

# **LOCAL AND CENTRAL GOVERNMENT PARTNERSHIPS**

## **INTRODUCTION**

The purpose of this paper is to discuss potential partnerships between local and central governments in the areas of regional economic development, social service delivery and strengthening communities.

The paper examines the current relationship between central and local governments and identifies where collaborative practices could significantly improve outcomes for our communities and citizens.

It argues that the election of a new central government provides an opportunity to establish a more positive relationship and to initiate regional pilot projects

## **BACKGROUND**

Developments of local government are part of our historical processes, starting with the abolition of provinces and formation of the parliamentary system in 1876. Since 1876 there have been various degrees of reform and amalgamation including the establishment of six local government commissions (Bush 1995). The most recent reforms of the 1980s defined the current structural entities, governance and accountabilities.

In the decade since the 1989 reforms, changing social and economic conditions and central government reforms have impacted on the role and functions of local government. For example, central government's exit from many traditional roles, especially in areas of welfare provision, since the mid 1980s often required a response by local government to cover shortfalls in social and economic areas.

Not only has the range of issues confronting local governments increased but also the issues have become more complex as communities face seemingly intractable problems in health, welfare and employment.

In response, local governments have moved beyond being providers of basic services and to provide a wider range of social and community services, including employment initiatives, provision of public transport, tourism programmes and community development activities.

They have become more active advocates for their communities both regarding traditional areas of concern and on a broader array of matters impacting on the wellbeing and welfare of their communities and their environments.

Many are developing new concepts of community leadership and mechanism for increasing participation by citizens in local government and community decisions. Although there is room for improvement in these areas (Labour on Local Government, Nov 1999), steady progress has been made.

## **THE CURRENT PROBLEM**

There are a number of factors that limit the ability of local and central government to maximize positive outcomes for communities and citizens. This paper examines three key factors

- a)** the lack of coordination and the fragmentation of central government services at the local level (paragraph 11-13);
- b)** the lack of mechanisms for ensuring local needs and aspirations are reflected in central government policy formulation and implementation (paragraphs 14 - 17 );
- c)** the constraints on the capacity of the community sector imposed by current funding arrangements (paragraph 18 - 22 )

### Lack of Coordination

The increased complexity of government action has meant that virtually no field of activity is the exclusive responsibility of one agency. For example, Out of School Programmes fall within the functions of Work and Income New Zealand (WINZ), the Department of Children, Youth and Families, the Ministry of Women's Affairs, the Department of Internal Affairs and the Ministry of Education. While there are positive aspects of interagency involvement in social issues the danger is that often coordination is not maintained and no agency takes responsibility for addressing policy gaps or problem areas as they arise.

The fragmentation of central government agencies and funded services has also created problems at the local level. The complexity and fragmentation of health and education systems, for example, has led to lack of coordination and increased transaction costs. In some cases it has created a competitive rather than collaborative relationship between agencies. For example, due to the split into separate health providers equipment and other resources now sit idle rather than being shared between units run as a separate businesses or with another HHS in the same city.

Some areas of collaboration exist which help ensure that services and agencies complement each other's strengths, for example Safer Community Councils, Strengthening Families and interagency forums involving central government agencies, voluntary sector and local government. However, outside the confines of these initiatives coordination is erratic and duplication and gaps in services exist.

Successful co-ordination of central and local government inputs also occurs in transport through an agreed regional transport strategy. Less successful is the joint involvement in management of natural and physical resources under the Resource Management Act with ongoing disagreements on resource planning issues.

### Local input into policy formulation and implementation

While there has been a desire to make policies more responsive to local needs there has been a divergence between theory and practice. Central government has not consistently taken regional and local priorities and aspirations into account when developing national policy.

The 'one size fits all' approach to programme implementation has failed to acknowledge that regional approaches are not always consistent with national trends or that opportunities vary between regions, for instance in the area of job creation. An outcome of this is that a central agency such as Winz is achieving "mixed to unsatisfactory" results in putting people into work (Labour Department 1999) whereas the Canterbury Development Corporation has achieved good results by tailoring central government programmes to fit local requirements.

Although central government agencies occasionally implement consultation processes, local communities frequently feel as if they have been unable to influence central government policies and proposals impacting on their regions.

Local governments have attempted to act as a local 'voice' and to advocate for greater awareness of regional dimensions. However, although local government's are ideally placed to facilitate a community-wide response to a policy issue, articulate locally identified issues and priorities, and identify responses sensitive to the local environment their attempts to do so have often been less than successful. For example, the Christchurch City Council was unable to influence policy decisions on the Community Work Scheme, the proposed 'booking system' in the health system, or the funding and service purchasing arrangements with the voluntary sector including the funder-provider regime.

