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Participatory budgeting in Australian local government: An initial assessment and critical issues

Abstract: Participatory budgeting (PB), a process whereby governments seek direct input from citizens into financial decisions, is gaining a foothold in the community engagement practices of Australian local governments. Following questions of definition, we survey the theoretical terrain, locating PB within several components of local democracy. We then provide details of six PB processes in New South Wales, Victoria and Western Australia. We identify several questions for the future of PB in Australian local governments, including the role of deliberative practices as part of the broader work of councils; the issue of the adaptability of councils and leaders; the impacts upon state and local governments and the role of third parties. The article concludes by reflecting on how PB sits with democratic practices at the local level if it continues to be implemented.

Keywords: Community engagement; democracy; deliberation; local government finance; participatory budgeting; participatory governance; representation; tokenism

Introduction

In 2014 the City of Melbourne led a participatory budgeting (PB) process to determine how the city's \$5 billion budget should be allocated over the next 10 years. The process was conducted over a period of five months and cost \$185,000 (Clear Horizon Consulting 2015).

It comprised two approaches: broad engagement of the community through a variety of outreach and traditional engagement methods, including online budget allocators and workshops; and the random selection of a representative panel that was led through a deliberative process to determine the long term financial plan for the city. The outcome of the panel was 11 recommendations for Council's consideration and response. Of these

recommendations, nine have been incorporated into the financial plan, one has been interpreted as a directive for Council to take an advocacy role and one recommendation could not be adopted as it contradicted the newly introduced state government rate capping policy (City of Melbourne 2014: 39)¹.

The Melbourne process, while salient, was not the first of its kind in Australia. In 2012 the municipality of Canada Bay in Sydney's inner west undertook what is widely regarded as the first PB process in Australian local government (see, for example, Thompson 2012). It convened a representative deliberative group of community members to make recommendations for the services budget of the Council over four years (Canada Bay Citizens' Panel 2012). In 2013 and 2014, the City of Greater Geraldton, located 400 kilometres to the north of Perth, conducted two PB processes: one for its 10-year capital works budget and a subsequent process for its annual services budget (City of Greater Geraldton 2013; 2014). Both these processes featured randomly selected deliberative panels and were tasked with making a recommendation to council for the allocation of long-term budgets; with the first representing 100 per cent of council's capital outlays over the 10-year period.

Australian local government practice is dotted with other, albeit smaller examples of PB, such as City of Darebin's 2014 Citizen's Jury, initiated to make recommendations to council to determine the allocation of a proportion of its capital works budget over a two year period (City of Darebin, 2014) and the City of Melville's 'Project Robin Hood' undertaken in 2013, which saw the council's annual community grants allocated by community members through online voting rather than deliberative methods such as citizen's juries and world cafes used elsewhere (City of Melville 2015; for a synoptic comparison see Table 1).

With these six processes in three years, as well as others commencing (Penrith City Council 2015; South Gippsland Shire Council 2015) it would appear that PB constitutes an

emerging practice in the community engagement toolkits of Australian local governments, (see, for example, Grant et al. 2012; Hartz-Karp 2012). However, the marked increase of PB globally suggests that it might constitute a major shift in local government practices and one that Australia is quite late in adopting. For instance, the most recent attempts to estimate the number of PB projects globally identified between 1, 269 and 2, 778 such processes in 2012 (Sintomer et al. 2013). Notwithstanding the difficulty in recording the actions of local governments across the globe, the actual number may be much higher.

The incidence of the practice globally, alongside recent Australian examples hint at how PB is being broadly interpreted and the social and political contexts it is practiced in. While some have suggested the practices are too heterogeneous to make a definition possible (Ganuza et al. 2014; Marquetti et al. 2012) others have argued that to avoid a definition or a basic set of criteria renders it impossible to classify and evaluate the practices (Traub-Merz et al. 2013: 2). This paper seeks to broadly define PB for the purposes of understanding how it is being interpreted in the Australian context. Our central concern is to explore emerging PB practices in Australian local governments with a view to identifying critical issues for its continued use, alongside interpreting it as an element of administrative and political reforms. To this end we examine six specific questions, namely: what role deliberative practices play as an element of PB; what the likely longevity and institutional thickness of PB in Australian local government; how organisations (local and state government) adapt for PB; the impact of PB on the roles and responsibilities of local and state government; the optimal role of actors in PB processes and how the design of PBs in the Australian context is constitutive of and affects practices of local democracy.

The paper itself is divided into three main parts. Initially we survey different understandings of PB and where these sit in the wider context of participatory democratic theory, theories of deliberative democracy theory, participatory and collaborative governance

and co-production. We then examine the experiences of Australian local governments that have conducted PB processes. We then suggest a series of questions in response to the emergence of PB in the Australian context and identify the challenges that we suggest require consideration for the future of PB in the Australian context. The paper concludes with a reflection on the democratic values of effective governance, issues of legitimacy and justice (Fung 2006) and how Australian PB practice may respond if it continues to develop.

What is participatory budgeting?

At its most simple, PB can be defined as a ‘process through which citizens can contribute to decision-making over at least part of the governmental budget’ (Goldfrank 2007a: 92). This definition encompasses all variations in practice, although it is considerably broader than the definition used in what is widely regarded to be the first PB process in Porto Alegre, Brazil (see, for example, Baiocchi 2001; Pateman 2012; Santos 1998). In the Brazilian context PB was defined as ‘a structure and a process of community participation based on three major principles’, namely: that participation is open to all; that the process is guided by both direct and representative democratic rules; and that it uses both general and technical criteria to determine resource allocation (Santos 1998: 468). Goldfrank (2007: 92) has suggested that since this time subsequent definitions have de-emphasised the structure, loosely interpreted the process and identified new and different principles as the underpinning normative and operational requirements for the operation of PB.

