Comparative Local Governance:

Lessons from New Zealand for Japan

by

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Abstract

This study concerns local governance in Japan and whether lessons can be derived from New Zealand and other countries. There are significant differences in the constitutional arrangements of Japan and New Zealand and the history and cultural influences that shape local governance in each country. The case studies, which compare three different policy areas in both countries, confirm, however, the usefulness of the comparative analysis.

This is not a parallel comparison; the focus is more on lesson learning from different systems and styles of local administrations. The Japanese local government sector is more subject to control and guidance from the centre. A premise of this study is that that a greater degree of autonomy for local government in Japan will be beneficial.

'Governance' is a term used in different ways in many contexts. In this study emphasis is placed on the 'means for achieving direction, control and coordination of individual or organizational units on behalf of their common interests' (Hill and Lynn Jr, 2004, p. 6). It is associated with the notion of 'steering' rather than 'rowing (Osborne and Gaebler, 1993). Governance is not synonymous with *government*. In a decentralised environment, local governance concerns the way different interests are settled among, broadly, *central government*, *local authorities* and *communities*.

The power balance among central government, local authorities and communities is at the centre of analysis in this study. Six case studies in roading administration, environmental management and emergency management identify characteristics of the so-called 'strong' Japanese state while revealing both positives and potential pitfalls of autonomous local governance in New Zealand. Each of the cases is assessed against five criteria — *local capability*, *responsiveness*, *coordination*, *sustainability* and *financial/economic viability* — and classified as one of eight hypothetical governance 'types'. *Imposed* relationships are often observed in Japan, which is contrasted with more *consensual* multilateral interactions in New Zealand. Constituents of the Japanese power balance include constant administrative guidance (*gyosei shido*), human resource management (including *amakudari*) and other 'informal enforcement', whereas devolution, contracts and strategic guidance are more conspicuous in New Zealand.

Breaking the inertia of age-old practices in Japan would not be an easy task as unsuccessful attempts to reform local government in the past indicate. Political and administrative interests at both agent and institutional levels are inevitably involved. The power balance results not only from strict hierarchy and long-standing institutional influences from the centre, but also from the passiveness of local authorities and communities. Altering the power balance and the nature of local governance can be triggered and sustained in various ways: New Zealand experiences through policy transfer examined in this study can provide useful insights.

Acknowledgement

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Chapter One — Introduction

Background and interests

Japanese local government has in recent years experienced structural and functional system change in the search for more democratic and effective administration. In the face of an underfinanced public sector,[1] depopulation in some areas, democratic pressures and diversified public demands, Japanese local authorities are increasingly required to use their resources efficiently and to link up with other actors when necessary. There is considerable scope for further systemic change to promote these objectives.

A fundamental question concerns why administrative or political reforms in some nations are more advanced than in others. New Zealand in recent years has been often cited internationally as a nation that has gone through extensive public sector reforms (Hood, 1996; Goldsmith, 2005; Kettl 2005). Indeed, Kettl described New Zealand's reforms as 'the most aggressive and ambitious' (2005, p. 12). In contrast, Japan has recently been in a group that tries to find lessons from such 'reformist' countries as New Zealand, while in the past it was the 'economic miracle' that attracted overseas wide attention. The reason why Japan has remained a country that seems likely to benefit from international lessons is to be found in its political, administrative, and cultural configurations, themselves intriguing from a cross-national comparative perspective.

Whereas the New Zealand reforms have been often mentioned in Japanese scholarly works and media, there is a limited number of comparative studies between the two countries (e.g. Kubota *et al*, 1997). Likewise, New Zealand and Japan are not always included in a topic-based comparison of multi-national studies (exceptions include Peters and Pierre eds*,* 2001; Shah ed, 2006). Broadly, Japan has not always been a popular object of comparative analysis. Rose (1991a, p. 455) noted:

> Until very recently, Japan was treated as incomparable because alien. Individuals who did research about Japan were considered area specialists, not political scientists. … Japanese political scientists as well as foreigners are now prepared to write about the political system using generic concepts or even being explicitly comparative.

This comparative study between New Zealand and Japan, with its focus on local

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[1] For example, see 'Government debt as a roadlock to an economic revival', *JapanEcho*, Vol. 31, No. 6, December 2004; and 'The case for increasing taxes', *JapanEcho*, Vol. 32, No. 1, February 2005.

governance, is hardly exhaustive, but is expected to add a useful insight to what has been done thus far in comparative analysis of the two countries, as well as in wider comparative analysis including Japan as a subject.

Although both New Zealand and Japan are unitary states in contrast to a federal system, the two countries have very different public sector systems and cultures. The current New Zealand system, after the drastic New Public Management (NPM) reforms in the 80s and early 90s, was preceded by a more bureaucratic public sector, displaying features which are still pervasive in Japan. Nonetheless, despite the different systems and the different logics and tactics of the respective governments, the characteristics of strong influential central government can be recognised both in Wellington and Tokyo. New Zealand central government exercises its influence by itself administering many policy areas rather than relying on local authorities, which have relatively high autonomy in limited areas. Some New Zealand services, such as education and health, are administered through separate local systems parallel to the territorial local government system. In Japan, on the other hand, the central government has tried to control the whole public sector from the top, delegating to local government a wide range of executive functions but giving limited autonomy.

Irrespective of the constitutional arrangements, where local government is resource-dependent on central government, or where the central government has a significant policy interest, it is unlikely that local government will become detached from central control and behave freely. Local government has to pursue its purpose within restrictions, often relying on central government at the same time. However, local government may have the ability to influence the central government: the situation of dependency and bilateral interaction between the levels of government provides local government with the possibility that it may exercise influence over the direction of national policy, even under a centralised system. From local government's standpoint, the existence of established processes or procedures that determine its activities may also provide routes by which local government can convey its intentions and feedback to central government (Soga, 1998; Goldsmith *et al*, 1986, p.8).

Cross-national observation of local government in New Zealand and Japan raises questions about various relationships between the institutions of central and local government. For example, under the framework set at the centre, is local government incorporated into the central policy process as a subordinate partner? Within such a relationship, can local government achieve its goals? To what extent is local discretion secured? What scope is there for local influences

on central policy, or for local government to take a local leadership role? Such questions are relevant to developments of local governance in Japan, and a comparative perspective may provide insights that assist consideration of the reform path that Japan should follow.

The local government systems of Japan and New Zealand are discussed in Chapters 2. It may, however, be useful at this point to rehearse briefly the characteristics of the two systems that provide support for the proposition at the heart of this study, viz. that stronger local government would make a contribution to Japanese welfare. A corollary to that major premise is the belief that the New Zealand system provides lessons from which Japan can learn.

Governance in Japan is marked by the dominating influence of central government (and, historically, the continued rule of the Liberal Democratic Party (LDP). Territorial local government in Japan – prefectures and municipalities – carries out many of the state's activities, far greater than the New Zealand regional and district councils. But many of these functions are *'agency-delegated'* rather than *statutorily vested* in the local entities as in New Zealand. Of at least similar importance is the disparity between the two countries in the degree of *financial autonomy* enjoyed by the local authorities. Japanese local government is heavily dependent on central government subventions. New Zealand local authorities raise by far the greater part of their revenue from local rates and user-charges. The other major difference between local government in the two countries is the part played – or not played – by the *local community*.

Having regard for specific criteria which assess 'strong local governance' this study argues that there are gains to Japan by reforming its system of local government, draw lessons from the arrangements in place in New Zealand.

Research purposes
The purpose of the research is to:

   (a) Identify the different nature of the Japanese and New Zealand public sectors, in particular, the political, administrative and societal contexts in which local government is set;
   (b) Develop an analytical framework: hypothetical local governance styles (focusing on intergovernmental relations and other stakeholders' involvement) are shown; and criteria that contribute to analysing case studies against strong local governance are presented; and
   (c) Apply the framework in observing and assessing comparative case

studies in selected policy areas;

(d) Derive lessons from New Zealand that would help to improve local governance in Japan;

(e) Discuss options for better local governance in Japan, considering short and long-term goals and strategies for implementation (for example, whether the approach should be incremental or radical).

Main focus

The main focus of this study is on local *governance*. To analyse the present national situations, and consider ways forward to better governance, the status of intergovernmental relations and local governance performance in New Zealand and Japan are examined.

The presumption is that a greater degree of local autonomy would be desirable in Japan, where administrative inefficiency and inflexibility at the local level coupled with a tradition of interventionist central government are observed. Although many attempts to reform local government in Japan have been made, there is still plenty of room for significant improvement in terms of, say, the extent of local democracy, efficient service delivery and effective localised services.

The prospect of enhancing local governance in Japan provides the final focal point in this study. To improve local governance, actions by both central and local government are required, as central-local government relations are clearly a major factor in determining the nature of local administration. The central government's attitudes towards the participation of local citizens and groups, and the governing style of local government itself are also both key factors. Since local government is situated between the central government and the citizens, its governing capacity is often affected by the state of relations between central and local government and between the public sector generally and the local community. Therefore, in this research, *central government*, *local government* and *local citizens and stakeholders* are the basic analytical units. Relations among the three units — intergovernmental relations in a broad sense – are at the centre of the study.

Key questions to be answered relate to the ways by which better local governance could be attained:

- Should the overall power balance among central government, local government and other groups be changed?
- Should the present mechanisms be modified within the present

constitutional arrangements and public sector structures?
- What changes in roles and relationships would produce better local governance?
- What necessary conditions are to be satisfied for better governance?

To help in answering these questions, focused comparisons between New Zealand and Japan will be employed. Insights from the literature on governance, comparative analysis of local government and local governance, and policy transfer will underpin this aspect of the study. Local governance in specific policy areas where both central and local government are involved will be observed.

Methodology — comparison and lesson learning

A prerequisite for the specific studies which are at the core of this project is an examination of recent international literature on (local) *governance*, including the more general public administration movement of the past two decades often expressed in shorthand as the New Public Management (NPM) (Hood, 1990a, 1991; Pollitt 1990; Dunleavy and Hood, 1994). A literature review of material on Japanese (Jacobs, 2003a, 2004; Hill and Fujita, 2000) and New Zealand (Bush, 1995, 2003; Howell *et al*, 1995; Reid, 1999b) local governance is also necessary. In addition, the necessity for familiarity with the governing national legislation and current practice in these areas requires investigation in the primary sources. Equally important is a knowledge of the historical and cultural factors that have shaped the local governance systems of Japan (Muramatsu, 1997; Nakano, 1997b; Johnson, 1982) and New Zealand (Bush, 1995; Boston *et al*, 1996; Miller ed, 2003, 2006; R. Mulgan, 2004; Palmer & Palmer, 2004).

Crucial to the success of this study is the choice of the appropriate scholarly framework. The literature reviews lead to the selection of the framework that is outlined in Chapter 4. Within the framework, after describing the generic arrangements for local governance in the two countries, focused comparisons of national systems of roading*,* environmental administration and emergency management will be used to illuminate the divergence between the hypothetical settings and the situation 'on the ground' in these policy areas.

In each case the facts of the focused comparisons — and particularly the roles of central government (CG), local government (LG) and local citizens and groups (LC) — will first be described and the governance context analysed by reference to the hypothetical governance settings (Chapter 4). Classification providing for eight types of a hypothetical governance setting model is employed to

understand the characteristics of each case and to shape the analysis of the New Zealand and Japanese experience in a comparable way.

Criteria (Chapter 4) help comparative analysis and lesson learning by shedding light on current problems and providing more measurable perspectives through which improvement towards stronger local governance is sought. The selected criteria — *local capability*, *responsiveness*, *coordination*, *sustainability*, *financial/economic viability* — are essential elements of strong local governance, which becomes evident after reviewing Japanese and New Zealand public sectors and societies in Chapter 2. All these criteria concern 'ends' rather than 'means' (see MacRae and Whittington, 1997; also Bardach, 1995), because the (local) governance notion is very broad and inclusive that would not be easily measured by simple output benchmarks, and also because stronger local governance can be pursued through various pathways.

Cases are analysed against these criteria. Scores given to the criteria help to compare and contrast the two countries and also among policy areas, and, importantly, indicate how much room is left in order to achieve stronger local governance, which induces discussions of reform prospects and strategies for Japan. This is a process of lesson learning from different local administrations, rather than a parallel comparison.

In exploring cases, particular attention is paid to:

(a) The inter-*organisational* arrangements (structure) of the policy area: the legitimacy of the decision-making process; allocation of functions; nature of institutions involved; interdependency in terms of information, funding, and interchange of people; and

(b) The *behavioural* aspects (agency) — 'the rules of the game' (Rhodes 1981): what are the revealed values of the parties?; What incentives exist to guide the behaviour of the parties? What instruments shape the interaction among the parties: statute, conventions, 'administrative guidance' (*gyosei shido*), contracts and so forth?

The theoretical orientation is from the *New Institutionalism* perspective (March and Olsen, 1984), which provides an analytical scope for multi-faceted relations among institutions, agents and cultural/historical elements. The relations are not unilateral: while organisations constrain their constituents, individual level activities in turn influence the way organisations stand, whereas *paths* influence

these interactions. Christensen (2000), for example, analysed de-(re-)centralisation from 'institutional adaptation', which occurs 'if the transfer of authority creates new actors or if it compels existing actors to adapt their strategies' (p. 406).

As Chapter 3 indicates, the perspectives of institutionalism are very inclusive and will guide analysis of changing dynamics in the public sector (or the changing public sector in the society). As the nature of governance is similarly very inclusive, going beyond traditional governmental organisations, theoretical perspectives are required to be widened, or loosened, to a certain extent. The broad notion of *institution* — including not only formal structures, but also a more cultural aspect — is of great value. The dynamism of changing organisations and arrangements, for instance, can be analysed in terms of both 'rational' decision making processes and less formal network connections. The broadened analytical scope includes a 'bottom-up' perspective, which is contrasted to the 'top-down' perspective that may overlook actual *institutional* processes at the ground level (Bogason, 2000). In fact, analysis combining both perspectives is at the heart of this thesis, with particular attention being paid to the actual process of policy development.

The sources for this aspect of the study are primary material from government agencies and records (such as parliamentary debates) and the available secondary literature (including newspapers). In respect of each policy area the Japanese and New Zealand cases are examined and related to the selected hypothetical types earlier determined. Comparison and contrast is then carried out. This is 'a research process where inductive studies form the basis for deductive theorizing that later will be empirically tested' (Pierre, 1995a, p. 7).

Ideas for institutional change (or why no change is considered necessary) are expected to emerge for each policy area in respect of each country — that is, six cases. It is conceivable, but not pre-ordained, that these exercises will lead to recommendations about the *overall* local governance structures in Japan — the overarching purpose of the study. Should the balance of power among the three analytical units be changed? Alternatively — or as a complement — should the parties' behaviour change within the present institutional structure? This analysis suggests changes in:

(a) Governance structures holistically; or
(b) Modifying existing mechanisms within the same hypothetical governing pattern.

The comparison is carried out within the same period of time, while changing institutional arrangements at different points over time are taken into account. This is particularly important in New Zealand where major changes have taken place since the eighties in the public sector including the three selected case study areas.

The context — historical, constitutional, political, administrative and socio-economic — in which local government operates in Japan and New Zealand is very different. Therefore, rather than comparing nationwide public sector systems as a whole, the case studies are undertaken in specific policy areas where both local and central government are involved. Those evaluated are selected according to the researcher's judgement of what is realistic in the Japanese institutional and environmental context.

Policy areas where different levels of government are involved are a meaningful subject for comparison between New Zealand and Japan. There are many policy areas in which both central and local government administrations overlap in Japan. For the less autonomous Japanese local government sector, lessons can be derived from the New Zealand experience of a more locally autonomous style in certain policy areas.

Thesis outline and the course of discussion
Chapter 1 explains the purpose of the research, the methodology, and provides an outline of the thesis. *Chapter 2* provides background on the Japanese and New Zealand public sectors — political, administrative and social characteristics — and identifies similarities and differences between the two nations. Each country's distinctive traits that influence local governing style, such as guidance from the centre, strategic frameworks, administrative and political routes between local and central government, and so forth, will be described. Then, in *Chapter 3*, the notion of governance and other key concepts relevant to intergovernmental relations and community participation will be discussed, along with institutionalism, path dependency and lesson learning.

An analytical framework will be developed in *Chapter 4*, aiming for a better understanding of the governing characteristics of the Japanese and New Zealand cases in a comparable way. When reviewing the literature concerning a governance model and its comparative analysis, special attention will be paid to notions that could facilitate local autonomous activities or consolidate the foundations of stronger local governance.

In *Chapter 5*, cases are compared and contrasted against the criteria developed in the previous chapter. Roading, environmental and emergency administration cases, where both central and local government are engaged, deal with intergovernmental relations as well as local-level coordination including public-citizen partnership. The case studies are followed by analytical discussion in *Chapter 6*, in which reasons behind different results from the six cases studied are explained.

In the discussion and recommendation section of *Chapter 7*, insights into the effects of moving into a different governance setting pattern (or remaining in the same one) will be explored. Possible ways to achieve better local governance in Japan in given conditions will be explored. In other words, the course that makes 'governance transfer' possible or meaningful is considered. Discussions include: short and long-term implications of a 'transfer' exercise for achieving better governance; different possible strategies (devolution and/or sharing power) to achieve the goals; and the extent to which these lessons can be generalised. These discussions will be followed by a brief reflection about the position of this study and further research agendas.

This study often identifies characteristics of the so-called 'strong' Japanese state, over which extensive debate has been conducted (see Chapter 2). Reducing the power of public (especially central) authority so as to attain a more balanced input should be the basic direction for achieving meaningful local governance. There are, however, obvious challenges ahead, which represent historically developed *institutions* (in a broad sense). 'Blitzkrieg'[2] reforms as in New Zealand are not likely to occur in Japan, where historical *paths* show significant persistence and durability. What is observed in this study, therefore, would not be inconsistent with what reformers might have confronted in their earlier (unsuccessful) attempts. Stakes are always high in the face of change, but what has to be recalled is that there are strong *demands*, as opposed to mere academic advocacy, for the shift to greater local governance in Japan.

