

# Greater China-Australia Dialogue on Public Administration

## 2013 Workshop: Zhejiang University, Hangzhou

### Decentralisation of Public Administration: an introductory overview

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#### *Abstract*

This paper presents a high-level introductory overview for the Dialogue Workshop. It begins from first principles (various logics informing decentralised administration and provision), then canvasses the various dimensions of jurisdictional/regional government relations, before looking at local capacities and asking what the drivers of improvement might be. The paper poses a number of questions to prompt debate at the workshop and it concludes with a discussion agenda.

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## 1. Introduction

The distribution of powers, functions and finances between a country's national level of government and one or more lower levels can have a significant impact on the wellbeing of its citizens and the effectiveness and efficiency of its economy. Add to this the capabilities and performance of the various lower level jurisdictions, and issues of national social cohesion can also arise.

There is a great diversity of approaches adopted by countries to the distribution of powers to promulgate policies, enact laws and raise revenue, and to the distribution of responsibilities and funding for administration and service delivery.

Many factors play a part in determining that distribution over time. Of particular importance are history and tradition, historical institutionalism, and the trajectories that various polities have taken in response to major events and circumstances and to the demands of the various regional communities, ethnicities and cultural groupings within their borders. Expedience, accident and planning have all played their part.

The constitutional structure of a country has a significant influence on the distribution of powers and functions, and on the ability of the national government to make changes to those distributions. In unitary states it is largely a question of the extent to which powers are devolved to the second and subsequent levels of government but in federations it is mostly a question of the extent to which the sovereign entities of the second level have centralised some (absolute or concurrent) powers in the national level of government (although scope exists for jurisdictions to also decentralise some of their own administration (see box 1). These issues, as they relate to China and Australia, are explored in greater depth later in the paper.

Powers to determine major policies and enact related laws are mostly held at the national level, especially in unitary states. However, services delivered to the community (health, education, community services, public safety, even regulatory and inspection services) are more commonly delivered on a decentralised basis (regionally or locally), unless there are compelling reasons or imperatives for not doing so. Many international institutions have extolled the virtues and substantive benefits of decentralised modes of administration and service delivery, including the World Bank, IMF and ADB.

### Systems of governance

Unitary states. China and most other countries are unitary states where full power resides with the national government. Lower levels of government are established and are allocated a range of powers (including expenditure responsibilities and revenue rights), but decisions of lower levels can be annulled. There may be different numbers of levels of administration below the national government. China has four levels of local government, the first being provinces and provincial level directly controlled municipalities, ethnic autonomous regions and special administrative regions. Unitary systems can vary enormously in the degree of centralisation or decentralisation they exhibit.

Federations. They include Australia, the United States of America, Germany, Canada and Switzerland. These are associations of sub-national sovereign powers that have retained the rights to exercise some powers independently of each other and autonomously, and a sovereign central government that can also exercise powers either autonomously or concurrently. Again, national federations can be centralised in character (Australia, Germany) or predominantly decentralised (USA, Canada, Switzerland). Each sovereign power within a federation can decide to decentralise management of its responsibilities and there may be processes to coordinate or integrate these decentralised arrangements.

Hybrids - The EU's governance structure is a somewhat unique hybrid of federal and unitary institutions, although the United Kingdom (a unitary State for now), also has some hybrid structures.

## 2. Guiding Principles and Contextual Considerations

The distribution of powers and functions is of two broad types, depending on whether those powers have been **devolved**, or whether there has been a **decentralisation** of the administration of those powers. These concepts are distinct but interrelated.

**Devolved authority** involves locating power at sub-national levels of government, giving them decision-making abilities such as the capacity to decide the quantum or quality of services to be delivered locally. Associated with the issue of the devolution of these powers is whether there has been a devolution of sufficient financial capacity to be able to exercise that power. And, as discussed later, investment in the capability of local administrations is an important associated issue.

