Journal of Economic and Social Policy

Volume 14
Issue 2 *Special Edition on Local Government and Local Government Policy in Australia*

Article 7

8-23-2011

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Recommended Citation

Grant, Bligh and Fisher, Josie (2011) "Public Value: Positive Ethics for Australian Local Government," *Journal of Economic and Social Policy*: Vol. 14: Iss. 2, Article 7.
Available at: http://epubs.scu.edu.au/jesp/vol14/iss2/7

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Public Value: Positive Ethics for Australian Local Government

Abstract
The challenges confronting Australian local government are typically problematised in terms of either economic sustainability and efficiency, or the 'democratic deficit' resultant from amalgamations. Comparatively little attention has been paid to a justification of local government aimed at reinforcing its legitimacy against reform processes initiated by other tiers of government. In an attempt to rectify this deficit, this paper explores the applicability of Mark Moore's (1995) theory of Public Value to Australian local government. We argue that despite Rhodes and Wanna's (2007) objections to the applicability of Moore's theory to Westminster political systems, Public Value provides both an accurate sociological heuristic and a normative theory of politics and public sector management for Australian local government.

Keywords
Local government; public value, strategic management theory.

Cover Page Footnote
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This article is available in Journal of Economic and Social Policy: http://epubs.scu.edu.au/jesp/vol14/iss2/7

Introduction

Australian local government has been subject to continual reform processes in the post World War II period. This reform has been characterised using two historical/jurisdictional perspectives. Firstly, Kelly, Dollery and Grant (2009) identified 'three generations' of federal intervention by consecutive federal Labor governments: A 'nation-building' phase under Chifley's Commonwealth Department for Post-war Reconstruction and Development (CDPWRD), in which regional economic development, overseen by councils, was perceived as necessary for national strategic interests; a 'paternalist' phase conducted by the Whitlam government of 1973-75, in which federal largesse spread to local councils; and under subsequent Hawke and Keating governments, a 'self-sufficiency' phase in which local government was conceptualised primarily within a framework of regional economic development.

Coinciding with the third phase of federal intervention have been intensive reform efforts by state and territory governments across all jurisdictions. In particular, structural reform has reduced the number of councils and representatives (Grant, Dollery and Crase, 2009). Further, significant reform processes have failed to address the expansion of the functional ambits of councils (Dollery, Wallis and Allan, 2006) while managerial roles and organisational procedures have been professionalised and reformed (Marshall, 2008). Moreover, there have been significant attempts to incorporate community participation into council strategic plans through revisions to local government Acts across all jurisdictions (Aulich, 2009).

However, despite these long-run interventions by federal government and intensive reform programs by state governments, Australian local government still faces challenges. While the problems of financial sustainability on the one hand (see, for example, Dollery, Crase and Byrnes, 2006) and a growing infrastructure backlog on the other hand (PriceWaterhouseCoopers, 2006) have been the focus of government investigation and policy-making at the levels of federal and state government, as well as the focus of significant scholarly attention (see, for example, Dollery, Byrnes and Crase, 2008) comparatively little effort has been given over to an explicit consideration of the efficacy, or legitimacy of local government as a form of politics and administration. Aside from providing an account of changes to the institutional forms of local government (Aulich, 2009; Marshall, 2008) as well as a consideration of how different conceptions of democracy are reflected in local government arrangements (Dollery and Grant, 2011; Hearfield and Dollery, 2009) arguably, efforts aimed at examining and indeed bolstering the overall ethical legitimacy of local government in Australia

have not been forthcoming. Rather, this legitimacy is implied in accounts of structural reform processes, with some reference to the principle of subsidiarity appearing in the literature (for an exception, see Brown, 2002).

This seems surprising for three reasons. First, it is possible that an account of the legitimacy of local government may be of strategic use by advocates of the sector when attempting to defend it from sweeping reform processes introduced by state and federal governments, or when attempting to galvanise community support for local initiatives. Second, seminal contributions in the literatures of both public economics (Tiebout, 1957) and more specifically, fiscal federalism (Oates, 1972) have advanced powerful defences of sub-national government (for an overview, see Dollery, Crase and Johnson, pp. 42-59). These arguments could be more frequently deployed to reinforce a defence of Australian local government. Third, recent work in the English political context has attempted to provide an ethical account of local government as opposed to one that is anchored in the expediency of local government for central government. Chandler (2008, p. 356) distinguished between expedient and ethical justifications of local government thus:

> By an expediential justification is meant those arguments that value an activity or institution only to the extent that it serves the purposes of another institution or activity... A direct ethical justification is, as used here, one which values an institution or activity because it fulfils a morally desirable purpose in itself regardless of its value to other organisations.

