumulated response.

All three features highlight the idea that exclusion is the result of certain processes, and it is this emphasis that Donnison (1998) approves of

because it shifts the focus onto who is excluded, by whom, in what ways, and from what – questions that shape the policy (and other) responses to exclusion and help to define the ‘inclusion’ that such responses seek to achieve.

It is ironic that much of the empirical literature on social exclusion has focused on the characteristics and conditions of those who have been excluded from various domains of economic and social life, with relatively little attention paid to the acts of exclusion themselves, and even less to identifying those individuals, institutions, structures or conventions that implicitly endorse and are thus responsible for accommodating various acts of exclusion. If we are to gain an understanding of the processes of exclusion, it is necessary to identify those whose actions exclude others, as well as those who actually experience different forms of exclusion. Only then will we be able to understand the conditions that condone or encourage exclusion, and thus be in a position to alleviate or eradicate its effects.

Recent UK research on social exclusion described by Bradshaw (2004) has identified the following four dimensions of exclusion:

- *consumption*: the capacity to purchase goods and services, as constrained by low income relative to need
- *production*: lack of participation in economically or socially valued activities
- *political engagement*: lack of involvement in local or national decision-making
- *social interaction*: lack of emotional support or integration with family, friends or community.

The fact that four forms of exclusion are identified reinforces its multi-dimensional nature – an aspect that presents some measurement challenges (see below) – but it has the advantage that the concept itself does not depend on a single measure. As the recent Australian poverty debate illustrates, the problem with relying on a single measure like an income poverty line is that if its legitimacy is challenged, the whole research edifice based on it can crumble (Saunders 2003).

There is, however, a need for caution when interpreting statistics that purport to provide evidence of exclusion. In what sense, for example, does a lack of involvement in decision-making constitute exclusion? Many (probably most) Australians choose to have little or no involvement in the political processes, yet this lack of engagement in what is a key aspect of civil society is not an example of enforced exclusion – quite the opposite. Does compulsory voting mean there is less political exclusion (or more political engagement) in Australia than in the UK? Would

Australia become a better place if – as Federal Treasurer Costello has recently speculated – we all learnt to trust one another more, or engaged in more voluntary activity (perhaps as part of a new citizens' mutual obligation requirement!)?

There is little doubt that pursuing these issues would allow more focus to be placed on the spatial dimensions than has been possible (for reasons already alluded to) under an income poverty approach. Exclusion cannot be understood without taking account of the surrounding context, and this leads naturally into issues associated with location and how the local infrastructure and community networks, reinforce or inhibit exclusionary acts at the neighbourhood level.

As Lupton & Power (2002: 140) have observed in the UK context:

Poor neighbourhoods are, in a sense, a barometer for social exclusion. They illustrate sharply the more general problems of social division, inequality, and lack of opportunity in society. The difficulties of poor neighbourhoods can only be understood and tackled when seen in this broader context.

Australia lags well behind the UK in exploring spatial issues at this level of detail. The most influential work to date in the field has been undertaken by Gregory & Hunter (1995), who examine aggregate trends in neighbourhood inequality. Their focus on economic factors has, more recently, been broadened out by Peel (2003), whose interviews with poor people bring out the significance of both economic and contextual factors associated with place, attitudes and motives. These studies represent the beginnings of a refocused research effort that has the potential to strengthen our understandings of social exclusion as it exists in the Australian context.

But there is much to be done before this can be achieved. In moving in this direction, existing research on social exclusion is providing some valuable new insights on which we can draw. Thus Bradshaw (an initial social exclusion sceptic but latter-day convert) has noted that recent work by the SEU has enriched understanding of poverty by drawing attention to the role of transport barriers in excluding poor people in the UK.