The concept of devolution applies particularly in a unitary state where administrative devolution can be granted by the national government. The concept has more of an historical applicability in federations, which by nature represent devolved jurisdictional authority and where the second level sovereign entities have retained some exclusive powers. However, concurrent powers can be 'devolved' to the exclusive application by the lower level jurisdiction, or, more likely, are centralised in the national government when it commands greater fiscal authority and can use that power to coerce the second level jurisdictions.

The **decentralisation of responsibility** can apply to various degrees of policy implementation, operational delivery and revenue collection at levels closer to the community and may not imply any transfer of

substantial decision-making powers. Decentralisation usually implies the decentralisation of the administration of the functions of government. However, even in a federation, powers such as local land use approvals can be conditionally decentralised to a non-sovereign third (or lower) level of government.

In making the distinction between devolution and decentralisation, there are clearly different dimensions of power and consequent implications for the power relations between jurisdictional or administrative entities. Indeed, especially in unitary states, a lower level administrative unit for a particular function may be required to report to, and receive direction from, both the jurisdictional government which operates at that level, and the national ministry which has overall responsibility for implementing national policy for that function.

In the various literatures that inform thinking on this topic (e.g., nation-building, constitutional design, political structures, institutional design and public administration), there are some normative principles that give guidance on when devolved power or decentralised administrative deployment is most effective and efficient. These principles are often drawn upon when assessing the underlying rationales for adopting particular forms of devolution or decentralised administration. They include the following three broad groups of principles:

- Principles associated with subsidiarity and the transmission of delivery modes closer to the regional/community level
- Principles supporting differentiation and experimentation
- Principles concerning the adequacy of local capabilities

## 2.1 Subsidiarity

The principle of subsidiarity is that matters ought to be the responsibility of the lowest level of competent authority. The principle can be drawn on to support the devolution of specific powers and the decentralisation of specific functions within political entities to lower levels of jurisdiction/administration. Subsidiarity can be inspired by (either or both) a normative philosophy of the beneficial value of local provision closest to the community (local land use planning, urban infrastructure, local tax collection, local courts), or a pragmatic *realpolitik* based on a recognition/acceptance of local practicalities and capacities of delivery within a higher-level policy framework (school education, local health centres).

Subsidiarity requires and depends on sufficient local capabilities to be extant so that devolved decision-making authority and decentralised delivery is matched with local capacity.

The application of subsidiarity principles can bring benefits of jurisdictional autonomy, appropriate discretion, administrative efficiency and the visible closeness to the people for accountability and review. The weaknesses identified by the principles might include the unevenness or paucity of local capacities, aberrant or inconsistent decision-making, and a diminution of national social cohesion.

## 2.2 Differentiation and experimentation

A second group of principles relate to differentiation and experimentation (including 'earned autonomy'). They can encourage local responsiveness, provide greater roles for local preferences or client choice, and support greater opportunity to undertake local initiatives. Circumstances which promote existing or enhanced forms of differentiation include diversity of languages, cultures and religious beliefs, as well as differences in local administrative systems. The principles of differentiation and experimentation can

encompass measures that encourage regional competitive incentives, competitive federalism and competitive provincialism.

The advantages of preferences for local responsiveness relate to satisfaction with local administrative delivery and customisation; as well as the encouragement and incubation of experimentation (testing what works best); and greater social acceptance of the value of local autonomy (including increased commitment and motivation by local providers). The disadvantages may include greater fragmentation, different standards and qualities of services, access and equity problems, an inability for central governments to ensure consistency or compliance directives.

### 2.3 Adequacy of local capabilities

Principles concerning the adequacy of local capabilities, fitness for purpose, sustainability and affordability effectively concern the supply-side of the equation. They embrace such issues as whether local levels of administration are able (and willing) to undertake the transferred responsibilities and, in accepting such responsibilities, whether these new functions will distort their primary purposes and other important roles. Hand in hand with the receipt of such responsibilities is the issue of whether a commensurate financial capacity to deliver has also been devolved. In some cases, capabilities can be developed organically at the local level, based on self-reliance and acquired experiences; in others capabilities can be nurtured (or depleted) by central government behaviours and preferences.

