MDL
McKinlay Douglas Ltd

HOME   WHO WE ARE   WHAT WE DO   PROJECTS   READING ROOM   NEWS   CONTACT

Reading Room: Governance

Globalisation, Subsidiarity and Enabling the Governance of our Communities

By Peter McKinlay

Community Government Forum Christchurch 2 & 3 June 1999

This paper was prepared by Peter McKinlay as part of on-going work on the growing importance of local governance - the shift from the centre to the periphery of the locale of key governing decisions. The paper has added relevance in the context of the new approach to central government/local government relations and the re-write of the Local Government Act.

Contents

1.0 Introduction

1.1 This paper will make the case for drawing a sharp distinction between government and governance. It will set the scene for doing so by looking at the impact of globalisation and arguing that this gives added impetus to the need to recognise what is now known as the principle of subsidiarity as we determine where decisions are taken and how services are delivered.

1.2 It will distinguish between government as the institutional means of undertaking certain activity and governance as the set of processes through which a community decides upon and pursues its preferred future(s).

1.3 The paper will then argue that the crucial role for local government, going forward, is that of empowering community governance. This will include illustrating how current local government planning and accountability requirements are evolving to become a planning tool for the community as a

whole, making it appropriate to see local authorities as, in effect, trustees of that process on behalf of the wider community.

2.0 Globalisation

2.1 This term encompasses a number of major and interlocking influences including trade and economic reconfiguration, the information revolution, the size and reach of multi national organisations and changing cultural and ethnic priorities (for example the increasing assertiveness of indigenous peoples)

2.2 In a recent paper[1] looking at the impact of globalisation on traditional sovereignty, Randall Baker, Professor of Public and Environmental Affairs at Indiana University noted (beginning with a quotation from another observer): "The operation of states in an ever more complex international system both limits their autonomy ….. and impinges increasingly on their sovereignty. Sovereignty … [is] divided amongst a number of agencies - national, regional and international - and limited by the very nature of this plurality" (quote from David Held *"Democracy and the Global Order: from the Modern State to Cosmopolitan Governance"*) "The sum total of the various elements of globalisation have left the individual sovereign state less and less of a locus of policy and control as the WTO, the EU, NAFTA and other supranational organisations become more significant players. Indeed, it will be increasingly difficult for our future civil servant to draw meaningful distinctions between " national" and "international" dimensions of problems".

2.3 Baker's principal message is that the many facets of globalisation are highly dynamic. We cannot take a snap shot and tell ourselves that we know the exact situation with which we are dealing. At best we can identify continuing trends which, taken collectively, are more and more limiting the power of the national state.

2.4 Another perspective on globalisation can be seen in a paper presented at a World Bank conference[2] in which the author states:

> "Globalisation of economic activity poses special challenges to the constitutional assignment discussed above. With globalisation, it is increasingly becoming apparent that nation states are too small to tackle large things in life and too large to address small things. More simply nation states are fast losing control of some of their areas of traditional control and regulation such as regulation of external trade, telecommunications and financial transactions. National governments are experiencing diminished control in their ability to control the flow of goods and services, ideas and cultural products."

> "In the emerging borderless world economy, interests of residents as citizens are often at odds with their interests as consumers. In securing their interests as consumers in the world economy, individuals are increasingly seeking localisation and regionalisation of public decision making to better safeguard their interests. With mobility of capital, and loosening of the regulatory environment for foreign direct investment, local governments as providers of infrastructure related services would serve as more appropriate channels for attracting such investment than national governments."