Transport is relevant to social exclusion because those without access to a car have difficulty accessing employment, education, health and other services, food shops, sporting, leisure and cultural activities. People without cars rely mainly on buses. Poor people face barriers in accessing buses. In addition, there are problems of frequency, reliability, coverage and cost – bus fares have risen by 30 per cent in the last 20 years [and] spending on bus subsidies has fallen by two-thirds since 1985. Overall, transport spending is highly regressive, with better-off road users and

rail users receiving much more of the subsidies than worse-off bus users. (Bradshaw 2004: 174)

A similar story applies in Australia, where fare subsidies (and even entire public transport networks) that have been reduced or abolished in the name of micro-economic reform have served to exclude many people and communities from the economic prosperity that they were led to expect would be delivered by the reform process (Pusey 2003). The essential point is that exclusion leads one naturally to consider the role of services – and thus into spatial issues – that simply do not feature in an income poverty framework. Social exclusion also provides a framework for examining how the national economic reform agenda, driven from Canberra, creates spatial inequalities that reinforce the links between location and poverty.

Measurement

There is little doubt that the social exclusion agenda in Australia has been given a boost by the high-profile disputes that have emerged about the measurement of statistical trends in income poverty (not to mention the data limitations referred to earlier). But we should be under no illusion that moving from poverty to social exclusion will appease the criticisms that have been voiced by those associated with the Centre for Independent Studies, as is clear from the following reaction to social exclusion:

The term 'social exclusion' [as used in the] Australian policy discourse ... is a chaotic concept that is now almost totally devoid of any agreed meaning ... [It] encompasses cultural, political, and even psychological dimensions, in addition to economic wellbeing, and this means that almost anyone can qualify. If you are not a victim on one dimension, you can almost certainly become a victim on another. There are therefore no obvious limits to the potential size of the 'excluded' population, which means there are no limits to the policies which can be advocated as necessary for overcoming it. (Saunders & Tsumori 2002: 60–61)

One of the problems that have emerged from the recent poverty literature relates to the lack of overlap between income poverty as conventionally defined and more direct indicators of deprivation or exclusion. For the UK, Bradshaw (2004) reports estimates of three different notions of poverty: income poverty (IP; defined relative to a poverty line set at 60 per cent of median income); deprivation poverty (DP; defined as lacking four or more socially perceived necessities); and subjective poverty (SP; those who say their income is well below what they need to avoid poverty).

Using data from the recent Poverty and Social Exclusion Survey

(Gordon et al. 2000), Bradshaw finds that 19 per cent of the population are IP, 17 per cent are DP and 20 per cent are SP. However, while 33 per cent are poor on at least one measure, only 16 per cent are poor on at least two of the three measures, and only 5.7 per cent are poor on all three. These latter percentages differ little from what would be expected if the three poverty measures were completely independent or statistically uncorrelated with each other, casting doubt on whether they are measuring the same thing. How poverty is conceived and measured matters.

My own research using Australian data from the 1998/99 ABS *Household Expenditure Survey* (HES) points to a somewhat similar finding (Saunders 2003). For example, I estimate that the national poverty rate was around 23 per cent in 1998/99 using a slightly amended version of the Henderson poverty line. If poverty is estimated using expenditure rather than income, the poverty rate falls slightly, to just over 20 per cent. But if poverty is defined as a situation in which both income and expenditure are below the poverty line, the poverty rate falls sharply to below 12 per cent. Those who are poor on this latter measure have neither the incomes nor the access to other resources that are needed to support the expenditures required to sustain a poverty line level of living: they can be described as being in core or constrained poverty. Replacing the Henderson poverty line with one based on 50 per cent of median income lowers all three poverty rates but does not affect the extent of the decline when the more restrictive definition is employed.

The same HES data can be used to examine the overlap between income poverty and financial stress or other measures of hardship or deprivation (see Table 13.1). These hardship indicators (analysed in detail by McColl, Pietsch & Gatenby [2001] and Bray [2001]) were derived by first asking whether or not people had participated in various activities over the course of the previous year. Those that had not were then asked whether this was because they did not want to, or because they could not afford them, and only the latter group are considered here.

On an income basis, the overall poverty rate is estimated to be just over 25 per cent (slightly higher than the figure quoted earlier, which reflects a number of technical differences in scope and variable definition). If poverty is now defined as having a poverty-level income and experiencing at least one of the fourteen hardship indicators shown in Table 13.1, the poverty rate declines to 18 per cent. If we focus only on the six deprivation indicators in Table 13.1 (H7 to H12), then less than 10 per cent both experience deprivation and are income-poor. Again, the overlaps are surprisingly low, casting doubt on the reliability of the different methods used to estimate poverty.