The advantage of focusing on local capabilities is an important practical one – can a desired level of performance in delivery (effectiveness, efficiency, timeliness, responsiveness) be achieved; and do different regional structures have similar capabilities or are there wide discrepancies. The disadvantages might include timidity because local capabilities are doubted or untried; central bodies may be politically or administratively reluctant to transfer functions (for various reasons – not wanting to develop local capacities, loss of control or influence, etc.); or local bodies may not want to take on additional responsibilities or exercise local authority.

## 3. Contextual, administrative and logistical considerations

In addition to the three broad generic principles discussed above, there may be pressing contextual, administrative and logistical reasons which favour the retention of decision-making and administration closer to the community. These reasons include:

- The complexity of the environment faced by the particular policy initiative — the more complex the environment, the greater the discretion that may be necessary within a higher-level policy framework
- The need for innovation and non-standard work in design or delivery, allowing for experimentalism
- Complex and difficult to define work or services (or the difficulty in prescribing rules to frame delivery or make local decisions), which may include the degree of discretion necessary or available to delivery agents — these features are often associated with devolved authority and professionalization
- The degree of local consensus among policy actors (and perhaps recipients) on the best delivery approach to adopt — where no consensus exists, delivery modes may need to be located at higher levels.

According to organisational theorists, where these factors were prevalent or persuasive then the tendency should be to devolve decision-making or decentralise policy administration to enhance its effectiveness. Theorists are *less* prescriptive on whether devolution or decentralisation should be the preferred mode. By contrast, where these factors are less pronounced then the organisational theorists argue that authority and prescriptive rules should be centralised. The logic for administrative centralisation, according to some academic literature, tends to be enhanced when policy issues/problems are debilitated by:

- The existence of readily identifiable external threats
- Where the risks associated with failure are high or potentially expensive.

Taken together, the three broad groups of principles and the various pragmatic adaptations may be latent rather than recognisable in the design of public policy systems in various countries. They may also be contextual rather than be more actively driving the logistics of policy provision. As discussed below, the guiding principles tend to stress the normative dimension and nature of the policy problem as the principal rationale for decentralising administrative delivery (the demand side). On the other hand, a pragmatic *realpolitik* approach would take into account the acquired capacities of lower levels of administration (the supply side).

It is important to consider the degree of devolution or decentralisation as a dynamic relationship; this implies the need to ask about the incentives or disincentives that promote the transfer of powers or responsibilities to lower levels. How do incentive structures operate? Are incentive structures aligned with the principles?

#### 4. Reflections and Considerations relating to Institutional Design

The principles of subsidiarity, differentiation and capability, as well as the contextual considerations of devolution and decentralisation, will qualitatively differ depending on what powers and functions are being considered. For instance, are they matters of:

- High level policy development
- Local policy adaptation
- Functions of government and the nature of power (exclusive, concurrent or shared)
- Program administration (and expenditure responsibilities)
- Revenue setting and collection
- Regulation making
- Implementation of regulation, including inspection/quality controls.

The design and operationalising of institutions within the guiding principles and contextual factors can be analysed according to five approaches to institutional design (which are not necessarily mutually exclusive).

1. *Design by inherited historical legacies.* Institutional design often arises from past resolutions, compromises and expedient decisions, and when set in an administrative-legal form it provides constraints on current behaviour and options in addressing change. Historically inherited institutions tend to resist adaptation and be subject to path dependencies while displaying unintended consequences.
2. *Institutional design as a clash of power, interests and ideas.* This approach focusses on the 'institutional sociology' of how institutions operate, their organisational practices and internal cultures, and their interactions with their external environment. Institutional sociology looks at

how these institutions represent themselves in terms of their social worth, relevance and appropriateness while possessing relative powers to influence outcomes.