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[2] "… a policy approach with similarities to the blitzkrieg in warfare. In each case the 'lightning strike' involved a policy goal radically different from the existing configuration, to be attained in a very short period, following a surprise announcement and a very rapid implementation" (Easton, 1997a, p. 80, referring to the reforms of the fourth Labour Government [1984-90] in New Zealand).

Chapter Two — Public Administration in Japan and New Zealand

Introduction

Japan is a small country geographically but a big nation in terms of population and economic scale. An area of 37,7800 km^2 is home to a population of more than 125 million in 2006 — a figure that is expected to decline sharply from now on. By contrast, New Zealand has slightly more than 4 million people in an area of 27,5300 km^2. Both New Zealand and Japan are unitary rather than federal states. Both are parliamentary democracies with elected legislatures — in Japan, the bicameral Diet and in New Zealand, the unicameral House of Representatives. Executive government at the central level in both countries is vested in the prime minister and cabinet responsible to the legislature. And the professional career public service — 'the bureaucracy' — plays a significant role in both countries.

This study is concerned with the public sector and particularly local government. Unsurprisingly, there are noticeable differences in the characteristics of the Japanese and New Zealand public sectors, which result from the nature of constitutional arrangements, a variation in the relative configurations of central and local government, and the different social and political cultures. In this chapter, particular attention is devoted to local authorities, relations among levels of public authorities and society, highlighting such features as the legislative framework, funding arrangements, human resource management and local discretion, all of which are vital components of contemporary local governance.

Judged by the ratio of government expenditure to GDP, the government sector in the two countries is similar in size, with the figures hovering around 35-40% in recent years, which is more or less the average among OECD countries. On the other hand, the size of local government in the public sector in each country is different. The Japanese local government is large, while the New Zealand counterpart is very small. Japanese local government spending is about three times bigger than that of the central government. On the other hand, the ratio of local to central government expenditure in New Zealand is about 10-12%, which has been stable in the last decade or so. As for the ratio of local tax against total tax revenue, the figure in Japan is 24% (prefectures 8%, municipalities 16%) whereas 5% is the figure of New Zealand, in 1995.[1]

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[1] Data from: *Soumu-sho* [Ministry of Internal Affairs] website; SSC, 1998; UNPAN [United Nations Online Network in Public Administration and Finance] website; OECD, 1999).

Japan

General characteristics of local government

Institutions and functions

Local government in Japan is a two-tier system, consisting of 47 prefectures and 1,804 municipalities (Cities, Towns and Villages) as of March 2007.[2] The core of local government entities in Japan is a presidential system. Assembly members at the prefectural and the municipal level are elected four-yearly. The chief executive of a prefecture is called 'governor', and the counterpart of a municipality 'mayor'. Both governors and mayors are directly elected, and have the power to veto the assembly's decisions and dissolve the legislative branch.

Prefectures and municipalities vary widely in their physical size and population respectively, with especially large differences among municipalities;[3] with the exception of named cities the same local government system, nonetheless, is in place. Corresponding to the varied size and economic scale, a different status has been conferred on large cities by the central government. Government Ordinance Designated Cities (*Seirei Shitei Toshi*), Core Cities (*Chukaku shi*) and Special Case Cities (*Tokurei shi*) are all given wider, if different, levels of authority, and enjoy different levels of autonomy (see, for example, Jacobs, 2003).[4] Facilitated by these structural changes of local government, central ministries have tended to transfer authority to the municipality level rather than the prefectural level (refer to Nishio and Muramatsu, 1995).

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[2] Since the Municipal Government Act 1888, the number of municipalities has been reduced from 71,314, while the number of prefectures has remained stable. The latest major change in municipality numbers took place between 2003 and 2007, significantly reducing the total number: 3,447 (January 1999); 3,191 (April 2003); 2.395 (April 2005); and 1,804 (March 2007). The central government coaxed municipalities to merge by using financial incentives (see the table 'Major Periods of Municipal Consolidations' in Jacobs, 2004, p. 156.).

[3] The largest population at the prefectural level is Tokyo (12,696,025, in March 2007), the smallest Tottori (607,046 in December 2005); geographically the biggest is Hokkaido 77,981.87 km2), the smallest Kagawa (1,875.98 km2). At the municipality level, more than 1,500 towns and villages have fewer than 10,000 citizens, while 10 cities more than 1 million people (April 2002, see CLAIR, 2002).

[4] In recent decentralisation discussions, different scales of municipalities have been taken into account in the process of transferring authorities. See The Fourth Recommendation of the Decentralisation Promotion Committee (9 October 1997).

Table 2.1: Functions of Japanese public authorities

	National	Local	
		Prefectures	**Municipalities**
Security	Diplomacy Defence Judicial procedure Crime	Police	Fire Services Resident registration
Physical Infrastructure	Highway (privatised) National roads (Designated area) Class A Rivers	National roads (Others) Prefectural roads Class A Rivers (Designated areas) Class B Rivers Ports Public housing Urban planning	Urban planning Municipal roads Other river systems Ports Public housing Sewage
Education	National university Private university aid	High schools Special Schools Primary/secondary teacher management Private school aid	Primary schools Junior high schools Kindergartens
Welfare, Health	Social insurance Medical licenses Hospital	Social welfare support (Towns/Villages) Child welfare Hospital	Social welfare support (Cities) Aged health & welfare Child walfare National health insurance Water supply Refuse & sewage disposal Hospital
Economy	Monetary system Customs/Commerce Telecommunications Postal service (privatized) Economic policy National forests	Regional economic policy Employment and training Guidance to medium-to-small sized companies	Promotion of regional economies Agricultural land use co-ordination
			Source: Kubota *et al*, 1997, modified

The function of Japanese local government is 'extremely broad', and 'it is no exaggeration to say that local government's responsibilities cover all aspects of the country's domestic life other than diplomacy, national security, trial and prosecution' (CLAIR, 2006, pp 5-6.). Among the functions of prefectures are: major infrastructure projects; senior high schools' management; and policing. Services provided by municipalities include: primary and junior high school; waste disposal; local roading; and care of the elderly. Compared with New Zealand, Japanese local government provides a much wider range of functions. According to the Local Autonomy Law, prefectures carry out functions that pertain to an area greater than individual municipalities, whereas municipalities discharge all the other functions. Despite this principle, however, 'in reality this line of demarcation is not so clearly defined, and each tier of government shares responsibility for functions in the same field' (CLAIR, 2006, p. 6). This 'fusion' characteristic (discussed below) has big implications for local governance as is shown in case studies in Chapter 5.

Historical background and present state

Replacing the feudal society under the rule of the *Tokugawa shogunate* (1603 - 1867), the *Meiji* government from 1868 laid the foundation of modern local government in Japan. The Municipal Government Act in 1888 established the system of cities, towns and villages that in essentials endures today, and then the Prefectural and District Government Act in 1890 set up the framework of the present prefecture system.

At this time, prefectures were under the supervision of the central government: a governor was appointed by the central government and the Home Minister in the central government had the right to dissolve prefectural assemblies. Municipalities were to a lesser degree also under the direct influence of the central government: in a municipality, citizens elected council members, and the local assembly then selected the mayor.[5] The central-local relations before the Second World War can be succinctly described:

> The prefectures were the agent of the state. The governors represented the nation as a whole at the local level. In contrast, the municipalities and prefectural assemblies to some extent were constructed to reflect the local will (Muramatsu, 1997, p. 60).

During the period of the Allied occupation after W.W.II, Japan went through

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[5] Before 1911, there were differences between city and town/village. The mayor in a city had been chosen, by the home minister, from among three candidates nominated by council members.

large-scale democratic reforms in various areas, among which the local government system was included. The Constitution enacted in 1947 recognised local autonomy[6] and pursuant to the Constitution, the new local government system was shaped by the Local Autonomy Law 1947, Local Finance Act 1948 and the Local Tax Law 1950.

Despite the supposed introduction of 'the principle of local autonomy' there is considerable scope for discussion over the extent to which local government has been truly 'autonomous' in the decades since. The weak financial foundation of local government and the extent of *agency-delegated functions* (see below) have limited local autonomy, as is often argued. In saying that, however, a simple statement that Japanese government is centralised and that local government has never enjoyed autonomy would be incorrect.[7] Central-local relations in Japan have always been complex, with local variations and different patterns of the relationship between the levels of government.[8]

Legislative framework and reform

The legislative basis of Japan's local government is found in the Constitution, the Local Autonomy Law 1947, the Local Finance Act 1948 and the Local Tax Law 1950. Local autonomy was guaranteed; direct election was introduced for governors and prefectural assemblies and mayors and assemblies in villages, towns and cities; the power to make by-laws was conferred; and municipalities gained responsibility for such services as local police, fire services and junior high schools. The functions of local government were diminished after 1951 — municipal police were abolished and elected boards assumed responsibility for education. The central government over the same period encouraged amalgamation of municipalities, leading to a reduction in their number from

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[6] Local autonomy is secured by four articles in the Constitution:

Article 92: Regulations concerning the organisation and operation of local public entities shall be fixed by law in accordance with the principle of local autonomy.

Article 93: The local public entities shall establish assemblies as their deliberative organs, in accordance with the law. The chief executive officers of all local public entities, the members of their assemblies, and such other local officials as may be determined by law shall be enacted by direct popular vote within their several communities.

Article 94: Local public entities shall have the right to manage their property, affairs and administration and to enact their own regulations within the law.

Article 95: A special law, applicable only to one local public entity, cannot be enacted by the Diet without the consent of the majority of the voters of the local public entity concerned, obtained in accordance with the law.

[7] But note that one observer (Williams, 1994) asserts that the 'Japanese state admits no constitutional dilutions of its authority' (p. 22). 'The scholars will need to recognize the importance of the central bureaucracy while remaining sensitive to the new vitalities of the periphery of Japanese political life, including local government. The importance of the Diet and the 1947 Constitution in public policy making and elsewhere may be stressed without repeating the nineteenth-century legal scholar's mistake of confusing constitutional appearances for the substance of power and policymaking (p.151)'.

[8] With regard to the Japanese central-local relations, see, for example, Muramatsu, 1997; Imamura, 1990, 1992; Niikawa, 1995. For a detailed case study on central-local relations, see Akizuki, 1988.

around 10,000 to 3,400 by the early 1960s. The system then entered a period of stability. It was, however, a system that far from fulfilling the Occupation aim of 'a laboratory of democracy in the communities of the land' (Allinson, 1997, p. 62) became one that could be described as 'a political system that admits few of the federalist or decentralizing or devolving impulses that have so influenced [other developed countries'] politics' (Williams, 1994, p. 22).

A dominant theme in much literature about Japanese government is the way in which the role of the state differs from what might loosely be called, following Williams (1994), the 'Anglo-American' model (see also, for example, Dore, 1987; Johnson, 1982; 1995; Pempel, 1982; Sakakibara, 2003). From the Meiji Constitution of 1868 Japanese government has been marked by political and administrative centralisation. Through the decades of economic recovery following World War II and the 'economic miracle' of the sixties, seventies and eighties the role of the state in Japan has often been described as 'developmental' (Johnson, 1982). But scholars differ in their emphasis when analysing the characteristics of the Japanese state in the post-war period.[9]

At its most stark, the difference in interpretation is highlighted by discussion of the notion of the 'strong state'. One typical, but also rather persuasive, observation about the structure of modern Japanese administration is that the central control is strong and local authorities are subservient to the higher public institutions. The emphasis of the central control is seen, for instance, in works by Steiner (1965, 1980b). Also, Pempel (1982, p. 11), writing in a comparative context, speaks of the relative strength and cohesiveness of the Japanese state apparatus' and later of 'the strong state' (p. 44). Chalmers Johnson (1995, p 66) stresses that 'lying behind industrial policy is the strong Japanese state itself' — the 'capitalist developmental state'. More recently, Fujita (2002) identified the state-centred developmental nature in urban development.

Other scholarly works, on the other hand, have seen active local authorities, denying the 'strong state' explicitly or implicitly. Reed (1982, 1986) focused on local authorities' discretionary activities. Kitagawa (2001) also emphasised the scope of local government. Muramatsu (1993, p. 53) talked of 'the weak state and its problems'. He challenged the dominance of the traditional 'vertical administrative control model', emphasised the political aspect in the central-local relations, and showed that the central-local relations cannot be understood as a simple rule by the centre (Muramatsu, 1986; 1997). McKean (1993, p. 73)

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[9] For a succinct literature review of Japanese central-local relations, see, for example, Hill and Fujita, 2000, pp. 677-679.

goes further, adding to the 'chorus of voices … stating that Japan does *not* have a strong state or a dominant bureaucracy …' (emphasis in the original) … 'increasing doubts about the view that Japan has a strong-and-perhaps-smart-state' (p. 77). Later (p. 103), she asserts that 'Japan does not have a strong state. Rather, the state follows when it can, coordinates when it must, and deregulates when it cannot coordinate.'

This is an important debate but for the purposes of this study the relevant point is that irrespective of developments, for example, in economic management (the most studied policy area) particular historical characteristics of the Japanese state, and the instruments of state action, remain significant in local governance (as the focused comparisons in Chapter 5 will demonstrate). Clearly the nature of Japanese policy-making has changed over time (and continues to do so) — but there would probably be little disagreement among the scholars from different perspectives with Pempel's measured observation as a broad generalisation over time (1982, p. xviii):

> Japan is by no means just an example of the success that can emerge when private enterprise is allowed to compete and flourish without 'excessive government interference'. On the contrary, government actions have been very much at the core of the bulk of Japan's public policies, in economics as well as elsewhere. At the same time, it makes no sense to ignore the importance of competitive private enterprise, as is so often done in attempts to demonstrate that Japan's successes are the result of little more than government manipulation of private industry in a collusive effort to build an economically successful Japan at the expense of the rest of the industrial world. Government actions have been critical to much of Japan's success; but so too has private initiative.

Much of the international literature about the nature of the Japanese state is concerned with economic and especially 'industrial' policy. The importance to the present study of the means by which the Japanese central government has guided the economy is that the style and mechanisms of intervention — for example, administrative guidance *(gyosei shido), amakudari,* the sanction power of bureaucracy (Kawabata, 2001), and 'Japan's version of pork-barrel politics' (Allinson, 1993, p. 39) — have also been prominent in the area of local government in the post-war period. Chalmers Johnson's phrase 'soft authoritarianism' (by comparison with the authoritarianism of totalitarian regimes) could also be applied, as will be seen later in this study, to the style of the relations between central government and prefectures and municipalities

(Johnson, 1982).

Despite its many functions (by comparison with New Zealand), the amount of discretion available to Japanese local government has not, as will be shown, been enough to meet diversified local needs; the central government has exerted strong influence over local level issues. One well-known way the central government controls sub-national governments has been through *agency-delegated functions*[10] — that is, functions delegated by the central government to governors and mayors as its agents. Agency-delegated functions, formally abolished in 2000, were estimated to represent about 80 per cent of the workload of prefectures (some 380 listed functions) and from 30 to 40 per cent of that of municipalities in the mid-90s (around 180 listed functions) (Kubota *et al*, 1997, p. 26). Local authorities were expected in this capacity to behave virtually as a part of the central government.

The law-making capacity of local authorities underlines the point. Despite the constitutional stipulation that 'regulations concerning the organisation and operations of local public entities shall be fixed by law in accordance with the principle of local autonomy' (Article 92, the Constitution of Japan) and that 'local public entities shall have the right to manage their property, affairs and administration and to enact their own regulations within the law' (Article 94), local authorities did not have the right to make bylaws in agency-delegated functions till abolition of the category. Regardless of the widely acknowledged principles of local autonomy, the 'delegated' nature of local functions still remains. Such a passive position tends to make local authorities more day-to-day business oriented, rather than focusing on longer term local governance.

One major factor that maintains the *status quo* and inhibits local authorities from becoming more autonomous is the persistence of the 'developmental' style in the central government. Central ministries, bureaucrats and political actors, mainly the members of the LDP (Liberal Democratic Party), which has been in office for almost the entire period since W.W.II, have defended vested interests and their established pattern of behaviour. In addition, local authorities themselves have been embedded in such a centralised environment. Implementation of the notion of autonomous local government, as prescribed in

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[10] This category is based on Local Autonomy Law 1947 article 150, 151 (2-1). Local government entities were regarded as 'agencies' of the central government in respect of listed functions, and local government had to simply carry out its assigned duties without discretion. By the introduction of the Omnibus Decentralisation Law in 2000, the category was abolished, as functions classified in that category were placed in two newly established groups: 'autonomous functions' and 'entrusted functions by law'. Yet, whether this change has contributed to enhancing the local discretion level is not clear.

the Constitution, has confronted considerable obstacles.

The 'delegated' nature and limited autonomy of local government were expected to change to a certain extent, as a consequence of legislative amendment and local authority amalgamation over the past decade. In the 1990s statutory change in the direction of decentralisation was firmly set by the Decentralisation Promotion Law (sunset law) in 1995, and the ensuing work by the Decentralisation Promotion Committee (3 July 1995 – 14 June 2001). The worthy intention was to change the relations among the central government, prefectures and municipalities. The aim was to shift the vertical relations between ruler and follower into an equal and collaborative relationship.[11] In the wake of a struggle by the Decentralisation Promotion Committee, the agency-delegated functions were abolished under the Omnibus Decentralisation Act in 2000, which is the consolidation of a series of previous attempts. As many as 475 statutes in many fields were revised for the new legislation, which was supposed to make the central-local relations more horizontal in nature.

