

Greater China-Australia Dialogue on Public Administration

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Abstract

For this background paper we have chosen to begin from first principles (various logics informing decentralised administration and provision), then canvass the various dimensions of jurisdictional/regional government relations, before looking at local capacities and asking what might be the drivers of improvement.

Introduction

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

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

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

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

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

Systems of governance

Unitary states – China and most other countries are unitary states where full power resides with the national government. Lower levels of government are established and are allocated a range of powers (including expenditure responsibilities and revenue rights), but decisions of lower levels can be annulled. There may be various classes of jurisdictions at any one lower level – such as at the first ‘local’ level in China where there are provinces, directly controlled municipalities, ethnic autonomous regions and special administrative regions. Unitary systems can vary enormously in the degree of centralisation or decentralisation they exhibit.

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

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

Guiding Principles and Contextual Considerations

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

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

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

The *decentralisation of responsibility* can apply to various degrees of policy implementation, operational delivery and revenue collection at levels closer to the community, and may not imply any transfer of substantial decision-making powers. Decentralisation usually implies the decentralisation of the administration of the functions of government.

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

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

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

(i) Subsidiarity

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

Subsidiary principles were largely derived from European debates within the EU (which is a hybrid of unitary and federal characteristics) where smaller nations with existing sovereignty used these principles to argue for the retention of formal powers rather than have all issues dealt with centrally in Brussels. Subsidiarity requires and depends on sufficient local capabilities to be extant so that devolved decision-making authority and decentralised delivery is matched with local capacity.

The strengths or advantages of subsidiarity principles lie in jurisdictional autonomy, appropriate discretion, administrative efficiency and the visible closeness to the people for accountability and review. The weaknesses or disadvantages of the principles might include the unevenness or paucity of local capacities, aberrant or inconsistent decision-making, and a diminution of national social cohesion.

(ii) Differentiation and experimentation

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

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

(iii) Adequacy of local capabilities

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

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

Contextual, administrative and logistical considerations

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

- The complexity of the environment faced by the particular policy initiative — the more complex the environment, the greater the discretion that may be necessary;
- The need for innovation and non-standard work in design or delivery, allowing for experimentalism;
- Complex and difficult to define work or services (or the difficulty in prescribing rules to frame delivery or make local decisions), which may include the degree of discretion necessary or open

to delivery agents — these features are often associated with devolved authority and professionalization; and

- The degree of local consensus among policy actors (and perhaps recipients) on the best delivery approach to adopt — where no consensus exists, delivery modes may need to be located at higher levels.

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

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

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

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

Reflections and Considerations relating to Institutional Design

It is important to recognise that principles of subsidiarity, differentiation and capability, as well as the contextual considerations of devolution and decentralisation, will qualitatively differ depending on what powers and functions are being considered. For instance, it will differ depending on whether we are considering:

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

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

- (i) The first is *design by inherited historical legacies*, often arising from past resolutions, compromises and expedient decisions, and set in administrative-legal form that provides constraints on current behaviour and options in addressing change. Historically inherited institutions tend to resist adaptation, and be subject to path dependencies while displaying unintended consequences.
- (ii) The second approach sees *institutional design as a clash of power, interests and ideas*, producing an ‘institutional sociology’ focusing on how institutions operate, their organisational practices and internal cultures, and their interactions with their external environment. Institutional sociology looks at how these institutions represent themselves in terms of their social worth, relevance and appropriateness while possessing relative powers to influence outcomes.
- (iii) A third approach concerns *rational design principles according to rationalist analyses of relationships and behaviour*. It concerns assessments of internal and external logics, incentives, interests and expected actions. Here the concern is to minimise perversities and unintended consequences while designing institutional arrangements that are clear, minimalist and efficient in terms of roles and responsibilities, with arrangements often contractually-based or codified. *Public choice models and principal-agent theories* sit within this approach – where they attempt to give expression to principal preferences while minimising perversities.
- (iv) A fourth approach is more dynamic seeing *institutional design as a function of institutional transfer*, including the transfer of ideas/organisational forms and structures/practices and activities. It is part of the broader analytical area of policy transfer and policy learning. It explores how institutions think and learn, what they borrow or copy from, perhaps intentionally or unintentionally, sometimes deliberate choice but at other times through blind following or convenience. One rationale supporting institutional transfer is that it can improve the cause and effect relationships and thereby improve performance. Many cases of institutional transfer are partial or incomplete, where copiers often misinterpret or misapply the original case, and sometimes build a different model thinking they are copying. They often neglect the cultural-institutional context within which the particular institution or practices they are seeking to transfer operate.
- (v) The final fifth approach we identify here is *the study of institutions in context*, not as single institutions operating in isolation, but as part of a complex web of networks and inter-relationships that are constantly changing and undergoing recalibration. The political/policy/economic/social circumstances constantly buffet institutional designs, placing stresses and strains on their institutional behaviour and relationships.

