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Rethinking Governance: Lessons in collaboration from environmental policy

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Abstract

How can we make government work better? To say that Australia has a complicated system of government would be something of an understatement - there is a multitude of departments, agencies and authorities operating at the local, state and national level. Sometimes the functions of these organisations clash and sometimes they overlap - either option can generate major problems when delivering services. These problems were recognised by the 'Australian Governance' stream of the recently held *Australia 2020 Summit*. As the demands on the public sector grow, and as resources become increasingly stretched, there is a growing impetus to improve the situation. In the absence of a major restructuring of the whole federal system, one solution may be to encourage collaboration within and between different levels of government, particularly at the regional level. This paper outlines some of the key barriers to such collaboration that have been uncovered by the *Engaged Government Project*. It also offers some strategies for overcoming these barriers based on the author's research into environmental policy implementation across different jurisdictions under the Australian federal system. Overall it is argued that collaborative initiatives will mainly be useful when the issue to be addressed is given a sufficiently high priority, when it cuts across administrative jurisdictions, if it requires a multi-disciplinary approach, and when it requires more resources than can be provided by a single organisation. Further, collaborative projects that are undertaken will have the best chance of success if they are supported by adequate institutional communication, authority and resources.

Introduction

The long-term trend in public policy is an increasing expectation that governments must do more with less. One strategy for dealing with the challenge posed by these conflicting demands is to encourage collaboration between agencies as well as creative engagement with the community and private sectors. The ultimate goal is to ensure more effective service delivery, but what institutional arrangements are necessary to facilitate such collaboration and engagement? This research paper addresses this question in three basic steps. Section one explores the nature of the problem in a little more detail. In section two some key findings of the *Engaged Government Project* are summarised. The final section then uses the lessons offered by this project to review a number of cases where collaboration and community engagement have been attempted in the past with varying degrees of success. The cases cited are drawn from the area of environmental policy because it provides prime examples of inter-jurisdictional/inter-sectoral cooperation and is the main research area of the author. Overall both the challenge and the proposed solutions are treated as a matter of institutional design.

1) The Nature of the Problem

Governments are faced with a difficult dilemma: on one hand they are expected to address an ever growing list of complex issues (e.g. environmental degradation), on the other there are constant demands to trim down the size of the public sector and reduce taxation. Governments have sought to find new ways to make more effective use of scarce public resources and a range of different administrative strategies has been deployed. Northern European countries have maintained relatively large public sectors, the USA relies more on the private and community sectors, while the UK is attempting to find a ‘third way’ that utilises public-private partnerships to meet community needs (Dryzek et. al. 2003; Giddens 2002, 1998). Australia has adopted elements from all these strategies. It has selectively maintained a substantial public sector presence in some areas (e.g. health and Medicare), targeted particular public assets for privatisation (e.g. the Commonwealth Bank, Qantas and Telstra), and created public-private partnerships in some service delivery areas (e.g. the Job Network). Most recently, the ‘Australian Governance’ stream of the *Australia 2020 Summit* recognised the ‘need to fix federalism’ (Davis 2008, 32). One of their top five ideas involved using a constitutional convention to clearly define the roles of different levels of government and the establishment of a ‘National Cooperation Commission’ to negotiate a new intergovernmental agreement (Davis 2008, 33).

One of the major contributing factors to this dilemma is that the nature of problems addressed by governments has changed over the last century while the fundamental architecture of public sector institutions remains much the same. This means that we have institutions designed in the nineteenth century trying to address twenty-first century problems (Beck 1992). The type of bureaucracy studied by Weber at the start of the twentieth century, with clearly defined areas responsibility and the breaking down of public administration into smaller individual tasks, now struggles to address issues that cut across jurisdictions and/or require a blend of different types of expertise (Gerth & Mills 1958; Dryzek 1992). Added to this, the Australian federal political system tends to encourage duplication, disputes and a lack of trust between different levels of government (Toyne 1994).

Take, for example, the problem posed by climate change. This complex issue starts with emissions that originate mainly from the energy, transport and industrial sectors, all of which are administered by different Commonwealth, State and Local government departments. Further,

climate change has major impacts on water resources, coastal infrastructure, insurance, agriculture, fisheries, trade, economic growth, and biodiversity that are again administered separately. What is more, responding effectively to this issue requires action at the local and regional planning level, coordination through a national strategy, and the negotiation and implementation of international treaties. It is simply unrealistic to expect a single department or agency to be able to respond effectively to such issues. These issues were acknowledged by the *Australia 2020 Summit* and they require a well coordinated effort from all parts of the public, private and community sectors (Davis 2008, 14; Howes 2005).