3. *Rational design principles according to rationalist analyses of relationships and behaviour.* This approach concerns assessments of internal and external logics, incentives, interests and expected actions. The aim is to minimise perversities and unintended consequences while designing institutional arrangements that are clear, minimalist and efficient in terms of roles and responsibilities, with arrangements often contractually-based or codified. Public choice models and principal-agent theories sit within this approach – where they attempt to give expression to principal preferences while minimising perversities.
4. *Institutional design as a function of institutional transfer.* This is a more dynamic approach, including the transfer of ideas/organisational forms and structures/practices and activities. It is part of the broader analytical area of policy transfer and policy learning. It explores how institutions think and learn, and what they borrow or copy from: perhaps intentionally or unintentionally; sometimes through deliberate choice; but at other times through blind following or convenience. One rationale supporting institutional transfer is that it can improve the cause and effect relationships and thereby improve performance. Many cases of institutional transfer are partial or incomplete, where copiers often misinterpret or misapply the original case, and sometimes build a different model thinking they are copying. They often neglect the cultural-institutional context within which the particular institution or practices they are seeking to transfer operate.
5. *The study of institutions in context.* Institutions are not seen as single entities operating in isolation, but as part of a complex web of networks and inter-relationships that are constantly changing and undergoing recalibration. The political/policy/economic/social circumstances constantly buffet institutional designs, placing stresses and strains on their institutional behaviour and relationships.

While this paper is set in a context of policies and approaches to institutional design, the crucial question to be addressed in this Greater China Australia Dialogue is: how are these principles and approaches applied in actual jurisdictions and what options do jurisdictions have in redesigning their institutions to benefit, where appropriate, from both devolution and decentralisation?

## 5. Case Study: Australian federalism

This section examines the application of the above principles and understandings to Australian federalism and draws on some related observations from Greater China.

The paper utilises the two different perspectives of devolution and decentralisation when examining the distribution of powers and functions in a national context:

- The first centres on issues of the advantages and difficulties associated with devolving control and decision-making authority to lower levels (as well as developing appropriate capacity to administer the functions)
- The second focuses on the decentralisation of administration and delivery of policies. Whereas administrative decentralisation does not necessarily come with decision-making authority, some minor level of local discretion may attach to government officials in decentralised administrative and delivery systems due to their proximity to clients/community and through their location at the ground level in applying rules and criteria to local circumstances.

Hence, a valuable question to ask is: what policy-settings or directives should be set at a national level; what aspects of administration are best handled at a national level; and what would work best at lower jurisdictional/administrative levels?

Australia and Greater China do not start from the same constitutional position with regard to centralisation-decentralisation.

### 5.1 The constitutional allocation of powers

Australian states enjoy sub-national sovereignty and associated degrees of autonomy. Their powers pre-date Federation and derive from their colonial history of separation from the United Kingdom and the development of their own traditions of responsible government. The creation of the national government, and the choice of powers which it exercises either autonomously or concurrently, was negotiated by representatives of the six colonies during a series of conventions in the 1890s and accepted by a referendum in each colony. The colonies (renamed as 'States' at the time) retained authority over all other powers (including public education, hospital and community health, police, roads, public transport and the utilities).

The Commonwealth cannot take over responsibility for a state power except through constitutional change (a referendum) or through financial or other encouragement (referral of powers). Change by referendum requires approval by the national parliament and then approval by a majority of voters in a majority of states, and by a majority of voters across the nation. The Constitution also allows for States to individually or collectively choose to refer their powers or responsibilities to the Commonwealth (in various ways). This can occur, for example, where they consider it would be more effective and/or efficient to have central coordination and uniform controls. Financial support from the Commonwealth may encourage such cooperation. The corporations law and some areas of business law/regulation, industrial relations powers, air transport and some areas of taxation have been transferred to the Commonwealth level. Alternatively, states can retain formal control over policy areas but agree to subordinate their powers to a national framework of legal coordination. Instruments such as template legislation or mirror legislation can be enacted by each state to produce nationally consistent laws while retaining their sovereign rights.