In the event, however, little authority has actually been transferred to the sub-national level, and the contentious local finance issue has not been resolved either. From sceptical proponents of decentralisation, opinions have been expressed asserting that the levels of local autonomy have not been raised and that reform principles have been watered down. [12] The Council for Decentralisation Reform (3 July 2001 – 12 May 2004) continued to work on decentralisation issues. The ongoing reform of Japanese government over the past decade is sometimes represented as the *third* reform after the Meiji Restoration and post-war reformation.[13] Whether or not these efforts will, however, lead to more active local governance remains to be seen (see below).

Funding arrangements
When the system of local government was established in the late 19th century, the scale of revenue and expenditure of central government surpassed that of local government. However, as functions were transferred from central government over the next century, local government expenditure dramatically expanded, and the gap between local expenditure and local revenue widened. In order to fill the gap, grants and subsidies from the central government have

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[11] See the Final Report (14 June 2001), the Decentralisation Promotion Committee.
[12] For example, 'we are given a cap of a ballpoint pen, however, the central government is still holding the core of the pen. We cannot throw it away, so are having difficulty' (Hosaka, Kunio, mayor of Shigi city in Saitama prefecture; to the then chairman of Decentralisation Promotion Committee), from Inose Naoki Mail-magazine. (http://www.inose.gr.jp/mailmaga/index.html, No. 297).
[13] See the Interim Report (29 March 1996), the Decentralisation Promotion Committee.

made up the difference and local government has become dependent on them. Also, a significant overlap of central and local government functions has contributed to the 'integrated' financial system, as opposed to more independent local financing. The Local Tax Law 1950 continues to provide the framework for local government financing, under which local entity discretion is limited. The main prefectural revenue sources are corporation tax, inhabitant tax[14] and automobile tax, while for municipalities, fixed asset tax and inhabitant tax are the major sources.

Table 2.2: Main composition of local tax in Fiscal Year 2005 in Japan

Prefecture (42.8%)	・Enterprise tax on corporations, 12.4% ・Prefectural inhabitant tax, 9.5% 　　(Individual, 7.1%; Corporate. 2.4%) ・Local consumption tax, 7.5% ・Automobile tax, 5.3%
Municipality (57.2%)	・Fixed property tax, 26.2% ・Municipal inhabitant tax, 23.1% 　　(Individual, 16.8%; Corporate, 6.3%) ・City planning tax, 3.7%
	Source: Mochida, 2006, modified

Only around a third of local public entities' revenue is derived from local taxation; another third comprises transfers from central government. In the fiscal year 2004, Local Allocation Tax[15] accounted for 19.0% of total revenue in prefectures and 15.2% in municipalities, and National Treasury Reimbursements[16] make up 14.6% in prefectures and 10.3% in municipalities (MIC [Ministry of Internal Affairs and Communication], 2006). The distorted balance of local revenue and expenditure, coupled with very large transfers from the central to local government, have often been cynically referred to '30 percent autonomy (3 *wari jichi*)'. When this figure is observed, it is important to note that local government's dependency varies from place to place. Big cities such as Tokyo and Osaka that embrace large populations and strong economic activities are less dependent, whereas small local governments have local tax

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[14] The inhabitant tax is a per capita charge on all people domiciled in the prefecture/municipality. This, however, is somewhat different from a 'Poll Tax' that charges a uniform amount to all people. The inhabitant tax consists of the flat charge part and the progressive charge part according to individual income level.

[15] Local Allocation Tax is 'an intrinsic revenue source' (MIC, 2006) shared by local governments for adjusting imbalances in tax revenue among local authorities, so that every local authority in the country can provide a certain level of administrative services. This is paid *annually* to local authorities whose financial needs exceed revenues.

[16] National treasury disbursements are a general category for funds disbursed from the central government to local governments for *specified uses*.

revenue of less than 20% of their expenditure.

Table 2.3: Tax and adjustment between the central and local government in Japan

Year	Tax (National: Local ratio)	After money transfer (National: Local ratio)	Local tax (% of local revenue)
1950	69.6: 30.4	56.0: 44.0	34.6
1960	68.0: 32.0	54.0: 46.0	35.6
1970	67.5: 32.5	50.8: 49.2	35.4
1980	64.1: 35.9	46.0: 54.0	34.0
1990	65.2: 34.8	47.0: 53.0	41.6
2000	59.7: 40.3	43.0: 57.0	35.4
			Source: Mochida, 2006

From a local governance point of view, three major negative aspects are pointed out. The first negative connotation about the money transfer concerns central control, or intervention. The central government can exercise control through its various specific subsidies.[17] Mochida (2001, p. 18) noted,

> In Japan, the national government remains heavily involved in almost every aspect of local public spending. Unlike the American and Canadian systems, there is no clear separation of central and local function. As a result, major programs (education, health, public works) are formulated by national ministries and financed by many specific grants. Therefore, the issue for Japan is not so much to change and enlarge the expenditure assignments themselves, but to redefine responsibilities for designing, implementing, and financing these assignments. … Detailed conditions attached to grants…do not sufficiently take into account local preferences.

Subsidies with strings have long been embedded in many local government activities in both policy planning and implementation phases. But from the outset there have also been voices opposing this tendency. Carl Shoup was invited to Japan through the authorities of the Allied Occupation. His proposals were based on the principle of local autonomy. Shoup unsuccessfully recommended an increase in independent tax resources, the abolition of unnecessary special purpose grants and the introduction of a financial equalisation grant (Kubota *et al*, 1997, p. 36). Historically, when nationwide well-balanced growth was aimed at after the W.W.II, central government's

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[17] For example, see 'How subsidies killed local autonomy', *JapanEcho*, Vol. 29, No. 6, December 2002.

redistribution through general purpose grants was of necessity as Shoup argued. It is still possible to argue that 'central policies, even if induced by subsidies, are ultimately necessary for local governments', and 'the state provided subsidies for programs that either it or the local governments would somehow have to carry out anyhow' (Muramatsu, 1997, p. 116). Nonetheless, in the era when more equal relations between the two levels of governments are sought, subsidies with associated terms and conditions would be better replaced by general-purpose funds. In fact, the control through money disbursement has attracted reformists' attention. Mochida (2006, pp. 167-68) observes; 'The central government not only specifies the use of grants and obligatory shares (in education, health care, and so forth) but also legally obligates local governments to implement such duties and sets specific standards'.

Another negative implication is inefficiency in local government spending. Receipt of large subventions from the central government does not provide incentives for local government to operate in an efficient manner. Also, significant is the link to the 'construction state' issue. It is often cited in the media that there seem to be more public works underway near the end of fiscal year (for example, groundwork in roading). It is suspected that local authorities aim to use up the budget; if the budget is not fully 'utilised', there is a risk that the amount in the following years will be reduced. The money given, not locally self-generated, has contributed to an inclination of local authorities to engage in more public works with the financial aid from the centre. Many public works have been carried out in rural areas that usually receive more Local Allocation Tax, which has helped to develop the stronghold of the ruling Liberal Democratic Party (LDP) in rural areas.

The other shortcoming of dependence on central transfers concerns the inflexibility that derives from the central administration. Money sent from a distance does not always go to where it is required the most. Contest for relative power among central ministries (bureaucracy), or sectionalism, may ultimately be the cause. Mochida (2006, p. 168) reveals such a case. Two different ministries' involvement in early child care causes inflexibility at the local level. Despite their similar functions, kindergartens are administered under the Ministry of Education, Culture, Sports, Science and Technology, while nursery schools are under the jurisdiction of the Ministry of Health. This creates a situation where, while a relatively larger number of kindergartens have more room, parents are required to wait to get children into nursery schools. Local authorities cannot do much to resolve such inefficiency. A similar situation can

be found in different types of roading. Farm roads (*noudou*) and Forest roads (*rindou*) are administered by the Ministry of Agriculture, Forestry and Fisheries, whereas other roads are the responsibility of the Ministry of Land, Infrastructure and Transport. This means that subsidies come from different sources for local projects, which can result in the construction of roads that are redundant in purpose.

These three implications of dependence on funding transfers from the centre do not help the cause of better local governance. Limited local discretion, limited local initiatives and the subservient nature of local government result from the current financing scheme. This is particularly alarming for a longer-term perspective or sustainable management at the local level.

The dominance of financial decision-making at the national level means that central government can have a major impact on local authorities. Politics at the centre such as the interest of each ministry in retaining its jurisdiction, different inclinations among ministries, or the politicians' 'pork barrel' would not contribute to the strength of local governance. For instance, the existence of two main players in the disposition of local finance — MOF (Ministry of Finance) and MOHA (Ministry of Home Affairs) that is normally on the 'local side' – has created a rather opaque process. Mochida (2001, p. 20) observed that 'borrowing from the Fund Management Board of the MOF and deficit-covering bond issues … was not determined automatically, but based on arbitrary political negotiation between MOHA and MOF'.[18][19]

As the '*third*' reform, discussion of local financing concerns such questions as striking the balance of local benefit and cost in local government, bridging the gap between local revenue and expenditure, and clarifying central and local fiscal responsibility. It is, however, not easy to carry out such a reform as the financing issue concerns numerous and conflicting interests of the central level players and dependent local authorities. The three pillars of Prime Minister Koizumi's 'Trinity Reform' were: reform of national treasury subsidies; revision of

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[18] Because of the Omnibus Decentralisation Law in 2001, the authoritative approval system was abolished in 2006, shifting to a new 'consultation system' where it has become easier for local authorities to issue bonds.

[19] MOHA became Ministry of Internal Affairs and Communication (MIC) after a reshuffle of the central ministries in 2001. MIC's position in the central government is intriguing. It supervises the local finance issue, and has an interest in retaining its position in the central government. Meanwhile, the MOF has a strong interest in controlling financing issues. Against the strong position of MOF as an ultimate financial controller, the strength of MIC is that they represent local governments in the central government. Because of politics in the central government, relations between MIC and local authorities have become more interdependent, despite the fact that MIC is the controller of local authority and therefore there are conflicts between them over decentralisation issues (see Akizuki, 2001a; Mochida, 2006).

revenue source distribution (transfer of taxing power); and reform of Local Allocation Tax. Yet, bringing them into reality again proved difficult. A substantial cut in subsidies was planned with the transfer of taxing power to the local level, yet specific measures remain unclear 'There is a tendency for most reform measures to be implemented only partially and ineffectively, in contrast to the original, more ambitious, policy goals' (OECD, 2004, p. 33). As of 2007, there is plenty of scope for innovation and change but Koizumi's attempt at reform is often critically reviewed.[20]

Central – local government linkages
Administrative connection
One of the ties between the central and local government (especially prefectures), is through the movement of human resources from the centre to the local institutions and also private companies (Schaede, 1995; Calder, 1989). It has been quite common for personnel from central ministries to occupy high–ranked posts in prefectures. For instance, in 1992, 24 governors and 22 assistant governors, and about 40 per cent of the positions higher than head of a department in prefectures were from central ministries.[21] While central personnel normally go back to central ministries on promotion, retired central officials 'descend from heaven' to (semi)public and private corporations.[22] This custom is called *amakudari* with increasingly a critical connotation. While *amakudari* appointments are not necessarily welcomed by local public employees, the effect of *amakudari* is not straightforward. Central government could exert influence through the appointments, but conversely, *amakudari* officers themselves act as local bureaucrats while they are in local positions, and could also become local government's assets (see Nakano, 1997b, p. 161; Muramatsu, 1997, p. 53). Therefore, it is necessary to look at *amakudari* on a case by case basis in observing the nature of connections among different levels of government. What would desirably happen between the central and local levels is more frequent bilateral — more equal — interactions. The negative nature of *amakudari* has been criticised and revealed on many occasions (Nakano, 1998a), and countermeasures have been attempted.[23]

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[20] For example; '[Trinity Reform] failed to bring about tangible results. The reduction of subsidies, whose use is strictly regulated by the central government, did not go smoothly. While grant-in-aid from tax money was slashed, transfer of tax revenue sources was insufficient. This has resulted in financial deterioration at local governments' (*Japan Times*, 1 May 2007).

[21] Katoh and Satoh, 1989, pp. 141-143, cited by Nishio and Muramatsu, 1995.

[22] With regard to the extensive *amakudari* to the private sector, Johnson (1982) commented 'the Western distinction between public and private loses its meaning' (p. 71). See also the chapter, 'The re-employment of retired government bureaucrats in Japanese big business' in Johnson, 1995, pp. 141-156).

[23] As examples, news articles in *Japan Times* such as: 'Opposition targets bureaucrats - DPJ to pledge ban on 'amakudari'', July 24, 2002; ''Amakudari' still rife in civil service', Dec. 27, 2002; 'Koizumi slams 'amakudari' gravy train', July 24, 2002.

Nonetheless, the custom so closely associated with central bureaucratic interests has persisted even though attempts to curtail *amakudari* continue.[24]

Just as *amakudari* often contributes to central bureaucratic or political interests, so-called *gyosei shido* (administrative guidance) is also instrumental in giving effect to central intentions. In addition to formal legislation, 'informal' administrative guidance[25] enables central government to impose its will on lower levels of government and private entities. Administrative guidance is extensive.[26] '*Tsutatsu* (notification) *Gyosei*' is also another term that describes the administrative ascendancy.[27] 'The informal and opaque nature of administrative guidance makes it very difficult to debate it publicly, let alone overturn it' (McVeigh, 1998, p.91).

The informal nature of administrative guidance has produced 'effective' bureaucratic machinery in Japan as it achieved its desired outcomes. 'Informal enforcement is not *a* process of governing, but has become *the* process of governing' (emphasis in original) (Haley, 1991, p. 163). Abundant informal channels from the central bureaucracy have fostered a situation described as 'authority without power (Haley)'. This paradoxical phrase at a glance explains the very essence of the Japanese public sector. The key is the ability of bureaucrats to 'negotiate' with other parties from a position of at least equality and often superiority. Officials 'participate in the processes of governance as mediators, brokers, cajolers' (Haley, 1991, p. 167). Obviously, the bureaucratic aspect is influential in local governance, along with central and local politics and occasional citizens' involvement. As the case studies in Chapter 5 indicate, the central ministries' will in respect of local administration is often powerful, but it is not necessarily conveyed through formal channels. As Haley notes, in Japanese government 'authority to command…may seem limitless in practice but not so the power to coerce' (1991, p.167).

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[24] 'Criminal penalties eyed to stem 'amakudari'', 12 Sep, 2006, Japan Times.

[25] Article 32-36 of Administrative Procedure Law set out principles, applications, and methods of administrative guidance. Nonetheless, in reality, the influence of administrative guidance is much larger than stipulated by the Law. Article 32 (1), for instance, notes 'the substance of the Administrative Guidance is, to the utmost degree, realised based solely upon the voluntary cooperation of the subject party.' In reality, central ministries which are in a stronger position can get across their intention beyond 'voluntary cooperation'. The term administrative guidance, therefore, can be used more loosely.

[26] Haley (1987) states that, while administrative guidance is found in all countries where administrative officials generally prefer to enforce policy informally, 'what is remarkable about the Japanese variant is its ubiquity and apparent effectiveness'. 'To the extent that all concerned agree on the desirability of a particular policy, there is hardly any need for formal procedures unless required by statute or some other source' (Haley, 1987, p. 353).

[27] *Tsutatsu* (Notification) is not a legislative product, but is written by bureaucrats. It is an order issued by higher level institutions (most likely central ministries) to lower institutions in the jurisdiction. Numerous *tsutatsu* have been criticised as a cause of inefficient administrative activities. *Tsutatsu* can be seen as one form of administrative guidance.

Another implication of administrative guidance is not positive for local governance. Continual guidance from a central ministry to a subordinate organisation often situated within local authorities means that sectionalism at the central level is replicated at the local level. Coordination within a local authority can be difficult as each local department looks to the parent ministry rather than the local leadership (see Muramatsu, 1997, pp. 31-33).

Political connection

As Muramatsu (1997) has argued, in contrast to 'the vertical administrative model', the party political aspect plays a major part *across* the levels of governments. Political activity at the central level has had a substantial influence on local politics and on central-local relations. The government party (LDP)'s network has been crucial, for instance, in the budget process (Nakano, 1997b; McCubbins and Noble, 1995).

The 1970s saw the emergence in local government of *Kakushin jichitai* (Progressive, or Leftist, local government), which coincided with citizens' movements focused on welfare and environmental issues (see, for example, Krauss and Simcock, 1980), which were triggered by the 'developmental' orientation (Nakamura, 1992). These were associated with opposition parties at the central level such as JCP (Japan Communist Party) and JSP (Japan Socialist Party) (Steiner, 1980a). Over the succeeding decades the significance of progressive local government diminished, partly because it was more practical for local authorities to be on the government (namely, LDP) side in order to gain more public works in the 'construction state'. Nonetheless, local authorities' support for citizens' voices that were critical of the central environmental and welfare policy did not die out. Such 'institutional opposition' (MacDougall, 2001, p. 14), has not been eliminated, as the importance of local authorities in the welfare state and environmental control (particularly in the implementation of policy) became more evident.

At the local level the dichotomic view of two forces, one LDP-oriented and the other opposition — or citizen — oriented, still has some validity. If Muramatsu's terms (2001, p. 9) are used, 'direct relationship with the people' and 'direct relationship to the central government' still compete against each other. Local assembly members are still commonly associated with political parties. Central and local government are 'in fact closely connected via the election mechanism. For conservative party politicians, their electorates or supporters' associations are affiliated both at the national and local levels' and 'the same basically applies to political parties supported by labour unions and other organisations'

(CLAIR, 2006, p. 7).

The party-political stance of key local figures influences the project outcome especially in policy areas where the central government is involved in distributing fiscal resources.

