Democratic Innovations in Local Government: A Public Value perspective

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ABSTRACT: Local Government in Australia is currently leading the way in implementing democratic innovations, with participatory budgeting and citizens’ juries (amongst other approaches) being used around the country. A key question is whether these are ad hoc initiatives arising from either the initiative of particular players e.g. the Mayor, or in response to particular circumstances e.g. changes in the planning landscape, or are they part of a sustainable change to how we “do democracy”?

Whilst how we “do democracy” is usually considered from a political perspective, it can also be considered using a public management lens. In particular the public value framework, developed by Mark Moore at the Kennedy School of Government, provides a way to consider democratic innovations as being relevant to the people who work in local government. The public value framework gives an explicit role to public managers in identifying and delivering value to the public. And democratic innovations provide practical and representative mechanisms to support public managers to identify what the public values.

Whilst democratic innovations are resource intensive in both time and money, research suggests they provide decision-makers, whether politicians or public servants, with much richer and deeper outcomes. This can be juxtaposed with traditional avenues used to find out ‘what the public thinks’ such as surveys and market research. These latter methods have significant limitations with the design of the questions and people’s desire to appear knowledgeable leading to answers that may not reflect the considered judgment of the citizens.

KEYWORDS: public value, democratic innovations, citizens’ juries, deliberative democracy.

1. Introduction

The concept of Public Value as a framework to guide public managers’ decision making was developed by Mark Moore [1] in the mid-1990s from his work with public managers at the Kennedy School of Government. Moore proposed that public managers should be focused on producing public value for citizens in much the same way as private sector managers were charged with producing value for business owners and shareholders. Since 1995, the concept of Public Value has been developed, theoretically and practically, by Moore and others [2] and applied in numerous public sector settings.

Building on work by Alford and O’Flynn [3], Horner and Hutton [4] identify five answers to the question: what is public value?

1. The academic answer, based on Moore’s work, which defines the purpose of managerial action and the practical reasoning approach managers should use to pursue Public Value. They note that this grounds public service delivery in the context of democracy i.e. public services involve claims of rights by citizens
2. Part of the history of ideas, being a reaction to new public management (NPM) with its focus on consumers rather than citizens [5]
3. A rhetorical device - a “slogan and rallying cry for reinvigoration of public services and the effort to reconstitute a collective, deliberative process that decides how best to deploy publicly owned assets” [6]
4. An approach to governance, in particular focusing on networked governance where public managers co-produce outcomes, with citizens [7] and
5. A correlate of private, consumer value as expressed through price mechanism whereby Public Value can be quantified, measured & monetised [8].

This paper explores the relevance of Moore’s concept of Public Value to Australian local government and proposes that democratic innovations can play an important role in helping public managers to effectively identify what the public values. We present two case
studies of democratic innovations in Australian local Councils, which demonstrate this combination in practice.

2. Public Value

In *Creating Public Value: Strategic Management in Government*, Moore [9] set out the Public Value approach for public managers, proposing that, similarly to how the private sector focuses on producing private value for the company’s owners or shareholders, the public sector should be focused on delivering value for the broader public i.e. public value.

Moore developed his concept of Public Value against the backdrop of the new public management approach (NPM), which encouraged the use of the same management techniques in both the public and private sectors, calling for a focus on efficiency and effectiveness. Whilst most would agree that NPM delivered improvements to the public sector this approach ‘emphasised narrow concepts of cost-efficiency over other considerations (i.e. the focus was on technical rather than allocative efficiency)’ [10].

Many, including Moore, believed this approach did not reflect the unique nature of the public sector. In particular, Moore distinguishes the public sector from the private sector on two fronts: the delivery of collective services rather than individual and the ability to exercise coercive powers [11].

The basis of the Public Value framework is the ‘strategic triangle’ [12]. The ‘strategic triangle’ identifies three elements for public managers to be mindful of:

1. What is of public value?
2. Their authorising environment, including politicians, citizens and other stakeholders
3. Their operating environment, including the available resources.

Moore saw public managers as ‘explorers commissioned by society to search for public value’ [13]. This perspective allocates a key role to public managers to identify public value outcomes and gain the support of their authorising environment to deliver these outcomes, while working within their operational constraints or seeking to improve their operating environment. In this way, Public Value was about providing a basis for managerial action in the public sector, comparable to managerial entrepreneurial action in the private sector.