Some functions which are the constitutional responsibility of the national government, but which are delivered locally, are administered directly by national government agencies through lower level administrative units of the relevant national ministry, rather than by decentralisation to lower levels of government. The payment of benefits to the aged, the unemployed and other approved persons is a case in point. It is administered in all States by a decentralised Commonwealth agency ('Centrelink' offices). Some programs relating to health provision, aged care and Indigenous assistance are also administered by national government ministries or agencies, but actual delivery is through purchaser arrangements with general practitioners (community doctors), non-government organisations and Aboriginal community bodies.

In contrast to federations (but in common with most other countries) the PRC is a unitary state and does not have sovereign provinces. Instead, China has provincial divisions as well as 4 municipalities, 5 (ethnic) autonomous regions and two special administrative regions (Hong Kong and Macau). Hong Kong, itself, has 18 lower level administrative districts.

The following questions are pertinent for this workshop. What degree of local autonomy do provincial jurisdictions (Provincial and lower Peoples' Congresses) have; how much autonomy do sub-national

administrative units (such as provincial bureaux) have from their national ministries; and what are the power and administrative relationships between the lower level Peoples' Congresses and the equivalent level administrative units. A further set of questions relates to the PRC's perspectives on regional equity, horizontal equalisation, or harmonisation: how far can richer provinces initiate their own schemes (for pensions, workplace safety, sanitation standards etc.) before they are coordinated by central directives or frameworks; and to what extent do central laws/policy directives impose controls on decentralised administrative units? In this respect it should be noted that China's national government, in cooperation with many provinces, makes much greater use of sub-national policy development for piloting policy experimentation prior to national implementation than does the Australian Government.

National governments of unitary states potentially have substantial choice (if they so choose to exercise it, or if historic, cultural or realpolitik factors do not constrain it) in devolving authority to adapt policy to local circumstances— usually such that it remains consistent with a nationally imposed framework. The ability of federations to redistribute policy powers is more constrained, and changes to formal divisions of powers will often require referenda or related processes (but other approaches can be entertained such as collaborative regionalism).

On the other hand, in both unitary states and federations, the administrative functions arising from policy regimes developed at the national or sovereign sub-national level can all be decentralised to lower level jurisdictions, and/or to lower level administrative units. Administrative and delivery chains can be redesigned to optimise the efficiency and effectiveness of decentralisation to lower levels of government. Much delivery is by nature local, and new developments in information technology and emerging ITC capabilities have made local proximity of delivery potentially far more possible. Many existing national policies are indeed operationalised locally even though their policy and authoritative framing is held centrally.

## 5.2 Intergovernmental reporting regimes

In Australia, the collective agreement of the national, state and (state-level) territory governments to undertake programs in areas which are predominantly the responsibility of the states is through a series of intergovernmental agreements. They often arise in the context of the national government offering conditional funding if the states agree to certain nationally consistent terms of delivery. Such agreements occur in the fields of health, education, transport and social housing. Associated with each agreement is the imposition of a reporting regime by the states to the national government (as well as some public reporting). This provides transparency of how the funds are spent and what outputs have been created, as well as accountability of the states for that performance.

A more extensive reporting regime was developed under an agreement by the national and state governments to undertake a significant program of domestic economic reform in the 1990s. In return for the states undertaking reforms across a range of their economic responsibilities and revenue raising rights, the national government (the Commonwealth) agreed to make compensatory payments on a progressive basis, linked to their individual performance. The collective agreement to the National Competition Policy (including the regulation of third-party access to services provided by monopoly infrastructure) included the establishment of an independent government agency, the National Competition Council (NCC). The implementation of the policy, and the associated role played by the NCC, were credited with significantly increasing Australia's productivity growth and national income over the ensuing decade.

In the mid-2000s, the two levels of government agreed on a second round of reform, titled the National Reform Agenda. It also included the establishment of an oversight intergovernmental agency (the COAG Reform Council) which was seen as, essentially, an independent centralising/standardising agency which held the states accountable for delivering Commonwealth policy objectives.