2.5 The practical result is that central governments, of whatever political hue, have less and less discretion over what have been traditionally seen as conventional tools for intervention. Thus, the ability of national governments to

intervene in the economy in order to pursue particular outcomes - say employment growth or the promotion of particular industries or regions- is now much diminished, especially to the extent that intervention relies on mechanisms which have the effect of protecting local producers against imports. For example, as an open economy with international treaty obligations regarding its trade and investment practices, the constraints New Zealand faces include:

- any interventions which look as though they amount to a subsidy or preference for an export industry will be challenged and are likely to be found unlawful (the principal exception is phytosanitary regulation but even this will be challenged if it appears to be intended as a substitute trade barrier)
- firms and skilled individuals are increasingly mobile internationally. As a consequence, to remain competitive as a location, New Zealand must have internationally competitive tax rates and be prepared to reward mobile labour on internationally comparable terms. (part of which can reasonably be the non cash "quality of life" benefits from living within New Zealand.). Our ability to pursue a deliberately egalitarian tax/remuneration policy has largely gone
- specific interventions to shore up particular activities, sectors or regions (even if they escape the ambit of trade commitments) carry their own risks with them. In an open economy, cost structures need to be competitive not only in the tradable sector (that part of the economy which produces goods for export or that substitute for imports) but also in the non tradable sector as its cost structure feeds through into input prices for the tradable sector.

2.6 The implications for New Zealand are that the role of central government is increasingly being restricted to the creation of an efficient legal and regulatory framework, the provision of core national public goods such as defence and law and order, and income distribution within the constraint of the need to maintain an internationally competitive tax structure.

2.7 Many governments are coming, increasingly, to recognise these impacts. As an example, the Blair Labour Government in the analytical report under pinning its 1998 Competitiveness White Paper[3] noted that:

"Between countries at the same level of economic development and with similar innovative capacities, it is likely that firms' decisions to locate will increasingly depend on factors such as the tax and regulatory system, macroeconomic stability, infrastructure, the education system, and non-economic factors such as crime levels, climate and culture

2.8 The question which all national governments, including New Zealand's now need to consider is whether it is any longer sensible to act as though the exercise of national sovereignty in its traditional form is either achievable or a desirable objective of government policy. The better alternative may be to recognise the direction of change and set a national agenda which seeks as far as possible to position us as a society to benefit. Part of this should include revisiting the relationship between central and local government, a theme taken up by the next section of this paper.

3.0 Subsidiarity

3.1 This term has been used in various ways as shorthand for the principle which should govern the relationship between different levels of government. In the Treaty on the European Union (the Maastricht treaty) it is set out as "in areas that

are not under its exclusive power, the Community shall act in conformity with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore, by reason of the scale and efforts of the proposed action be better achieved by the Community"[4]. That is a principle restraining the extent to which the Community rather than national states should have authority. Of itself it says nothing about the locus of authority within national states. Illustrations of resort to this principle within individual states can be found in statements such as:

- an Australian Local Government Association submission on tax policy describing the principle as "one of satisfying community needs by allocating responsibility for areas of service delivery to the sphere of government responsible for the smallest functioning units through which the service can be provided"[5]
- "the principle of local autonomy and self government [which] allows us to build on local strengths, on adapting to the needs of each region and each province of the country" in an address to the 1996 National Conference of the Institute of Public Administration of Canada, by the President of the Privy Council and Minister of Intergovernmental Affairs[6].

3.2 The principle is one which is increasingly in the realm of the "taken for granted" in debate within jurisdictions which have a written constitution. It is also attracting increasing attention in the context of development administration, partly because the focus of development administration is on countries whose own national governments have very limited capacity so that subsidiarity is as much a practical concern as it is a question of constitutional relationships.

3.3 Subsidiarity has not been adopted as a principle for determining the appropriate locus for decision making and service delivery within either the or New Zealand jurisdictions. One possible reason for this is the absence of a written constitution and hence of a framework within which to consider issues of allocation of political authority.

3.4 Both in England and in New Zealand it has been common to regard local government as a creature of statute whose primary role is to carry out a range of functions reserved or delegated to it by central government. In New Zealand this still appears to be the situation with as informed a commentator as the well political journalist Colin James in an election year look at the local body policies of main political parties[7] feeling able to observe " So there is some excuse for what seems to be National′s line that local authorities should look after a specifically designated range of functions and no more".