While Chandler (2008, p. 356) noted that '[A]n expediential justification may nevertheless have an ethical value' – for example, in the efficient provision of a range of services – he clarified the consequences of a direct ethical justification for local government:

> If there is a direct ethical justification for the existence of local government irrespective of the needs of the state, then the state has no ethical justification for interfering in the activities of local government as they apply to their ethical raison d'être but must respect its integrity and morally legitimate activities Chandler (2008, p. 356).

Chandler thus made a very strong claim for non-interference by (in the English case) central government. Nevertheless, the outstanding feature of Chandler's overall approach is the tension between (a) expedient justifications of local government on the one hand and (b) ethical justifications of local government on the other. As we have seen, this tension mirrors that found within dominant

approaches to systemic problems in Australian local government (Dollery and Grant, 2011; Grant, Dollery and Gow, 2011).

This paper seeks to overcome this methodological dualism – which is also, necessarily, a normative dualism – by constructing an argument for the legitimacy of local government grounded in Mark Moore's (1995) theory of Public Value.[1] Moore's theory has been the subject of considerable controversy at the level of theory (see, for example, Stoker, 2006; Rhodes and Wanna, 2007; Wallis and Gregory, 2009). Moreover, Public Value has been discussed as an empirical phenomenon in a diverse array of contexts (see, for example, Spano, 2009; Weihe, 2008). Nevertheless, it has not been considered in the specific context of Australian local government.

This seems surprising since, as Moore (1995: xii) noted in the Acknowledgements to the *Creating Public Value*, the theory derived from teaching public sector managers at the Kennedy Business School at Harvard University, many of whom were from sub-national governments. Secondly, and perhaps as a consequence of the former, many of the hypothetical examples Moore (1995) deployed in the course of setting out his theory came from local (municipal) government. Thirdly, Public Value has been explored and defended in the context of English local government by Stoker (2006) who has equated it to his own theory of 'Networked Community Governance'. In this context, following Moore (1995) and Stoker (2006), we are interested in how Public Value can assist in maintaining and indeed increasing the legitimacy of Australian local government.

The remainder of the paper is divided into three main parts. The following section presents an account of Moore's (1995) theory, distinguishing between an exemplary meaning of Public Value on the one hand and a theoretical account on the other. In part three the claim by Rhodes and Wanna (2007) that Public Value reinstalls public managers as 'Platonic guardians' of the public sector, or more prosaically that it sheets home too much authority to managers in Westminster democracies, is examined. Part four of the paper argues that while these objections may be applicable to national and state governments, Public Value would appear particularly suited to Australian local government. The paper concludes with a consideration of the ethical implications for public sector

[1] For the purposes of this discussion, we have capitalised 'Public Value' to denote that we are referring to the [contestable] concept first developed by Moore (1995) thereby distinguishing it from more prosaic uses of the phrase. Moreover, we have refrained from using an acronym (for example, 'PV' or 'NPV') as these have been deployed by some writers only, and as such are initiative of their understandings and development of the term (see, for example, Stoker, 2006).

managers and how Public Value informs a reinvigorated account of Australian local government.

Defining Public Value

Simple Account of Public Value

In its initial development the idea of Public Value appears relatively simple. Moore (1995, p. 13-20) depicted a city librarian who is faced with the problem of the library where she works being used as a *de facto* after-school childminding facility for latch-key children. In the example, the librarian's initial reaction is to stop this use of the library occurring, because the library is not a childminding facility. This response is based upon what Moore labelled the 'important doctrine' mandating that the librarian's actions are prescribed by statute: The librarian is obliged to exercise an administrative/bureaucratic mindset, '*downward*, toward the reliable control of organisational operations, rather than either *outward*, toward the achievement of valuable results, or *upward*, toward the achievement of re-negotiated political mandates' (Moore, 1995, p. 17).

Yet Moore explores this scenario further. In her deliberations, (Moore's librarian is gendered) the librarian conceives of other strategies leading to alternative outcomes: She (a) thinks the presence of the latch-key children can be used as a justification for sourcing more funds for the library; she also (b) conceives of a user-pays system for parents using the library as a child-minding facility; (c) consulting the community about the use of the library occurs; as does (d) the idea of calling for volunteers to help with child-minding. The librarian also (e) contemplates restructuring her own organisation in order to accommodate the children. Moore's point is that in imagining outside an 'administrative/bureaucratic mindset', the librarian can encourage and, indeed, bring to fruition a situation where the public resources she is custodian of are more valued, i.e.: more thoroughly appreciated and used by a broader spectrum of the community, while at the same time responding to a need the community has for after school care. Moore (2005, p. 15-16) argued that we miss out on the Public Value managers can create if they do not exercise this 'imagination', or 'entrepreneurial spirit'. Indeed, Moore suggested that many public managers think like this anyway, thus it is foolish to discourage them from so doing.