### 5.3 Inter-Regionalism

The inter-regional dimension of devolution and decentralisation focuses on relations between regional entities that can enhance or develop local capabilities or can result in inefficient autonomous or competitive behaviour.

Inter-regionalism has the potential for individual regions (states, provinces or lower levels of government) to cooperatively share functions – such as educational or health systems, environmental management, transport interconnectedness and the production and delivery of utility services (electricity generation and transmission, gas pipelines, railways, ports etc.) Regions (countries and/or sub-national jurisdictions) which share river catchments, for example, have economic, social and environmental incentives to cooperate, though those incentives vary according to the primary interests of each entity – whether it be navigation, water quality or water quantity. Management of Australia's Murray-Darling Basin is a multi-state issue that also has national level consequences. Efficient urban governance and the supply of transport and utility services is increasingly an inter-regional issue as mega-cities transcend administrative boundaries. China, for example, under its current urbanisation policy, will see increasing multi-provincial co-operation in areas such as the Pearl River Delta and around Beijing (Jing-Jin-Ji). Cooperating regions can also use these collaborative possibilities to pilot programs to test their robustness, feasibility and value for money.

Inter-regionalism can also have negative connotations, arising from either a lack of inter-regional collaboration through autonomous behaviour, or even active inter-regional competition.

In Australia, the early decades of federation led to considerable diversity in policy, administration and service delivery between the independent states for the functions for which they retained autonomous sovereign responsibility. This had positive consequences in terms of enabling reformist state governments to innovate and to improve their effectiveness and efficiency. Indeed, policies and programs developed separately at state level have provided a series of natural experiments which policy analysts can draw upon to assess opportunities for reform in other jurisdictions.

A consequence, however, was a lack of national coherence and equity across the range of policies and functions of government and the lack of a seamless national economy. Even in the present day, businesses which operate in several states, or nationally, need to comply with complex and inconsistent regulations in a myriad of areas, including workplace health and safety, environmental and project approvals, food safety standards and retail shopping hours. For people who migrate between states for work or to live, there are varying occupational registration standards, education systems, and planning and zoning laws. While Australian states and the national government have been achieving some national uniformity through such processes as mutual recognition and template legislation, much remains to be done.

In certain circumstances, federalism can enable policy competition between states, especially in terms of attracting economic growth and population migration. In terms of positive consequences, states can outbid each other to offer low levels of taxation, simplified regulatory regimes and the delivery of high quality and efficient services (although horizontal equity through the redistributive Commonwealth Grants commission tends to wash out some of the efficiency gains). Equally, rivalry between states can lead to

them bidding away their taxes or bidding up their expenditure on supporting infrastructure to attract footloose companies or international events with high levels of incentives, often resulting in a net negative outcome at the national level (and even for the 'winning' state).

And there remains the need to keep on mind the trade-offs between the effectiveness and efficiency gains from competitive federalism and those from having a seamless national economy.

The cooperative benefits of inter-regionalism in Australia tend to be an under-developed potentiality. State jurisdictions rarely cooperate on policy development and/or delivery. They have a haphazard history of collaboration on shared infrastructural needs; sometimes they ignore each other's overtures because it does not suit their political parochialism. At other times collaboration is forthcoming if the Commonwealth is prepared to meet the principal costs of provision – e.g. the Adelaide to Darwin rail connection that involved investments from two state governments and the Commonwealth.

Regions *within* state boundaries sometimes collaborate with neighbouring regions and in some cases there is a long history of cooperation, including where service planning extends across state boundaries. Local councils with common borders can collaborate through regional organisations of councils to undertake local services (road repair, emergency services, regional planning and management). State governments have embarked at times (though with varying success) to amalgamate smaller local councils to improve efficiencies of scale and scope and to maximise the use of scarce personnel capabilities.