The central-local political linkage, if not always having a 'negative' connotation, would increase uncertainty in local governance. Because of close ties across the levels of government, a local community may receive benefits such as rapid growth of infrastructure, yet on the other hand political whimsy may not always give a favor to a local government. Whether or not politically driven windfalls contribute to long-term local benefit, or sustainable local development, can be controversial. Tight centre-local political connections may also impede democratic responsiveness at the local level, as key players in the local authorities look to the central figures in decision-making.

Local authorities' autonomy and discretion
As has been argued earlier in this chapter, the Japanese central government has actively guided economic and social development. This active role of central government has inevitably had a significant impact on central-local relations and the exercise of local autonomy in many policy areas.

Conceptually, there are two broad categories of functions discharged by local government: 'inherent functions' (such as providing local roads); and 'delegated functions'. The former give effect to the principle of local autonomy; in the latter category, local government carries out its responsibility without, or with very limited, discretion. Agency-delegated functions, which fall in the latter group, have been frequently cited as evidence of the central government's dominant position in the public sector. Moreover, even in 'inherent functions', local government has not been free from central supervision. As already mentioned, specific subsidies have been a channel through which the central government has conveyed its intentions. In the Japanese case, to use Rhodes' words, 'hierarchical resources' [28] are also an important means of central control affecting the level of local autonomy and discretion. Constant *guidelines* or *notices*, together with *licensing* and *approval* from various central ministries,

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[28] Hierarchical resources are 'distinct from constitution-legal resources', and 'can become routinised and elaborated to such an extent that the legal basis becomes a poor guide to the actual position'. 'For example, the circulars issued by central departments may have no specific statutory basis but they may also be seen as legislative interventions and as a means of central supervision (Rhodes, 1981, pp. 98-99).

have been a major factor that circumscribes a local free hand.[29]

These various 'guidance' mechanisms should be understood in the context of the overlapping authorities between central and local government in Japan. Amakawa (1983) introduced, along with 'centralisation–decentralisation', the notion of 'separation–fusion' in the analysis of Japanese central-local relations and the levels of local autonomy. *'Centralisation–decentralisation'* deals with the question: '*to what extent* can local government decide its will in accordance with their citizens' opinion?'. '*Separation–fusion'* considers '*how* functions of central government' are carried out in a local area'. 'Separation' indicates that a central agency (or local authority) discharges the duties independently. By contrast, 'fusion' denotes that local government *partially* carries out the central government's functions in the local area.[30]

In Japan fusion is commonly observed as local authorities carry out a number of functions and the central government has taken an interventionist style.[31] Policy areas such as large public utility projects and environmental issues that require cooperation from different levels of institutions, for instance, tend to display the fusion characteristic. In the face of the increased number of fusion areas, the way different levels of government work together is a crucial issue. In some cases, the relationship between the centre and local institutions could be complementary. In other cases, mutual complementary attitudes may give way to confrontational relations.[32] In some areas where there is scope for the degree of local autonomy and discretion to change, the central-local relationship may be no longer a stable unilateral one, but one that is more complicated and bi — or even multi — lateral.

Reflecting the fusion environment, demarcating the relative jurisdictions of the central and local governments is not an easy task, and, therefore, understanding the level of local autonomy is also intricate. The pervasiveness of *amakudari* and *gyosei shido*, for instance, needs to be construed in this overlapping administrative system. And the fusion financing system between

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[29] Glen Fukuoka, the former director for Japanese affairs at the Office of the US Trade Representative metaphorically described the Japanese regulatory structure as like an 'onion' with many layers of rules: laws; cabinet orders; ministerial ordinances; notifications; regulations; internal regulations; and administrative guidance (*JapanEcho*, 2005, Vol. 32, No. 6, p. 8).

[30] In a similar manner, Hutchcroft (2001) employs two axes – political and administrative – in analysing centralisation and decentralisation.

[31] As to discussion on 'separation–fusion' based on the Amakawa model, see Nishio, 1990; Endou, 1988; Akizuki, 1996; Muramatsu, 1997, pp. 135-141.

[32] Refer to Yamashita (1992, pp. 166-67). In a 'fusion' environment, competition over their jurisdictions between the central and local governments is thought to be essential, so that the 'competitive model' would meet changing social demands in a more swift and flexible way. Instead of the pre-established harmony, repeated confrontation could generate new better local governance.

centre and local is the other side of the coin. The levels of local autonomy and discretion are always changing and do not determine the nature of the relations *a priori*. The nature of the levels of autonomy and discretion vary depending on policy areas; this is the product of a combination of such factors as the legal framework, resource allocations, and informal practices.

In order to achieve stronger local governance, there are two paths to follow in the current environment: one is to shift the emphasis from *fusion* to *separation* as other countries such as New Zealand have done; the other is to enhance the status of local institutions even under the fusion environment. Akizuki (2001b, p.181) argues that it is not impossible to advance decentralisation under the fusion style by clarifying where responsibilities lie, transferring responsibilities to local authorities and allowing local authorities to exert more influence. Regardless of which path is taken (or whether both paths are followed concurrently), reform initiatives could not stand apart from various facets of the current configuration in the public sector or the public sector's position in society.

The public sector in society

Active citizens' movements have been recognised in Japan which first became prominent from the late 1960s to the early 70s over environmental issues (Krauss and Simcock, 1980). Citizens who were supposed to be subservient showed a possibility of playing an active part in politics (Muramatsu, 1997). The rise of *Kakushin jichitai* (Progressive, or Leftist, local government) in the 1970s certainly encouraged greater citizen involvement in turn.

MacDougall (2001) attributes the current level of citizen inclusiveness to citizen movements in this earlier era. These opposition party leaders in the local political arena turned to citizens, rather than to the centre (namely, the LDP).[33] Since the configuration of political parties tends to be the same at the central *and* local level, citizens' votes at local elections can have strong implications for politics and administration at the central level especially if there are contentious issues between the government and opposition parties (see Muramatsu, 1997, pp. 46-48).[34]

Nonetheless, the involvement in policy-making of players outside the public sector is not necessarily influential. In a comparative study of policy

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[33] 'In central-local relations, in contrast to the LDP's boastful election slogan of "direct ties to the center", opposition candidates began to stress "direct ties to the citizens" ' (Muramatsu, 1997, p. 41).

[34] It is not uncommon in Japan for the leader of the ruling party (that is, the Prime Minister) or the Opposition leader to make an election campaign speech for an important local election in the local constituency.

communities, Campbell (1989) found that the policy community in Japan is more 'cohesive and durable', which is 'partly due to bureaucratic primacy'. Rather than a random dynamic movement, 'Japanese pluralism is more "structured"…and the structure is largely provided by the jurisdiction of governmental agencies' (p. 18). In Johnson's words (1982, p. 49), 'there is no theory of pluralism that legitimates their [interest groups] political activities' in Japan. In a polity that gives such a heavy weighting to the value of predetermined harmony, whether or not civil society can have a substantial immediate impact on specific policy agendas is still not clear.

In relations to the citizens' movements, an interesting finding is that influential participants are often recognised. They may be not only politically experienced but also highly educated and prominent in other fields (Lewis, 1980). *Minamata* disease (mercury poisoning) that brought about a radical protest was helped by scientists who resided in metropolitan areas (refer to Muramatsu, 1997). In the Japanese environment and roading cases (Chapter 5), prominent individuals such as university professors are also identified. This may explain the gap between intense but one-off protest movements and the relatively limited level of local citizen participation in politics, which is obvious in the low election turnout, in Japan. Citizens' movements may not stem from a strong desire for citizen participation in the general governing process, but may simply be a reflection of frustration at being excluded from the actual decision-making process in particular cases. In suggesting that Japanese citizens have rather limited interest in political involvement, Inoguchi (2002) and Putnam (2002) point to the special nature of 'social trust' in Japan.

> [An observer] … notes the striking fact that by conventional comparative measures of generalized social trust, Japan appears to be a low-trust society, not a high-trust society, as is often assumed by casual observers. … Yet we know from other sources that in intimate circles social cohesion in Japan appears much higher than in comparable Western settings. Theoretically speaking, this important anomaly suggests ... the possibility that the radius of social trust is narrower in Japan – that the Japanese do trust (and act in a trustworthy way) in a setting with other familiar actors, but that they are less trusting of (and less trustworthy toward) the generalized order (Putnam, 2002, p. 397).

In Japan, attention needs to be directed to systemic questions about the institutions (broadly conceived) of local government and its position in the wider public sector. The case studies in this thesis tend to confirm that exclusive

narrow networks can have a powerful influence on decision-making in Japan and that established institutional preferences remain strong. This situation is buttressed by the traditional mentality for citizens and local organisations to look up to higher administrative and political authority, so-called *okami ishiki*.

If social trust exists only within a certain geographical and social radius, it is all the more necessary to ensure that local authorities and community organisations operate closely within that local area. In order to widen the possibility for more continuous citizens' involvement, which is desired for local governance, clear participatory mechanisms are required at the local level in the decentralised environment. 'Participatory autonomy (Takao, 1998)' needs to be achieved in a limited locality.

Although active community involvement, mostly in the form of protests, may have remained infrequent in Japan, this does not mean that citizens are not interested in participating in administrative or political processes at the local level. Despite the decline since the 1970s in local electoral representation of progressive parties, the trend towards increased citizens' involvement has shown growth. This may have been encouraged by international developments since the 1980s giving new attention to the role of consumers (e.g. the spread of Citizens' Charters). The Special Non-profit Organisation Law in 1998, and the Freedom of Information Act enacted in 2001 can be recognised as the reflection of growing citizens' involvement influencing change in the state-civil society relations. As information disclosure ordinances at the local level have grown in number since the early 1980s, petitions for disclosure have increased (Takao, 1998).

Nevertheless, the combination of an exclusive policy network in decision-making, *Okami ishiki*, and a limited level of trust may hinder the development of participatory democracy immediately at the local level. McVeigh (1998, p. 99) suggests that 'the lack of strong local government is one aspect of Japan's lack of a clearly defined civil society'. Japan's centralised political and administrative machinery has not helped to enhance the position of local authorities in society, and has not assisted in fostering civil society in the local sphere. It is possible, however, that institutional change may find better connection channels between decision-makers and the community (see Chapter 3).

Central-local relations — overview and reform attempts

The local position, or the central-local relationship, is best understood in the changing societal and political context over the last few decades. In terms of a drive towards local autonomy, the early 1970s were a turning point; during these years an increasingly active citizen movement and progressive local government were prompted by concerns about environmental and welfare issues in the wake of rapid urbanisation and economic development.

After that period Reed (1982, p. 162) observed that 'local innovation has continued even without the progressive "stars" and even under conditions of financial scarcity'. Certainly, reform initiatives directed towards better administration at the local level have not been scarce, and local governments have been 'most sensitive to the public sector reform', which can be contrasted with the slow response of central government to calls for reform (Nakamura, 2001, p. 169).

Since the 1980s, waves of New Public Management (NPM) reform in OECD countries have been observed.[35] Common themes were the emulation of management skills and practices from the business sector; outsourcing and privatisation of activities traditionally carried out in the public sector; use of the market rather than regulation for the allocation of goods and services; and an emphasis on outcomes rather than a preoccupation with inputs.

The shift — from traditional bureaucracy to (quasi) market mechanisms and from 'administrator' to 'manager' — has also attracted attention in Japan. An attempt at agencification at the central level under Prime Minister Hashimoto, for instance, is one move directly influenced by the UK experience (see Yamamoto, 2004). The influence of NPM-style reforms is also seen at the local level.[36] Mie prefecture has often been referred as a spearhead of such a reform. Although NPM reform itself does not seem to have had a direct impact on the nature of central-local relations, the emphasis on increased citizen participation, contracting-out and the use of market mechanisms is conducive to enhancing the status of the local level of governance. In the same vein the centre has been jolted by the appointment of (politically) independent governors/mayors such as Yasuo Tanaka in Nagano Prefecture who question the top-down policy style of the central politicians/bureaucrats. Scepticism about the central bureaucracy

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[35] One of writers who gave early currency to the expression 'NPM' was Christopher Hood (1990a, 1990b, 1991).

[36] For overview of NPM style reform in Japan, especially at the local level, see Eshima *et al*, 2001.

and the efficiency of the centralised administration grew in the 1990s as scandals at the central level and questionable public works attracted attention.[37]

In the overall societal context, there has always been a latent desire for decentralisation which became apparent especially after the Decentralisation Promotion Law 1995. The history of earlier administrative reform attempts reveals the intricate balance of power and interests involved that often limit reform (for example, see Noble, 2005; Maclachlan 2004; Samuels, 2003; Nakano, 1998b; Mishima, 1998). It is commonly assessed that administrative reform in Japan has been 'slow and incremental'. The strong central bureaucracy is 'reluctant to share their power with local government, private organizations or citizens' and meanwhile Diet politicians have been largely 'kept in the dark' about reforms (Jun and Muto, 1998). It seems a daunting task to change this even for a popular political leader such as Koizumi (Prime Minister 2001-2006).

Koike and Wright (1998) sketch different phases of intergovernmental relations in Japan. After the progressive local government era saw the growth of local political competence ('Challenging central control: 1960s-70s'), administrative reform attempts concerning local governance such as the Provisional Commission on Administrative Reform (*Rincho*) and succeeding Administrative Reform Commissions (*Gyokakushion*) occurred in the 80s and early 90s ('Collaborative devolution: 1980s-90s'). Koike and Wright are rather cautious about the prospects for the next phase after the Decentralisation Promotion Law in 1995 ('Civic devolution: 2000 and beyond'). Given that political decentralisation is not visible, 'the prospect of civic-led governance…based on local autonomy remains a remote possibility' (pp. 216-217). 'Creativity to break through the immobility of the administrative state' (Koike and Wright, 1998, p. 216) may be required.

In the face of the powerful bureaucracy (see McVeigh, 1998; Tsurutani, 1998), support of stronger local governance (for example, Saitoh *et al*, 1996; Nagata, 1998) is expected to confront persistent resistance from those with vested interests. Observing relations between politics and administration is a key to

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[37] Prime Minister Tanaka in the 1970s, for example, is one of the most well-known politicians remembered for his engagement in '*Doken kokka*' ('construction state'), with alleged special favors for his electoral zone. Prime Minister Takeshita in the late 1980s also attracted criticism for his developmental style. Involvement of a number of politicians and bureaucrats in bribery cases in the late 80s to early 90s such as the Recruit and Sagawa Express scandals, and other corrupted connections between bureaucracy and business [big firms and quangos (*tokusyu houjin*)] seen in cases such as HIV scandal, Monju nuclear reactor accident (see Inoguchi, 1997) simply worsened the negative image of those exercising power in the central government.

better understanding the fluctuating reform progress. While the relative strength of politicians and bureaucrats shows variations among countries and policy fields (see, for example, Peters and Pierre, 2001) the traditionally strong influence of the Japanese bureaucracy is often pointed out (Krauss, 1995; Nakamura, 2001).

Yet, such a tradition might have begun to change in the 1990s, with the trend tilting towards democratic representatives. Mishima (1998) observed that Prime Minister Hashimoto's 'committed effort to dominate the bureaucracy represents an emerging pattern in Japanese policy making', with the LDP becoming more assertive and the bureaucracy more 'conciliatory and less willing to take the leading role in policy formulation' (pp. 969, 981). At the same time a more substantial parliamentary function has been welcomed (Nakamura, 2001). Nonetheless, it is not easy to simply depict the contest among these two groups, let alone predicting the future balance, as the relations are always interdependent, not a simple confrontation.

As Mishima (1998) rightly suggested, a simple dichotomy between politics and bureaucracy may not be sufficient to explain the intricate balance between them (also, see Nakano, 1997a). Politicians called *zoku*[38] closely work with ministries, and in this sense the politicians-bureaucrats linkage, or relative power, is not immediately obvious in policy-making, where 'patterned pluralism (Muramatsu and Krauss, 1987)' is found. Bureaucracy itself is not free from politics either: a 'political ministry's' close connections with politicians can be identified (for example, see Kawabata, 2001).

The blurred demarcation between politics and bureaucracy is a cause of the 'polycentric character' (Williams, 1994) of the central government, where competing players (politicians and bureaucrats) constitute complications. Powerful political leadership may be called for as was the expectation in the case of Koizumi. Yet, again, such simple expectations may not go anywhere. Another observer describes such a policy environment as an 'un-Westminster system' (A. Mulgan, 2003),[39] where both bureaucrats and politicians pursue different interests without an undisputed leader. Perhaps, a simplified, but relevant, question concerning local governance may be where the actual ultimate authority lies – whether or not it is in the parliament or the ministries.

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[38] *Zoku* are cliques of Diet members (normally LDP) who exercise influence in particular policy areas. They wield influence at various stages of policy making, either formally or informally: they may influence cabinet ministers or their ministries (see, for example, Schoppa, 1991).

[39] 'In the Japanese policy-making model, the cabinet is not the collective decision-making body or central locus of government authority that one would expect in a Westminster system' (A. Mulgan, 2003, p. 84).

After acknowledging the complicated background, however, an acceptance of the relative power balance — not a simple dichotomy — constituted by the positions and roles of the politicians and bureaucrats would provide a useful insight for the reform prospects, particularly in a comparative context.

Devolution (transfer of decision-making authority), rather than *delegation,* can lead to a different configuration of the politician and bureaucrat relationship at the central level. Devolution attempts, therefore, are likely therefore to provoke complicated reactions, making it harder for them to succeed. But, it is what is required the most in Japan now, where ample *delegated* functions are already located at the local level.[40] Thus far, such a reform has not yet taken place despite the efforts made by recent Prime Ministers, Hashimoto and Koizumi.

New Zealand

Introduction

In New Zealand the state had been a major agent of economic and social development from the mid nineteenth century (R. Mulgan, 1994). By the last decades of the twentieth century New Zealand was a highly regulated economy with controls on external trade and payments, industrial relations, financial markets, and certain prices. It was also a comprehensive welfare state and there was a significant state ownership of enterprises trading in the market including postal services and telecommunications, an airline, railways, electricity generation and transmission, coal mines, forestry and tourist hotels.