Yet acting this way is problematic precisely because the library is a public facility and the librarian a public manager. In a public sector context, there exists no justification for managers acting this way; we assume they are the mere servants of public policy. *Contra* this view, Moore sought a justification for managers not

merely exercising their imagination, but *acting upon it* without turning to the polity for authorisation and *acting upon it all the time* as the most important and valuable part of their job. Moore (1995) attempted to arrive at a general concept of Public Value that could provide the basis for managerial behaviour in conditions where a plurality of values exists due to (a) different ideas about what is valuable, and (b) the fact that these perspectives are context-dependant.

Theoretical Account of Public Value

To construct this theory, Moore (1995, p. 28) commenced with the proposition that 'the aim of managerial work in the public sector is to create *public* value just as the aim of managerial work in the private sector is to create *private* value'. However this equivalence extends only so far: Moore pointed out that while public and private organisations are similar in that they both produce goods and services, public organisations also use authority – to tax, but also to impose other kinds of costs upon individuals – in order to achieve their goals. Consequently, for Moore (1995, p. 29) public managers aren't merely assessed on the basis of the goods and services produced, '... they must also be able to show that the results obtained are worth the cost... forgone in producing the desirable results'.

According to Moore the question of to whom this demonstration ought to be made is relatively straightforward. Whereas in the market consumers exercise their sovereignty by voluntarily choosing particular products, thereby demonstrating preferences for particular outcomes, so in the political arena citizens choose representatives. This correlation is by no means absolute: '...individual voluntary choice does not control the [political] system'. However, Moore argued that representative democracy is as close as we can come to replicating the mechanism of the market. In selecting our representatives we are selecting particular kinds of outcomes and the value encapsulated therein.

However, over time both the sites we have developed as legitimate places for justifying public action and the mechanisms we have for measuring the worth of this action have proven problematic. According to Moore (1995, p. 31-38), the political realm is prone to corruption. Further, to attribute to the bureaucracy the characteristic of politically neutral competence is dangerously naïve. Moreover, particular social scientific techniques, such as program evaluation and benefit-cost analysis, while offering both *ex ante* and *post-facto* analysis, have inherent methodological biases. Any attempt to authorise and assess public action based upon 'customer satisfaction' of citizens is flawed because although some goods will be valued by the majority of citizens, others will not see these goods as

desirable (a good criminal justice system, is hardly desirable for career criminals, for example).

At this impasse, Moore (1995, p. 38) made an important claim about his concept of politics and the relationship of this concept to both administration and the activity of individual managers:

> Politics remains the final arbiter of public value just as private consumption decisions remain the final arbiter of private value. Public managers can proceed only by finding a way to improve politics and make it a firmer guide as to what is publically valuable. That is why political management must be part of our conception of what public managers do.

The primary point is that managers are central to the political process. While this normative account of managerial behaviour may appear to prescribe for managers a 'box seat' in terms of decision-making, Moore (1995, p. 37) emphasised that they always operate in a context defined by three features. First, as bundles of fixed and variable assets, all public organisations are limited in their capacities. Moreover, managers cannot dispose of public assets in the way that an individual or private corporation can dispose of their private property. On the contrary, they must provide legitimating narratives about the use of these assets. In this sense, the actions of managers are determined by the 'organisational context' in which they find themselves. Second, managers are constantly interacting with what Moore (1995, p. 37) referred to as the 'authorising environment', within which there is significant disagreement about the deployment of public assets. Politicians do not explicitly consent to all actions of public managers; nevertheless, authorisation is a constant ethical presence. Finally, while particular processes within organisations will be producing outputs (goods or services) it is up to the manager to search for value-making opportunities within this context.

Moore (1995, pp. 48-50) emphasised that Public Value is derived not only from public sector outputs, but also from the authorising of these outputs. He also asserted that disagreement about governments' actions is akin to a market mechanism, but with three differences: Citizens are 'spending their freedom as well as their money by authorising government to act on their behalf' (Moore, 1995, p. 48); they are buying a product for everyone's benefit according to a political view of what is desirable for society, and they are buying whole enterprises rather than individual products. Points of disagreement are 'resolved by a continuing political/administrative process that holds these principles in tension and adapts to changes in political demand or policy tension' (Moore, 1995, p. 49). The overall efficacy of organisations is often challenged yet these

debates are important because they renew the authorisation of the enterprise. The value of the authorising process is important because it exists independently of the value of any particular good or service.