Whilst the concept of Public Value did not initially gain much attention in the academic literature, it was utilised in a number of public sector management programs, including programs in Australia [14]. However, by the mid-2000s the concept had been significantly developed, in theory and practice. It also faced some sharp critiques about its relevance and impact, which we will cover in part in the next section. As a result, by 2009 Alford and O’Flynn [15] could say we have been able to identify both an emerging excitement around the Public Value approach, albeit some two decades after its debut, and a developing critique. The interest in Public Value has increased since 2009 with numerous articles considering the concept [16] two books on the topic edited by Moore [17] and most recently a book on how to measure Public Value produced by Moore [18].

Benington proposed refocusing Public Value from something that public managers identify and seek permission to implement, to something that ‘often depends upon processes of co-creation with citizens and users at the front-line’ [19]. He argues that public value is a contested concept, which depends upon a deliberative process within which competing interests and perspectives can be debated. This requires the creation of a well informed “public” with the consciousness and the capability to engage actively in this kind of democratic dialogue [20].

Horner and Hutton [21] posit that traditional approaches to public administration create a ‘democratic deficit’ between public services and citizens and that a public value framework can address this through encouraging public administrators to ‘analyse and understand the variety and plurality of the publics they serve’ [22]. They remodel Moore’s strategic triangle as: authorise, create and measure [23] with authorisation including both elected representatives and the public, creation involving both the public sector and citizens, and measurement having an explicit democratic dimension i.e. knowing what the public value. We would suggest that their ‘measure’ could be replaced with ‘identify’, which would address both the identification of what to do and a way to measure success down the track.

Others, including Benington [24] and to some extent Moore himself [25], now adopt a broader conception of public value identification and creation which involves citizens, politicians and public managers. Moore and Fung [26] identify public value as
providing a conceptual framework and rationale for citizen engagement by public administrators that provides more opportunities for citizen participation than elections. This point is taken up below in the context of Australian local government.

3. Public Value and Australian Local Government

Although the Public Value framework has been developed and applied in multiple contexts, some authors argue that the concept is not applicable to the Australian context. The next section examines this argument and argues that Public Value is a useful framework for Australia, particularly in a local government context.

One of the most strident critiques of Public Value came from Rhodes and Wanna [27] who argued (amongst other things) that Moore’s concept was more suited to the American model of government than the Australian Westminster system because it gave too much power to public managers, whereas authority legitimately rested with Ministers. Gains and Stoker [28] have suggested that this view is based on an incorrect reading of Moore’s work, which does indeed recognise the pre-eminent position of elected politicians.

Broadly speaking, this hard division between politicians and public managers ignores the reality that without a public sector the decisions of elected representatives would rarely if ever be implemented. The public sector plays an important role, not simply in implementing Parliament’s decisions, but also in determining how those decisions can best be implemented. How public administrators implement laws impacts directly on how citizens and other stakeholders experience government [29].

Gains and Stoker [30] argue that in the United Kingdom ‘it is possible to argue that the ideas and governing rules suggested by the concept of public value finds easier expression in local governance settings’ [31]. And in the Australian setting, Bligh and Fisher [32] suggest that Rhodes and Wanna’s concerns are not relevant to local government because, amongst other things, the dichotomy between elected officials and public administrators under the Westminster system does not apply at the level of local government where ‘operations... resemble those in council-manager forms in the United States’ [33]. As a result they suggest that public value could provide much needed ethical legitimacy for local government action rather than simply relying on expediency i.e. the role local government plays on behalf of State and Federal governments, for legitimation [34].

In addition, research by Mayne [35] found that:

When citizens believe that the structures of governmental institutions allow them to use their personal resources to make their voices heard in the political arena— that is, when a “fit” exists between context and capacity—citizens are highly likely to be satisfied with the overall functioning of democracy in their country. [36]

Specifically, he finds that ‘municipal or local governments play a central role in improving the fit between context and capacity by enhancing the opportunities for citizen influence.’ [37]

4. Discovering Public Value through Democratic Innovations

As indicated earlier, recent consideration of Public Value links it explicitly with moves to deepen our democracy and engage citizens in decisions that affect them rather than simply in periodic voting for politicians. Moore and Fung [38] suggest that:

Elections are too rare and too crude to provide useful guidance for the broad range of government action. If it is a virtue for all government action to be legitimated by explicit expressions of public support, then creating more forums in which citizens can participate in important choices about how to use state authority and money will advance the cause of democratic government. [39]

There are numerous ways in which public managers might engage citizens to identify public value, however to do so in a way which recognises that this engagement is a key element of democracy requires more than traditional consultation techniques.