Confronted by extreme balance of payments difficulties and an unsustainable fiscal deficit, the fourth Labour Government (led by David Lange) elected in 1984 embarked on a series of major reforms that substantially deregulated the economy and first 'corporatised' and then privatised state-owned enterprises. The National Government (with Jim Bolger and then Jenny Shipley as prime ministers) that followed in the nineties continued the reform process, liberalising labour relations and reducing welfare benefits — but leaving the framework of the welfare state in place. The structure and organisation of the state sector underwent major changes in the late 1980s — often described as the most far-reaching example of the international New Public Management (NPM)

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[40] Koike and Wright (1998) expect *political* decentralisation will be coming after the decades from 1960s-90s when the emphasis was on *administrative* decentralisation. Despite their usage of the contrasting terms *political* and *administrative*, however, the true focus is on the nature of decentralisation – where decisions are made; and how they are implemented. Political decentralisation is concerned with 'the locus of policy-making power', whereas administrative decentralisation is about 'the authority or tasks assigned to a subordinate person or organization in the policy implementation stage' (Koike and Wright, 1998, p. 204).

movement (although that term was not in general currency in New Zealand) —
as did the health and education systems. Nor did local government escape the
waves of reform.[41] In the late 1980s the first substantial change in the
organisation of local government for over a century took place.[42] The extensive
and thorough reforms in New Zealand may be contrasted to the 'lagged'
Japanese attempts at reform over the same period as discussed in the first
section of this chapter.

General characteristics of local government
Institutions and functions
New Zealand has a unitary system of government, with two tiers of local
government: regional authorities; and territorial authorities. Twelve regional
authorities and 74 territorial authorities (15 city councils and 59 district councils)
and also four unitary authorities and the Chatham Islands Council (which is
constituted under a separate Act of Parliament) show a variety in population and
geographical features. In demographic terms, the smallest regional council,
West Coast in the South Island, has a population of 30,600, while the biggest,
the Auckland Regional Council, has 1,316,700. Among territorial authorities,
Auckland has again the largest population with 420,700; the smallest is the
Chatham Islands with 750 (CLGF, 2007). There are wide differences in
geographical and socio-economic conditions among territorial local authorities,
with half of the councils having fewer than 30,000 citizens, and a quarter fewer
than 3,000. Most of the population is found in the eight major territorial
authorities that range in size from 100,000 to over 400,000. Because of such
differences as available resources and capacity, the policy choices for local
authorities vary as well (Institute of Policy Studies, 2006, p. 13).

The principal statute relating to local government is the Local Government Act
2002 (LGA 2002). The purpose of local government is (section 10):

(a) to enable democratic local decision-making and action by, and on behalf of,
communities; and

(b) to promote the social, economic, environmental, and cultural well-being of
communities, in the present and for the future.

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[41] This is also the case in other countries including Japan. 'The implication for local governance in
Western Europe is that NPM ideas diffuse both across nations and to sub-national level' (John, 2001, p.
99).

[42] There is an extensive literature on the reform of economic management and public administration in
New Zealand from the 1980s. See, for example, Bollard and Buckle, 1987; Boston et al, 1996; Easton,
1997b; Kelsey, 1995; Schick, 1996 and G. Scott, 2001.

This is followed by section 12.

> (2) For the purpose of performing its role, a local authority has
>> (a) full capacity to carry on or undertake any activities or business, do any act, or enter into any transaction; and
>> (b) for the purposes of paragraph (a), full rights, powers and privileges.

This 'power of general competence', expressed in s12, is a recent development. It is a significant departure from the *ultra vires* doctrine previously in force under which local authorities could carry out only those functions for which specific authority was conferred on them by statute. This situation not only restricted the scope of local authority activity but also placed local bodies in a vulnerable position vis-à-vis central government. In practice, nevertheless, the impact of the power of general competence remains to be seen as it can be affected and confined by factors such as political constraint and available financial resources (Bush, 2005; McKinlay, 2003). In the words of the experienced academic observer Graham Bush, 'Just as *ultra vires* has never choked local government's lifeblood supply, PGC [power of general competence] will bestow nothing remotely akin to unfettered freedom' (Bush, 2005, p. 191).

Regional authorities mostly play a regulatory role in areas such as environment, transport, civil defence and regional planning. (Four unitary authorities, which are effectively both regional and territorial authorities also carry out such regulatory functions.) Territorial authorities have more diverse roles, especially in delivering services at the local level. Local transport, waste disposal, water supply, certain public health functions, housing, recreation facilities cultural and economic development policies and urban planning are among their responsibilities.

Territorial local authorities may choose to set up community boards in respect of areas within their boundaries. In 2004, 48 of 74 territorial authorities had established one or more community boards, which connect local authorities and their communities. They may be given responsibility for ward level decision-making, assessing and responding to local needs and providing input to local authorities (Bush, 2003; Cheyne, 2006).

Table 2.4: Functions of New Zealand public authorities

	National	Local	
		Regions	**Districts**
Security	Diplomacy Defence Law and Justice Police	Emergency management	Emergency management By-laws (health & safety)
Physical Infrastructure	Highway and Moterways National parks and reserves	Regional resource management: coastal, harbours & river control; overall policies for urban & rural planning; water and soil conservation. Regional transport planning Regional parks	Water supply, sewerage and reuse collection & disposal Local transport planning Local roads; carparking Implementing urban/rural planning Building regulation Traffic management
Education	Universities & polytechs Public schools Private school aid National Qualification Authority Preschool operation and funding aids		Pre-school (discretionary operation and funding aids)
Welfare, Health	Health funding and licensing National pest control Housing and employment assistance Hazardous goods legislation Income support for disadvantaged & elderly Child welfare National art gallery/museum Arts & culture grants	Pollution control and licensing Pest control	Housing provision Community facilities (halls, activities, recreation centres) Local parks & sportsfields Food premises licensing Local art gallery/museum Arts & Culture grants Libraries Dog control Dangerous goods

Economy	Monetary system Custom/commerce regulation Postal services Economic policy Science & research development Overseas trade missions		Business promotion Sister cities
			Source: Anderson and Norgrove, 1997, modified

Mayors and councilors in territorial authorities and members of regional authorities are directly elected with a three year cycle. The chairs of regional authorities are elected from among their number by the members. Mayors are elected 'at large' but councilors represent a 'ward'. The turn-out is usually somewhere over 50 per cent (compared with over 80 per cent in national elections).[43] Councils are required to appoint a Chief Executive Officer who directs and manages administrative systems and appoints all other staff. This arrangement that 'depoliticises' local administration has been in place since 1989 and parallels changes made in the central government by the State Sector Act 1988. Local authorities have a subordinate legislative authority to make bylaws (corresponding to 'ordinances' in other jurisdictions) within limits set by national legislation (Bush, 1995, p.131).

History and recent developments

The passage of the Local Government Act 2002 consolidated the major organisational changes made by the Local Government Amendment Act 1989 but also marked the growing importance of local authorities in New Zealand governance. General empowerment, long-term planning, and increased community involvement are among the key features of the 2002 legislation.

The history of local government in New Zealand is not complicated as the only major reform before the 1980s came more than 100 years ago. In 1876, the provinces established by the Constitution Act 1852 were abolished and the structure that, in its essentials, was to endure for over a century was put in place (Counties Act 1876; Municipal Corporations Act 1876). The Local Government Act 1946 established the Local Government Commission that in various forms has continued to have a key role in determining the number and boundaries of New Zealand local authorities. Despite being given increased

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[43] In the year 2001-2002, turnout for local elections was 50.3%, while it was 77% for the national general elections. In 2004-2005, the respective figures were 46.3% and 81%.

powers in the Local Government Act 1974 — this much-amended statute remained the principal legislative instrument in respect of local government until 2002 — its achievements had been relatively insignificant. The commission 'had been trying and failing to deliver significant change to the prevailing system of local government' (Anderson and Norgrove, 1997, p. 117). Successive governments were reluctant to face the electoral retribution nationally that change — especially a reduction in the number of local authorities — was expected to bring.

Under the fourth Labour Government that was formed in 1984, Michael Bassett, the then Minister of Local Government, worked closely with Brian Elwood, the chair of the Local Government Commission (and a former local body mayor) to remedy acknowledged weaknesses in the local government system such as 'absence of contestability', and 'lack of appropriate incentives and accountability' (Wallis and Dollery, 2000a). Above all, there was a widespread recognition in a general sense that there were simply too many local authorities for a population of not quite 4 million people (this recognition did not necessarily apply when particular local authorities were under threat).

By the Local Government Amendment Acts in 1988 (No.3) and 1989 (No.5) the composition of local government was completely overhauled. The number of 22 regional councils, over 200 territorial authorities and numerous special purpose authorities such as catchment boards, drainage boards, rabbit boards and nassella tussock boards was significantly reduced. From around 700 (the precise number depending on differences of classification) the number of local authorities became 94. Councils were abolished and merged and the functions of special purpose boards incorporated into the new regional councils. Of importance, in this revamped system, is the relationship between the two tiers of local authorities; the structure 'should be regarded as an entity in which regional councils and territorial authorities have separate but complementary functions, rather than as two levels of sub-national government where one is subordinate to the other' (Boston *et al*, 1996, p. 184).

The 'modernisation' of New Zealand local government took further steps with amendments to the Local Government Act in 1996 and 2001. These were concerned with aspects of local-led administration such as long-term planning and accompanying financing issues such as funding, borrowing and investment

at the local level[44] (as to long-term planning, see below).

The implications of the LGA 2002 both in itself and in the context of the series of legislative reforms since the late '80s are significant, in that this Act embodies the shift from simple 'amalgamation to empowerment' (Institute of Policy Studies, 2006, pp. 24-28). Put differently, the emphasis has been transposed from the institutional rationalisation of local *government* towards more local *governance*. Bush (2005, p. 190) notes in respect of the LGA 2002:

> The strategic vision of local government is unashamedly expansive, participatory, and embraces a philosophy of governance that prefers the local body at the centre of advancing community goals rather than just as a service provider and regulator.

The overall tone of discussion in recent international literature has been in favour of the direction set towards improved local government capacity and the trend of what can be perceived as local governance (for example, Banner, 2002; John, 2001; Denters and Rose, 2005). In New Zealand, first, there is an expectation of much more capable and efficient machinery for the delivery of services at the local level whether provided within or from outside the public sector (see Martin and Harper *eds*, 1988; McKinlay *ed*, 1990). From a business viewpoint, unnecessary 'government failure' was one of the concerns which can be avoided by a more accountable and properly sized local government (Kerr, 1999).[45]

Secondly, stronger democracy has been another perspective that has underlined the reform of local governance (Chin, 1993; Reid, 1999a; Cheyne, 2001), which is also an international trend (OECD 2001b; 2001c). Certainly, the relationship between the extent of devolution and democratic implications is not straightforward (Boston, 1988). Nevertheless, an integral element of the new arrangements for local authorities in New Zealand is the enhanced ability to engage with communities through statutory planning and consultation processes (see Institute of Policy Studies, 2006) (see discussion later in this chapter).

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[44] Under the Long Term Council Community Plan (LTCCP) scheme, decisions for borrowing and investment are made from a local-led long-term strategic perspective (LGA 2002, section, 102-105). The importance lies in the system where long-term planning and financing are more integrated. In fact, borrowing itself is not a new local entitlement; it has been 'customary to raise loans to finance capital projects' at the local level before the LGA 2002 although until the 80s reforms the authority of the central Local Authorities Loans Board was required. In 1995/96, local authorities were scheduled to borrow about $1 billion, and $1.4 billion in 2001/02 (Bush, 2001, p. 163; 2003, p. 165).

[45] As to an overview of contrasting discussion points concerning local authorities' roles, see Wallis and Dollery, 2000b.

Thirdly, from a national management or strategic perspective the reforms of the last few years are viewed positively. Instead of an *ad hoc* approach, more systematic efforts at strategic development are now required (Reid, 1994; 1999b; McKinlay, 2002). Given the historical context where the central government has been the dominant figure, the more strategic shift from the centre to local governance is important. The devolution process currently under way in New Zealand (and in other jurisdictions) concerns the configuration of the whole public sector. A holistic approach to issues such as democracy, accountability and co-ordination is now required.

Despite the support for further local emphasis reflected in the recent literature, devolution and local governance are not necessarily approached with blind optimism. The crucial issue is how the principles embedded in legislation are actually implemented at the local level. One recent New Zealand survey offers the judgment that 'while the new legislation signals a new positioning for local government in which it will support a broader community development mandate, the reality is that many councils remains grounded, in the conservative (and electoral) comfort of the services-to property model' (Institute of Policy Studies, 2006, p. 178). Such a gap between the philosophy and the reality is not a new development; it has been observed since the statutorily-encouraged movement towards more active local involvement began nearly two decades ago. The Resource Management Act 1991 (RMA), which gave local authorities substantial scope to deal with major local environmental issues, raised similar questions. For instance, the principle of local leadership can be undermined by the ambiguous location of actual decision-making between the centre and local players (Claridge and Kerr, 1998; Claridge, Kerr and Milicich, 1998; Guerin, 2005). A 'tug-of-war' between central and local interests has often occurred in the context of the RMA as the case studies in Chapter 5 indicate. 'Mistrust of those outside central government' (Mckinlay eds, 1990, p. 138) may be a reflection of the combination of established central government machinery and less equipped local authorities.

How to strike the optimal balance between 'the centre and the periphery' (Boston *et al*, 1996, pp. 162-182) has long been an issue (see also Brady, 2002). While the relationship continues to evolve, conferment on local government of the power of general competence is a marker of significance. It is too soon to capture the overall actual impact of the new legislation at this stage. But, it is instructive to observe the extent to which the philosophy or blueprint of local governance (or strengthened local capability) in the LGA 2002 is actually materialised in various local authorities.

Funding arrangements

In New Zealand only a limited amount of funds is transferred from the centre to local authorities. Across local government as a whole this accounts for a little above 10 percent of total revenue. The number of functions that local bodies carry out is relatively small and roading is the main policy area where funding transfer is involved.[46] Because of this relative financial independence, local authorities' autonomy has not been threatened in exchange for financial aid. This is very different from Japan (and most other OECD countries) where the central government plays a major part in tax collection and redistribution to local authorities. This, nonetheless, from a different perspective, may cause a headache for local authorities. 'There are also concerns that local government's costs have been increased by government policies that have imposed new responsibilities on local government and transferred functions from central government to local government' (Cheyne, 2006, p. 288), in exchange for the financial independence.

Table 2.5: Financial structure of New Zealand local government

Revenue Sources		Expenditure	
1. General rates	53.8%	1. Utilities,	28%
2. Water rates	3.6%	2. Road construction and maintenance	26%
3. Fees and fines	5.1%	3. Social, cultural and recreational services	24%
4. Sales and other income	19.0%	4. Regulatory functions	11%
5. Investment income	6.6%	5. Democratic services (elections, servicing elected members, consultation etc)	4%
6. Grants, subsidies and levies	11.4%	6. Other	7%
7. Petroleum taxes,	0.6%		
Data from the 2002/2003 fiscal year, Source: CLGF, 2007			

In addition to the limited grants/subsidies (general purpose or 'tied'), local bodies do not have strong taxing authority. Local government in New Zealand does not collect income tax, and rates (tax on property) have been the main source of revenue. Given citizens' adverse reaction to higher rates, it is not easy

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[46] For several decades, non-roading money transfer had accounted for about 10% of local revenue, but in the early 90s the figure significantly dropped, down to as little as 1 % in 1992. The government-funded urban projects 'have been consigned to history' (Bush, 1995, p. 248). More recently, the amount of central funding for roading substantially increased (see 2007 budget).

to raise local finance. Little has changed since Scott's observation nearly 20 years ago:

> … there has been little acknowledgement by central government of any willingness to act as a collection agent. Accountability of local government has been seen as depending on the maintenance of independent sources of revenue; however, the range of such sources…is very limited by world standards (C. Scott, 1988, p. 81).

There has been no enthusiasm for the thinking of the British Layfield Committee report of 1976 which stressed the importance of locally raised revenue and recommended 'the introduction of a new source of revenue — local income tax — to reduce the dependence of local government on central government grants' (cited by C. Scott, 1988).[47] The LGA 2002 does not bring about a new paradigm, but provides a template to guide local authorities to achieve long-term and accountable financial management.

One of the characteristics of the New Zealand public sector reforms initiated in the 1980s has been the functional strategy (or policy) -funding split at the central level (Boston *et al*, 1996, pp. 73-76). One notable example is the transport sector where central agencies Transit New Zealand and Transfund were set up to discharge strategy and funding roles respectively.[48]

In essence, the strategy-funding split model may contribute to better planning or accountability at the central level, but does not have a direct connection with local governance. When the financial allocation to local authorities is solely policy- (or strategy-) based, there would be little room for political 'intervention' from the centre. However, experience suggests that central strategy almost inevitably gives rise to local complaints. In fact, central strategy is always required to prioritise among project options, and local authorities can feel quite distant from such high level decisions. Plans by Transit, for instance, have been attacked at the political level by those areas with development projects that missed out.[49]

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[47] An independent committee of inquiry into 'local government rating and … other revenue raising mechanisms' is to report by 31 July 2007 (Statement by Minister of Local Government, Hon. Mark Burton, 1 November 2006). But it is not intended to extend its inquiry into such fundamental matters as the possibility of a local income tax or the sharing of the Goods and Service Tax.

[48] It is planned that Transit and Land Transport New Zealand (with which Transfund merged in December 2004) will be consolidated in 2007. Annette King, Transport as well as State Services Minister, stated of the structural review package that 'despite recent improvements, transport agencies need to work more collaboratively and with a common purpose. It has recommended a package of changes designed to support a cohesive and efficient sector' (Press release, 25 May 2007).