3.5 In contrast, the Blair Labour Government in England has adopted a number of initiatives which seem intended to set the stage for a more significant role for local government. Its recent consultation document "*Modern Local Government: In Touch with the People*" states "among all our public institutions councils have a special status and authority as local, directly-elected bodies. They are uniquely placed to provide vision and leadership to their local communities. They are able to make things happen on the ground - where it really matters" and "…we will want councils to have a duty to promote the economic, social and environmental well-being of their areas"[8].

4.0 Government versus Governance

4.1 In both the English and New Zealand jurisdictions it has been common to regard governance as simply a way of describing the principal activity of government. Thus, the Blair Labour Government′s consultation paper " *Local*

Leadership, Local Choice"[9] is intended to encourage debate about new forms of local governance but is based on the clear expectation that, whatever form is chosen, it will be delivered through local authorities.

4.2 In contrast to this approach, the international debate on governance quite specifically starts from a position that this is something separate from government as such. In a paper[10] presented to the Public Administration and Development Jubilee Conference held at Oxford University in April 1999 Professor Patricia McCarney of the University of Toronto traced the evolution of the debate on governance both within major donor institutions such as the World Bank and in research examining the practice of governance in the developing world. McCarney argues that the World Bank, which has led the debate from a donor organisation perspective, has taken a state-centric approach but even this goes outside the formal institutions of state government. In a 1994 report *"Governance: the World Bank Experience"* the Bank stated that 'Good governance is epitomised by predictable, open, and enlightened policy making (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law". On this definition, there is at least an implication that governance is a partnership between government and governed.

4.3 In looking at how understanding of governance has evolved through work by researchers, particularly those involved directly in development administration, McCarney observes that:

> "When governance, defined as the *relationship* between civil society and the state, is considered at the local level, a notion of urban governance helps to shift thinking away from an equation with good government and, more generally, from state centred perspectives that have predominantly focused on urban management. An urban governance framework allows us to include elements which, in conventional terms, are often considered to be outside the public policy process, but none the less are instrumental in the socio-economic and cultural development of third world cities, and highly responsible for shaping the urban landscape and built form of these cities. These include civic associations, "illegal" operators, "informal sector" organisations, community groups and social movements, all of which in fact exert an indelible impact on the morphology and development of urban centres"

4.4 What McCarney is describing is a situation common in developing countries of civil society organisations, both formal and informal, filling the void created by lack of capacity on the part of formal organisations of the state.

4.5 There is a direct parallel with the situation in developed countries under the impact of globalisation as the capability of (primarily) national governments to intervene in pursuit of desired outcomes gradually diminishes. The main difference is the starkness with which the lack of capability appears.

4.6 In a developing country context, the lack of capability on the part of formal government institutions, whether central or local, is immediately apparent. What this void highlights is that the formal structures of government are just one of the means available to the community (civil society) to pursue its governance objectives and that furthermore that means may not always be available no matter how critical the specific issue may be to the good governance of the community. From this perspective, governance appears as the process of the community evolving its preferred futures and choosing the appropriate means for pursuing those.

4.7 A similar perspective on governance comes from the work of the Governance Co-operative, a programme established by the Canadian Government through the Canadian International Development Agency to draw together Canadian and international experience of governance. In a paper published in June 1998, the Governance Co-operative described governance as:

> "**Governance has to do with the institutions, processes and traditions for dealing with issues of public interest**. It is concerned with how decisions are taken and with how citizens (or stakeholders) are accorded voice in this process. The need for the concept of governance derives from the fact that today, government is widely perceived as an organisation. In its early form government was seen as a process whereby citizens came together to deal with public business….Today, government is viewed as one of several institutional players, like business or labour, with its own interests. …The emergence of government as a free-standing organisation in society with its own agendas and interests has created the need for a word to describe a process distinct from government itself."