Notwithstanding attempts at definition, it could be argued that given the continuing variation in practice globally, these attempts have not been particularly successful. They do, however, provide a useful starting point in ascertaining what the process typically consists of. Santos (1998) initially identified four key principles: [i] participation open to all; [ii] direct democratic rules; [iii] integration with representative democratic rules; and, [iv] resource allocation determined through criteria that ensure social justice. The principles identified by

Shah (2007) and Goldfrank (2007a) retain direct participation and redistribution and add a principle of transparency; however, they dispense with the principles of participation being open to all and with the component they label ‘representative democracy’. Wampler (2012) built on Shah (2007) and Goldfrank (2007a) adding deliberation.

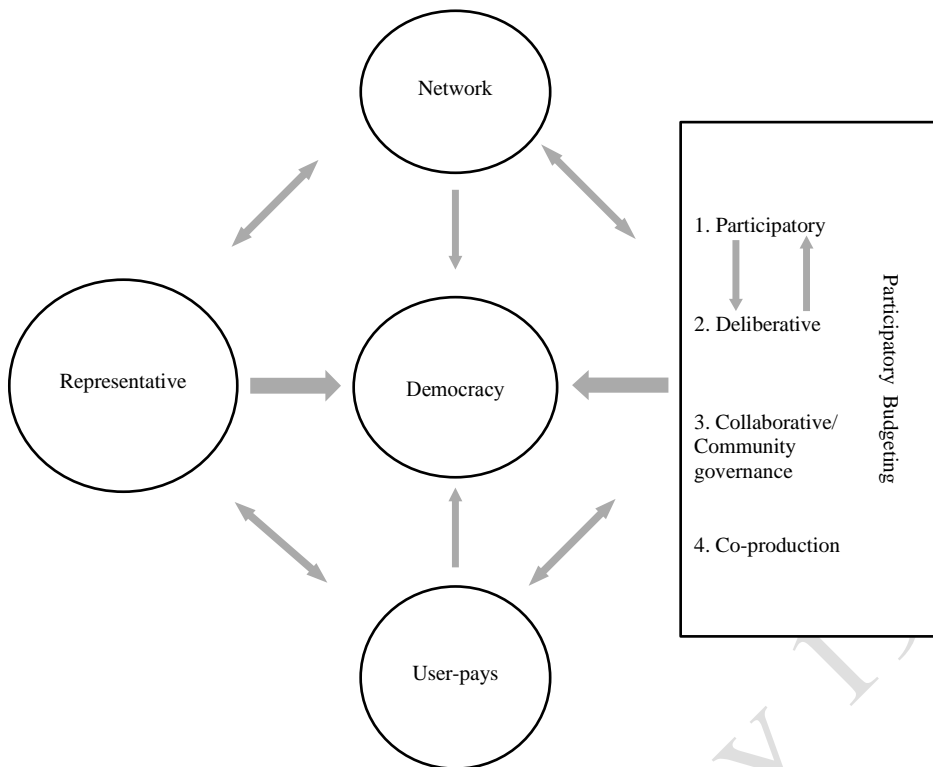
Similarly, one of the most widely cited set of criteria as to what a participatory budget features was provided by Sintomer et al. (2008). This lists six key features: [i] participation by non-elected citizens; [ii] discussion of the budget; [iii] involvement of the municipal level of government; [iv] a repeated process with more than one meeting; [v] that some form of public deliberation is included; and [vi] that some accountability over the outcomes is part of the process. As we suggest (below) when we examine PB globally these criteria imply that what is ‘branded’ as PB may not be PB according to the commonly accepted set of key features. Arguably, the variation in these principles is reflective of the practice, where processes of representative democracy and participation open to all have made way for more deliberative practices. Debate at the conceptual level also indicates the normative dimensions of questions of definition within practices of local democracy across a plurality of settings.

Nevertheless, declaring that PB necessarily entails foundational concepts such as ‘representative democracy’ and ‘participation’ and, in the case of Fung (2006) and Wampler (2012) ‘social justice’ begs questions concerning what these authors mean in their use of these terms. It is to these questions that we now turn.

Context: Theory and practice of participatory budgeting

In order to place PB in a context and engage with the broader literature and local government practice – particularly democratic practices in local government – we derive Figure 1 from the discussion by Haus and Sweeting (2006).

Figure 4.2 Types of democracy in local government



Source: Adapted from Haus and Sweeting (2006) and Grant et al. (2014: 7–8).

Examining Figure 1, it represents the practices of local democracy (at centre) comprised of four principal types – or what Haus and Sweeting (2006: 267) refer to as ‘non-exclusive components’, namely ‘representative’ (at left) ‘participatory’ (at right) ‘user-pays’ (bottom) and ‘network’ (top). For their part, Haus and Sweeting (2006: 267) offer a concise definition of democracy:

We take democracy as the idea to promote a common good under circumstances where there is no strong pre-existing agreement on what this common good is, what it entails and how it can be promoted – with the significant qualification that this promotion is not imposed on society by force or manipulation, but is subject to public justification ... Democracy is thus intimately linked with the question of what is ‘good’ for the members of a political community, and considering local democracy

implies that local government, like governments at upper levels, has a process of collective self-determination as its normative core.

