



Regional Governance Arrangements: Local service provision and shared service models

Brian Dollery

Centre For Local Government

University of New England





INTRODUCTION

Presentation outline:

- (a) Conceptual foundations
- (b) Alternative models
- (c) Empirical evidence





CONCEPTUAL FOUNDATIONS

Shared services rest on six foundations:

1. Local autonomy is important:

‘Local place–shaping’, ‘local voice’ and ‘local choice’





CONCEPTUAL FOUNDATIONS

2. Service provision separate from service production:

Organisations do not have to produce all services they provide





CONCEPTUAL FOUNDATIONS

3. Three main shared service methods exist:

- Joint production
- Co-ordinated production
- Inter-governmental contracting



CONCEPTUAL FOUNDATIONS

4. 'Local' or 'regional' control must be decided at three levels:

- Policy determination
- Management
- Delivery





CONCEPTUAL FOUNDATIONS

5. Only some local services have scale/scope economies:

- Thus only some functions suitable for shared service models



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CONCEPTUAL FOUNDATIONS

- 6. Even if scale/scope economies exist, need for local control may rule out shared services:
- Case for shared services thus rests on economic and political considerations



ALTERNATIVE MODELS

- Shared service models must deal with:
 - Ownership
 - Capitalisation
 - Control
 - Surpluses
 - Dissolution

ALTERNATIVE MODELS

- Several published case studies of Australian shared services exist:
 - New England Regional Alliance of Councils
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 - Joint Board Models
 - Walkerville Model
 - Gilgandra Model
 - Riverina East ROC

Empirical Evidence

- Five general observations seem justified:

1. Shared services can improve efficiency/quality

2. Not all services can be shared: Economic and/or political characteristics unsuitable

Empirical Evidence

3. Good candidates include:

- 'Back office' functions
- Procurement
- Representation/lobbying

4. Actual organisations had varied success:

- Some worked well i.e. Hunter ROC
- Some had problems i.e. NERAC
- Some exist in name only

EMPIRICAL EVIDENCE

5. Significant 'barriers to implementation' exist:

- loss of 'local identity'
- Loss of 'local control'
- Complexity of process
- Conflicting objectives
- Uncertain benefits