In this way, Moore (1995) drills down from the problems associated with the two traditional sites for the justification of public action (the polity; the bureaucracy) and the techniques we have for its justification (program evaluation and benefit-cost analysis; measurements of customer satisfaction) to provide a structural (that is, political; institutional) justification of managerial autonomy. Notably, this justification resides in not only familiar criteria such as efficiency and responsiveness to the political realm; also altered account of managerial activity; one where public managers ought to seek to 'value add' in their positions. As such, while many of the moral justifications for government remain intact around the creation of Public Value, much now becomes contingent upon the role of public managers.

Rhodes & Wanna (2007): Limits to Public Value

Rhodes and Wanna (2007) provided a critique of Moore's (1995) theory:

> We find this approach to public management disturbing when applied to Westminster systems of government such as Australia, Canada and Britain. It misdiagnoses the function of management in the modern public sector... It asks public managers to supplant politicians, to become directly engaged in the political process, and become the new Platonic guardians and arbiters of the public interest.[2]

More specifically, they identified one primary theoretical problem at the core of Moore's (1995) theory and 'five [problematic] linked assumptions'. Rhodes and Wanna (2007, p. 408) argued that under any Westminster system, the legitimate node of decision-making is the political realm, not administration. Further, 'each [sphere] has distinctive rights, responsibilities and bases of legitimacy, so we need a theory that encompasses that separateness'. Moreover, Rhodes and Wanna (2007, p. 408) noted this objection to Moore's (1995) theory can be viewed another way, namely in the 'slippage' (our term) between the public and the

[2] Rhodes and Wanna (2007, p. 419) clarified their point thus: 'The term Platonic guardians is derived from the Greek philosopher Plato's notion that it was the duty of virtuous officials to guard the societal good. They were arbiters of the public good and justice and presided over political processes.

private sphere, as exemplified by the insistence that private managers ought to be entrusted with such legitimacy 'if they produce mainly for the government', and that 'political appointees' – again, an idea antithetical to Westminster ideas of responsible government – ought to be similarly entrusted.

This identification of a fundamental mismatching of Moore's theory when compared to the principle of responsible government in the Westminster System would surely threaten the applicability of Public Value to the Australian local government milieu. Before examining this, however, we move to consider the five linked assumptions of the theory that Rhodes and Wanna (2007) found problematic. First, they accused Moore (1995) of naivety with respect to the actions of large organisations and the individuals within them: Simply stated, organisations can develop bias and ought to be held to account by the political sphere.

Second, Rhodes and Wanna objected to 'the primacy of management' not merely theoretically (which is where the charge of reinstalling 'Platonic guardians' is directed) but operationally. Rhodes and Wanna (2007, p. 410) noted that 'Moore is careful to avoid his managers confronting large 'P' politics'. As well, they recognised that Moore's theory designates a *relationship* between managers and the 'authorising regime'. Nevertheless, they stated that for Moore (1995) 'the initiation of attempts to create public value expressly falls to public officials'. In short, they remained suspicious of 'entrepreneurial officials exercise[ing] their own moral compass' when deliberating and deciding upon issues of policy, and objected to the idea of public managers 'gain[ing] virtue' (Rhodes and Wanna, 2007, p. 407) through the Public Value process.

Third, Rhodes and Wanna (2007, p. 410) found Moore's (1995) transposition of techniques from private to public managers problematic, not merely because of the 'constitutional' differences between the two, but also because Moore (1995) perceived that impediments to the public sector behaving like the private sector can be overcome with 'appropriate leadership and corporate strategic planning' in the public sector. Further, Rhodes and Wanna (2007, p. 411) argued that public managers are ill-suited to make political decisions, that they do not share the same risks and rewards as private managers and that 'they are not protected if things go wrong' (Rhodes and Wanna, 2007, p. 406).

Fourth, Rhodes and Wanna (2007, p. 411) argued that Moore's (1995) theory is compromised by its omission of political parties, coupled with the subordinate role that bureaucracies play in Westminster systems – particularly in the context of Prime Minister and Cabinet (see, for example, Keating and Weller, 2000).

Finally, Rhodes and Wanna (2007) argued that while 'public value writers' may have emphasised the importance of participatory involvement in the procedures of decision-making (see, for example, Stoker, 2006) ultimately, any operational endorsement of Public Value renders decision-making undemocratic.