The HES financial stress/hardship data can also be used to explore

Table 13.1 Indicators of hardship and financial stress

Hardship indicator	Definition
H1	Cannot afford a week's holiday away from home each year
H2	Cannot afford a night out once a fortnight
H3	Cannot afford to have friends/family over for a meal once a month
H4	Cannot afford a special meal once a week
H5	Cannot afford brand-new clothes (usually buy second-hand)
H6	Cannot afford leisure or hobby activities
H7	In the last year due to shortage of money (LYSM), could not pay gas, electricity or telephone on time
H8	LYSM, could not pay car registration or insurance on time
H9	LYSM, pawned or sold something
H10	LYSM, went without meals
H11	LYSM, unable to heat home
H12	LYSM, sought assistance from a welfare or community agency
H13	LYSM, sought financial help from friends or family
H14	Could not raise \$2000 in a week if had to

Source: ABS, Household Expenditure Survey, User Guide 1998/99, ABS Catalogue No. 6527.0.

patterns of social exclusion. In order to illustrate the potential of such an approach, I define the following three forms of exclusion:

- lack of social interaction – based on the responses to hardship indicators H1, H2 and H3 in Table 13.2
- domestic deprivation – based on the responses to indicators H4, H7, H10 and H11
- extreme consumption hardship – based on the responses to indicators H8, H9 and H12.

If we further define those who are excluded in each dimension as those who report two or more problems in each area, then the exclusion profile that emerges is shown in Table 13.2.

These results indicate that the predominant form of exclusion experienced by Australian households in 1998/99 was a lack of social interaction. This was more than twice as prevalent as domestic deprivation, which was in turn around twice as prevalent as extreme consumption hardship. In addition, lack of social interaction was much higher among

Table 13.2 The profile of exclusion in Australia in 1998/99 (%)

Form of exclusion	All households	Single		Couples		Couples with children	Sole parents
		Aged	Non-aged	Aged	Non-aged		
Lack of social interaction	15.8	13.2	14.2	9.4	9.4	19.0	34.7
Domestic deprivation	7.4	3.8	11.7	1.3	3.1	7.1	25.5
Extreme consumption hardship	3.4	0.7	3.6	0.5	1.0	2.9	11.5

Source: ABS, Household Expenditure Survey, 1998/99.

households with children than among those without children (although whether this implies exclusion in these cases requires further examination). In general, the incidence of all forms of social exclusion except social interaction is lower among the aged, while sole parents are the most excluded group on all three indicators, followed by non-aged single people and couples with children.

These results show that it is possible using existing data to identify patterns of social exclusion at the national level (see ABS 2004a for recent national social surveys using similar ‘hardship’ questions to those in Table 13.1). They should not be interpreted to mean that it is time to give up the ghost on income poverty. Instead, they suggest that the existing poverty line may need to be revised to take account of other ways of identifying evidence of unmet need that is synonymous with poverty (see Saunders 2003 for development of this idea).

Another way forward – as a complement to the specification of a new poverty measure, not as a replacement of it – is to develop a more systematic suite of indicators of social exclusion. There are two basic questions to consider about the construction of a list of social exclusion indicators: what properties should such indicators satisfy, and which specific indicators might be included? In relation to the question of indicator properties, a recent report prepared for the Council of the European Union by Atkinson and colleagues (2002) identified a set of six principles that should be applied to each indicator. These are:

- *clarity* and lack of ambiguity
- robustness and *validation*
- policy *responsiveness* (and lack of manipulation)
- *comparability* (across countries) and consistency (with established

- international standards)
- *timeliness* (but subject to revision)
- avoidance of unnecessary informational burden on states, enterprises and citizens.

They further argue that the whole portfolio of indicators should be:

- *balanced* across its different dimensions
- *mutually consistent* and appropriately weighted
- *transparent* and accessible to citizens.