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

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

On the other hand, in either constitutional circumstance, the administrative functions arising from policy regimes developed at the national or sovereign sub-national level (including health, education, personal

welfare benefits, and regulatory functions) can all be decentralised to lower level jurisdictions, and/or to lower level administrative units. Administrative and delivery chains can be redesigned to optimise the efficiency and effectiveness of decentralisation to lower levels of government. Much delivery is by nature local and new developments in information technology and emerging CIT capabilities have made local proximity of delivery potentially far more possible (not less). Many existing national policies are indeed operationalised locally even though their policy and authoritative framing is held centrally.

In federations such as Australia, some programs which are the constitutional responsibility of the national government, but which are delivered locally, are administered directly by national government agencies through lower level administrative units, rather than decentralised to lower levels of government. The payment of benefits to the aged, the unemployed and other approved persons by decentralised 'Centrelink' offices is a case in point. Also areas of health provision, aged care and Indigenous assistance also rely on national delivery but through purchaser arrangements with GPs, NGOs and Aboriginal bodies.

Inter-Governmental Relations (relations between the various levels of government) in Australia and Greater China

This section examines the application of the above principles and understandings to the situations as found in Australia and Greater China.

This paper utilises two different perspectives when examining the distribution of powers and functions in a national context. The first centres on issues of the advantages and difficulties associated with devolving control and decision-making authority, and the second focuses on the decentralisation of administration and delivery of policies. The former usually implies a combination of discretionary authority and administrative capacity at lower levels, whereas the latter does not necessarily imply that administrative decentralisation comes with decision-making possibilities. However, some minor level of local discretion may attach to government officials in decentralised administrative and delivery systems due to their proximity to clients/community and through their location at the ground level in applying rules and criteria to local circumstances.

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

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

Australian states enjoy sub-national sovereignty and degrees of autonomy. This power pre-dates Federation and derives from Australia's colonial history of separation from the United Kingdom and its own traditions of responsible government. The Commonwealth cannot seize a state power except through constitutional change (a referendum – and may seek to do so, say with gambling) or through persuasion (referral of powers). States if they wish can individually or collectively refer their powers or responsibilities to the Commonwealth (in various ways) where it would be more effective and/or efficient to have central coordination and uniform controls (eg, corporations law and some areas of business law/regulation, industrial relations powers, air transport and some areas of taxation have gravitated to the Commonwealth level). Alternatively, states can retain formal control over policy areas

but agree to subordinate their powers to a national framework of legal coordination, using such instruments as template legislation or mirror legislation, which each state enacts or replicates to produce consistent laws.

As noted, Australia already incorporates a devolved model in its federal structures – and this institutional feature shapes the character of intergovernmental relations markedly. However, in terms of further devolution to the existing model (active ongoing devolution) the prospects are more constrained (although there are some policy sectors where decentralisation may prosper). Further devolution from the national to the state level of government implies that the national government could cede much if not all control over certain policy sectors (eg, payroll or employment taxes, environmental protection and environmental impact assessment) except perhaps to be able to influence the levels of activity through funding arrangements and the conditions attached to the funding. And without constitutional change, the national government can reassert power over the functions it is responsible for (autonomously or concurrently) at any future time.

Devolution in Australian policy discourse tends to refer predominantly to the transfer of responsibilities *from* the federal government *to* the states/territories – but equally, decentralisation can (and should) also mean the distribution of responsibilities *within* the Commonwealth level of government (its own agencies) and *within* state administrations – from the centre to the regional/community levels or from state administrations to municipal (local) governments created by the states.

In contrast to Australia (but in common with most other countries) the PRC is a unitary state and does not have sovereign provinces. Each of the 34 provinces consists of administrative divisions of the centre (22 separate provincial divisions, 4 municipalities, 5 (ethnic) autonomous regions, and two special administrative regions – Hong Kong and Macau). For our discussions the following questions are pertinent. How much local autonomy do provincial jurisdictions (Provincial and lower Peoples' Congresses) have; how much autonomy do sub-national administrative units (such as provincial bureaux) have from their national ministries; and what are the power and administrative relationships between the lower level Peoples' Congresses and the equivalent level administrative units and what are the PRC's perspectives on regional equity, horizontal equalisation, or harmonisation)? How far can richer provinces initiate their own schemes (for pensions, workplace safety, sanitation standards etc.) before they are coordinated by central directives or frameworks. How far do central laws/policy directives impose controls on decentralised administrative units?