Despite this rejection of the *totality* of Moore's (1995) theory, Rhodes and Wanna (2007, p. 417) nevertheless posed the question: '[W]hich bits if any of Moore's theory of Public Value approach will work in the Westminster system?' To this question they suggested that we envision actions by public managers along a 'ladder' ranging from low to high risk and composed of (a) operational and (b) normative elements. Further, they argued that if conceived of in this way, it is possible to approve of incremental, emergent strategies that are consensually arrived at, but reject any which are constituted by 'transformative leadership' and that exhibit normative 'adventurism', as fleshed out in Table 1:

Table 1: The Public Value Ladder

Levels of risk	Example of Public Value	Key Questions
High risk Driven by normative vision; highest political risk	Ideas-driven management; searching for high degree of stakeholder consensus and engagement; coalition-building by public officials; finding constituencies that value what the manager wants.	Why do we want or need Platonic guardians? Should managers be 'doing politics'? What are the risks of managers becoming brokers and 'explorers' in search for value? Who authorises them to redefine political priorities? Is there a threat to access and equity?
Medium to high risk Strong normative orientation; high level of political risk	Substantial engagement and empowerment of managers and clients in policy formulation and implementation; devolving decision-making capacities to clients; more complex innovations in delivery processes.	Does government risk ceding control of public policy to the community rather than keeping it in the hands of accountable elected officials? Will there be limited oversight from 'authorising actors'? Is there a risk of capture and clientelism?
Medium risk Principally operational but with increasing elements of political risk	Ambitious forms of coproduction; technical improvements in delivery chains; assistance to comply with obligations, self-administered modes; adoption of new technologies.	How do managers identify improvements in the delivery chain? Can they enhance operations without changing policy settings? Are the risks largely technical? Did it work? Did it produce the intended benefits to production?
Medium-low risk Principally operational but more adventurous reconfigurations – some political risk	Direct consultation with clients over delivery and compliance systems; systematic use of evaluation data; public reporting on targets informed by client	Will operational initiatives threaten administrative coherence and consistency? Will active managers become disillusioned if prevented from innovating? How

	preferences.	do we manage hidden costs and unintended outcomes?
Low risk Marginal operational adjustments, low-level political risk	Market survey information of clients; client feedback information, satisfaction ratings; better information on client needs-expectations.	Will politicians and clients see and appreciate the benefits of minor operational improvements? Will innovations lead to administrative savings or improved performance?

Source: Rhodes and Wanna (2007, p. 418).

Examining Table 2, Rhodes and Wanna (2007) provided some examples of managerial action and sketched the kinds of issues that would arise. For example, '[d]irect consultation with clients over delivery and compliance systems' constitutes medium-low risk activity, with attendant questions such as: 'Will operational initiatives threaten administrative coherence and consistency?' (Negotiation with individual clients would potentially do this because it would lead to different standards and prices of particular services). Conversely, 'substantial engagement and empowerment of managers and clients in policy formulation' would constitute medium to high risk, with questions such as: 'Does government risk ceding control of public policy to the community rather than keeping it in the hands of accountable elected officials?' being attendant to this decision. Formulated in this way, Rhodes and Wanna (2007, p. 418) found a place for Public Value in Westminster systems: '[P]ublic value is best regarded as a tool used by public servants to identify and implement operational improvements at the workplace'.

Yet does this modified account of Public Value still exhibit the potential of Moore's (1995) original theory? And of what relevance are these ideas to Australian local government as distinct element of Australia's Westminster system? In the penultimate section of the paper, we examine these questions through the primary theoretical problem and the five core assumptions in Moore's (1995) theory as identified by Rhodes and Wanna (2007).

Application of Public Value to Australian Local Government

Rhodes and Wanna's primary objection (2007, p. 414) falls squarely within the ambit of political theory. In Westminster systems public managers and the bureaucracy generally ought to be accountable to the polity. Moreover, public

managers 'owe a duty of loyalty to the Minister' such that disloyalty 'is simply not tolerated'. Rhodes and Wanna (2007) are correct to assert that Moore's (1995) theory cedes too much power to public managers when compared to their prescribed role in Westminster forms of government. Further, while Moore (1995, p. 33) recognised the empirical problem of illegitimate bureaucratic power, he nonetheless appeared unaware of this problem in his own theory. Moore's only possible defence would be that according to his theory, public managers consistently operate within an 'authorising environment' such that any decisions are mediated by this. Yet this does not challenge the legitimacy of Rhodes and Wanna's (2007) argument: In Public Value, the decision still rests with the manager.