[49] For instance, see 'Transit puts up red light to growth', *New Zealand Herald*, 5 April 2006, and 'Road plan

In a nutshell, New Zealand administration controls local financial issues from a more strategic perspective, whether or not it is actually strategically correct for local authorities. Expressed another way, local fiscal discipline is ensured in New Zealand by 'centrally imposed rules', whilst Japan adopts 'administrative control', in the context of international comparison (Dollery, 2006, p. 208).[50] A combination of central strategies and market discipline (meaning a loose regulatory stance by the central government) is the nature of local body financial control in New Zealand.

Central – local government linkages
Administrative connection
The administrative channel connects the levels of government in New Zealand. Strategic and planning processes are the main connection route in New Zealand,[51] which is dissimilar to Japan where personnel links in the form of staff on loan from central ministries or through *amakudari*, or frequent administrative guidance (*gyosei shido*) are observed.

Environmental issues constitute an area in New Zealand where both local and central government are involved. The Resource Management Act 1991 (RMA) has provided a structure where different levels of government are linked through *National Policy Statements*, *Regional Policy Statements* and *Regional Plans*. The basic philosophy (although not fully implemented at the national level through the issue of National Policy Statements — see Chapter 5) is that the central government sets the framework and regional and territorial authorities discharge their planning and decision-making responsibilities within that framework.[52] Emergency management is another example of such an approach. The Civil Defence Emergency Management Act 2002 provides for a national level *CDEM Strategy* and local level *CDEM Group Plans*.

One characteristic of these relatively new legislative frameworks is that the central government is not prescriptive and their guidelines are relatively loose. The national strategic guide is not specific about what policy options local authorities take. It is important to acknowledge that this strategic connection is not what undermines the local autonomy.

"a slap in the face" ', *New Zealand Herald*, 3 February 2005.

[50] The four classification categories are: Administrative control; Centrally imposed rules; Formalised cooperation; and No institutional coordination (Dollery, 2006).

[51] Such an approach has been underpinned by the *New Institutional Economics*. The public sector reform in New Zealand has been influenced by theories such as public choice theory, agency theory and transaction cost analysis (Hood, 1990a, 1996; Shaw, 2000).

[52] The extent and the method of central government involvement and the level of local initiative has been a contentious issue. For an RMA case, see the 'Project Aqua' case in Chapter 5.

In contrast to the 'informal' nature of administrative control in Japan, the planning or strategic connections in New Zealand provide a more open or visible policy environment. Certainly, room remains for 'arm-twisting' behind the scenes by higher authorities, but it is fair to note that the frameworks are designed to establish clear accountability, and provide a platform on which central-local administrative interaction can be built.

Political connection
The political aspect has not featured so prominently in the New Zealand central-local link. First, in the discussion of devolution and decentralisation, there have not in recent years been clear differences among the positions of the major political parties. In the post-war period Labour has initiated local government reform and National governments have 'traditionally accommodated the local government establishment …' (Bush, 1995, p. 105). But, when the Bolger Government succeeded the fourth Labour Government at the end of 1990 'shorn of partisan posturing, the two parties shared enormous common ground on the purpose, shape, values and practices of local government' (Bush, 1995, p. 94). While some changes were made, they were principally concerned with modifications of electoral arrangements (for instance, re-enfranchising non-resident and corporate ratepayers). Of more importance, was the National Government's 'reprieve' of regional councils the need for which the new minister (Warren Cooper) had questioned and its 'sanction of the passage' of the Resource Management Act which had been developed but not enacted by Labour (Bush, 1995, pp. 94-105).

Because of the *de facto* bipartisan approach to local government of the two main political parties in recent years, preferences over the main issues of devolution and decentralisation are not complicated by the parties' positions. In Japan, on the other hand, the LDP's dominance and strong central bureaucracy have aroused the demand for a more localised system. Commonly, the dominant government party has been reluctant to support decentralisation, while opposition parties have favoured a more decentralised administrative system.

Secondly, allied to the first point, local authorities in New Zealand do not have a close and direct connection with national party politics. Although there have been notable exceptions, [53] mayors and councillors are predominantly

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[53] It has not been uncommon for local body politicians to move to national politics — for example, three successive Ministers of Local Government, Messrs Bassett, (Auckland City councillor), Cooper (Mayor of Queenstown) and John Banks (Birkenhead City Council and Auckland Regional Authority) had served

independent — over 70 per cent in recent elections — and not often linked with political parties.[54] Local politics is 'an elusive combination of loose tickets and changing issue-base coalitions, interlaced with politics at the individual level' (Bush, 2003, p. 167). 'Politics without parties' (R. Mulgan, 1994) is common at the local level. The National Party has never formally contested local body elections (although it has had in the past close links to Citizens and Ratepayers groups) and Labour has not stood candidates in territorial authorities outside the cities since 1989 (Bush, 1995, pp. 260-266). This is very different from Japan, where local election results can have an impact on national politics because of the strong political link between the centre and local government.[55] As was earlier noted, mayors or governors associated with opposition parties, or local bodies with a majority of opposition party councillors, have occupied an important place in the changing nature of Japanese central-local relations since abound 1970s.

With regard to the dynamism of decentralisation and local governance in New Zealand the relative absence of party politics implies that there will be a smaller possibility of central intervention and 'politics' in local elections. It is also less likely that citizens will have the opportunity to influence the decentralisation process by voting pro- (or anti-) devolution candidates for local councils or MPs. The discussion of decentralisation and local governance in New Zealand is more likely to focus on *mechanical* issues such as administrative efficiency or effectiveness, whereas in Japan how to go around *political* obstacles to the process of decentralisation has continuously been a touchy issue.

Local authorities' autonomy and discretion

Discussion of local autonomy and discretion is often related to functions that are *delegated* to local government. Decentralisation is not simply about the responsibilities vested in local authorities; also the situation in which the central government 'dumps' some burden on local authorities is to be taken into consideration.

Compared to Japan where many policy areas have 'fusion' characteristics (see

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in local government. After leaving Parliament Banks became Mayor of Auckland — see Chapter 5. Concurrently, the Mayor of Waitakere City in the Auckland region was a former president of the Labour Party.

[54] Fewer than 15% of community board members and councillors belong to an organised political group, most of which actually do not have the structure of political parties (Bush, 2003, p. 166).

[55] 'For conservative party politicians, their electorates or supporters' associations are affiliated both at the national and local levels, and Diet members and local council members must cooperate to win elections. The same basically applies to political parties supported by labour unions and other organisations. Diet members and local council members from such parties also cooperate at election time' (CLAIR, 2006, p. 7).

the Japanese section above), New Zealand seems to have favoured a 'separation' approach where functional overlap among the levels of government is limited. An orientation towards strategy and planning and relative 'depoliticisation' is the other side of the separation coin. Nonetheless, cases marked by joint work and cooperation between central and local government, which can be identified as fusion, have been attempted in New Zealand (LGNZ, 2000; Cribb and Berthold, 1999).

The balance in allocation of funding, responsibility, actual decision-making and implementation is always precarious as cases of some localised policy process have indicated. For example, the health care policy, which has gone through numerous reforms, shows an example of difficulty concerning localised administration. The current District Health Board (DHB) system consists of twenty-one local DHBs whose capacity and administrative size vary significantly. Their close relationship to the community does not necessarily contribute to an enhanced level of democracy, with the turnout for members' elections low (42% in 2001). (Not all members are elected: the Minister of Health appoints the chairperson and a minority of the board.) While DHBs endeavour to respond to communities' diverse needs within many national strategies (Gauld, 2003), limits on the availability of funds tend to confine policy options. Although the day-to-day running of services rests with the boards the central Ministry of Health, as funder and policy maker, has considerable influence over the boards' activities.

Environmental policy under the RMA also presents such issues. 'Insufficient guidance from national government agencies' and 'extensive policy development without adequate staff or assistance' (May, 1995, p. 111) have been persistent problems since the inception of the legislation, which is also shown in the case studies (also see Claridge and Kerr, 1998; Claridge, Kerr and Milicich, 1998; PCE, 2001).

In New Zealand the importance of establishing clear responsibility and accountability within the public sector has been a tenet of the reform process. At the same time strategic frameworks that provide room for local initiatives have been put in place. The issue is how the principle of clear accountability and the encouragement of local initiative can be incorporated in an actual situation, especially in the implementation phase of projects.

The public sector in society
Despite the deregulation of New Zealand over the past twenty years the

continuation of a comprehensive welfare state ensures that the public sector in New Zealand remains at around 40 per cent of GDP (compared with around 35-40 per cent in Japan). It has been observed that citizens still put a high value on job security and economic stability despite the apparent shift in thinking from a 'big' to a 'small' public sector after the reform period (R. Mulgan, 2004).

While theories about the 'state' or 'government' are abundant, the more relevant to local *governance* are those that treat the public sector as *an* actor in society and do not pre-determine the direction of influence between the government and society. Richard Mulgan (1997b, 2004), for example, analyses society and the state in New Zealand from a pluralist perspective. Various social units across the society have been involved in the government in different ways. The active state aimed to balance out various inputs and meet diverse social demands through consultation or other mechanisms. The government, in this model, is not necessarily a coercive entity, but can be a facilitator and co-ordinator, responding to different needs (Moloney, 2003).

Mulgan (2004, p. 324) observes that 'New Zealanders had traditionally taken a pragmatic, non-doctrinaire attitude to the role of the state, an attitude that sat well with the expectation that government policy would be worked out through negotiation and compromise with conflicting groups and interests'. This approach was challenged in the mid-1980s by the market liberalism that was then in the ascendancy in New Zealand and which so strongly influenced the reforms of the public sector by the fourth Labour Government (Goldfinch, 1997, 1998, 2000). One result of the 'revolution' of the 1980s was a declared sharp move away from the pluralistic bargaining that had characterised the post-war period and a consequent imbalance among the inputs to decision-making. Mulgan (1993, cited by Moloney, 2003) observed that 'the political playing field is permanently tilted in favour of business interests'.[56]

From 1984 to 1999, crucial players — for example, Treasury, the Business Roundtable (representing business interests), and ministers in the fourth Labour Government — took a stance to minimise the role of interest groups (Tenbensel, 2006). The concern was that under the pluralist — sometimes even termed mildly 'corporatist' — style of the post-war period before the eighties the public interest had been subordinated to the sectional interests of groups ranging from organised labour, manufacturing and farming to professional groups such as teachers and health professionals.

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[56] With regard to the business interests' advantageous position in general, also see Lindblom, 1980.

Since 1999, the fifth Labour Government under Helen Clark has taken a stance emphasising 'partnership', 'network' and 'stakeholder involvement', which may be a 'pragmatic response to the legacies of the previous era' in which practical problems in the implementation of policy in some domains (such as health and education) were attributed by some observers to the limited involvement of interest groups. The changed rhetoric and style of the Clark government may be an 'ideological shift to accepting the legitimacy of interest groups in general' (Tenbensel, 2006, p. 353), and can be seen as a reversion to the pluralist style of the past encouraged in the parliamentary arena by the implications of the proportional representation electoral [MMP] system in force since 1996.[57]

The pluralistic style of public policy tends to make governments more reactive, rather than proactive, to social demands and influential figures. At the same time, the wider 'inclusion' of social groups can be viewed from a governance perspective. The public sector, especially local authorities, can facilitate the growth of communities' initiatives. Active engagement with community groups and individuals can be understood as constituting social capital. Instead of passively responding to inputs from society, support for community initiatives and the creation of partnerships would be conducive to enhanced social capital and better local governance (see Witten-Hannah, 1999). The concept of social capital is not necessarily clear-cut. It has an intangible nature, and is not easily incorporated into policy formation or the implementation stage as a target or benchmark. Nevertheless, New Zealand studies (Robinson, 1997; 1999; 2002) indicate that in many policy areas what can be perceived as social capital has the capacity to play an integral part in better governance and an improved social outcome in the society.[58]

The community's position in local governance should be enhanced by LGA 2002 which requires local authorities to prepare a Long-Term Council Community Plan (LTCCP). The LTCCP, a new local planning scheme, is designed to be 'community-led', not 'council-led', which 'takes local governments far from their historical service delivery role' (Institute of Policy Studies, 2006, p. 5). Not only a close relationship with the local community, but also collaborative relations with the central government are required. Such an inclusive approach with little doubt sits well with the local governance concept (see Institute of Policy Studies, 2006, 179-204).

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[57] That a number of services have been contracted out to non-government organisations (through the reform period) and that the Labour governments under Clark 'have distanced themselves from the Business Roundtable' (R. Mulgan, 2004, p. 224) also indicates that the current era is more pluralistic.

[58] An observer expressed a concern about negative impacts on social capital of economic theory-driven reforms (Gregory, 1999).

The long-term planning requirement and the annual plan/report cycle secure another channel through which the public sector and community are connected, apart from the three yearly elections to local bodies (which has an one-off nature). The planning structure provides procedures for intensive community consultation about the strategic direction of local authorities, and the scope of the consultation process (LGA 2002, section 82-88) is extensive. This more repetitive public contact on a regular basis is conducive to developing local governance.[59]

As these discussions indicate, the public sector and society stand side by side. As the size and role of the public sector has changed in the last few decades, there has also been an expectation that it will become more responsive to citizens' needs; citizens are also viewed as 'customers' in a market-oriented NPM context. McDermott and Forgie (1999) observed that, in local authorities' expenditure, governance-related costs such as 'democracy' and 'services to community' increased over the period from 1993-1997.[60] Despite that development, expenditure for traditional physical infrastructure, nonetheless, remains dominant. McDermott and Forgie positively evaluated such a trend as indicating that local authorities have for some years been playing more active roles in the community, rather than being a simple service provider. (The 1989 amendment to the Local Government Act 1974 required local authorities to consult about their budgetary plans.)

The pluralistic style of managing the state in New Zealand has some drawbacks. For the general public, policy processes may seem to be dominated by particular stakeholders and interest groups and citizens may feel marginalised (Wansbrough, 2005). Despite the introduction of sophisticated consultation processes the relatively low turnout for local elections in New Zealand has not changed. Also, it is possible that the consultative process may be serving a symbolic purpose with little impact on actual decision-making. In considering the implications of citizens' involvement, it is important to distinguish one-off actions (as understood in the pluralism framework) from those with a more continuous engagement or cooperation that is related to social capital building and local governance. Downes (2000, p. 488) also stresses this important need to 'differentiate short-term, potentially changeable political alliances from longer-

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[59] Nevertheless, the impact of public participation especially after this new scheme remains uncertain. It is fair to note that 'such consultation processes … do not bind local authorities, and the implication of the principles [provided in the CGA 2002] is that consultation is essentially a single-issue, time-specific process' (Institute of Policy Studies, 2006, p. 195).

[60] The five categories set were: Democracy; Services to property; Services to community; Regulation; and Council property (McDermott and Forgie, 1999).

term, more genuine inclusion'.

It remains to be seen whether or not interest groups in New Zealand will largely bypass the local level if the local authorities' functions remain limited; and whether wider systematic 'inclusion' at the local level contributes to social capital accumulation and better local governance. The pluralistic style and governance processes inevitably require time and effort, which are exposed to scrutiny from those seeking improvements in 'efficiency and effectiveness'. Finding a compromise to resolve the 'tension between participation and speed, and between traditional pluralist and managerialist approaches' may not always be easy (Jacobs and Barnet, 2000b, also see Henderiks and Tops, 1999).

New Zealand and Japan: differences and similarities
Internationally, as a mega-trend, in the 1960s and 70s, central government was much more directly involved in local level administration. Then in the 1980s and 90s, it has been observed that national government of unitary states started to depart from such a direct approach (Goldsmith, 2005). Neither New Zealand nor Japan are outside such a trend. Having explored the general nature of the public sector in the two countries, however, it is pertinent to note that they are situated at different stages on the path to stronger local governance.

New Zealand, since the major reforms of the late 1980s, has an environment in which a greater degree of local governance has been facilitated through enhanced efficiency and effectiveness of local government as well as increased opportunities for citizen participation. By comparison, in Japan until recently, there has been, despite two decades of attention to 'administrative reform', a powerful and prevailing view among the political elite that the country already has an effective administrative and political system — at least from a central perspective. The various special mechanisms characterising the Japanese system such as *amakudari* and administrative guidance (*gyosei shido*) to local authorities and agencies outside the core public sector have been judged to work effectively even though this view is not necessarily shared by players at the local level. Such conventions and practices are deeply rooted in the central and local administrative systems. When potential reform towards local governance in the two countries is comparatively discussed, therefore, the New Zealand situation has obvious advantages. The contrasting characteristics suggest that New Zealand supplies a useful source for lesson learning. New Zealand has already replaced arrangements that had endured for many decades. In Japan, however, reform attempts continue to be confronted by structures and practices that have existed for a very long time.

The broad categorisation in the table below highlights differences in the intergovernmental and the public-society relations in local governance. Discussion above indicates that Japan has a combination of *clientalist* and *managerial* characteristics, whereas New Zealand falls in the *pluralist* category. Clientalism — in negative terms, patronage, machine politics or old-boy nepotism — has been challenged and shows the signs of declining in many places (Clark, 2000), but still remains a functioning machinery in the Japanese local arena.