While it may seem trite to offer up such a cursory definition of a concept that has been profoundly reflected upon, this definition highlights both the contestable nature of the common good *and* that collective determination is the ‘normative core’ of democracy – i.e.: it acknowledges the importance of both outcomes and the value of processes (see Dollery and Grant 2010: 9). This is particularly important in discussions of PB.

Haus and Sweeting (2006) engage in a sustained discussion of each of their ‘non-exclusive components’ of local democracy. For our purposes they can be concisely defined. First, for ‘representative’ democracy (at left) they cite Sharpe’s (1970: 168) assertion that “‘some form of election seems essential’” for decision-making by representatives of the electorate. Within this component, they point to representation in the form of strong personal leadership; ‘parliamentarisation’ at the local level (which historically has not been a salient feature of local government in Australia – see Power et al., 1981: 105; Halligan and Paris 1984: 62) and a tendency to value decentralisation within discussions of local democracy (Haus and Sweeting 2006: 273-275; Shah and Shah 2006). Second, ‘user-democracy’, which ‘recommends a marketisation of political relationships’ and is specifically utilitarian in that it involves ‘measuring (but not evaluating) individual preferences’ where votes are directly analogous to money and government responds to supply and demand in a context characterised by competition. Third, ‘network’ democracy, characterised by cross-jurisdictional activities by highly mobile and decisive leaders who nevertheless remain accountable on the basis of their visibility (and, we would add) their dispensability (Haus and Sweeting 2006: 281-283; see also Grant et al. 2014; Stoker 2003; 2006; 2011). Fourth, ‘participatory democracy’ grounded in a robust belief that ‘it is active citizens ... who know

best about the common good’ and as such ought to be placed to contribute to decision-making.

Four our purposes this broad definition of participatory democracy includes conceptions of democratic practice that emphasise either participation generally (see, for example, Fung 2006; Fung and Wright 2003; Pateman 2012) and devolution of authority to the lowest possible level as an element of participation (Mansbridge in Fung and Wright 2003: 176) alongside deliberation defined against the mere aggregation of preferences (Ansell and Gash 2008: 543) and the intrinsic rewards of deliberative processes (Dryzek 1990; Hartz-Karp 2012; Morrell 2010; Smith 2012; van Aaken et al. 2004). It also includes the concept of collaborative or community governance, which recognises the legitimacy of decision-making outside traditional sites of local government (Aulich 2009: 45) and co-production, which Alford and Yates (2016, p. 159) concisely define as ‘the contribution and effort to the *delivery* of public services by service users and citizens, promoted by or in concert with public sector organisations’ (see also Voorberg et al. 2015). PB as we have defined it above can also be placed here.

Figure 1 achieves two *broad* aims. First, it locates PB as an element of the four principal components of local democracy. However, there is an important qualification in that the four types are both ‘non-exclusive’ and are identifiable in the literature as cooperating *and* competing elements of local democratic practices. For instance, it is frequently claimed that PB involves some type of *representation* (e.g.: by a randomly selected/generated sample of citizens) with the implication that as a process it *leads* decision-making in a form that is additional to (Fung 2006, p. 66) or indeed superior in type to decision-making through electoral processes (see, for example, Tormey 2015: 59-82).

Second (and notwithstanding the claims to the contrary (see Fung 2006: 66)) participatory and deliberative practices – indeed all types in the participatory quadrant – are

defined *against* representative electoral processes. Drawing on the work of Barber (1984), Fishkin (1991) and Pateman (1970) Haus and Sweeting (2006: 278) assert that for this component of local democracy ‘[s]ome form of representation may be a *necessary evil*... [b]ut citizen participation must be granted whenever it is demanded (emphasis added). This concisely reflects the deliberative turn generally and in local democracy in particular in the context of a ‘democratic deficit’ (Norris 2011). There is a substantive body of theoretical work that explores and advocates deliberation as a superior form of decision-making on both instrumental and ethical grounds (see, for example, Dryzek 1990; Morrell 2010; Smith 2011) and that, as Fung (2006: 68) notes, echoes the work of Habermas (1984; 1989). Nor is this view limited to local democracy (see Goodin 2008). This work has been accompanied by a sustained critique of representation at both philosophical (see, for example, Rorty 1991: 1) and theoretical levels (see Saward 2010; Tanasescu 2014; Tormey 2015). We ought to recognise as well that there is a certain type of historicism in some these latter arguments. Thus, for example, Tormey (2015: 59) asserts that: ‘Representation is ... a discourse associated with modernity and the creation of nation states’. Otherwise stated, representation is regarded as *passé*.

Figure 1 also achieves two tasks *specific* to the ‘participatory’ quadrant. First, it recognises the conflict therein. Thus, for example, Pateman (2012: 8) states inter alia that ‘[t]he current *fashion* for deliberative democracy began with political theory’ and that ‘the prevalent view, albeit not always made explicit, seems to be that deliberative democracy has now overtaken and *subsumed its predecessor*’ (emphasis added; see also Fung and Wright 2003). Pateman (2012) takes issue with this presumed ascendancy of deliberative over participatory democracy, although it is worth noting that some view the two as complimentary (see, for example, Thompson 20012; Haus and Sweeting 2006). Nevertheless in Figure 1 they are represented as in antagonistic. Added to this complexity is that both

participatory democracy and deliberative democracy theorists are incorporating the language of collaborative governance into their theory and practice (see for example Nabatchi and O’Leary 2005, Nabatchi 2010, Newman et al 2004, Emerson et al 2012).