4.8 This description of governance is important for its explicit recognition that government is just one of a number of institutional players whose actions together produce the outcomes which citizens seek. From this perspective community governance is not just concerned with the relationship between community and government (whether central or local). Increasingly it is concerned with the relationship between the community and all those institutional players whose activities impact on the community's ability to achieve its preferred future(s).

4.9 A couple of examples will make the point. The first is from the financial sector. As a consequence of the increasingly competitive environment which has resulted from the combined impacts of the liberalisation of capital markets and the evolution of information technology, the financial sector is in the middle of a process of cataclysmic change. Banks and other institutions have become obsessed with the need to manage costs and compete with new ways of delivering services.

4.10 One consequence is an increasing reluctance to provide services to loss-making customers. Perhaps as many as 20 - 25% of the population are at risk of losing access. As the following quotation from the Director of the London based Centre for the Study of Financial Innovation puts it:

> "…what is much less well understood is that the bright world into which we are moving has a rather seamy underside. A lot of people are going to be left behind - indeed, are already being left behind as commercial Banks move away from bricks and mortar to direct or electronic selling, and as more institutions come to the hard-nosed (if perhaps wrong headed) conclusion that their future lies in selling ever more fancy products to techno-literate As and Bs.
>
> "The underside of financial progress is financial exclusion - and those of us who believe that the proper role of government is to facilitate the private sector not to compete with it (and who are, therefore, broadly supportive of, even excited by, the changes that are coming) should give some thought to ensuring:
>
> - that too many people do not get left behind: and
> - that the changes are not derailed by a political backlash (from left or right) occasioned by the sight of "excessive" profits accruing to the usual band of City "fat cats" ".[11]

4.11 The same issue affects small and medium businesses seeking capital for start-up or expansion. It is not simply that the transaction costs associated with raising capital from the public may be high, perhaps prohibitive. More to the point it is that access to capital is increasingly controlled by institutional investors as private individuals prefer the apparent safety and efficiency of investing through intermediaries. Driven by efficiency considerations, concerns over liquidity (the ability to exit investments swiftly and at low cost) and the need for diversification, these institutions increasingly favour investment in large firms over small firms and in established firms over new enterprises. The implications for the future of small regional economies or those distant from major capital markets are clear.

4.12 There is an increasing recognition that the standardised approach to the design and delivery of social services which characterised the early days of universal health care, education, and the provision of state housing, is no longer appropriate. Communities, whether defined in geographic, ethnic, age or other terms are increasingly diverse, each with their own specific needs and idiosyncrasies.

4.13 Against this background the nature of governance should now be at the heart of the debate on the role and function of local government both in England and in New Zealand as the capability of central government to intervene in the pursuit of specific local outcomes is increasingly under question. What is the relationship between local government and local governance? What is the role of the local authority in enabling the community to evolve an understanding of and move towards achieving its preferred future(s)?

4.14 One difficulty, in developed societies such as England and New Zealand, is the extent to which local government currently dominates "governance space" at a local level. Its resources, both in terms of finance and human capital, far outweigh those of the typical civil society organisation. Its preoccupation typically is with managing its immediate responsibilities for delivery of a range of complex services.

4.15 The risk both for local authorities and for the communities whom they serve is that this overhang of resource and activity will crowd out the opportunity of recognising the underlying governance dimension.

4.16 There are some signs that this is being picked up at a government level, at least in England. The forward and introduction to *"Modern Local Government: In Touch With The People"* contains comments such as:

> "There is a long and proud tradition of councils serving their communities. But the world and how we live today is very different from when our current systems of local government were established. There is no future in the old model of councils trying to plan and run most services. It does not provide the services which people want, and cannot do so in today's world. Equally there is no future for councils which are inward looking - more concerned to maintain their structures and to protect their vested interests than listening to their local people and leading their communities".

> "A fundamental shift of culture throughout local government is essential so that councils become outward looking and responsive. Only in this way will local government fulfil its potential, and councils contribute to their communities' well being - that is what people have a right to expect from local democratic institutions".