### Capacity of the Community Sector

There is a multifaceted inter-dependence between central government, local government and the voluntary sector. For example the achievement of many of governments' desired outcomes in the social sector depends on the availability of a community sector willing and able to:

- a)** Respond appropriately to locally identified needs in order to avoid the need for more costly funded interventions at a later stage, and
- b)** Deliver services efficiently on behalf of Government.

In addition community organisations provide opportunities for learning and skill enhancement, engage communities in identifying and addressing local needs, play a vital role in promoting social justice and providing a voice for the disadvantaged and facilitate the development of social capital and participatory democracy. The community sector in Canterbury is also involved in maintaining or improving the environment and protecting bio-diversity through land care groups, coast care groups and other initiatives.

At present there are a number of factors that are affecting the sustainability and capacity of the voluntary sector. The most notable factors are those associated with Government contracts and funding: the compliance costs; short term and partial funding; complex, inconsistent and ad hoc approaches; circumscribed restrictions and limited outcome evaluation.

The Christchurch City Council has identified that over \$23,500,000 was funded to the voluntary sector in Christchurch from nine departments in 1997/98 (not including the HFA the largest funder).<sup>1</sup> An estimated \$3.5m of this would be spent on compliance costs and an additional \$2.4m would have been spent on transaction costs (over and above the \$23,500,000 allocated).

Government is increasingly looking to community sector organisations to deliver 'local solutions to local problems', this requires a strong and sustainable sector. However, the Government's current policies and processes are compromising the community and voluntary sector's capacity.

## **GOVERNMENT'S STATED AGENDA**

The election of a new government provides local governments with opportunities to enhance the local – national relationship as both Coalition partners have signalled a desire for a more positive partnership.

The Labour Party policy on local government identified that

Labour wants local bodies to operate with autonomy and freedom within a collaborative framework that allows all levels of government to work for the best outcomes for communities....Labour will establish a process through which central and local government can work together to develop the role and functions of local government in the future and its relationship with central government (Labour Local Government Policy Nov 1999).

The policy also states that Labour will work with local government to encourage innovative local initiatives. It has identified that central to the process is:

- The research and development of local responses to social issues
- The identification and development of local social development clusters, and the social entrepreneurs needed to maintain this process
- Identified and specific initiatives aimed at encouraging local people to build the capacity of their communities
- Initiatives to increase opportunities for local democracy (Labour Local Government Policy Nov 1999).

Alliance has identified that a "genuine partnership between central and local government is at the core of the Alliance local government policy" (Alliance Policy Nov 1999). It has also stated that

We encourage local government to become involved as partners with central government in alleviating poverty, and poor housing, as well as promoting health and equal communities offering opportunities for all (Alliance Local Government Policy Nov, 1999).

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<sup>1</sup> The HFA were unable to distinguish between voluntary sector and private providers but for the period 1 November 1998 to 30 April 1999 \$331,482,362 was paid to Christchurch private and voluntary organisations.

Party policies also identify specific initiatives relating to local government. The Labour policy, for example, has identified the establishment of a regular forum to identify policy issues and develop a long-term strategy for local government; a review of the Local Government Act; a review of Rating Powers Act; a review of consultation processes and development of a strategy for fostering citizen participation; the support for Safer Community Councils and establishment a Community Safety Office; possible support of housing initiatives; the establishment of a Local Economic Assistance Fund; and the encouragement of business clusters. Alliance policy has identified the establishment of Regional Development agencies; the establishment of Economic Development Fund; a review of basis of local revenue sources and collection; and a review of the impact of amalgamation.

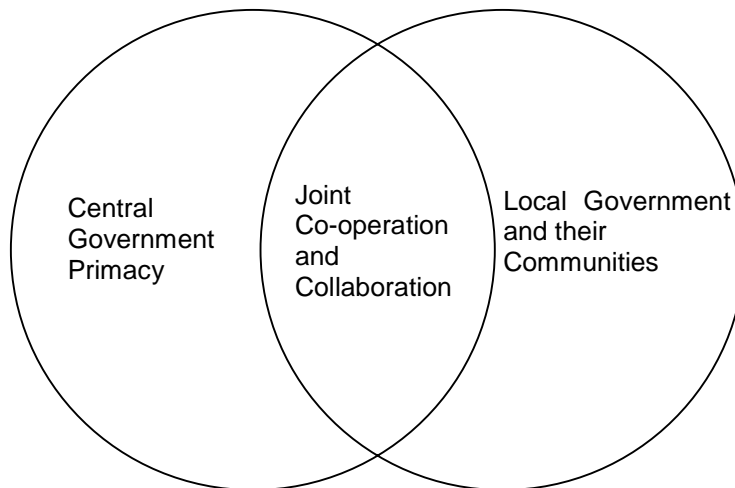
The Party policies along with Rt. Hon Helen Clark's 'First 100 days' speech and address to the Local Government conference in 1999 are invitations for local governments to build new relationships with central government. Similarly the Deputy Prime Minister (28 February, 2000) stated that "the government is determined to foster a genuine partnership between central and local government and the private sector." and that "local authorities will usually be much closer to the needs of local communities and the opportunities for economic development than a Minister in Wellington.