Second, Figure 1 demonstrates that despite the plurality of types and the conflict therein, PB is valued *across the types* – indeed some individual types *lay claim to* PB. For her part, Pateman (2012: 10-11) criticises deliberative democracy for being overly concerned with process and juxtaposes this with the more outcome-orientated participatory processes, pointing to the PB process in Porto Alegre as exemplary in this regard. Alternatively, from the deliberative perspective Hartz-Karp (2012: 2) argues: ‘Participatory budgeting is a powerful tool for achieving more effective democracy, particularly so if it is more *intentionally deliberative* than usually practiced (emphasis added). Arguably, PB is conforms to definitions of both participatory governance and co-production.

Also noteworthy is that the theorisation across both participatory and deliberative types reaches a further level of detail when directly concerned with the implementation and normative defensibility of particular projects. For instance, Fung’s (2006; 2015) ‘democracy cube’ discerns three variables in the design of public engagement: (1) who participates; (2) how participants communicate with each other and make decisions; and (3) how decisions of the deliberation are linked with policy or action. Fung (2006) presents each of these three variables as a spectrum and posits different engagement mechanisms, or strategies, along the three variables. This is used as a basis to explore the democratic values of legitimacy, effective governance and justice in the context of specific projects (see also Emerson et al. 2012; Sinotmer et al. 2013).

Turning to the practice of PB, in this context it is possible to make four general observations with respect to PB globally and in Australia. First, whereas PB has been championed as the panacea for corruption and inefficiencies in developing countries (see, for

example, Shah 2007) arguably it has been championed as the way for local government to engage with disaffected and apathetic communities and deal with the wicked problem of how to manage municipal budgets that are experiencing austerity pressures in established Western democracies (see, for example, Lerner and Secondo 2012; Pinnington et al. 2009; Sintomer et al. 2013; Traub-Merz et al. 2013). Second, as demonstrated by Table 1 and the examination of case studies of PB in the Australian local government context below, compared with other parts of the world, Australian local governments have been late adopters of PB, with the first documented process occurring in 2012.

Third, to date Australian practices closely resemble those in Europe, presumably due to commonalities such as being established democracies looking to rebuild trust in response to claims about a ‘democratic deficit’ (see, for example, Chambers 2003; Hindess 2002; Norris 2011). Fourth – and we will assert, rather than argue this point in this context – PB practices in Australia are still being shaped and administrators are grappling with the principles it prioritises over others or what it chooses to adopt and what it chooses to adapt.

Participatory Budgeting in Australia

We now examine six PB processes completed by Australian local governments. By outlining the key features and significance of each of the processes, we can see how the practice is being implemented, from which we abstract and posit several critical observations and questions. A synoptic overview of the key features of all the case studies is presented in Table 1.

Table 1: Australian local government: ‘Snapshot’ of participatory budgeting (PB) processes 2011-2015

Year & LGA	Project & timeframe (years)	Budget area	\$s available for PB vs total budget area spend	Broad methods	Deliberative random selection methods	Outcome	Third party
2012 Canada Bay, NSW	Canada Bay 2012 Citizens’ Panel (4)	Services/Operating (all)	Amount not stipulated as part of the process (total services/operating budget in 2013/2014 of \$72 million)	Not specified	Deliberative community panel - 32 randomly selected	85 recommendations accepted by Council	Yes; Design Facilitation Recruitment
2012 Melville, WA	Project Robin Hood (1)	Services/Operating (Community Grants)	\$100,000 (Total operating budget in 2012/2013 of \$87.3 million)	Workshops Online budget allocator tool	Not specified	Over 50 projects proposed; first 12 funded. Accepted by Council.	No
2013 Geraldton, WA	10-year Capital Works (10)	Capital (all)	\$68 million (Total capital works budget \$68 million over 10 years)	Various in earlier overarching ‘2029 and Beyond’ project	Deliberative community panel - 28 randomly selected	Four major recommendations including the prioritisation of 138 projects. Accepted by Council	Yes; Recruitment oversight
2014 Geraldton, WA	Range and Level of Services (1)	Services/Operating (all)	\$70 million (Total services/operating budget of \$70million)	Various in earlier overarching ‘2029 and Beyond’ project	Deliberative community panel - 37 randomly selected	Five major recommendations. Accepted by Council	Yes; Recruitment oversight
2014 Darebin, VIC	Darebin’s Citizens Jury (2)	Capital (New community infrastructure)	\$2 million (\$1 million per year) (Total capital works budget \$40.3 million in 2014/2015)	Public submissions	Deliberative citizen's jury - 44 randomly selected	Eight recommendations. Unanimously accepted by Council	Yes; Design Facilitation Recruitment
2015 Melbourne, VIC	10-year Financial Plan (10)	Capital and Services/Operating (all)	\$5.9 billion (Total budget of \$5.9 billion over 10 years)	Workshops Discussion groups Online budget allocator tool ‘Pop-up’ engagement hubs	Deliberative community panel - 43 randomly selected	Eleven recommendations, nine incorporated into Long Term Financial Plan.	Yes; Design Facilitation Recruitment

Sources: City of Canada Bay (2012); City of Canada Bay (2013); City of Canada Bay (2014); Thompson (2012); IAP2 Australasia (2014); City of Melville (2012); City of Greater Geraldton (2013); City of Greater Geraldton (2014); City of Darebin (2014b); City of Melbourne (2014).