In China, decentralisation down the levels of territorial administration from national ministries to provinces and their bureaux, counties and their sections, township etc) does not mean that the central government cedes control over the policy, but hands delivery and implementation to levels of government lower down – who then report back to the centre on progress/performance. Intergovernmental relations generally implies some forms of shared accountability and reporting on progress and performance between levels.

Intergovernmental reporting regimes

In Australia, the collective agreement of the national, state and (state-level) territory governments to undertake a significant program of domestic economic reform in the 1990s included agreement to the establishment of the National Competition Council (NCC). The NCC was an independent intergovernmental body that was established to assess the performance of Australia's governments in

meeting the agreed reform commitments under the National Competition Policy and to recommend on the regulation of third party access to services provided by monopoly infrastructure. The implementation of the policy, and the associated role played by the NCC, were credited with significantly increasing Australia's productivity growth and national income over the ensuing decade.

In the mid-2000s, the two levels of government agreed on a second round of reform, titled the National Reform Agenda. It also included the establishment of an oversight intergovernmental agency (COAG and the COAG Reform Council) was often perceived as a centralising/standardising instrument, holding states to account for delivering Commonwealth policy objectives. It was often accused of producing 'meaningless' reports which no one read or used. However, the COAG process was more nuanced than this perception and there were attempts both through COAG and the CRC to encourage local discretion and differentiation (McClintock).

PRC/Taiwan?

Inter-Regionalism

The inter-regional dimension of devolution and decentralisation focuses on relations between regional entities that can enhance or develop local capabilities. Inter-regionalism implies regions can cooperatively share functions – such as educational or health systems, environmental management, transport interconnectedness. Regions can use these competitive/collaborative possibilities to pilot smaller programs to test their robustness and feasibility (including value for money).

China is tolerant of inter-provincial rivalry, competition and diversity as laboratories to test public policy provision and delivery systems. Provinces can innovate, experiment, establish their own provision systems that apply within their jurisdiction but which the central government can monitor and use toward administrative and organisational learning.

Some provinces share responsibilities and resources to produce benefits that individually they may not be able to manage or deliver (eg some of the central, western and north-eastern provincial administrations collaborate in policy areas to scale-up provision, examples??).

Similarly, in Taiwan provincial regions and major municipal centres have considerable decentralised program and administrative responsibilities. (perhaps need to develop more...).

In Australia, the federalist structure in theory generates strong diversity in policy, administration and service delivery between the states for the functions for which they have retained sovereign responsibility. This has had positive consequences in terms of enabling reformist state governments to innovate and to improve their effectiveness and efficiency. In effect, policies and programs developed separately at state level provide a series of natural experiments which policy analysts can draw upon to assess opportunities for reform in other jurisdictions.

Another feature of federalism that can, in certain circumstances, generate benefits is the competition between states to provide low levels of taxation, simplified regulatory regimes and quality services (although horizontal equity through the redistributive Commonwealth Grants commission tends to wash out any efficiency gains).. On the other hand, some of the rivalry between states — particularly in terms of bidding away their taxes or bidding up their expenditure on supporting infrastructure to attract footloose companies or international events — can result in a net negative outcome at the national level and even for the 'winning' state.

Other downsides of diversity between the states include the lack of a seamless national economy. Businesses which operate in several states, or nationally, are faced with complexity of needing to comply with complex and inconsistent regulations in a myriad of areas, including workplace health and safety, environmental and project approvals, food safety standards and retail shopping hours. For people who migrate between states for work or to live, there are varying occupational registration standards, education systems, and planning and zoning laws. While Australian states and the national government have been achieving some national uniformity through such processes as mutual recognition and template legislation, much remains to be done. And even at the national level, the national government does not engage in trials of policies and programs in selected regions to anywhere near the degree to which China's national government does.

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

The cooperative benefits of inter-regionalism in Australia tend to be an under-developed potentiality. State jurisdictions rarely cooperate on policy development and/or delivery. They have a haphazard history of collaboration on shared infrastructural needs; sometimes they ignore each other's overtures because it does not suit their proclivities (e.g. for a long time Queensland refused to collaborate with the NSW government to coordinate rail, road and air services between the two states). At other times collaboration is forthcoming if the Commonwealth is prepared to meet the principal costs of provision – e.g. the Adelaide to Darwin rail connection that involved investments from two state governments and the Commonwealth.