However, there are several reasons why this primary objection to Public Value is less applicable in the context of Australian local government than in Westminster systems generally. Most obviously, there are no ministers of the Crown in local government. Rather, municipal governments are creatures of the respective states and territories. Nor is this a moot point: The states devote considerable resources to their oversight of local government, as does the Commonwealth (see, for example, Dollery, O'Keefe and Crase, 2010). In the Australian context, local governments are overseen by other tiers of government and conceptualised as political/administrative entities, rather than 'local polities' overseeing 'local administrations'.

Secondly, while appointed officials may formerly serve at the pleasure of elected officials in Australian local government, the theoretical basis of the council-manager form – by far the overwhelmingly predominant form of local government in Australia – closely resembles the council-manager form in the United States, which was designed to promote cooperation between elected and non-elected executives. As Mouritzen and Svara (2002, p. 32-33) have argued:

> [T]he dichotomy concept was not what the founders of public administration in the United States or the originators of the council-manager form had in mind when they sought to separate politics and administration... The writings of political reformers before and for several years after the endorsement in 1915 of the council-manager form... stressed the importance of "council government" with broad authority for elected officials, including administrative oversight and a clear acceptance of the policy role of the manager [emphasis added].

We are not suggesting that the American justification for the council-manager form of local government lies at the base of Australian local government. However, we are suggesting the similarity between the two has seen Australian

local government predisposed to move from the 'dichotomy' approach to public administration characterising Westminster systems toward operations that resemble those in council-manager forms in the United States, as comprehensively documented by Mouritzen and Svara (2002).[3]

Nor is this compromise to orthodox public administration confined to theory. In their comprehensive survey of 14 western local governments, including Australian local government, Mouritzen and Svara (2002, pp. 31-46) constructed a model of four types of political-administrative relations for local government:

- Separate roles model
- Responsive administration model
- Autonomous administrator model
- Overlapping roles model

While Mouritzen and Svara (2002, pp. 33-34) were careful to re-state the 'separate roles model' from one involving 'classical bureaucrats' and 'popularly elected officials' to a nuanced understanding of 'mutual confidence' specific to the local government milieu, they were nevertheless able to summarise their empirical work (Mouritzen and Svara, 2002, p. 45) thus:

> Overall, we present a substantial amount of evidence that is consistent with the overlapping roles model and little that is clearly compatible with any of the other models. Although they are [all] appropriate as theoretical types, only one matches well the distribution of characteristics found among local government CEOs. Virtually all CEOs have roles that more or less overlap with elected officials.

This stands in stark contrast to the role that elected officials can play in the careers of public servants at the Commonwealth level in Australia (see, for example, Rhodes and Weller, 2001). Thus, the primary theoretical objection of Rhodes and Wanna (2007) to Public Value is significantly mitigated in the context of Australian local government.

[3] Mouritzen and Svara (2002) found similarities between the American and Australian variants of the council-manager form according a number of variables, including CEO/managers' interactions with their political environment (Mouritzen and Svara, 2002, p. 102), their role in policy-making (Mouritzen and Svara, 2002, p. 113) and their perceived role as a 'stabiliser' of local government (Mouritzen and Svara, 2002, p. 178).

We turn now to the five assumptions that Rhodes and Wanna (2007) identified in Moore's (1995) theory. The first of these we can designate as 'organisational bias', or the argument that bureaucracies can operate in self-interested ways and as such need to be overseen by the polity. This would appear to be antithetical to Moore's (1995) idea that individual managers ought to make decisions, albeit within a context of an 'authorising environment'. Again, while this may clearly be the case with respect to Commonwealth and state bureaucracies, two factors mitigate this conclusion when considering Australian local government. First, arguably, size does matter in this context because in the event of local government failure, far less is at risk than if major policy blunders were serially committed in (say) Treasury or the ATO. Again, this is not a moot point. Local councils do 'fail': They take risks with respect to the finances they are in charge of (see, for example, Jones and Bowery, 2010), they suffer from a lack of procedure, subsequent investigation and in some instances replacement by state government-appointed administrators (see, for example, DLG [NSW], 2010). Moreover, in many instances, elected officials are implicated in these irregularities alongside local administrators.

Indeed, just as Rhodes and Wanna (2007) accused Moore (1995) of being too trusting of public managers, in turn Rhodes and Wanna (2007) are remarkably trusting of the polity. Again, state and federal politicians operate under a high degree of media scrutiny. However, to argue that this is similarly the case in local jurisdictions is questionable. Moreover, to assume that local politicians are technically capable of overseeing the operations of managers/CEOs is also more questionable than in other tiers of the Federation.