Proposed solutions to this dilemma fall into two main groups. First, there are schemes to substantially restructure society, with a particular emphasis on creating new government and public sector institutions. These proposals generally advocate less hierarchical, more consultative institutions that are able to draw on a range of supporting expertise, empower the community, and give citizens more influence over political and economic decision making. The idea is to create networks that are able to detect issues at an early stage and generate a flexible rapid response (Dryzek 1990, 1987; Eckersley 2004, 1995). While many of these schemes are logically consistent, there is the problem of how to achieve such a comprehensive transformation in the short to medium term when the issues demand immediate action.

The second response to the dilemma of government is to advocate more effective use of existing institutions. Proposals of this kind generally promote more collaboration between different levels of government, more cooperation between different agencies or departments, and more engagement with the private and community sectors. They often require the establishment of cooperative networks and consultative bodies within the existing public sector (Considine 2005; Andranovich 1995). These solutions are more strategically pragmatic because they require less structural change and can be deployed more rapidly. They are, however, limited by the political space available to manoeuvre between the established institutions of power. The *Engaged Government Project* has sought to explore the benefits and limitations of this second response.

2) The Politics of Engaged Government

The *Engaged Government Project* (itself a collaborative undertaking between different public sector institutions)¹ explores three themes via a set of central Queensland regional case studies: interagency collaboration, community engagement and regional development (Bishop et. al. 2006). The results to date have, amongst other things, identified the conditions under which collaboration may be worthwhile, outlined the barriers to collaboration, and offered some suggestions for reform.

First, establishing collaborative arrangements requires a substantial investment of time and resources that may slow down the first stage of a response to an issue. It is therefore important to establish whether the issue being addressed requires such a move or whether it can be more effectively dealt with by one institution. To this end the project created the Issue, Context and Stakeholder Analysis (ICASA) system that enables agencies to determine when collaboration will be a useful strategy (Oliver & Bishop 2006). The conditions include when:

¹ The *Engaged Government Project* is a collaborative venture between Griffith University, the University of Queensland, Central Queensland University, and the Queensland Departments of Main Roads, Transport, Natural Resources and Mines, as well as the Local Government Association. It is funded by an Australian Research Council Linkage Grant.

1. The issue is a high priority for the agency;
2. The issue is a high priority for the community being served;
3. Senior managers within the agency do not agree on how to resolve the issue;
4. The agency does not have the resources or skills to resolve the issue;
5. The agency needs the help of other agencies to resolve the issue; and,
6. Other agencies have an interest in resolving the issue.

When these conditions are met a collaborative approach would be recommended.

The next finding was that, even when it is desirable, there are several barriers to collaboration (Liebrecht & Howes 2006). It is often the case, for example, that there is a mismatch between the centralised control of funds and the decentralised distribution of responsibilities. Local governments in particular felt that they were often being given more responsibilities without any extra resources – a process labelled ‘cost shifting’. Distrust between different levels of government and political game playing can further undermine collaboration. A ‘silo mentality’ discourages public servants from looking outside their agency for help and ‘turf wars’ are fought where agencies tried to prevent the intrusion of other organisations into their jurisdiction. Further, even when a collaborative body was formed the people involved often did not have the authority to make decisions.

These findings led to some suggestions for reform (Liebrecht, Bishop & Howes 2006). It was proposed that there was a need to generate an environment of mutual respect between State and Local governments and that they should be aware of their complementary capabilities. More flexibility needs to be built in to legislation and there needs to be the political will to negotiate and compromise. Better communication is required across the public sector and a partnership approach needs to be adopted between different levels of government. The question now is what institutional reforms are likely to bring these recommendations to fruition?

3) Institutional Reform: Learning from History

There have been several instructive examples of attempts to improve collaboration and engagement within the environmental policy area. The lessons they offer complement and build upon the findings of the *Engaged Government Project* by highlighting three key areas for institutional reform that resonate with the research findings to date: communication, authority, and resources.

Communication

Communication between agencies, the community and the private sector needs to be improved. One strategy is to hold real and effective consultations with all stakeholders prior to making major decisions and empower the public to participate in the setting major policy goals. This ‘grass roots’ approach generally works better than the ‘top down’ approach because it leads to better problem solving (as participants outside the agency will bring in fresh ideas and perspectives), reduces disputes, builds social capital and trust, increases the commitment of participants to collaboration, reduces resistance to implementation, and improves understanding both between agencies and between the public, community and private sectors. A good example of is the process that led to the National Strategy for Ecologically Sustainable Development (NSED).