Table 2.6: Variations in governance

Characteristics	**Clientelist**	**Corporatist**	**Managerial**	**Pluralist**
Public-society	Reciprocal, particularistic, personalised, exchange	Elite negotiation	Formal, bureaucratic	Government as broker among or arena for competing private interests
Governance logic	Pragmatism	Consensus building	Technocratic effectiveness	Conflict management
Key decision makers	Politicians and clients	Politicians and civic leaders	Civil servants and politicians	Politicians and interest groups
Source: DiGaetano and Lawless, 1999, p. 549, modified				

With such different backgrounds in mind, it will not be surprising if the path towards better local government or local governance is different in the two countries. The simplified comparison would be as follows. In New Zealand, philosophy, principle and legislation conducive to the further development of local governance are in place. Their essentials are no longer in political contention. The main question concerns implementation where political and diversified interests are involved. Meanwhile, in Japan, the philosophy and legislation in place do not necessarily support the nurturing and development of local governance. The issue remains controversial. Advocates for local autonomy are left in the arena where different philosophies compete; the contending principles themselves are subject to the continuing pressures of political and administrative interests.

In New Zealand discussion about devolution and local governance (particularly once the major restructuring was accomplished in 1989) has been largely concerned with strategic (including better democratic input) or managerialist issues. In Japan, on the other hand, local government reform has tended to be the subject of contests between entrenched political and administrative interests

with linkages across the levels of government.[61]

In New Zealand, the overall trend in respect of the central-local relationship is towards more joint-work or more functions being carried out locally with a degree of central supervision (not necessarily direct) — 'partnership' in the often-used expression of the Clark government. Put simply, the general direction is a shift from 'separation' towards loose 'fusion'. Meanwhile, the Japanese reform attempts are focused on how the tightly tangled fusion situation can be loosened and made more separate, that is, the direction is from fusion to separation.

It is important to distinguish the implications in each country of the opposing directions. The different socio-democratic environments and characteristics of the public sector provide totally different meanings to the way forward.

The fusion direction discerned in New Zealand is based on the philosophy of clear responsibility and accountability. The central role is not likely to become 'interventionist', but rather to be, say, a 'facilitator[62]' in a more 'governance friendly' environment. The separation orientation in Japan would not be an easy task as the disentangling of tight knots involves various vested interests. Fusion has been surrounded by informal influences, customs and conventions that will change only slowly.

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[61] For a comparative view about Japanese and other countries' management style, see Eshima *et al*, 2001.

[62] Prime Minister Helen Clark listed as central government functions: leader; co-ordinator; facilitator; broker; partner; funder; provider (Address to 2001 Conference of LGNZ, 2001).

Chapter Three — Local Governance: A Theoretical Perspective

Introduction

This chapter is drawn from academic and practitioner literatures to inform the development of an analytical framework (in Chapter 4) and evaluation of options for strengthening local governance in Japan in subsequent chapters. While the study focuses primarily on governance at the local level and the role and functions of local government, the *relationships* between local and central government remain important. So too are relationships between the public and private sectors and between governments and communities. The boundaries between the political and administrative levels of government are also pertinent. In such a multi-faceted study, a number of different theoretical approaches can assist understanding. The concepts such as governance, decentralisation (devolution and delegation), the principle of subsidiarity and networks are reviewed. This is followed by discussion of theoretical perspectives such as new institutionalism and policy transfer that explain the logic of changes.

Governance

The term 'governance' is widely used in a variety of contexts and relates to institutional systems in both business and government. Governance concerns the 'systems of management and controls exercised in the stewardship of an organisation' — more explicitly, 'governance processes may include approving strategic direction, monitoring and evaluating CEO performance, succession planning, financial auditing, establishing executive compensation and benefits, managing risk, disclosure and shareholding reporting' (Baldridge, 2004).

Governance may concern the way an organisation operates (Baldridge, 2004) and its governing styles and can relate to different logics and dynamics of markets, hierarchies and networks (Lowndes and Skelcher, 1998). It can be used to discuss the balance of 'power-sharing' in the economy, society and polity (Paquet, 2001). Governance concerns intangible elements such as network building in society, cooperation and social capital building. Governance is a process-oriented activity and serves to challenge more authoritarian or prescriptive approaches to administration.

There is certainly a commonality among notions of governance in a functional/operational aspect, despite a number of different interpretations. Governance is associated with the function of 'steering' rather than 'rowing' (Osborne and Gaebler, 1993). A related view suggests that 'governance involves the means for achieving direction, control, and coordination of individual or

organisational units on behalf of their common interests' (Hill and Lynn Jr., 2004, p.6). 'Directing' and 'steering' imply that governance concerns a dynamic process through which diverse interests are guided in a common direction. It can be understood as 'a process whereby societies or organizations make their important decisions, determine whom they involve in the process and how they render account' (Institute on Governance, 2003, p. 1).

Kjær cites three definitions of governance which are linked to related fields of politics: public administration and policy, international relations and comparative politics (Kjær, 2004; also see Valaskakis, 2001). Governance itself does not provide a straightforward picture about how the current system (and its surroundings) works. Rather, it highlights the increasingly complex nature of governing activities. Strategies and means for achieving better governance performance are discussed from various aspects such as the legislative framework, administrative rules and guidance, political vested interests, citizens' involvement and so on.

In this thesis the term governance is considered in a governmental context only. Governance deals with a growing trend of government becoming *an* actor in the society, but, at the same time, reconfirms the roles of the government. The focus on governance over the past two decades has attracted widespread interest in discourse about the activities of government and public administration as cited in academic and government publications and within international organisations such as the OECD (1995; 2001a). Governance directs attention beyond the formal structure of institutions to the conventions and practices that guide their operation — 'the rules of the game' — and to the relationships between those institutions and those beyond the boundaries of government, in civil society (Kjær, 2004[1]).

Analysis in the public sector reflects the changing nature of governance arrangements and the way in which governmental organisations have become more diverse and multi-faceted, departing from the traditional hierarchy. Authors writing about these changes use a range of terms to describe this transition such as: 'beyond government', 'blurring of boundaries and responsibilities', 'power dependence', 'autonomous self-governing networks' and 'new tools and techniques to steer and guide' (Stoker, 1998). Adopting market mechanisms,

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[1] '…governance broadly as the setting, application and enforcement of the rules of the game' (Kiær, 2004, p. 12). 'Governance refers to self-organizing, interorganizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state' (Rhodes, 1997, p. 15).

functional splits in the public sector, increasing interdependency among actors involved, and greater citizen involvement have also contributed to the changing environment.

Whether a country will choose to alter its institutions and governance arrangements will be affected by a wide range of economic, social and cultural factors. This thesis gives attention to only a subset of these influences and their likely impacts on governance choices. Public choice theory and new institutional economics, for instance, provide ideas and theories which have been used to explain existing governance arrangements and to argue for major reforms in the public sector. Public choice theory applies economic ideas to political phenomena and has inspired elements of public management reforms in New Zealand and many other countries. Key ideas have been the emphasis on increased transparency, the separation of policy from regulatory functions and greater contestability (Wistrich, 1992; Wallis and Dollery, 1997).

Local governance
Public authorities are becoming more engaged with other policy actors and with organisations such as community groups and private entities. This helps to explain why authors describe the transition from *government* to *governance* (Peters and Pierre, 1998; Rhodes, 1997; Institute on Governance, 2003[2]). This reconfiguration of the public sector has had implications for how power is shared between governments and other institutions and among different levels of government.

Local governance arrangements describe how governing mechanisms are dispersed across the levels of government, as well as beyond the boundary between the public and private sectors (see Lynn Jr. *et al*, 2000). Local governance influences the allocation of financial resources and institutional arrangements, across, and within, the levels of government. These arrangements will shape policy direction and coordination to achieve the targeted outputs and outcomes at the local level.

Local governance concerns the way different interests are settled among, broadly, central government, local authorities and communities. Moreover, local authorities are often sandwiched between the central government and local communities. Since the central government and local authorities remain the key actors in public administration at the local level in Japan and New Zealand,

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[2] 'Governance is not synonymous with government' (Institute on Governance, 2003, p. 1, emphasis in original).

inter-governmental relations are a crucial component in governance arrangements. In this thesis, the analysis of local governance arrangements in Japan and New Zealand is carried out under a framework that acknowledges different levels and relationships among central government, local government and local communities (see Chapter 4).

A critical issue concerning local governance relates to the balance between central control and local autonomy. It is important to note that central control does not simply imply the power of a central department, nor does active local authority always mean local autonomy. Control and autonomy can each be exercised through more complex arrangements which go beyond notions of power sharing between central and local governments.

It is not easy to describe the nature of 'good' local governance since there are various levels and tiers of government and therefore, different possible arrangements. Individuals will vary in their views as to pros and cons of a system where 'steering' is achieved largely through a traditional central hierarchy as opposed to fostering a more decentralised approach to local governance, involving greater opportunities for local leadership (Reid, 1994).

Decentralisation and devolution

Decentralisation is 'an umbrella word that shelters a number of meanings' (Boston *et al*, 1996, p.163). The process of decentralisation is an issue where political and administrative interests are heavily involved. Growing emphasis on the roles and functions of local authorities has resulted in ongoing tensions between the opposing forces of centralisation and decentralisation. Understandably, the process of decentralisation is not straightforward and can sometime induce counter-reactions which try to virtually undo the process or secure a different kind of central control (for example, Christensen, 2000). The dynamics of centralisation and decentralisation through different channels are important in considering and analysing trends in local governance.

One key element of decentralisation concerns the interrelationships and linkages between the centre and local units. These political and administrative links and changes in them over time have played a significant role in (de)centralisation processes (see Amakawa, 1983; Muramatsu, 1997). The implications for decentralisation and centralisation are different. When the transfer of functions (roles) or authority is observed, it is critical to identify what linkages have been affected and whether they have been strengthened or weakened.

The configuration of centre-local relationships is different across countries and policy domains. Muramatsu (1997) observes that political parties (rather than individual politicians) play a major role in England, whereas administrative links are significant in France. In Japan, political and administrative linkages (governing party, multiple central departments and *amakudari*) are both involved.

The term devolution is often used in association with decentralisation (Smith, 1985; Martin, 1988). Either can be employed — and is — to cover a wide variety of arrangements whereby authority, power and control are shared between parties linked vertically within a polity. Yet, in this study, *devolution* is used to designate a wholesale statutory *vesting of authority* in a sub-national body, in contrast to *delegation* meaning transfer of administrative functions without, or with very *limited*, *authority and discretion* to local authorities. Whether the authority is actually transferred (commonly to local authorities) concerns a level of local discretion and ultimately leads to a question of who is the controller.

In a local governance context, the distinction between the two is critical. Despite the decentralisation process in many countries, local governments have not always acquired greater discretionary authority with additional functions (OECD, 1997). Even when central government transfers administrative functions to local government, the overall controlling ability is often retained. Local government in such cases remains subordinate and exercises a limited amount of discretion.

The boundary between devolution and delegation relates to the issue of whether the authority is actually transferred. Under a more interdependent and networked environment, however, it has become more difficult to determine where control and the balance of power among institutions resides. When a sub-level government exerts influence on higher level decision-making authorities (see Soga, 1998), delegation can take on an element of devolution. The devolution and delegation dimensions are important aspects of the relationship between levels of government and influence whether the outcome is *imposed* or *consensual*. Delegation is far more common than devolution.

With more dispersed functions, roles and styles, relationships among authorities can be more complex than portrayed by simple expressions such as control–subordination (or controller–delegated body), as principal-agent relations in practice indicate (Boston, 1991; Boston *et al*, 1996, p. 32-35). Alternatively, different devolution/delegation arrangements and varied types of controlling/enforcement/coordination mechanisms may come forth — such as

political sanctions and administrative *ex ante/ex post* controls (refer to Lynn Jr. *et al*, 2000). The difficult distinctions between devolution and delegation reflect, in part, the shift from government to governance.

Subsidiarity

One common feature of public management reforms since the 1980s has been a shift 'from "statism" to subsidiarity' (Hood, 1990a, p. 205). Simply put, the basic idea of subsidiarity is that 'functions should be placed at the lowest level able to perform them', which reflects 'a political philosophy which seeks to locate decision-making as close as possible to the citizen' (OECD, 1997, p.52). Subsidiarity provides a useful framework for discussing the allocation of responsibility and accountability (Reid, 1999b; Guerin, 2002), and is a notion that underlies more localised administrative arrangements (Bogason, 2000). Subsidiarity can be applied 'not only between different spheres of government but also between governments and communities' (Reid, 1999b).

The subsidiarity principle is a relatively simple notion; however, attitudes to its applicability vary across countries. New Zealand's approach to the principle is close to the EU model in which 'little detailed guidance' is given regarding application (Guerin, 2002, pp. 13-14).[3]

In Japan, the range of functions undertaken by local authorities is more extensive, yet administrative interventions — which are most commonly exercised in the form of advice, recommendations, notifications, permissions, indications etc. — serve to constrain autonomous administration at the local level. Thus, while the principle of subsidiarity may be recognised, in reality, boundaries of responsibilities shared by different tiers of government are often unclear. This provides room for intervention and influences on local governments from the centre. The subsidiarity principle is applied in various ways across different jurisdictions and clarifying the nature of the roles and functions to be taken by the local level is not straightforward. Whether 'minimalist' or 'activist' approaches to subsidiarity (Wallis and Dollery, 2000b) are adopted at the local level depends on the characteristics of the policy domains, along with other factors including traditions associated with central-local relationships.

A key question arises as to whether local level actors are equipped to make a

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[3] This observation is true of the New Zealand case studies in Chapter 5: the local planning framework, the RMA and LGA 2002 are all supposed to be conducive to more local autonomy, but support or guidance from the central government has not necessarily been sufficient when required.

'fair' judgement in terms of efficiency, democracy, feasibility and so forth when applying the principle of subsidiarity. Certainly, 'to those with better information, knowledge and relationships with clients', decision-making authorities should be decentralised 'in order to increase participation, customization and innovation, and flexibility and responsiveness to clients' (Brady, 2002, p. 13). But, on the other hand, institutions at higher levels will be cautious about giving away responsibilities to what they perceive as less capable entities operating at local levels. The decision is, in the end, highly political: the appropriate level of subsidiarity will be decided taking account of different dimensions, such as democratic values, incentives for 'value for money', transitional inefficiency and prospects for long-term consequences.

Networks and participation

The network perspective is useful in that it 'broadens the relevant locus to the social, political and economic structures' (Toonen, 1998, p. 250), departing from the sole focus on formal governmental organisations. Yet, it should be recalled that the power-balance among the central government, local government and communities is still relevant when observing networks. Toonen rightly stressed the importance of 'polycentric' understanding of networks, institutions, and public management; integrating network, institutional and managerial concepts is 'the real challenge'.

The shift from government to governance places emphasis on the importance of networks and higher levels of citizen participation. The demise of simple hierarchies in the public sector brings the need for greater coordination and collaboration among organisations and individuals. Coordinating diversified actors has become essential: 'the key to effective governance is the effective management of the network' (Marsh, 1998, p. 9). Growing numbers of actors and institutions involved in public administration serve to increase the size of the management task. In studying systems of public administration, networks are defined in various ways including the notions of policy network, a general network phenomena or a mere 'metaphor' (Dowding, 1995; Sabatier, 1988; Marsh ed, 1998; Rhodes, 1997; Kickert *et al*, 1997). The perspective of network analysis covers formal and informal interactions and the different logics of managing networks. Questions arise; for example, how are conflicts resolved within a network — hierarchical order, negotiation (interaction) or more market-oriented processes?

Resources are often involved (Rhodes, 1981; 1997) since allocations of finance, personnel and decision-making authority are crucial yardsticks for changing

networks and the 'rules of the game'. Sabatier suggests that actors comprising a policy network are open to change through 'policy learning' (Sabatier, 1988; 1993; Jenkins and Sabatier, 1993), which refers to relatively enduring alterations of thought or behavioural intentions, and 'epistemic community research' contributes to observing a dynamic process (see Peters, 1998b, pp. 29-30). Changes in actors' behaviours and preferences through interaction lead to modification in policies, relationships among actors, and ultimately governance. A 'learning process' can emerge from central-local conflict (John, 1994).

Although network is often discussed under the governance notion, how inclusive it can be is unclear in a Japanese context. The network is not necessarily an open linkage, but can exclude outsiders (Schaap and Twist, 1997). The extent to which the network element can penetrate through the relatively small radius of social trust and *Okami ishiki* in Japan (see Chapter 2) remains to be seen.

Community governance
The importance of community governance has already been mentioned and is closely linked to local governance. Increasing democratic demands have been recognised at the local level (Denters and Rose, 2005; John, 2001). It is important to distinguish between a stance that recognises citizens as 'consumers' and an attempt to integrate the elements of local governance. Participatory democracy has been one of the components of recent reforms in a number of countries, but its implications for local governance are not always straightforward. John points out that; 'whilst NPM appears to be consumer-friendly, it depends on highly centralized and measured notions of consumer need. In the NPM world, objective assessments of need are preferred whilst bureaucrats ascertain citizens' views by polls, surveys and focus groups' (John, 2001, p. 160). This type of 'democratisation', despite undoubted benefits for citizens as consumers, is not necessarily conducive to better local governance.

Community governance with a democratic emphasis is based on more inclusive governing practices. In many parts of the world, there is greater recognition of the role of local government in providing a focal point for place-based planning and community governance in which the community is ultimately held responsible for setting long-term directions. Such views are transforming local governments from their service delivery role to becoming the focal point for community governance and a key organisation which can secure the delivery of community outcomes (Institute of Policy Studies, 2006).

The term 'community governance', therefore, has the potential to transform the role of local governments from service delivery to a role in governing all aspects of the local community. Banner (2002), commenting on the emergence of local governance in Western Europe, identifies a number of contributing factors, including:

- growing awareness of cities that they are in competition with other locations at regional, national and international levels and the need to capitalise on their strengths;
- the growing recognition of the need for partnership, joint ventures among private, public, voluntary and grassroots organisations;
- greater awareness of the ability of communities as problem-solving resources which should be harnessed for the benefit of the community;
- reorganising the bureaucracy in order to achieve the objectives of globalisation, market orientation and democratisation.