Canterbury local/regional governments should be proactive in their response to these invitations.

### **FUTURE LOCAL – CENTRAL GOVERNMENT RELATIONSHIPS**

The increasing moves towards 'local responses' reflects the recognition that many of the complex problems in health, education, welfare and employment are more likely to be solved by people in local communities. Local people have direct access to the information needed, the support of the community, and strong incentives to get the decisions right because they have to live with the consequences of the decisions (Blakeley 1999).

This section examines the potential roles of local and central governments in facilitating "local solutions to local problems" and achieving the best possible outcomes for our communities. It argues that there are three specific areas of activity: firstly, the area where central government has primacy; secondly, that requiring co-operation and collaboration and thirdly, the area where local government with their communities have the mandate.



Certain activities lend themselves to central control, for example foreign affairs, defence and monetary policy. For other activities it is desirable to have national unity, equity, redistribution, portability, mobility, and stability. For example social security, justice and penal systems, and education. In these instances central government should play a lead role, however there should be room for local input into policy formulation.

Most social areas, however, require a mixed response, not only by central and local government but also by the community and private sectors. In these areas best results are achieved when policy is determined and programmes implemented with local, regional and national involvement. For example, national and local components are appropriate especially in the area of health, crime prevention and economic development:

“welfare-maximising outcomes are unlikely to occur if responsibility for provision is made exclusively the domain of local or central government” (Reid 1999;177).

In these instances coordination and collaboration are crucial at the strategic level of goal setting and policy formulation as well as in implementation. As a democratically accountable body representing geographical communities local government is well placed to broker coordination and collaboration between sectors.

Another area is that of policies and services that require community engagement, responsiveness and/or accessibility. For example, community development programmes, discretionary community funding programmes, “initiatives aimed at encouraging local people to build the capacity of their communities” and “increasing opportunities for local democracy” (Labour Local Government Policy Nov 1999).

In these situations decision making and implementation should be by local government as the government closest to the community. As well as being ideally placed to facilitate ‘local solutions to local problems’, as local multipurpose and multi disciplinary organisations local governments can gain economies of scale and increased coordination among activities at the local level.

Where appropriate decision making, implementation and monitoring should therefore be devolved from central government to local government.

## **IMMEDIATE PARTNERSHIP**

This section examines three areas where new partnerships between local and central governments could be developed immediately: economic development and employment creation, community building, and health. There are other areas, such as environmental management, where partnership opportunities also exist. However, these are not discussed in this paper. .

### Employment and economic development

Employment and economic development have been identified as high priorities for the new Government. It is likely that there will be a Ministry of Economic, Industrial and Regional Development and an Economic Development/Assistance Fund.

Central government will be looking for projects to invest in. It will want these to fit within a regional strategy designed to improve the productive capacity of the region and to move it towards full employment. It will also expect all projects to have strong evaluation and accountability measures built into them.

There may be benefit in being 'first-up' and in a position to say: *'as a region we have worked out our priorities and our programme is {x} . To achieve this we will be doing {y} . and we would like the government to provide support in {these areas} to help us achieve these outcomes.'*

Canterbury is in a strong position with the Canterbury Development Corporation (CDC) and others having done a lot of work in the area and built-up considerable expertise. The Canterbury forum could build on this head start by sponsoring the preparation of a regional economic development strategy (plan). Such a strategy would need to identify:

- the key objectives of economic development
- the key sectors which have potential to enhance economic development
- the barriers to growth in these areas
- how these barriers can and should be addressed.
- practical projects and initiatives

If the region had such a strategy then would be in a strong position to be the 'first cab off the rank' when government starts to look for projects and initiatives to invest in.

The government has signaled that it will give priority to depressed regions. Canterbury has been fortunate in experiencing relatively higher economic growth over recent years. This growth should not disqualify new Canterbury businesses from receiving further funding. It is important that this growth be sustained and encouraged further. Success breeds success.