By then end of the 1980s there had been a series of major confrontations between community groups and business over environmental issues (e.g. the Franklin Dam, the Wesley Vale Pulp mill, development in the Daintree Rainforest, mining at Coronation Hill, logging in old growth forests, etc.). Unions were drawn into this conflict when there was a perception that jobs were being threatened. At the same time there was a worldwide move integrate responses to environmental, social and economic issues by constructing policies on sustainable development. The Hawke Labor government sought to reduce the level of confrontation by creating a national policy on ecologically sustainable development (ESD) using a series of consultations between all levels of government, business, community groups and the public (Howes 2005).

The process worked as follows. In 1989 Hawke released a statement on ESD that was followed by a 1990 discussion paper. Nine working groups were formed to create sector-specific ESD policies for energy production, energy use, transport, tourism, manufacturing, agriculture, fisheries, mining and forestry. Each group had representatives from all levels of government, business, environmental groups, unions and other interested community organisations. Their work was supported by scientists from the CSIRO and other experts. The groups held public hearings in all capital cities and took submissions on drafts before finalising their reports (ESDWG 1991). The results formed the basis for both Australia's contribution to the Rio Earth Summit and the NSESD (1992). Perhaps most importantly it led to an agreed common interest in both a healthy environment and a healthy economy. Environmentalists acknowledged that business would need to continue using nature as a resource, business agreed to take environmental issues more seriously, and governments agreed to work together to help both make the transition to more sustainable practices (Howes 2005).

Although there was general agreement on the policy goal, implementation proved difficult to achieve. The NSESD remained on the books but by 1996 both the intergovernmental committee and the business roundtable set up to put the policy into practice had become defunct. The policy was rescued to some extent by the *Environment Protection and Biodiversity Conservation Act 1999* that enshrined a set of sustainability principles in law and required all Commonwealth agencies and departments to report annually on their contribution to ESD (Howes 2005). The lesson here is that setting policy goals is not enough, there needs to be a supporting institutional arrangement that has the authority and resources to implement the necessary changes. Another note of caution is that such policy consultation forums are not always needed or practicable. As was pointed out in section two, collaboration should only be attempted under certain conditions (Oliver & Bishop 2006). There is always a risk that such forums will be used by dissident stakeholders to slow down the policy making and implementation process. This was the case during the Tasmanian Green-Labor Accord (1989-91) when the Field government attempted to generate new policies in a broad range of areas using community consultation forums (Hay 1993).

Authority

As the NSESD case revealed effective communication and consultation at the policy making stage is a necessary but not sufficient condition for collaborative engaged government. It needs to be backed up an institutional arrangement which has the authority and resources to implement

decisions. Most public sector institutions rely on legislation as the basis of their authority² and the *Engaged Government Project* found that the design of legislation is a key influence on the success of collaborations (section 2). A good example of how authoritative collaborative institutional arrangements can be established between different levels of government comes from the case of the National Environment Protection Council (NEPC).

By 1990 it had become apparent that there needed to be better coordination between all levels of government on environmental policy so the Special Premiers' Conference began a negotiation that led to the *Intergovernmental Agreement on the Environment* (1992) between the Commonwealth, States/Territories and Local Government Association. This agreement committed all governments to pursue ESD, acknowledged complementary responsibilities for each level of government and aimed to reduce duplication. It specifically agreed to collect and share data, harmonise resource assessment and land use decisions, rationalise environmental impact assessment procedures, establish a national environment protection authority (later renamed the NEPC) and take action on specific environmental issues (e.g. climate change, biodiversity and conservation).

The NEPC was a council of all the environment ministers from the Commonwealth, State and Territory governments with the power to create legally binding National Environment Protection Measures. The measures are developed through a process of expert input and community consultation and need to pass as a majority decision of the council. Complementary legislation was enacted in all jurisdictions so that when a measure was passed by the NEPC it automatically became law across the country. The first measure established the National Pollutant Inventory (NPI) that began operating in 2000 where State and Territory agencies are required to collect data on major polluters, the Commonwealth places the information on a publicly available on-line database and the whole program is administered by the NEPC (Howes 2005).