It is interesting to juxtapose these principles against those used by the ABS in its recent reports titled *Measuring Australia's Progress* (MAP) (ABS 2002b, 2004b). The MAP project is designed to inform decisions about progress in three broad dimensions – economic, social and environmental. It contains a set of headline and supplementary indicators across fifteen main and fifteen supplementary dimensions. The ABS identifies the following criteria as defining what constitutes a ‘good’ headline indicator (ABS 2002b, Appendix 1):

- *relevance* (to a particular aspect of progress)
- *outcome-focused* (as opposed to input- or process-focused)
- *unambiguous* in interpretation (in relation to progress)
- supported by *timely and good quality data*
- availability as a *time series*
- *sensitivity* (to changes in underlying conditions)
- *summary* in nature
- capable of *disaggregation* (by population groups or regions)
- be *intelligible and interpretable* by the general reader.

This list bears many similarities to the principles espoused by Atkinson, and the list of fifteen main MAP dimensions also includes several that have direct relevance to social exclusion, such as education and training, work, economic disadvantage and inequality, housing, crime, and social attachment.

The key feature emphasised by the ABS is the ‘non-ambiguity criterion’ shown third in the above list. It corresponds to the first principle identified by Atkinson and colleagues (lack of ambiguity) and corresponds to a situation where ‘movements in any indicator [can] be unambiguously associated with progress ... [accepting that] ... this no-ambiguity criteria depends crucially on interpreting movements in one indicator, assuming that the other indicators of progress are unchanged’ (ABS 2002b: 7).

Unfortunately, some of the indicators chosen by the ABS do not per-

form well against this no-ambiguity criterion. Thus, for example, the headline indicator chosen in the dimension of economic disadvantage and inequality is the real equivalised average weekly disposable income of households in the second and third deciles of the income distribution (ABS 2002b). Even accepting the focus on the second and third deciles rather than the first (which the ABS regards as containing too many unreliably low reported incomes, an issue that requires further examination), the measure proposed reflects movements in absolute (price-adjusted) incomes and thus cannot be unambiguously linked to improvements in either economic disadvantage or inequality, both of which are widely accepted as being explicitly relative (income-adjusted) notions (note that the decision to relabel this area 'financial hardship' rather than 'economic disadvantage and inequality' in the latest MAP report [ABS 2004b] does not affect the validity of this criticism).

So much for principles. What about content? Building on the work done by Atkinson and colleagues, in December 2001 EU member states agreed to a set of European social indicators. The ten primary indicators are shown on the left-hand side of Table 13.3, with the right-hand side showing the closest indicator included in the (2002) MAP list. Both lists include several indicators that have been widely used in social exclusion debates, and the EU list in particular has clearly benefited from those debates. Interestingly, the EU list (which refers to social inclusion rather than exclusion (another change to a more politically acceptable language?)) includes four measures that are income-based, despite the widespread concern that has been expressed over the notion of income poverty.

The latest MAP report includes an interesting analysis of multiple disadvantage ABS (2004b: 162–71) which extends the approach to giving increased attention to spatial aspects of social exclusion. The ABS defines social exclusion as 'a form of social disadvantage encompassing economic and non-economic factors. Excluded individuals and groups are separated from institutions and [the] wider society, and consequently from both rights and duties' (ABS 2004b: 162), and it compares multiple disadvantage (defined as a combination of poor health, low education, unemployment, victim of crime, financial hardship and lack of crisis support) between remote areas and also examines how the incidence of poor health varies with the socio-economic status of geographic areas. In summary, despite some limitations, the ABS has, through its MAP project, provided a basis for focusing on social exclusion. Much of the framework and data are already in place; now they just need to be pulled together.

Table 13.3 Social indicators endorsed by the EU and developed for Australia

EU primary indicators	Closest MAP equivalent
1. Low income individuals (% living in households below 60% of median income)	Proportion of households with income below half median income (SI)
2. Persistent financial poverty	NA
3. Depth of financial poverty	NA
4. Ratio of income of top 20% to bottom 20%	Real equivalised disposable income of households at selected income percentiles (SI); Share of income received by households in low and high income groups (SI)
5. Coefficient of variation of regional employment rates	Unemployment rate (HI) and labour force underutilisation rate (SI)
6. Long-term unemployment rate	Long-term unemployment rate (SI)
7. Percentage of people living in jobless households	NA
8. Early school leavers not in further education/training	Education participation rates for 15–19-year-olds (SI); Year 7/8 to Year 12 retention rate (SI)
9. Life expectancy at birth	Proportion of people surviving to ages 50 and 70 (SI); Infant mortality rate (SI)
10. Self-perceived health status by income level	NA

Note: HI = headline indicator; SI = supplementary indicator; NA = no available indicator.
Sources: Atkinson et al. 2002; ABS 2002b.