Regions *within* state boundaries are also able to collaborate with neighbouring regions and in some areas there is a long history of regional collaboration (especially if located across another state's boundaries (Albury-Wodonga, Gold Coast-Tweed area). However, it is more common for local governments in close proximity (especially within individual states) to collaborate through regional organisations of councils to undertake local services (road repair, emergency services, regional planning and management).

State governments periodically undertake reviews of the efficiency and effectiveness of the numbers and sizes of local governments within their jurisdictions. DN: some mention of Queensland's recent establishment of super shires, other states' attempts at amalgamations etc. There is scope for much more inter-regionalism in Australia as a way of augmenting local capacities, but it tends to get occluded by the more pronounced politics of federalism.

Capacities of the Local/Regional Level

Subsidiarity often presupposes local capacities exist – when in fact they may be problematic. Regional and local administrative elements have some existing capabilities, which may not be suited or relevant to, or of a sufficient standard for, any decentralised transference of responsibilities. These capabilities may be enhanced as part of the process of transferring powers/responsibilities to lower levels, but not necessarily so. The issue is often one of access to sufficient resources to nurture those capabilities – and central governments worldwide are wont to hand down responsibilities without ensuring that the necessary professional, institutional or financial resources are also forthcoming.

One way to augment local capabilities involves the deployment of central or national administrative resources and capabilities to the regional/local level – this can consist of national or provincial officials

deployed to lower administrative levels to implement programs or to supervise, while training the lower level staff. In some senses this may cause the proliferation of parallel administrative systems – decentralised national administrative capabilities as well as decentralised provincial/regional administrative capabilities.

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

Another aspect to consider is how local community can enhance their own capabilities with or without government involvement – we might call this ‘organic localism’ linked to notions of social capital maintenance and development. This involves the innate self-organising capacities centred on the locality, often develop through organic networks, voluntary associations, voluntarism in the community, mutualism, self-help initiatives, local champions, etc. These voluntary regional organisations are (or can be) particularly important co-producers with government administrations of local services.

Organic localism can encourage self-reliance and resilience in communities, but it may only work in certain circumstances/contexts, and may only work for certain types of activities (e.g. ‘good works’ activities, charities, aged care, sport and recreational activities, even park maintenance and clean-up campaigns) and not necessarily for other aspects of local service provision that are less benign (e.g. local tax collection, detention, aspects of law enforcement, inspection and traffic management).

Pathways to Improvement: the drivers of change

The theme for the 2014 public administration workshop is ‘Maximising the benefits of decentralisation: identifying, building and ensuring the capabilities required at local, regional, provincial and national levels’. This paper has identified some of the policy frameworks and contextual considerations that can assist in maximising the benefits of decentralisation. The brief overview of high-level trends in Greater China and Australia has brought this understanding down to the practical level.

Further, this paper has identified several significant issues that are worthy of debate during the workshop proceedings. The issues are set out in some detail in the body of this paper, but they can be summarised for convenience as follows:

1. What practical criteria should governments use to determine which policy areas warrant the exercise of national power, and which ones can be more appropriately devolved to lower levels?
2. How can the intra-national inefficiencies of complex and inconsistent policies, regulations, taxation and programs be overcome while maintaining the benefits of devolution?
3. How can administration and service delivery be decentralised to maximise the efficiency and local effectiveness arising from competition and diversity? How can the downsides of inefficient bidding between governments at sub-national levels be minimised?
4. What levels of performance can we expect of decentralised administration and delivery? In terms of minimum acceptable standards of service, how can skills, institutions and financial resources be made available locally to provide these to at least the minimum required?

5. How can the proclivities of local officials to mismanagement and corruption be overcome? What safeguards do professionalism, transparency and accountability provide, as an adjunct to penal provisions?
6. How do we build skills at the decentralised levels – especially if such skills are demanded now but have not been in demand in the past; how do we recalibrate local administrations/local delivery networks? What incentive structures are used by higher level governments to encourage capability building at lower levels? How can we promote and develop local/regional capabilities within an ‘earned autonomy’ approach to decentralisation?
7. On equity grounds should higher levels of government subsidise localities where poor performance is reported? What are best-practice inter-governmental arrangements to promote a sufficient level of inter-regional equity to maintain national social cohesion? How can the inevitable complexity be minimised, without resorting to non-transparent and *ad hoc* deals between levels of government.