Second, both the theory of public expenditure advanced by Tibeout (1956) and the theory of fiscal federalism advanced by Oates (1972) presented strong arguments to suggest that variation between local governments, based upon a level of relative autonomy and competition, is beneficial for liberal societies: It encourages both innovation and efficiencies (and the replication of both, in what Dollery and Ramsland (2003) labelled the 'real world experimental laboratory' that are federal systems such as Australia's). This does entail risks, yet these are to be managed, for any attempt to expunge them entirely would surely fail. Again, Rhodes and Wanna's (2007) objections to the legitimacy of Moore's theory of Public Value are significantly mitigated in the context of Australian local government.

The second assumption that Rhodes and Wanna (2007) took issue with concerned the operational role of managers. Again, there are significant factors that mitigate these problems in the case of Australian local government. First, within local political governments where elected officials may lack the qualifications of their

counterparts in state and federal forums, the manager/CEO may well be the 'go to' person with respect to a whole range of policy issues. Second, while Rhodes and Wanna (2007) may have recoiled from the idea of public servants gaining public approval for their actions, within contemporary local government theory and policy, the idea of manager/CEOs assuming a high profile role in their communities has been explicitly advocated. For example, Lyons (2007, p. 180) encouraged local executives to seek a public profile through their executive and convening roles, although not one that would outstrip that of elected officials. As well, in smaller municipalities the manager/CEO may well assume a high public profile. After all, they are the public face of local taxes and charges and, alternatively, can function as a source of reassurance in times of local political turmoil. Arguably, these roles are extremely different from public servants in state and federal arenas.

The third assumption that Rhodes and Wanna (2007) found problematic was the relevance of private sector management to the public sector. It is at this point that local government in Australia differs most from its counterparts in both state and federal arenas: Local government is engaged in a constant search for revenue sources, as illustrated by Figure 1.

Figure 1 demonstrates that while taxation revenue sits at approximately 35 per cent and grants and subsidies at 9 per cent, the (aggregated) funding gap of 9 per cent can be juxtaposed directly against the revenue accrued from both 'sales of goods and services' and 'other' categories. In other words, local councils, in particular the executives of councils, are required to operate more like businesses than the other tiers of government. Again, the arguments of Rhodes and Wanna (2007) in this respect are significantly mitigated.

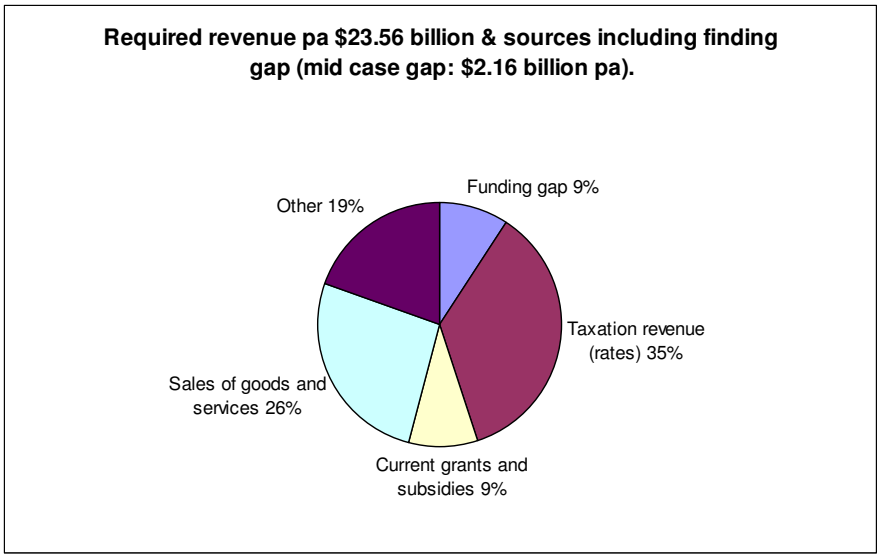

Figure 1: Mid-Range Funding Gap for Local Government in Australia and Sources of Local Government Revenue

Source: PriceWaterhouseCoopers, 2006, p. 14.

The fourth assumption Rhodes and Wanna (2007) identified was the absence of party politics from the Moore's (1995) theory. However, while party politics are paramount in the formation of government and decision-making procedures at state and federal levels in Australia, primarily in the formation of cabinets which are (necessary) distillations of the authority vested in parliaments, no such distillation of authority is necessary in local government. Further, in the context of local government, many elected officials 'see themselves as trustees who act on their own view of what is best rather than being closely accountable to the electorate or a political party' (Mouritzen and Svara, 2002, p. 33). Again, Rhodes and Wanna's (2007) objections are far less relevant in the Australian local government milieu.