Policy

The election of the Blair Government in the UK has put social policy back on the agenda and in that context it was important that researchers could engage with policy-makers. Social exclusion became a focus of policy, new structures were set in place, and the research community was on notice that if they wanted the government to listen, they would need to engage in ‘social exclusion speak’. There was initial resistance from those (like Jonathan Bradshaw) who saw this as a betrayal of a lifetime commitment to poverty eradication, but such resistance has gradually faded as it became clear that the government was committed to implementing programs designed to improve the conditions of the poorest people and the poorest areas.

Far from social exclusion replacing poverty in the policy discourse, the Blair Government has also taken poverty seriously, with the commitment to reduce child poverty in stages and abolish it altogether by 2020. This

has involved it in defining poverty in ways that give the concept legitimacy and increase its credibility among those who set the policy agenda. Social exclusion and poverty are different, but both will have a role to play in developing policies designed to achieve the child reduction targets.

In Australia currently, the 'p-word' is still not used in polite political circles and it languishes on the margins of the welfare reform debate. Social exclusion is not faring much better. To date, those driving the national social policy agenda have focused almost entirely on a very narrow conception of social exclusion, defined as a lack of economic or social participation. The welfare reform debate has emphasised the role of 'stronger communities that can generate more opportunities for social and economic participation' (Reference Group on Welfare Reform 2000: 4), while official government policy is, as noted earlier, focused on developing a safety net that provides better incentives and 'encourages participation through a renewed emphasis on expecting Australians to use all their existing capacities' (Commonwealth of Australia 2002: 8).

In practice, this means employment, despite all the worthy rhetoric about the social value of caring and volunteer work. There seems little recognition of how participation is constrained by the embedded structures and processes that give rise to exclusion.

There is, however, another dialogue in Australia running alongside the welfare reform agenda that is focusing on issues of regional hardship and inequalities and which has more in common with a social exclusion perspective. It finds its strongest voices in State governments and in Commonwealth departments responsible for service delivery, as opposed to the central agencies that set the policy agenda and control resources. And this raises one of the most difficult barriers to overcome in attempts to provide a greater focus on the spatial dimensions of poverty or exclusion in Australia: the complex and contested nature of Commonwealth–State financial relations.

There are two main barriers preventing social exclusion that exert anything more than a marginal influence on policy development in the foreseeable future. The first is a lack of will – of interest, even – among key agencies and individuals within the Howard Government. The second is the lack of any clear common interest in tackling the causes and consequences of social exclusion between the Commonwealth and State governments.

Until the former obstacle is overcome, there is little prospect of gaining access to the resources required to implement a sustained attack on social exclusion in this country. A major obstacle here is the inherent contradictions between the current neo-liberal policy paradigm that stresses personal autonomy, freedom of choice and individual responsibility and

the focus on structures and processes that is the essence of the social exclusion approach. In the wrong hands, social exclusion has the potential to be used to moralise about the poor and further stigmatise the excluded.

To end on a more optimistic note, progress has been made in our thinking about what social exclusion means and what needs to be done to address it. We are slowly gathering some of the right kinds of data through surveys such as the Household, Income and Labour Dynamics in Australia (HILDA) (Weston & Wooden 2002; Melbourne Institute 2003) as well as the ABS collections referred to above. We are also starting to put them together in the right kinds of ways. And there is a sense that the impasse that has plagued Australian poverty research is slowly being overcome in ways that have the potential to integrate poverty and social exclusion in both the research and policy domains.

But we are still far away from making significant progress on many of the five points noted at the outset that Jones & Smyth saw as the benefits of adopting a social exclusion framework. Where progress has been made, this has mainly reflected the limitations of existing frameworks, rather than any explicit endorsement of social exclusion as a new organising concept. Those of us involved in these research efforts need to be thinking more strategically about how we can exert influence on those setting the policy agenda. That is the real challenge that lies ahead.

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Community and Local Governance in Australia

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