Note: The two main areas of expenditure in council budgets are Services/Operating (Service, programs and operating costs such as staff) and Capital works (infrastructure).

Canada Bay, NSW

Located in Sydney's inner west, Canada Bay covers an area of approximately 20 square kilometres and services a population of over 80,000. Reportedly tired of poor turnout at public meetings, in 2012 the Mayor agreed to an alternative approach to engaging the community through use of a deliberative panel (Thompson 2012: 4). The panel consisted of 32 randomly selected demographically representative citizens who met for a total of 45 hours across five Saturdays in a three month period. Overseen by a third party organisation and independently facilitated, the panel was tasked with determining Council's service priorities, levels and funding for a four year period subject to final approval by Council (City of Canada Bay 2014: 38). The panel presented their report to Council in November 2012, which made over 80 specific recommendations across all service areas and included a recommendation for a rate rise (Thompson and Reidy 2014). One year later, Council received a follow-up report that investigated the recommendations not yet implemented as well as options for additional savings and income generation. Council has and is responsible for implementing the recommendations and the reporting of these was incorporated into the organisation's 2014 Annual Report (City of Canada Bay 2014)² (see Table 1).

Arguably, the Canada Bay PB experience is significant for several reasons. First is the use of a representative deliberative panel. While this practice is becoming increasingly prevalent, particularly as a mechanism aimed at attempting to solve the 'wicked problems' that governments face (Weymouth and Hartz-Karp 2015; 2008), deliberative processes are a considerable departure from the traditional community engagement practices of most local governments such as public meetings and surveys. The benefits of deliberative processes are widely espoused (Weymouth and Hartz-Karp 2015) and in Australia they are becoming a preferred method for PB. While this is not an unreasonable pairing, consideration must be given to what risks this generates, which we go on to discuss. The second key reason the

Canada Bay experience is important is its success in increasing local rates. Such a decision typically provokes outrage from the community. However, in this instance when the decision was made by a group of randomly selected residents it was received as wise and reasonable by the wider community (Hartz-Karp 2012: 11) (again, see Table 1 for a comparison across categories).

Melville, WA

The City of Melville is located in Perth's south and covers an area of approximately 50 square kilometres, servicing a population of just over 100,000. In 2012 the Council allocated \$100,000 for a participatory community grants program that would see the community vote on a series of community-initiated projects costing between \$1,000 and \$20,000. The process was led by a youth advisory group that developed the process as well as a marketing and communications strategy centred on the Robin Hood theme (IAP2 Australasia 2014).

Following a series of 'place-making workshops' over a two month period designed to assist community members in identifying suitable projects to propose, 50 applications proceeded to the voting stage. An online budget allocator tool was implemented to allow community members to distribute their virtual budget of \$100,000 during a two week period in June/July 2014. A total of 1, 379 community members voted and the first twelve projects were funded. The project returned in 2015, albeit it with half the budget (City of Melville 2015).

Compared to Canada Bay and the other examples following, Melville appears as an altogether different type of participatory budgeting process. However, using the basic definition provided by (Goldfrank 2007a: 92) where PB is defined as people participating in a decision-making process determining how to spend all or part of a government budget, it conforms. It bears a much closer resemblance to traditional PB processes where a public vote is used and ultimate decision-making authority has been handed over to the community

without qualification. While not deliberative, it the only process amongst the examples to be repeated, suggesting that it is easier to implement and sustain.

Geraldton, WA

The City of Greater Geraldton is the result of an initial amalgamation in 2007 of the City of Geraldton and Shire of Greenough and a subsequent amalgamation in 2011 with the Shire of Mullewa (Grant et al. 2012). It is located on the coast of Western Australia approximately 400 kilometres north of Perth, is nearly 13,000 kilometres in area and services a population of approximately 40,000 residents. In its short life, the council has built a reputation for regular and effective engagement with its community in public decision-making with a focus on building a deliberative community centred on collaborative governance (Hartz-Karp 2012; Grant et al. 2012). Building on the work of the community strategic plan commenced in 2009, '2029 and Beyond', in 2013 the Council undertook two consecutive PB processes. The first was conducted in late 2013 and consisted of a deliberative community panel of 28 randomly selected community members to determine the priorities for the 10 Year, \$68M capital works budget. The panel met for four full days during the month of November 2013 and concluded by presenting a list of 138 capital works projects prioritised by both community and city desirability (City of Greater Geraldton 2013). The second process was undertaken in early 2014 with a remit of recommending the desired range, level and priority of services for the Council's \$70 million annual services budget. Once again a deliberative panel was used, this time comprising 37 people who were briefed in December 2013 and then met over seven Saturdays during an eight week period. The group made recommendations about which services should be increased, decreased, refocused and those that ought to remain the same (City of Greater Geraldton 2014).