Traditional consultative processes focus on getting input from people and organisations with an interest in a particular matter, ‘the incensed and articulate’ [40]. These processes often exclude (unintentionally) citizens not currently engaged with a particular topic. Interest groups are generally not inclined to negotiate trade offs; rather, their focus is to achieve the best outcome for the people they represent. As Horner and Hutton point out, traditional approaches to consultation ‘may
result in unrepresentative groups taking control of the decision-making process.’ [41]

To reach beyond advocacy groups, governments often use polling to obtain the views of a representative sample of citizens. However, polling has its own limitations: the method of polling (phone, face to face or questionnaire) can have an impact on how people answer questions, particularly questions that are morally tricky [42] and the way in which questions are asked impacts on the way people answer them, either because people are ‘forced’ to choose a view, whereas in fact they may have none on a particular topic, or because the question makes clear what the ‘right’ answer is [43].

The gap between the findings of opinion polls and the classic concept of public opinion (as a component of democratic decision-making) one that has been grounded in public discussion and well informed by debate, has been questioned for many years [44] This has lead to new approaches to polling such as Fishkin’s ‘deliberative polling’ [45], which seeks to support informed discussion by large groups who are then polled This approach remains problematic because it either limits complex responses to a simplified group of pre-set answers, or seeks open-ended answers which can then be difficult to compile into a coherent ‘public opinion’ [46]. And, the researcher then has the responsibility of coming up with the ‘compromise’, instead of the public.

As Weissburg [47] states: ‘Public opinion polling measures the wishes and preferences of respondents, neither of which reflect the costs or risks associated with a policy.’ This need to consider the costs and risks is built into the concept of Public Value [48] and hence something more than traditional consultation or public polling is needed to engage citizens in determining public value.

So if traditional consultation and polling don’t deliver for democracy or public value, how can we identify what would work?

Graham Smith [49] considers various theoretical approaches to deepening democracy and rather than choosing a particular theory he identifies four ‘democratic goods’ which would be recognised by all theorists and which can be applied in practice to assess whether a particular innovation delivers democratic outcomes. His four ‘democratic goods’ are inclusiveness, popular control, considered judgment and transparency. He also identifies two further institutional goods which impact on the likelihood of particular democratic innovations being feasible: efficiency and transferability.

Smith [50] uses his democratic goods as an analytical framework to evaluate and compare different types of democratic innovations by considering how well they deliver:

- **Inclusiveness** requires political equality based on presence and voice i.e. engaging citizens from across different socio-economic groups and designing the process to support citizens from politically marginalised groups to be heard.
- **Popular control** which refers to the ability of participants to influence the decision-making process (including having influence over the definition of the issue to be considered, the decision-making process itself and the final outcome).
- **Considered judgment** which emphasises the importance of citizens’ understanding of the matter under consideration and of other citizens’ views (which can be supported or not by the way in which information is provided and the views of other citizens included); and
- **Transparency**, which requires openness of the process for both participants and the wider public (so that participants have a clear understanding of the process as does the wider community).

### 5. Two Australian Case Studies

In Australia there have been a number of initiatives at the local government level that seek to engage citizens in determining public value through democratic innovations, principally using deliberative democracy, citizens’ juries and participatory budgeting approaches. Deliberative processes provide a key tool for determining public value because they provide the opportunity for citizens to consider and determine not just what they value but appropriate trade offs to deliver public value [51].

Hartz-Karp [52] defines deliberative democracy as ‘collaborative decision-making and policy development that is influenced by the outcomes of informed, considered, respectful and egalitarian deliberation between participants who are representative of the population in terms of demographics and attitudes.’ [53] Whilst deliberation can occur in many settings, the use of citizens’ juries, made up of randomly selected citizens to match the
profile of a community, sometimes called a mini-public, is a popular approach [54]. Participatory budgeting is most often undertaken at a local government level and involves a series of activities aimed at engaging a wide range of citizens in making decisions about a component of the local government’s budget, usually in regard to public infrastructure [55]. The Porto Alegre model of participatory budgeting (PB) ‘often seen as the exemplar, includes an annual process of representatives participating in rule development and oversight of the process, civic groups developing proposals for funding, and the broad resident base voting on their preferences, with government accepting the outcomes.’ [56] A valued outcome of the Porto Alegre model is the redistribution of resources to low income areas of the city [57] It has been argued that the government’s commitment to accept the outcomes of this process is crucial to the significant levels of participation, especially by low socio-economic groups who do not traditionally participate in government consultative exercises, because they are able to see a direct link between their participation and improved outcomes for their communities [58].

The two case studies we will discuss use citizens’ juries (mini-publics) and have specifically asked citizens what they value, and what they want their rates spent on.

In applying the four democratic goods as evaluative criteria to mini-publics Smith [59] concludes:

The mode of selection and the form of interaction between citizens help realise the goods of inclusiveness and considered judgement to an impressive extent [60]… Where mini-publics are arguably at their weakest is in realising popular control and publicity [an element of transparency] [61].