China's national government can at times exercise tolerance of inter-provincial rivalry, competition and diversity. Local officials (at provincial and lower levels) who are seeking promotion have strong incentives to demonstrate high levels of economic growth, though issues of social cohesion, corruption and, more recently, environmental quality, are also monitored. Provinces can also be sanctioned by the national government as laboratories to test public policy provision and delivery systems. Provinces can innovate, experiment and establish their own systems and the central government can monitor and use the outcomes as part of their administrative and organisational learning.

#### 5.4 Capacities of the Local/Regional Level

Subsidiarity generally presupposes that local capacities and capabilities exist – when in fact they can be of quite varying levels. Regional or local administrative units may not be suited or relevant to, or of a sufficient standard for, any decentralised transfer of responsibilities. Capabilities may be enhanced as part of the process of transferring powers/responsibilities to lower levels, but this is not necessarily the case. The issue is often one of access to sufficient resources to nurture those capabilities – and central governments worldwide are wont to hand down responsibilities without ensuring that the necessary professional, institutional or financial resources are also forthcoming.

One way to augment local capabilities involves the deployment of central or national administrative resources and capabilities to the regional/local level – this can consist of national or provincial officials deployed to lower administrative levels to implement programs or to supervise, while training the lower level staff.

NGOs play an increasingly significant role in both Greater China and Australia in the delivery of local services. They are formal organisations, and many have become firm-like businesses (quasi executive agencies) with full time professional staff, especially as they have become more contractually engaged in service delivery.

Local communities can also enhance their own capabilities with or without government involvement. This 'organic localism' is linked to notions of social capital maintenance and development. This involves the innate self-organising capacities of communities, centred on the locality, which are often developed through organic networks, voluntary associations, voluntarism in the community, mutualism, self-help initiatives and local champions. These voluntary organisations can become important co-producers of services in collaboration with their local government administrations.

Organic localism can encourage self-reliance and resilience in communities, but it may only work in certain circumstances/contexts and may only work for certain types of activities (e.g. 'good works' activities, charities, support for the elderly, sport and recreational activities, even park maintenance and clean-up campaigns). However, it can be more problematic for other aspects of local service provision that are less benign (for example, local tax collection, aspects of law enforcement, inspection and traffic management).

## 6. Pathways to Improvement: issues for debate at this workshop

As already noted, the theme for this 2014 Greater China Australia public administration workshop is: Maximising the benefits of decentralisation: identifying, building and ensuring the capabilities required at local, regional, provincial and national levels. This paper has drawn a distinction between devolution and decentralisation and has identified some of the policy frameworks and contextual considerations that can assist in maximising the benefits of decentralisation. The brief overview of trends in Australia, with reference to Greater China, has brought this understanding down to the practical level.

The paper has raised several significant issues that are worthy of debate during the workshop proceedings. They are set out in some detail in the body of this paper, but are summarised into the following six points:

1. What practical criteria should governments use to determine which policy areas warrant the exercise of national authority and which ones can be more appropriately devolved to lower levels?
2. How can administration and service delivery be decentralised to maximise their efficiency and effectiveness in the unique circumstances of each locality?
3. How can the policy and program learnings arising from local diversity be harnessed while overcoming the intra-national inefficiencies of complex and inconsistent policies, regulations, revenue-raising and program expenditures? How can the downsides of competition and inefficient bidding between governments at sub-national levels be minimised?
4. What levels of capability and performance should we expect of decentralised administration and delivery? How can skills, institutions and financial resources be made available or developed locally to provide at least the minimum acceptable standards of service?
5. What incentive structures are used by higher level governments to encourage capability building at lower levels? Can local/regional capabilities be promoted and developed within an 'earned autonomy' approach to decentralisation?
6. On equity grounds should higher levels of government provide additional support to localities where poor administrative performance is reported? What are best-practice inter-governmental arrangements to promote a sufficient level of inter-regional equity to maintain national social cohesion? How can the inevitable complexity be minimised, without resorting to non-transparent and *ad hoc* deals between levels of government?