4.17 There is no similar concern in the New Zealand policy environment,[12]

perhaps because unlike English local authorities those in New Zealand play little formal part in the delivery of mainstream social services.

4.18 Instead, in contrast to the English situation, encouragement for local authorities to pay more attention to questions of community governance has been happening more by default than by intention. There have been two main drivers:

- the rationalisation of central government activities which has included the withdrawal from provincial New Zealand of much of former central government representation, especially representation with a local democratic component such as the part elected Area Health Boards and Education Boards. Local authorities have found themselves drawn into an advocacy (and often research) role in areas such as health services as their citizens have turned to them on the basis that they are now the only entity with a democratic mandate capable of speaking on their behalf to central government
- the accumulated impact of changes in the reporting and accountability requirements for local government.

4.19 It seems clear that the intention of successive governments was that the new reporting and accountability requirements, which began with the 1989 legislative requirement for an Annual Plan and a shift to accrual accounting, and continued with the 1996 requirements for preparation of a funding policy and a long term financial strategy, should limit the discretion of local authorities and over time restrict them to delivery of local public goods. What we seem to be observing is a quite different outcome as local authorities consider what they need to do to comply with their new legislative obligations.

4.20 Thus, preparation of a long financial strategy requires a local authority to state, for a period of not less than ten years, matters such as:

- the estimated expenses necessary to meet the needs of the local authority over the period of the strategy
- the rationale for involvement in the activities giving rise to those expenses
- its proposed sources of funds, forecast cash flows and balance sheets
- the assumptions on which the strategy is based and contingencies that could affect it.

4.21 The activities undertaken by the typical local authority have as their principal purpose enabling activities which will be undertaken by others (businesses, residents, visitors...) within the district for which it is responsible. The necessary implication of this is that in order to prepare a long term financial strategy, a local authority needs a very clear picture of what kinds of activities will be undertaken within the district by other parties. Some of this the local authority will be able to generate through reviewing and analysing growth (or decline) trends for different sectors within the local economy such as farming, retailing, manufacturing or tourism. Other information will come from the analysis of demographic trends.

4.22 Some, though, is not capable of being captured by this kind of analytical approach which has, as its underlying assumption, that levels and direction of activity can be forecast with a reasonable degree of confidence from looking at the aggregates of activity of a number of different independent actors. Where that assumption does not apply, a different approach will be required. In a number of important respects, the level and direction of activity will depend on discrete decisions by individual actors, or gaps will exist which are unlikely to be filled by conventional market activity. Examples include:

- the nature, scope and quality of health, education and welfare services
- the impact on the community of the investment and distribution decisions of major quasi-public trusts such as community trusts and energy trusts (which, within the districts of a number of different local authorities, have more significant financial resources for influencing community governance than the local authorities themselves)
- initiatives to deal with problems such as access to financial services, or availability of capital for small and medium firms.

4.23 These are all issues which are the stuff of community governance - in the words of the Governance Co-operative they are concerned with how decisions are taken and how citizens (or stakeholders) are accorded a voice in this process.

4.24 This is not a situation where a "one size fits all" solution will suffice. The community's concern about health, education or welfare services may best be addressed by the development of a process through which the community's needs can be properly assessed in the context of a dialogue between the community and those responsible for the purchase and delivery of those services (a dialogue which might of itself be the trigger for ongoing change as these services are considered in the light of principles such as subsidiarity). Here the principal need may simply be for a mechanism capable of undertaking, on behalf of the community, the necessary assessment and then conducting the dialogue with purchasers and providers.

4.25 Dealing with the impact on community governance of bodies such as community trusts and energy trusts raises a different set of issues. They include mandate, accountability, co-ordinating their intentions for intervention in the community with those of other key players (such as the local authority itself and central government's various agencies) as well as providing an opportunity for the community to influence their activities in a meaningful way.