We will consider how each of these democratic goods was delivered in the case studies below, agreeing with Smith in regard to inclusiveness and considered judgement and suggesting that, at least for these case studies, popular control and publicity were both also achieved to a significant extent.

Canada Bay Citizens’ Panel

Canada Bay is a located in the inner-west of metropolitan Sydney approximately 10 kilometres from the CBD and covers 20 square kilometres [62]. The population is around 75,000, with the most common ancestries being English 16.5%, Australian 16.3%, Italian 12.8%, Chinese 9.1% and Irish 7.5% [63].

In 2012 the City of Canada Bay in New South Wales established a citizens’ jury, which they called the Canada Bay Citizens’ Panel, to provide advice to Council on services, service levels and funding. Council agreed upfront that the Citizens’ Panel ‘will set the level of service to be provided for in the 2014–18 Delivery Plan, subject to final approval of Council’ [64] (Council agreed to trial a citizens’ jury approach due to disappointing levels of community engagement in previous attempts to involve citizens in broader strategic planning initiatives [65].

The Citizens’ Panel was supported by the newDemocracy Foundation who designed the overall process and handled the recruitment of the randomly selected mini-public. The Citizens’ Panel was made up of 30 people from the local government area, stratified to match the age spread in the community and to include equal numbers of women and men, ratepayers and tenants. Twenty-seven people were still engaged at the end of the process. The Citizens’ Panel meet for five full days over a period of three months supported by independent facilitators. The Panel heard from community organisations and a range of experts of their choosing. The Council also ran a concurrent staff panel process that presented their ideas to the Citizens’ Panel [66].

Their final report to Council included over 80 specific recommendations across all service areas focusing on ways to reduce costs and increase revenue, with almost unanimous support for a rate rise to ensure infrastructure maintenance, if the revenue measures did not deliver sufficient funds. Council endorsed the Panel’s recommendations and established a committee comprising Councillors, Council staff and representatives from the Panel to consider the detail of how the recommendations could be implemented. This process is ongoing.

Our preliminary evaluation of the Canada Bay Citizens’ Panel against Smith’s four democratic goods suggests that the process was specifically designed to achieve the democratic good of inclusiveness though the use of a random stratified sample of citizens to make up the mini-public, and the use of independent facilitators to support all participants to have their voice heard. This design does not guarantee inclusion of every important view on the topic, but it does seek broad
representation. In regards to popular control, participants were given a strong commitment upfront that Council would adopt their recommendations subject to consideration by the Council (which they did) and Panel members were subsequently engaged in a process to implement the recommendations.

The Citizens’ Panel included several features designed to support considered judgement by the participants. For example, they were given extensive access to Council information, heard from stakeholders and experts of their own choosing and were given time to deliberate as a group before reaching their decision. There is evidence that the Panel members had gained an improved understanding of the Council, with their report to Council including reference to the fact that they had not previously know about the range of services offered by the Council [67]. And a survey of the Citizens’ Panel members at the end of the process found that the majority considered that the Panel had worked ‘as a mini-public representing the wider community’ either reasonably well or extremely well [68].

Finally, in regard to transparency, the involvement of the newDemocracy Foundation supported effective engagement with the media resulting in five articles about the jury process appearing in either local or metropolitan newspapers during the process [69].

Of particular note is that the Council is now trialling the use of a smaller citizens’ jury process to resolve a long-standing contentious policy issue around the appropriate subsidies for community groups using Council premises [70].

The Canada Bay Citizens’ Panel demonstrates that engaging citizens to identify Public Value can deliver unexpected outcomes. In this case the recommendation to increase rates to address ‘a significant shortfall in funding for long-term maintenance and renewal of infrastructure…which will impact future generations if unaddressed.’ [71]

Geraldton Participatory Budgeting Community Panel

The City Region of Greater Geraldton is in regional Western Australia more than 400 kilometres from Perth. It is a coastal city covering almost 13,000 square kilometres with a population of around 40,000 residents [72].

The city faced a range of economic challenges which lead the CEO to invite the Curtin University Sustainability Policy Institute (CUSP) to partner with the Council to ‘find ways to co-operatively involve citizens in co-creating a sustainable future for the City Region’ [73] This initiative, called ‘Geraldton, 2029 and Beyond’ commenced in 2009 and focused on encouraging deliberation and collaborative governance across the community. Initially, the implementation of participatory budgeting was considered too high risk due to mistrust between the administration and the community. However, through working with the community and council to build capacity and trust, the decision was made to run two participatory budgeting processes in 2013 [74].

