

1. *The New Governance Context*

Governments around the world are now highly dependent on others for the resolution of their complex policy challenges. Cross-sectoral boundaries are encountered on a wide range of local, national and global issues: for example, food security; sustainable environments; and governance issues as recently reflected in the global financial crisis. These challenges are compounded when governments try to do more with less. When they fail to deliver, they meet, as Rolf Alter indicates in his presentation, an increasingly educated but cynical citizenry who do not trust those that govern them (also Edwards 2008: 8–9).

As governments realize that they cannot achieve results on their own (Edwards et al 2012) they are increasingly moving toward partnering across jurisdictional and sectoral boundaries - with other governments, non-government players and citizens – or actually handing over to these other players to undertake traditional government activity. Hence we hear that there is a move from ‘Big Government’ to the ‘Big Society’ or ‘Big Citizenship’.

2. *Deficit Concepts*

The three papers before us cover diverse aspects of our umbrella topic: *Local public governance and administration for results: transparency, accountability and citizen’s engagement*. Below I concentrate on issues raised in the papers by Rolf Alter and Marta Oyhanarte. (The third paper on our topic by Mustaq Khan I will not deal with but note that it covers comprehensively the issue of corruption, arguing persuasively that different types of corruption require different responses. He argues that while more transparency and accountability through citizen engagement may help, only systemic changes will deal with political corruption and weak institutions).

When discussing citizen engagement and accountability issues, we often hear of the ‘democratic deficit’; a reference to ‘any situation in which there is believed to be a lack of democratic accountability and control over the decision-making process’ (English Collins Dictionary). I want to focus here on two aspects of this deficit which I believe are currently being neglected by governments. I call these the ‘decision-making deficit’ (referred to in Rolf’s presentation) and the ‘accountability deficit’ (Mulgan 2003; 2005). Let me take each in turn.

(a) Decision-making Deficit

I use ‘decision-making deficit’ to refer to the lack of attention by policy makers to the involvement of citizens at the *beginning* of the policy process, when policies are first formulated. By contrast we hear much these days about putting citizens at the centre in delivering services. This deficit in involving

citizens on policy questions is particularly evident in dealing with national policies that are complex and politically sensitive, even 'wicked'---problems that governments cannot resolve alone and which, without the involvement of a wide range of stakeholders, can even defy definition (for example on indigenous matters in Australia).

The OECD has found that while providing information to citizens or consulting with them is quite common across its member countries in policy making, there is much less use of 'active participation' mechanisms (OECD 2009). As the OECD indicates, there would appear to be strong imperatives for the use of more active participatory and inclusive processes if governments are to enhance their capacity to produce good policy. (Edwards 2002: 58). Indeed, where the policy aim is to change behaviour of citizens (school attendance for example), the practice of governments co-creating policy with citizens and empowering their participation must be judged essential.

Governments especially need the capacity to engage *with* stakeholders and citizens when it is citizens themselves who initiate the engagement (Lenihan 2012). One under-discussed question here concerns the role of the public servant in this dialogue – how much should they actually encourage or even empower that government-citizen dialogue?

Marta's and Rolf's papers note broader pre-requisites for successful citizen engagement by governments, pre-requisites which are affirmed by literature findings (Edwards et al 2012): strong and inclusive leadership; building and maintaining trusting relationships; willingness to share decision-making power; and ensuring appropriate capabilities and cultural change. Marta emphasises another factor as absolutely essential for successful participation: that is ensuring that citizens have access to government held information (2012:12). She also correctly emphasizes the need to institutionalize participation in the policy process (see also Peruzzotti 2011).

In sum, there appears to be a considerable lack of alignment between the new century's governance environment and the participatory structures, processes and relationships that so far have been set up to deal with this environment.

(b) The accountability deficit

I use 'accountability deficit' to refer to the inadequate way in which governments treat accountability issues when they act jointly with other players to meet citizens needs. (Mulgan 2005:3). This can occur across government agencies (e.g. on flood relief); across levels of government (e.g. on education or health) and/ or between governments and third party providers (such as private or not for profit organisations providing schools). In all these cases, it is not always clear which party is ultimately responsible to citizens. If anything goes wrong, e.g. a prisoner escapes from a private prison, or there is serious neglect in an orphanage run by a third party provider, who is to be deemed to be in charge and who is to be held responsible?

The fact that government organizations now commonly enter into partnerships with other players creates diffuse responsibilities and has important implications for accountability processes (Aucoin and Heintzman 2000).

Many questions can be identified. The overarching one is: how should the traditional hierarchical model be adapted to situations in which there are two or more delivery partners? Subsidiary questions we could discuss include:

- If partners agree to share outcomes, how can 'joint' or 'shared' accountability work?
- Should auditors audit third parties? (in Australia the Commonwealth Auditor-General now has powers to 'follow the dollar' with performance audits of partners -both other governments and private providers - who receive money from the Commonwealth government)
- How are third parties to be held accountable to citizens as well as to their funders?
- Do citizens/communities have any accountability obligations? (Edwards 2011)

Rolf indicated that our more complex governance environment today means that we need more effective multi-level governance. Australia is experimenting with that. In 2008 a new approach to federal - state financial relations was introduced, designed to gain greater collaboration on policy development and service delivery. This was formalized in 2009 in the *Intergovernmental Agreement on Federal Financial Relations* and provides for greater flexibility in service delivery at state and local levels, along with a new commitment to public accountability in achieving outcomes, including a performance framework to measure results (CRC 2011:ix).

Performance of governments under these new arrangements is being annually assessed by the Council of Australian Governments' Reform Council (CRC) and has also been reviewed by a parliamentary accountability body (Joint Committee of Public Accounts and Audit). Overall the findings reveal that the agreement's features are 'fundamentally sound,' delivering considerably more accountability and role clarification than in past arrangements. However Australia is on a learning curve here. Thus, the reviews have identified: a need for more cultural change across governments; an agenda that needs to be more transparent and accessible to the public; an excessively prescriptive role by the Commonwealth and a related need for still greater clarity on roles and responsibilities; and issues relating to performance reporting, including the quality of data and performance indicators (based on CRC 2011 and JCPAA: 2011).

These current deficiencies in the shared accountability arrangements across Australian governments can be generalized to any environment in which more than one jurisdiction or sector collectively contributes to producing outcomes for citizens. Clearly traditional vertical accountability mechanisms alone will not suffice.

Conclusions

The fundamental dilemma facing governments now is that, at a time of financial pressures, the new governance environment demands new structures, processes and relationships as well as new capabilities if the decision-making and accountability deficits I have identified are to be properly addressed. Unfortunately, there is a real danger that short-term urgent issues will crowd out much needed longer term structural reforms. We are hearing far too much rhetoric on engaging citizens in policy processes (or what the OECD (2009) has called 'cosmetic commitment') which when not achieved only breeds cynicism and lack of trust by the public. Public administrations also now need to turn attention to mechanisms which will close the 'accountability gap' in the increasingly common circumstances where governments cannot deliver the outcomes they desire on their own. The papers before us offer valuable prescriptions that we can only hope are heeded.

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