4.26 Issues such as access to credit for those excluded from the banking system, or capital for small and medium enterprises raise yet another set of issues. Currently there are no players committed to addressing those quite fundamental questions. Doing so may first require the ability and resources to specify the problem clearly and scope the different possible solutions (as is currently happening in England with the emergence of a variety of micro-credit initiatives, through the growing interest in major financial institutions in looking at how they can partner with community in ways which can meet both their own commercial goals and the community requirement for an effective service and through the emergence of Internet based options for managing access to capital).

4.27 We should not be surprised that community governance, seen as the processes required to identify and achieve preferred future(s) should cover a very wide and complex range of issues. The question is how best to address this complexity.

4.28 Clearly, if community governance as we have described it is to have meaning and substance, then there needs to be a process in place which is both manageable, and legitimate in the sense that it is accepted by major players and by individuals within the community as a reasonable and proper process.

4.29 One apparent difficulty in creating such a process is answering the question of who is the community. My own view is that this question is something of a red herring - the term community (and for that matter the term public) has been used to describe very many different combinations of people and of interests. Actually defining the community - other than in some very simplistic way such as all the

people within a particular geographic area - may be an impossible task. None the less, the concept of community in the sense of groupings of people sharing some kind of common interest is a very useful one. What matters is that we are able to cope with this complexity and with the fact that communities differ depending on the issue or the interest under consideration.

4.30 What does this mean for an endeavour to create a single process which can deal with the complex of issues described above? My view is that the practical working answer is a process which is accepted as being legitimate in the sense that no significant interest group within the affected population has deep rooted objections to it - and this in itself involves a judgement call if we are to achieve a single process through which different community interests can be evaluated.

4.31 Historically, we have been used to the fact that local authorities exist primarily to undertake collective activity in circumstances where market arrangements are unlikely to be effective. Notable examples have included the provision of roading, water and waste water infrastructure where it was generally thought that the taxing powers of local authorities would be essential to overcome the very complex contracting and other difficulties of relying on market provision. These days we (or some of us) believe we have got rather more sophisticated in developing market based arrangements (changing technology has helped) and that services of this kind can now be efficiently provided through the market with the local authority's role confined to matters such as regulation and specifying standards.

4.32 Whether or not we are individually comfortable with the idea that much of current local authority activity could, in practice, be undertaken by others, what the options now available emphasise is that the core role of local government is not in fact service delivery. Instead, it is making decisions about the nature of services, how they might best be provided, and in setting standards and regulating activity. To put it another way, we now recognise that the core activity of local government is just exactly that, acting as government of the locality.

4.33 I want to suggest that in practice this includes enabling community governance - the difficulty of defining and putting structure around the innumerable different communities within the over all local authority community is a modern parallel to the problems which our forefathers believed they faced with the provision of infrastructure. In a parallel with the way in which the local authorities of bygone days used their powers on behalf of the collective to manage the creation of needed infrastructure, the modern local authority should now be charged with enabling the collective to meet its governance needs - only the local authority has the resource, the policy and analytic capability and (the beginnings of) the mandate needed for this purpose.

4.34 I have already spoken of the way in which the reporting and accountability requirements for local authorities have evolved such that compliance really requires the development of a strategic plan for the community. The next logical step in this process is to recognise explicitly that local authorities, in a very real sense, hold these processes in trust for the community as a means of empowering community governance.

4.35 What would this mean in practice? In all probability the development of the Annual Plan and the long term financial strategy so that they supported community governance in the sense which I have described it. This would mean changing the emphasis of those documents so that instead of being concerned solely with the (significant) activities of the local authority, they became a means through which to undertake the process of the community working through all the major influences involved in determining and pursuing its preferred future(s).

Clearly this would require a number of changes not the least of which would be moving away from the present assumption that all the matters covered by such a document can be consulted on and resolved within a single month from a standing start.