There were, of course, a lot of teething problems with this arrangement. First, the West Australian government decided to play politics and temporarily withdrew from the NEPC in 1994 but later returned to the fold. Second, the development and implementation of measures can be extremely slow. It took six years, for example, for the NPI to move from a proposal to a functioning program. Third, the level of enforcement of measures has varied substantially from State to State and depends on the political priorities of the regime in power. Finally, there has been some dispute over the funding arrangements for measures. The Commonwealth provided the initial funding for the NPI but in 2001 asked the States and Territories to begin contributing to part of the costs. The ensuing disagreement nearly saw the program lapse until a compromise was reached in which the Commonwealth continued to fund the project at a reduced rate and the States could contribute extra on a voluntary basis. In the same year the NEPC became part of a larger organisation of environment, conservation and heritage ministers called the Environment Protection and Heritage Council that includes a member from New Zealand and observers from the Local Government Association and Papua New Guinea. This case demonstrates that both communication and authority are necessary to successful collaborations but, as confirmed by the

² There are some public institutions that rely on the constitution for the basis of their authority (e.g. the High Court, the Commonwealth parliament, and the Governor General). It should be noted, however, that the Australian constitution is actually an act of the Westminster parliament, so the rule holds in these cases.

Engaged Government Project, institutional arrangements that guide the flow of resources and the commitment of partners are also important.

Resources

A constant feature of the Australian political system is the tension surrounding the way resources are distributed between centralised and decentralised institutions. There is a structural fiscal imbalance, for example, where the Commonwealth collects most of the tax revenue but the States bear responsibility for most of the expenditure on public services. This leads to regular disputes over how funds should be distributed at the annual Council of Australian Government meeting. The *Engaged Government Project* uncovered a similar tension between State and Local governments regarding the distribution of funds regionally. In both cases there is often a claim that the central funding institution is attempting to 'cost shift' by devolving responsibilities to local institutions without providing matching funds. Added to this is the general scarcity of resources within the public sector along with the 'silo mentality' and 'turf wars' that can discourage agencies from collaborating because they are competing for scarce resources. One possible way to reduce this tension and encourage collaboration or engagement may be to alter the way funding is undertaken and the Natural Heritage Trust (NHT) may offer an alternative model.

The NHT had its origins in the Landcare program that started in the late 1980s under the Hawke Labor government. The idea was that the Commonwealth would provide a pool of funds that community groups could apply to use in their attempts to repair land degradation in their local area. A typical project, for example, might involve environmental groups planting trees along the bank of a creek to stop the loss of topsoil from a farmer's paddock. The saplings and tools are supplied by the Commonwealth, and some expert advice may also be given, but the organisation and labour is provided voluntarily by the stakeholders. This idea was a 'ground up' initiative promoted by both the National Farmers Federation and the Australian Conservation Foundation. The program was so successful that it grew into other areas, such as Coastcare, won bipartisan political support, and was eventually expanded into the NHT by the Howard Coalition Government in 1996. Projects can involve State agencies, Local governments and businesses, as well as community groups, and are administered by a network of community run Natural Resource Management organisations (Howes 2005).

The NHT offers several institutional innovations. From the government side, these projects are very cost effective because the project proposal, coordination and labour are provided by the other stakeholders. They also generate social capital between groups that are often on different sides of issues and give the community a sense of ownership of the project. Perhaps the most significant innovation is in the funding arrangement. Instead of allocating resources to a particular agency or to a particular project overseen by one agency, funds are set aside to address particular issues. Community, business and public organisations are then encouraged to form collaborations, outline a specific project, and apply for support. A similar arrangement is operated by the Australian Research Council (ARC) Linkage Grant scheme that encourages collaborative research between universities and industry partners (the *Engaged Government Project* is funded through this mechanism). This funding model might be extended to regional governance projects. State and or Commonwealth governments could set aside a percentage of their budgets and earmark them for specific issues that have been identified by community

consultation forums. Agencies and Local governments could then propose projects and may include business or community partners as part of their collaboration.

Conclusions

Governments are going to continue to face demands to do more with less, particularly at the regional level. The *Engaged Government Project* has found that one way to rise to this challenge is to increase collaboration between different agencies and levels of government as well as improving engagement with the private and community sectors. Such a response should only be undertaken when the conditions are conducive because it requires the commitment of substantial resources and the will to overcome many barriers. Lessons from past institutional changes in the environmental policy area, however, suggest that the barriers to change are not insurmountable if three areas of reform are addressed. First, there could be better communication through consultative decision making forums on major policy issues (the ESD Working Group model provides one option). At a regional level this would mean bringing together all the major stakeholders to develop a local development plan and identify the issues that require collaboration. Second, there needs to be an institutional arrangement that gives the collaboration some authority to implement decisions. This may be achieved via complementary legislation (as in the NEPC case). Regionally this may require legislation that clearly defines the authority and enforcement responsibilities of the State and Local governments. Finally, some State funding could be allocated using a competitive grant mechanism (similar to the NHT or ARC Linkage models) to encourage collaboration between and within the public, private and community sector. Each region could be allocated a certain amount of money and there could be another scheme covering all of Queensland. These reforms would move regional government some way towards a version of the 'third way' public-private partnership model.

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