While Geraldton's PB processes share similarities with those undertaken earlier at Canada Bay, particularly with the use of representative randomly selected deliberative panels,

arguably they have greater significance than just being another example. This resides in the larger framework of engagement and governance practiced by the city. The international award winning '2029 and Beyond' project piloted a deliberative collaborative governance approach that included a central community strategic plan supported by a number of interrelated initiatives and plans that were all collaborative with the community (Grant et al. 2012; Hartz-Karp 2012; Weymouth and Hartz-Karp 2015). Not only has this broader approach to a different way of working with the community been more ambitious, it has also been successful, with Gollagher and Hartz-Karp (2013: 2353) reporting that the processes 'have resulted in plans and actions that are more far-reaching than local decision makers had ever envisaged'. The collaborative culture between the Council and its community became so assumed that the impetus for the PB processes came as a response to a council decision to raise rates with minimal engagement with the community. It is interesting to note that PB was identified earlier during the '2029 and Beyond' project but was decided to be too risky at the time, as it was determined a higher degree of trust was needed amongst community, staff and the organisation for such a process to have the best chance at success (Hartz-Karp 2012). Thus far, Geraldton is the only Australian local government to place PB within a larger framework of deliberative collaborative governance (Gollagher and Hartz-Karp 2013: 2354).

Darebin, Victoria

With a population of over 140,000 people and an area of 53 square kilometres, the City of Darebin covers Melbourne's gentrifying northern suburbs. In 2013/2014 the Council introduced a ratepayer-funded infrastructure fund to cover the costs of a new community facility with the proviso that the community could decide how the fund would be spent in future. Consequently, a citizens' jury was tasked with determining how to best spend \$2 million on infrastructure over a two year period. A public submission period preceded the jury, for which 49 submissions were received. These submissions, along with data from the

annual state-wide satisfaction survey and council's own quarterly community surveys, were given to the 44 jury members to be included in their deliberations that were conducted over four Saturdays over a four month period. The group was expected to reach consensus on their set of recommendations, or if not a supermajority of 80 percent was deemed acceptable. Council's promise to the group was to accept the recommendations on an 'all or nothing' basis (City of Darebin 2014). The eight recommendations presented to the Mayor in August 2014 were unanimously accepted by the Council. Two of the eight recommendations had come from the earlier public process.

While Darebin followed suit with the deliberative approach to PB adopted by Canada Bay and Geraldton, it was more conservative in scaling down the budget and budget timeframe available to the community for decision-making. It can be argued that the process conformed more closely to the citizen jury format by encouraging public submissions beforehand.

Melbourne, Victoria

As noted in our Introduction, Melbourne is Australia's second largest city, covering an area of 36 square kilometres and while it is home to over 100,000 residents, it is estimated that around 805,000 people use the city each day and that it hosts over one million international visitors each year. The decision to undertake a PB process lay in response to how the city could remain liveable while responding to future challenges such as economic uncertainty and population growth (Reece 2015). Melbourne's methodology consisted of both broad community engagement followed by a deliberative process. The broad engagement involved over 600 people utilising online budget tools, workshops and 'pop-up' events; the results of which were used to create a summary report to the 'people's panel'. The panel was comprised of 43 randomly selected residents, business owners and students who met for six days over a four month period. The panel delivered 11 recommendations to council with the

promise they would be incorporated into the 10 Year Financial Plan to the maximum extent possible. Nine of the 11 recommendations were adopted with one of the recommendations covering avenues of advocacy for the Council, mostly directed towards the state government. The other, a proposal for a rate increase above CPI, was unable to be responded to due to the introduction of rate capping in Victoria by the state government.

It can be argued that the importance of Melbourne in the evolution of PB in Australia resides principally in how it has raised the profile of the PB. As the first capital city to deliver a PB process with the largest aggregate budget to be decided to date; also as the process that resulted in a recommendation for raise rates, it is reasonable to assume that other Australian local governments are looking to this example. The Victorian Local Government Association (VLGA) has held workshops on how to run PB following the Melbourne and Darebin experiences. This corresponds with the VLGA's strategic action to 'expand the understanding and uptake of PB by local Councils' (VLGA 2014). In addition to this increased profile, the following processes are underway: South Gippsland in Victoria is allocating \$1.6 million for infrastructure projects in four towns (South Gippsland Shire Council 2015; Gray 2015); Penrith City Council in New South Wales is asking a community panel to help determine service and infrastructure levels in 2015/2016 and beyond (Penrith City Council 2015) and Kingborough in Tasmania has resolved to consider PB models that may be suitable for them (Kingborough Council 2015).

Critical issues for future PB in Australia

While the number of PB processes in Australia thus far can be assessed as a modest, the high profile of the Melbourne example, along with workshops led by peak bodies and reports of PB processes in the pipeline (see, for example, Penrith City Council 2015; South Gippsland Shire Council 2015) would suggest that PB will enjoy an increased degree of popularity. This conforms to Cabannes' (2004: 45) observation that 'after participatory budgets cease being

“trendy”, it is likely that a growing number of cities will adopt and adapt this methodology’. Given the relative novelty of the practice in the Australian context, it is not feasible to attempt to tie all the themes together to make a succinct comment on the future directions of Australian PB. Instead, we pose a series of questions to consider how PB might develop in Australia.

What is the role of deliberative practices in Australian PBs?

In the six PB processes discussed above, five of the case studies utilised deliberative methods of community panels, or citizens’ juries, where the participants were randomly selected to ensure they represented a microcosm of the wider community. The benefits of deliberative democracy in participatory budgeting are well documented and researched (Nabatchi 2010, Gollagher and Hartz-Karp 2012, Lerner and Secondo 2012, Weymouth and Hartz-Karp 2015) including the Geraldton case study by Hartz-Karp (2012). Any PB process requires participants to understand information and data which they then utilise to make a decision. Deliberative processes are (arguably) well suited to this task as they provide space and time for participants to test assumptions, question sources, set criteria and deliberate responses. The result of these processes is a well-considered series of recommendations from the group, rather than a public vote. The shifts towards deliberative processes rather than popular vote illustrate alignment with the contemporary PB principles such as those defined by Wampler (2012).