4.36 In practice this would seem to require complementing the present statutory documents with the development of a strategic plan for the district as an instrument of community governance - in other words as an instrument which spelt out options for dealing with issues of concern from a community governance perspective. This would require input from or on behalf of a wide range of players including major trusts, government agencies and, in all likelihood, significant private sector actors, at least to the extent that their activities had an important impact in a community governance framework.

4.37 More explicitly, the local authority's annual plan would need to change in character from simply being the plan for the significant activities of the local authority itself to being a plan for significant activities to be undertaken within the district. It should include the plans and policies, for the district, of parties such as trusts and government agencies and should also outline areas of concern from a community governance perspective even where there may be no identified actor yet responsible (for example the need to deal with exclusion from access to banking services or any other issue of similar concern).

4.38 It would remain critical that the separation between government and governance was kept to the forefront. The local authority, as local government, would remain decision maker on those matters properly within its own realm. In respect to those matters flowing through its annual plan, its long term financial strategy or the strategic plan which it prepared on behalf of the district, decision making authority should remain with those currently responsible (I am not proposing the recreation of some form of Stalinist central planning mechanism). It would also be appropriate to revisit the governance arrangements for local authorities themselves, for example by doing away with the attendance fee syndrome which so heavily discriminates against potential candidates for office who have a significant involvement in other employment (an issue which is now squarely on the agenda of the UK government but is yet to achieve any political traction here). More generally, it seems certain that any development of the kind foreshadowed here will require an increase not so much in public as in institutional confidence in the capability of local government

5.0 Conclusion

5.1 We live in a time of very major change in the role and powers of national governments as the various forces summed up as globalisation impact on their ability to undertake many of the traditional activities of government. One consequence of this change must be a revisiting of the relationship between central and local government and an acceptance that, in many respects, it is local rather than central government which is best placed to deal with many of the activities previously seen as solely the prerogative of central government.

5.2 We also need to recognise that, as a consequence of the same kinds of forces, we can no longer treat government and governance as coterminous. Governments both central and local need to see themselves as simply instruments on behalf of the community and to recognise that they are only one of the several mechanisms which a community may wish or need to utilise to achieve its collective purposes.

5.3 Central to this will be an acceptance that the core role of local government must become one of enabling local governance - the process of communities deliberating on, choosing and achieving their preferred futures. We have no other

option if we are to be beneficiaries rather than victims of the seminal changes now taking place in the role and powers of government.

FOOTNOTES

1. *"Traditional Sovereignty"* a paper presented to the Public Administration and Development 50th Jubilee Conference, Oxford University, England, 12 - 14 April 1999

2. *"Balance, Accountability, and Responsiveness: Lessons about Decentralisation"* Anwar Shah , World Bank. Conference on Evaluation and Development April 1-2 1997 (the paper contains the disclaimer "the views expressed in this paper are the views of the author alone and should not be attributed to the World Bank Group")

3. Available at www.dti.gov.uk/comp/competitive

4. Article 3b on the treaty of European Union

5. "*Taxation Reforms for an Effective Local Government"* available at www.impactservices.com.au/acci/submission/bell

6. *"The Quality of Public Service in the Canada of Today and Tomorrow"* available at www.pco-bcp.gc.ca/aia/ro/doc/spchAUG28

7. *"Local Body Politic",* Management, May 1999

8. this consultation paper is available on the Website of the Department of the Environment, Transport and the Regions - www.detr.gov.uk

9. Available at www.detr.gov.uk

10. *"Considerations on Governance in Global Perspective: Towards a Framework for Addressing Critical Disjunctures in Urban Policy*"

11. from the introduction to *"Mutuality for the 21st Century"* csfi no 33 July 1998 a paper authored by Rosalind Gilmore, a former Chairman of the Building Societies Commission and currently a director of the Zurich Group, one of the world's largest insurance groups.

12. the closest equivalent is the preoccupation, particularly within elements of the business community, with limiting the role of local government to the delivery of local public goods