Finally, Rhodes and Wanna (2007) reiterated their comparison of Moore's (1995) prescribed role for public managers and Platonic guardians. Again, we think that this charge is less relevant in the Australian local government milieu. In large bureaucracies characterised by a high degree of specialisation, it is easy to imagine that managers could act as gatekeepers to particular sets of data, depriving politicians of accurate information upon which to make informed policy decisions (particularly if these decisions concern the organisation itself). However, local government in Australia is characterised by precisely the opposite

feature, namely manager/CEOs and councillors being *generalists by necessity* in that they do not have designated (ministerial) portfolios. And while in larger municipalities the capacity for 'silo-building' would always be present, the scale of such silo-building and gatekeeping is diminished with the size of government.

Concluding Remarks

We have argued that in the context of Australian local government, there is a raft of reasons why Rhodes and Wanna's objections to Moore's (1995) theory of Public Value are not as applicable as they are to Commonwealth and state systems. However, our purpose is not merely to defend Moore's (1995) theory. Rather, through the exposition presented above, we have demonstrated its particular relevance to the Australian local government milieu. First, this relevance is borne out at the level of theory. It may appear surprising that the theory of the council-manager form of American local government accurately reflects the operation of the council-manager form in Australian local government. Nevertheless, if we think about this in terms of a particular institutional form – council-manager local government – building up patterns of institutional behaviour over the course of more than a century, the degree of similarity is understandable.

As such (and secondly), the reality of the functioning of Australian local government does not embody the classical political-administrative divide. Manager/CEOs take roles in policy creation and execution that fit very closely with Moore's prescriptions for public managers creating Public Value within the framework offered by the authorising environment and organisation's capabilities.

Third, Rhodes and Wanna (2007) identified and took issue with the predominant portrait of public managers in Moore's (1995) theory. Alongside their theoretical objections, Rhodes and Wanna (2007) may have gained this impression because Moore (1995) used many examples of public managers – entering their minds and setting out their deliberations (the librarian, for example). However, Rhodes and Wanna's objections may have also been related to the heady dose of virtue ethics in Moore's (1995) theory. For example, in discussing what he referred to as 'the psychological challenges of public leadership' Moore counselled public managers not to search for refuge in either their own deep commitments, nor in fellow travellers (our phrase) around them, but to 'distance themselves from these common sources of comfort' (Moore, 1995, pp. 306-7). Further, managers must 'walk the razor's edge' between two kinds of failure, one derived from lacking courage, the other from being too aggressive, and guard against being

'metaphorically assassinated' by political overseers, staff, or both (Moore, 1995: 307). Here, *Creating Public Value* begins to echo Chester Barnard's (1938) *Functions of the Executive* and, we suggest, this is not what Rhodes and Wanna (2007) would want of senior state and Commonwealth public servants.

Nevertheless, if we move down Rhodes and Wanna's (2007) Public Value Ladder and to the context of Australian local government, these ethical prescriptions offer a normative account of how our local managers ought to act, and indeed are acting due to the specific circumstances of Australian local government. Moore's (1995) theory also appears intrinsically egalitarian in that is applicable to a broad range of public servants: We want our local librarians, office managers, garbage collection personnel and receptionists to search for opportunities to create Public Value in what they do, not only for reasons of efficiency and organisational improvement more generally, but also because they can enrich and enliven local bureaucracies rather than feel like mere simulacrum in local government.

Returning to the point where we commenced our discussion: If Moore (1995) has not made a contribution to the theory of politics in Westminster systems generally, we have argued that he has made a contribution to the justification of sub-national systems such as Australian local government. This is because his theory resides not with local government being expedient creatures of statute, nor in them (expediently) reflecting the democratic will of individuals within particular local electorates. While Moore's (1995) theory does include these justifications, it also provides a revived normative account of the political/managerial process within Australian local government, rather than one merely as a local service provider or as a sorter of local preferences.

Further, it is within this context that (local) Public Value is produced – and has the capacity to be diminished (a point which Rhodes and Wanna (2007) are correct to observe that Moore (1995) chose to overlook). This creation of Public Value is dependent not only upon the particularities of local government, but also the people that work within it. We have argued that the production of Public Value is not confined to executives – as the example of the librarian suggests. Moreover, this ethical (in Chandler's (2008) sense) account of local government reflects the empirical operation of local government in Australia and as such strongly reinforces arguments based on the intrinsic or ethical value of local governments.

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