Despite this, deliberative processes are not without their weaknesses, the greatest of which is inclusion (Chambers 2009, Lafont 2015). While in some instances the participants of Australian deliberative processes have all been selected to be demographically representative (Canada Bay and Melbourne, for example) it is nevertheless difficult to ensure they are inclusive of varying views; further, the process is only open to those with an invitation rather than the whole community (Ganuza and Francés 2012; Pateman 2012).

Moreover, while most of the Australian examples presented have incorporated wider community processes along with their selective deliberative processes, it is no doubt difficult to marry the two together, particularly giving the varying ‘depths’ of the two conversations. In addition, deliberative processes require more time than traditional engagement methods used by local governments such as surveys, alongside requiring skill sets that may not be present in the organisation. Arguably, attempts to overcome the time and skill requirements are likely risk failure.

What is the likely longevity of PB in the Australian context?

With over 25 years of PB practice globally, one of the salient features is the precariousness of PB in some contexts: While in some instances the practice has become embedded in institutions and is repeated regularly (see, for example, Hilden, Germany (Sintomer et al, 2013, p18), Guelph, Canada (Sintomer et al 201, p51) Chicago, US (Lerner and Secondo, 2012)) if not annually, in other cities it disappears after a short period (see, for example, Montreal, Canada (Sintomer et al 2013, p44), Essen Germany (Sintomer et al 2013, p 50, Pieve Emanuele, Italy (Sintomer et al, p 45)). Perhaps ironically, PB often proves durable when the practice is implemented by a central government, such as in Brazil (Cabannes 2004; Goldfrank 2012: 11) and when the practice is required as part of a funding agreement with agencies such as the World Bank (Goldfrank 2012, p.11). However, in the face of political change, the practice is often abandoned, such as in Porto Alegre Brazil where the original model proved unsustainable (Baiocchi and Ganuza 2014).

In their analysis of the fragility and volatility of Portuguese PBs, Alves and Allegretti (2012) reported that only one-third of the projects initiated were still in existence and argued that PBs are more likely to be sustainable if decision-making power is transferred to citizens and is adaptable in shape and scope to address the needs of participants. Many of the Australian processes have longer timeframes and hence do not require annual repetition, with

only one council, Melville, thus far committed to a subsequent process (City of Melville 2015).

How ought organisations and leaders adapt for PB?

The question of how enduring PB processes are hints at a further issue – that of how prepared and equipped organisations and their leaders need to be to implement PB processes.

Arguably, even an uncomplicated straightforward participatory process requires considerable resources (time, money and skills) and PBs conform to this, particularly when processes include wide-reaching engagement and/or deliberative processes – and we have seen that many of the Australian examples have. In addition to these more tangible resources, organisations, their leaders and decision-makers need to have a level of understanding and capacity about what PB is, what it can achieve and where it sits as an element of democratic decision-making processes.

The question of organisational readiness is one that emerged during the Geraldton experience. Hartz-Karp (2012: 5) noted that although PB was initially planned as part of the earlier ‘2029 and Beyond’ project, and that ‘it was considered to be too high a risk, especially since there was distrust between the community and administration, and elected officials were very wary’. Limited support from employees within the organisation has also been identified as a key risk in delivering PB, with instances of staff becoming oppositional to community decisions and slowing down the process reported (Pinnington, Lerner and Schugurensky 2009: 476). Without a willingness and capacity to provide information and relinquish decision making, PB processes may risk failure.

Impact of PB upon the roles and responsibilities of local and state government

PB in Australia has focused on governance and the distribution of basic services, in particular those associated with capital works. This has resulted in participants of Australian PBs requesting changes to legislation and legislative powers which lie outside of the realm of

local government. Examples include: transport infrastructure (City of Darebin 2014; City of Melbourne 2014), changes to planning legislation (Canada Bay Citizens' Panel 2012; City of Melbourne 2014), provision of schools (City of Melbourne 2014), calls for higher developer contributions (Canada Bay Citizens' Panel 2012; City of Melbourne 2014) and provision of community services (City of Melbourne 2014). In response to these calls, councils usually offer to take an advocacy role to facilitate change in these areas.

Of particular interest is that in the cases of Canada Bay and Melbourne, both groups achieved consensus that it was necessary to raise council rates (Canada Bay Citizens' Panel 2012; City of Melbourne 2014). As we have already emphasised, in the case of Melbourne, this recommendation contradicted the recently introduced rate-capping policy of the new state government and was therefore unable to be implemented.

There are three significant considerations arising from these 'out of scope' requests. The first relates to the integrity of the process: If participants cannot have an influence where they desire, they are likely to become frustrated and not participate and should engagement continue, it is likely to be viewed as tokenistic. The second relates to the relationships local governments have with their respective state governments and in some cases, the federal government. In a climate of constant reforms and amalgamations, many of which are acrimonious in nature (see, for example, Ryan et al. 2015: 3-5) it is conceivable that local governments will pay a price for advocacy. Third, the recommendations to raise rates by Canada Bay and Melbourne were accepted by their respective wider communities. Advocates of deliberative methods champion this as an example of how communities place higher trust in groups other than representatives they have elected. However, there is a risk that elected representatives will interpret these outcomes as a way to raise to raise rates without voter backlash. If participants are led towards this assessment, then PB risks being viewed as tokenistic.