### Building Communities

Central government has identified that a strong, independent and diverse voluntary and community sector is fundamental to the wellbeing of society (Welfare in the 21<sup>st</sup> Century, 1999). It wishes to strengthen the relationship between government and voluntary sector and intends to facilitate this through an "agreement" (similar to the Compacts between the voluntary sector and central and local governments developed in the United Kingdom).

The Christchurch City Council has already initiated work in developing such an agreement or compact. To avoid duplication and enhance collaboration this could become a tripartite agreement between central and local governments and the voluntary sector.

Central government has also articulated a desire to improve the effectiveness and efficiency of its funding to the voluntary and community sector while at the same time reduce the compliance and transaction costs associated with current funding and service purchasing practices.

Councils have a track record in the business of administering discretionary community grant funding. They distribute rate funds to the voluntary sector through a variety of grant funds, for example Christchurch City Council administers and distributes rate funding to the sector through over six funding schemes. Councils also administer devolved funding from the Hillary Commission and Creative New Zealand.

Local Government New Zealand in partnership with a number of local authorities has recently commissioned a comprehensive good practice guide for funding of community organisations which will act as a guide for Councils.

Due to Councils expertise in the area, regionalised discretionary grant funding, such as Lottery Grants Board, and Community Organisations Grant Scheme (COGs) funding could be administered by Councils. This would streamline application, decision making and accountability processes and therefore reduce compliance and transaction costs. It would also ensure greater targeting to local needs and priorities and coordination of funding.

Councils could also have greater involvement in policy setting and determining priority targets for other grants and contracts with the voluntary sector, for example the Department of Children, Youth and Families' "service planning" exercise. They could play a key role in ensuring community grant and contract funding is appropriately coordinated and evaluated, through Council facilitated forums such as the Combined Funders Forum.

The Canterbury Mayors/Chairs could seek a meeting with the Minister of Social Services and Employment Work, to discuss:

- a)** Prototyping the development of a tripartite agreement between central government, local governments and the voluntary sector in Canterbury
- b)** Recognition of local government's key role in coordinating central and local government funding of the community sector in Canterbury
- c)** Formalising local government's input into funding allocation and policy decisions including identification of local needs and priorities
- d)** Increasing the devolvement of decentralized discretionary funding to Canterbury Local Governments to administer

## Health

The Government intends to establish District Health Boards with elected representation, the first elections coinciding with the local body elections in 2001. These Boards will be responsible for health planning including coordination of provision and evaluation of health services and coordination of health protection, promotion, and education and treatment services.

Councils are in an ideal position to service these Boards. Decisions about deployment of health resources throughout a region should relate to urban development, other land use, other social services, socioeconomic and environmental trends as well as health trends and services.

Although Councils would need to recruit certain health planning expertise, this expertise is available in the local communities and health planning professionals have indicated a desire to work within local authorities. Councils have the capacity to facilitate comprehensive planning processes as demonstrated by the annual planning process. Councils also have the infrastructure in place to serve elected Boards.

The Canterbury Mayors/Chairs could develop a proposal for how their Councils could manage and service District Health Boards.

## **RESOURCES**

Commitment to partnerships and increased involvement by local government raises the issue of local financing and financial control. Any transfer of power and functions to a different level of government must logically be accompanied by transfer of corresponding resources and finance.

## **CONCLUSION**

The current relationship between central and local government has in many ways been less than optimal. Central government has not consistently taken regional and local aspirations or priorities into account when developing national policy. The lack of coordination and the fragmentation of central government services has created problems at the local level. Some central government policies have had a detrimental affect on local communities, for example current community funding practices.

The election of a new central government provides an opportunity to establish a new relationship which will produce positive outcomes for our communities and citizens by improving information sharing, increasing co-operation and coordination, and minimizing transaction costs.

There is the potential to develop immediate partnership initiatives in the areas of economic development and employment, health and community building.

Canterbury Mayors/Chairs are in a strong position to approach the new Government to discuss potential partnerships in the above areas. In some cases their position would be strengthened if they had developed regional strategies and specific projects, for example a regional strategy designed to improve the productive capacity of the region and to move it towards full employment.

## **RECOMMENDATIONS**

It is recommended that the Canterbury Mayors/Chairs

- a)** Sponsor the preparation of a Regional Economic Development Strategy
- b)** Seek a meeting with the Minister of Social Services and Employment to discuss potential partnerships in enhancing the local/central government relationship with the voluntary sector
- c)** Develop a proposal for the management and administration of District Health Boards.
- d)** Actively participate in the initiatives of central government to work in partnership with local government. Progress the numerous opportunities for ongoing discussions through the Canterbury Forum.