The two participatory budgeting processes used citizens’ juries, called Community Panels, to provide input to the Council’s budgeting decisions. The first focused on the 10 year Capital Works Plan with a budget of $70m and the second on the service levels to be delivered. We will focus here on the Capital Works Participatory Budgeting (PB) process. Council gave an upfront commitment to

- Consider all recommendations from the Community Panels.
- Adopt the recommendations of the Community Panels to the greatest possible extent.
- Clearly communicate to the Community Panels the reasons why any recommendations cannot be adopted.
- Work with the Community Panels to determine alternative solutions where Community Panels’ recommendations cannot be adopt.

The Capital Works Community Panel engaged 30 randomly selected people from the Geraldton local government area who met every Saturday over four weeks in November 2013. Janette Hartz-Karp from CUSP facilitated the Panel with the support of Council staff trained to be table facilitators [75].

Their job was to develop criteria to rate infrastructure projects and apply these criteria to assess 100 or so infrastructure projects being considered by Council [76] In addition, the community submitted an additional 158 proposals for infrastructure projects for the jury to consider and where new capital works were proposed the proponents were invited to present to the Panel [77]. At the same time, the Council Executive Management Team undertook a similar process coming up with a set of criteria to rate infrastructure projects and
applying those criteria to the same infrastructure projects. The Executive met with the Panel and compared their proposed criteria, with each recognising the value of the others’ perspective but not significantly changing their criteria as a result [78].

The Community Panel recommended that Council use both the six criteria developed by the Panel and the five criteria developed by the Council Executive on a 50/50 basis to assess infrastructure projects for funding in the 10 Year capital works plan. Interestingly, the report to Council notes that the Panel’s criteria focused on social, cultural and environmental outcomes, whereas the Executive’s criteria focused on safety, legislative compliance, strategic alignment and funding availability [79]. The Executive also supported the use of both sets of criteria on a 50/50 basis, although they chose to give additional weighting within their 50% to governance, setting it’s weighting at 30% with each of their remaining criteria receiving 5% [80].

The Panel recommended using Community Panels for future capital works planning and keeping the existing panel engaged over the short term to review implementation. The Executive agreed with the former but not the latter and Council supported their recommendation [81].

Our preliminary evaluation of the Geraldton Community Panel process against Smith’s four democratic goods shows that, similarly to the Canada Bay Citizens’ Panel, the good of inclusiveness was addressed via recruitment to the Panel of a random stratified sample of citizens and the use of independent facilitators to support all participants to have their voice heard. Looking at the good of popular control it would appear that the Community Panel had some control over their process, choosing as they did to recommend that the Council adopt both their and the Executive’s criteria and had a significant impact on the final outcome as their recommendations regarding the criteria for capital works were endorsed by the Council Executive and unanimously adopted by the Council [82]. Although their recommendation that the Community Panel be engaged over the short term wasn’t endorsed the use of Community Panel’s for future capital works planning processes was.

In regard to considered judgement, this was supported by the provision of Council information and submissions from the community as well having time and support to deliberate together prior to reaching their conclusions. Finally transparency was enhanced with the Community Panel being part of the broader Geraldton, 2029 and Beyond process which had broad community involvement and the community were kept up to date and engaged through the #changesCGGcommunity website and a Facebook page (with over 330 Likes).

The Geraldton Capital Works Community Panel nicely demonstrates that the perspectives of public managers and citizens can be quite different and yet equally valuable and that enhanced Public Value can be achieved by combining these two perspectives, one focused on community outcomes and the other on governance and systems. As Horner and Hutton [83] argue:

A Public Value framework and set of concepts encourages public managers to enact an ethos of service to the public and also encourages them to analyse and understand the variety and plurality of the publics they serve. A public value framework also encourages public managers to think about social outcomes, not just organisational outputs, within the context of the wishes of elected government. [84]

6. Conclusion

This paper demonstrates that adopting Public Value as a framework for local government decision-making, combined with democratic innovations to engage citizens in determining what is Public Value for their community, can deliver valuable outcomes for local communities and for democracy itself. In particular, the case studies show that everyday citizens can add value to both the political and administrative processes of government through focusing decisions on criteria which deliver outcomes that are important to community members and demonstrating that they are prepared to pay to achieve those outcomes.

Public managers could benefit from adopting a Public Value framework to guide community engagement in critical local government decisions. Within such a framework, democratic innovations provide a tested approach to collaboratively discovering what the public values. Both the Public Value framework and democratic innovations deserve more widespread consideration by Australian local government.
Acknowledgements

We would like to acknowledge Rob Weymouth who generously shared his first-hand knowledge of the Geraldton Participatory Budgeting Community Panel.

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