What should be the roles of various actors and who decides?

The variation in PBs across Australia means that the roles and responsibilities of the actors involved have also varied. The role of participants in the Australian example has typically been to make recommendations to the elected representatives. Design and facilitation of the process and recruitment of participants is usually coordinated by the organisation and implementation rests with the organisation. To a degree, these differences are reflective of the different legislative landscapes across Australian local government jurisdictions (see, for example, Grant et al. 2011). Notable is that in five of the six Australian examples discussed here a third party intermediary was engaged to either design, facilitate, recruit or oversee the process or a combination of these (see Table 1). The third party ensures a public commitment from the council that recommendations are adopted where possible. While the use of third parties might be promoted as a means to ensure impartiality and ensure trust, it begs the wider issue of why local administrations are less trusted and where guardianship for democracy lies.

How does the design of Australian PBs demonstrate democratic values?

At one level, namely what in the discussion above we have denoted as the debate confined to the right quadrant of Figure 1, the issue of whether PB fosters democracy can be partly answered through the application of frameworks such as Fung's 'democracy cube' (2006, 2015): Thus, the first variable, i.e.: 'who participates' varies in Australian practice, with the deliberative processes utilising random selection and the Melville example open to the wider public making them more inclusive on the spectrum of participant selection. On the variable of 'communication and decision making', the deliberative methods use more intense modes whereas the Melville example demonstrated a less intense mode where participants are invited to develop, and then express preferences. When measured against the third variable of 'authority and power', all Australian examples sit mid-spectrum as the participants advise

and consult rather than have direct authority, the degree of influence available is limited, in most instances by the legislation. The value of Fung's (2006) 'democracy cube' is that it provides a reference point for considering how the design of participatory processes such as PB can facilitate the democratic values of legitimacy, effective governance and justice.

However, in the discussion above we have deliberately cast the net broadly, choosing to view PB as a component of local democratic practices generally. In this regard it is possible to view it as a high-profile compliment to other arrangements – those for 'user-pays', 'networked' and (in particular) representative arrangements. Yet to do so is complacent for two reasons. The first is that representative arrangements in the local government systems in Australia are highly variable. For instance, voting is not compulsory in local government elections in Western Australia, South Australia and Tasmania (Tan and Grant 2013: 65-66) and participation rates in these jurisdictions at the most recent local government elections were 27.76%, 31.99% and 54.58% respectively (ECSA 2014; TEC 2014; WAEC 2014). As such the robustness of representation ought not to be taken for granted. This entails, second, that to assume that more PB equates to more democracy is misleading, despite the salience of the literature that both theorises and advocates the elements of the 'participatory' quadrant in Figure 1 *and* the critique and problematisation of representation mentioned above (see also Dollery and Grant 2010). In short, PB only enhances democracy if the other elements are in place.

Conclusion

The democratic values of effective governance, legitimacy and justice, as identified by Fung (2006, 2015) serve as useful points of reflection upon the critical issues identified above. If the incidence of PB continues to increase in Australian local governments, the opportunity exists to enhance these values. Australian PB has been able to demonstrate effective governance through the use of effective decision-making process, namely deliberative

processes. By providing the space for people to question, consider and reach consensus, the outcomes are more likely to be robust and sustainable. Legitimacy is being contributed to by the inclusion of community members in the creation of the budget with the willingness to support decisions, such as increasing rates, enhanced by the use of everyday citizens.

Arguably as well, justice (see, in particular, Fung 2006) is being enhanced by ensuring equitable access to the opportunity to be involved in the process.

Despite these encouraging indicators, the values are at risk of being misinterpreted as processes are designed. Three indicators of this can be identified. First, the proportion of budget available is crucial (see Table 1 for a comparison). If small, there is a risk a PB will be seen as tokenistic. Second, the authority available to participants to make a decision. Merely making recommendations rather than decisions may also result in a PB being seen as tokenistic. In this sense, the terms of engagement are weighted heavily in favour of traditional arrangements (Head 2007). Third is the issue of inclusivity. While demographically representative groups give Australian local governments a good indicator of the wider sentiment, they may also exclude people who may wish to participate. Nevertheless, we think it is reasonable to assume that more local government administrators will seek to test the waters of PB and developments so far indicate that the ‘adopting and adapting’ (Wampler and Hartz-Karp 2012: 12) is likely to continue.

Endnotes:

1. The People’s Panel recommendation to increase rates was the first of the 11 recommendations. It read: ‘the People’s Panel 2014 acknowledges that rate rises are required in order to meet both operating and capital budget requirements. The Panel recommends that rates be increased by CPI plus up to 2.5% pa for the next 10 years.’ (City of Melbourne 2015: 6). The other recommendations concerned (2) issues of environmental sustainability; (3) marketing the City; (4) the selling of non-core assets; (5) the redevelopment of Queen Victoria Market; (6) an endorsement of debt finance for growth infrastructure (7) infrastructure to encourage the use of bicycles; (8) a swathe of issues for which the City assume a

strong advocacy role, inclusive of greater control of developer contributions; (9) the maintenance of community services at current standards; (10) the targeting of a one percent efficiency dividend in operating costs and (11) a reduction in capital works spending of 10 per cent over the 10-year budget period (City of Melbourne 2015).

2. Canada Bay Council was unable to implement some recommendations due to legislative constraints; for example the recommendation to increase Developer Contributions levies, which are capped by the State Government (City of Canada Bay 2013: 198).

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