Clearly, citizens are not only 'consumers', but are rather likely to be 'partners' in a more integrated manner (OECD, 2001b). Such an inclusive style, whether or not labeled community governance, has been discussed in various contexts such as planning (Innes and Booher, 2002; Brody, Godschalk and Burby, 2003), networks (Kickert and Koppenjan eds, 1997), social capital (Connick and Innes, 2001) and civil society (Deakin, 2001), as the linkage between community and local authorities becomes more multilateral. It is pertinent to note that the growing trend is the reflection of an emerging local governance. Whereas the integrated local governing style is still often observed from the public sector side under a strategic perspective, the same phenomena can be viewed from the community side that places more emphasis on *mutual* trust and *reciprocal* interests. The latter community governance perspective is indispensable in the discussion of local governance where government is *an*, not *the*, actor in administration.

Institutionalism

March and Olsen received considerable attention when they introduced the term New Institutionalism (March and Olsen, 1984). In a more recent article they note:

Institutionalism … connotes a general approach to the study of political institutions, a set of theoretical ideas and hypotheses concerning the relations between institutional characteristics and political agency, performance and change. Institutionalism emphasizes the endogenous nature and social construction of political institutions. Institutions are not simply equilibrium

contracts among self-seeking, calculating individual actors or arenas for contending social forces. They are collections of structures, rules and standard operating procedures that have a partly autonomous role in political life (March and Olsen, 2005, p. 4).

As this description suggests, multiple approaches are possible depending on which institutional elements are given more weight. The concept has gained wide popularity in the field of political science and the policy sciences.

Hall and Taylor (1996) have broadly classified institutional studies into three broad types[4]: Historical; Rational Choice; and Sociological Institutionalism as reviewed in Thelen, 1999; Remmer, 1997; and Kato, 1996. Logics spanning from 'historical' factors to more cultural 'normative' or 'symbolic' elements are mentioned. The three broad categories now briefly reviewed provide valuable insights for this study.

In an era of governance, a focus on political processes and institutions has much to contribute in providing a theoretical underpinning to public sector reform. *Historical Institutionalism* suggests that individuals are 'deeply embedded' in a 'world of institutions' — formal and informal procedures, routines and norms. These *institutions* influence the 'very identities, self-images and preferences of the actors'. Such institutions are often 'taken-for-granted' and therefore escape direct scrutiny; their consequential dominance of the policy context tends to reinforce resistance to the influence of *individuals* (Hall and Taylor, pp. 939-940). This approach helps to explain why the *status quo* is so often maintained, and offers an explanation as to why some reform attempts, that pay insufficient attention to the historical and institutional setting, are unsuccessful. These views are closely related to the concept of path dependency (see below).

The approach of *Rational Choice Institutionalism* suggests that institutions are more open to change and this school acknowledges frequent interaction between institutions and actors. Rules, procedures and structures are not irreversible or detached, but are closely related to actors' expectations and interests. Institutions are not static, but a more 'strategic' arena. Whereas institutions confine actors, actors are actually creating institutions to serve their desires at the same time. Agents are not assumed to be passive; rather, they employ autonomous strategies for achieving personal goals (Peters, 2000).

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[4] Peters (1998c) distinguished seven types of different approach: Historical Institutionalism; Rational Choice Institutionalism; Sociological Institutionalism; Normative Institutionalism; Empirical Institutionalism; International Institutionalism; and Institutions of Mediation.

Sociological Institutionalism draws attention to concerns about cultural and cognitive issues, making the concept of 'institution' and 'culture' overlap one another. 'Institutions influence behavior not simply by specifying what one should do but also what one can imagine oneself' (Hall and Taylor, 1996, p. 948). This broad notion of institution shapes values and preferences on which strategies and 'rational' decisions are made. The boundaries among institutions, individual and society are amorphous, which can lead to an epistemological argument. At the policy level, this perspective is useful when considering longer-term reform directions. While society can fashion institutions, certain policy choices can trigger institutional changes over the mid- to long-term.

The latter two perspectives of institutionalism give some encouragement to reformers, as they suggest that institutions are open to change, and that the level of influence of institutions will depend on: distribution of authority (decision-making power) and funding power (Bailey, 1999; C. Scott, 1988); measures of control (Rhodes, 1981); and community involvement (Boston, 1988). The balance of influence between institutions and actors varies in terms of policy and projects. Political actors may overcome institutional constraints to pursue their interests; on the other hand, institutional constraints may thwart individual efforts.

From the cognitive and interpretative level of institutionalism, different forms of authority in Japan, for instance, *amakudari* and informal administrative guidance (*gyosei shido*) (see Chapter 2), have significant implications for those in political and administrative institutions. It is not irrational to assume that different types of institutional, political and bureaucratic actors in a polity oriented towards economic theory will see themselves differently (Boston, 1991).

Relations between the public sector and the community can also be influenced by policy choices. Inclusive arrangements may gradually change the conception of what is legitimate governance. Ideal for governance are institutions that 'realize the ideal of self-government', where individuals are 'able on the basis of critical reflection to take responsibility for living under a system of common rules' (Peterson, 2000, p. 259). Whether or not such an institution can be intentionally fashioned is another issue, but recognising both established arrangements and broad cultural aspects provides support for adopting an integrated approach between the public sector and communities.

Understanding the effects of institutionalism on governance remains a challenging task. March and Olsen (2005, p. 12) suggest: '[scholarly]

accomplishments are dwarfed by the number of unanswered questions about the processes that translate structures and rules into political impacts and the factors that impinge upon them under different conditions. This is also true for how institutional order impacts the dynamics of institutional change'. While new institutionalism provides valuable explanatory frameworks, employing it in a deductive manner may not be as practical. Thelen (1999, p. 400) suggests 'the key to understanding institutional evolution and change lies in specifying more precisely the…mechanisms on which particular institutions rest'.

The three broad categories of institutionalism identified by Hall and Taylor (1996) and others have characteristics in common, albeit to varied degrees and at different analytical levels. They see institutions as independent variables that influence actors. At the same time, institutions are not immune to pressure for changes; actors and society always have influence. It is not a unilateral causal link, but focuses on interdependency between relatively dependent elements.

When the driving force of administrative reform is considered, two different approaches are commonly mentioned. One puts its focus on economic logic, which often begins with individual actors (Public Choice Theory) as the focus of analysis. The other mainly observes political aspects and institutions surrounding individuals (New Institutionalism). It is important to note that neither perspective is exclusive of the other, and both try to elucidate the complex dynamics between individuals and organisations.

Public choice theory sheds light on the basic behavioral pattern of individuals, who are assumed to be seeking the maximum benefit for themselves or their organisation. Public choice approaches are often discussed in the context of institutionalism (see Peters, 1998c; 2000; Kato, 1996).[56] The public choice framework is often described as 'the economics of politics' and the theory applies concepts of self-interest and maximising utility to the behaviours of politicians, bureaucrats and their organisations.[7] Politicians aim to win maximum votes (Downs, 1957), while bureaucrats aim to acquire a maximum amount of budget (Niskanen, 1971).

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[5] One example of this perspective is mentioned in Allison's classic analysis of the Cuban Missile Crisis (Allison, 1971). Attention is paid to the influence of 'rational actors' pursuing national interests relative to an 'organisational process model' and 'governmental politics model'.

[6] The 'rational' based analysis is, of course, not all about individuals, and its perspective informs institutional analysis. Principal-agent theory, for instance, has an analytical scope where organisations or individuals (as agents, for instance) operate within contractual arrangements, formal or implied.

[7] Public choice theorists such as Buchanan and Tullock (1962) view the dynamics in the public sector from an economic perspective and have a preference to minimise 'political' processes.

The economic perspective cannot provide a 'cure-all' prescription for a troubled public sector, and instead highlights the position of political elements or other values such as democratic participation that can be seen as a 'waste' in terms of efficiency. There is a risk that the rational choice theorists' 'powerful deductive framework … and concepts lead to a temptation to tautological or *post hoc* explanation' (Gownder and Pekkanen 1996, p. 384). Governance in particular is not only about economic efficiency, but more about intangible elements such as network building in society, cooperation and social capital building. All involve complicated processes, which themselves contribute to governance. The 'rational' actor perspective should be coupled with institutional views that embrace more political and value aspects.

Path dependency

> Path dependency means that history matters. We cannot understand today's choices without tracing the incremental evolution of institutions. But we are just beginning the serious task of exploring the implications of path dependence. … We need to know much more about culturally defined norms of behavior and how they interact with formal rules to get better answers to such issues (North, 1990, p. 58).

Path dependency has been mentioned earlier in this chapter in the context of Historical Institutionalism. As North explains, the notion of *path* is extensive, ranging from organisations to less tangible cultural elements. When countries engage in governance reforms, expected changes do not take place dramatically. Shifts are likely to occur rather gradually, affecting constitutional arrangements, existing vested interests, administrative arrangements, organisational practices and social culture. Path dependency illustrates the difficulty of introducing changes and explains some of the difficulties of altering existing institutional arrangements.[8]

What keeps *paths* in place may concern: 'benefit of institutional revision'[9]; 'vested interests'; and 'transition costs of institutional change' (Alexander, 2001). These elements underpin present structures and arrangements and establish paths which shape the present relative power balance and tend to maintain the

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[8] From a broader perspective, path dependency does not necessarily signpost the difficulty of any change. If an historical path has had an inclination towards constant changes, then the path would make reform attempts easy (Pollitt *et al*, 2004). In this thesis, however, the path especially in the Japanese context is taken to be an important factor inhibiting reform attempts.

[9] It can be predicted that potential changes will generate short-term benefit for some groups, but not for wider groups in society, which would make them a politically less popular choice. Alexander employs sub-categories under these three elements. In detail, see Alexander, 2001, pp. 255-260.

status quo. Similarly, Clingermayer and Feiock (2001) identified 'self-reinforcing nature' in their analysis of local government. '[City officials] are not free to act on [greater information about policy outcomes] because of the short-term costs of institutional change which are themselves a product of the existing institutional arrangements (p. 127).

The scope of analysis is not confined only to current arrangements both within and across institutions, but inevitably covers historical background. Some studies place a particular focus on long-tem historical build-ups in analysing administrative reforms and the style of current governance (Jann, 2003; Kickert, 2003) Cross-national comparison, which is intrinsically a comparison of different historical paths, has been approached from the path dependency perspective (Wilsford, 1994; Cheung, 2005). In these studies, the path dependency approach 'emphasizes the institutionalization and consequent continuity of policy and the difficulty of securing significant change (Greener, 2002)' to a varied extent.

What should be emphasised is that path dependency concerns 'historical contingency, but is not strictly about historical determinism' (Wilsford, 1994, p. 275). Wilsford identified the differences of 'strong history', 'medium history' and 'weak history' among four nations. The way to 'unlock' the path should be diverse and possible changes would be moderate, as the origins of the existing path are ubiquitously found in constitutional design, political/administrative arrangements, institutional legacies and so forth.

This study assesses changes in governance arrangements which are considered mainly from the perspective of relative (rather than absolute) strength. The ultimate question concerns how the changes in the balance of power can be brought about. Given that sources of power are dispersed, not centralised, changes of paths are required in many areas, which is not always easy. Whether or not proposed reforms can establish a new path is difficult to predict, but some impetus might be necessary. Analytical concepts such as the 'garbage can model' (Cohen, March and Olsen, 1972) and 'policy window' (Kingdon, 1984) explain how incidental forces can be important in bringing forward a new development. Certainly, a 'contingency of circumstance' (Greener, 2002, p. 164) may be necessary to break through a deadlock of historical paths. New Zealand reform in the 1980s, for example, can be viewed as such a case (for example, Boston, 1989; Easton, 1997a; Goldfinch, 1998; Aberback and Christensen, 2002).

Whereas such incidental, or opportunistic, causes of change explain what has occurred, it may not be practical to count on such incidents in probing possible changes for better administration. Otake (1990) points out that these policy models are inclined to over-emphasise the incidental factors in the policy process, and to place less focus on the existing institutional setting and norms. A similar view is also expressed by Heimer and Stinchcombe (2000) as various organisational constraints actually reduce the 'randomness'. As discussions on institutionalism suggest, however, there is always scope for changes to emerge from the dynamics among institutions and actors and society. Reformers can propose ideas that are expected to stimulate dynamic interactions among institutions and agents, which may lead to a 'policy window'. It depends on each particular environment whether administrative reform remains incremental or not.

Policy transfer and lesson learning
When a cross-national comparison is attempted in the search for a desired administrative system, drawing lessons requires an examination of 'candidates' from institutional, social and historical perspectives. Neither 'policy' nor 'lesson' can be properly understood outside particular national contexts. Policy transfer and lesson learning need in-depth comparative understanding. Both encourage reform advocates in their belief that adopting new ideas and institutional arrangements can break through challenges stemming from existing systems and processes. The extent of public sector transformation, often dubbed NPM reform in many nations, for instance, can be partly attributed to the internationally shared or transferred motives and models (Halligan, 1996). Nakano (2004) meanwhile observed the Japanese 'agencification' attempt, following the British government model, and its limited success.

The scope of lesson learning is expansive. Dolowittz and Marsh (1996, pp. 349-350) identified seven objects of transfer: 'policy goals; structure and content; policy instruments or administrative techniques; institutions; ideology; ideas; attitudes and concepts; and negative lessons'. In addition to such a wide range of targets, incorporation of lessons into a different system can occur at various levels. It can take a form of: 'copying'; 'emulating'; 'hybridization'; 'synthesis', and 'inspirations' (Rose, 1991b, pp. 21-22). Agents of transfer include: individuals (politicians and bureaucrats); networks and organisations (central departments and agencies, local governments, quangos, political parties), taskforces, and commissions of inquiry (Stone, 1999). These varieties clearly reflect the volume of policy transfer having occurred both within and across nations over the years.

The key question about lesson learning is 'under what circumstances and to what extent would a programme now in effect elsewhere also work here?' (Rose, 1991b, p. 4). Determinants for success or failure are literally countless without conceptualisation, as the variations of policy transfer indicate. *External*, or given, environmental factors surely affect lesson leaning. Among them are: elections (either at central and local level), existing institutions (commissions of inquiry, policy units and research bureau), economic circumstances (Stone, 1999), and whether or not there is *coercive* force (Dolowittz and Marsh, 1996)

Importantly, *internal* factors may become critical in policy transfer. The lesson drawing process itself can be highly political. Whether or not particular lessons are actually transferred depends on actors' 'rational' decisions or institutional preferences. As a part of policy learning, May (1992) identified 'political learning', which is concerned with 'lessons about manoeuvring within and manipulation of policy processes in order to advance an idea or problem'. Evans and Davis (1999) illustrate stages that voluntary, as opposed to coercive, policy transfer may go though.

Table 3.1: Policy transfer process

1 Recognition	**2** Search	**3** Contact	**4** Emergence of information feeder network
5 Cognition & reception	**6** Emergence of policy network	**7** Elite & cognitive mobilisation	**8** Interaction
9 Evaluation	**10** Decision enters policy stream	**11** Process	**12.** Outcome
Source: Evans and Davis, 1999, p. 377, modified			

Beginning with problem recognition by decision-makers and a search for solutions, the policy transfer process may see the mobilisation of potential agents of policy transfer and the formation of networks (Stages 1 – 4). Information given by feeder networks will be examined and then policy networks may appear (Stages 5 and 6). At this stage, it is considered that the transfer process has a bias against certain input. Agents of policy transfer try to attain support through exchanging knowledge (Stages 7 and 8). Then details of transfer such as goals, structures, ideas, types of transfer (see Rose, 1991b)

and prerequisite of policy transfer are examined (Stage 9). Finally, policy transfer may manifest itself in an actual policy outcome, whether or not the intentions discussed at earlier stages remain intact.

In this illustration, it is apparent that the political intentions of 'elites' such as politicians and bureaucrats have significant influences throughout the policy transfer development. Such a political aspect has been recognised in many studies. Rose (1991b, p. 6) notes that 'the choice depends upon a subjective definition of proximity'. The reasons an individual engages in policy transfer might be to justify an action already taken or a decision already made to utilise an overseas idea or institution (Dolowitz, 2003). In the discussion of postal-service privatisation in Japan, for instance, pro-reform advocates cited Germany as a valuable lesson while New Zealand was referred to by anti-reformists. There is also a possibility that political pressure in an implementation stage alters the original intent of institutions which were created through lesson learning (Dolowitz, 2001). Given such a context, specific questions such as: *what* is transferred; what *degree* of transfer occurs; *who* transfers policy; *why* is policy transferred; and what *constrains/facilitates* policy transfer, need to be examined (Dolowittz and Marsh, 2000).

Although the political element is inevitable, it is not the only one that has significant implications for lesson learning and policy transfer. Administrative issues such as funding arrangements and resource allocation are most likely to have an impact on, or limit, lesson transfer; institutions in place are very important. Institutional design is a critical basis for policy transfer (Radaelli, 2000), and institutional biases determine what options are legitimate and appropriate (Lodge, 2003). Wolman and Page (2002, p. 497) also recognised that the 'institutional structure … has an impact upon patterns of borrowing and diffusion', as information necessary for policy transfer is managed in given frameworks. Historical *paths* found in every corner of the institutions and systems may fetter or facilitate the opportunities.

Complexity surrounding lesson learning is attributed to many variables discussed above. In-depth case studies show such a multi-faceted nature. Jacobs and Barnett (2000a), for example, revealed a 'messy process' in the New Zealand policy transfer case where networks, taskforces and existing institutions interact extensively. It is little wonder that there are abundant case studies whereas theoretical and hypothetical perspectives are based on limited cases (Massberger and Wolman, 2003).

In sum, in considering lesson learning and policy transfer, heed needs to be paid to different social contexts as individual elements have different meanings in the institutional context. This does not necessarily require the examination of fundamental epistemological issues (Marsh and Stoker, 1995, pp. 182-183; Hague *et al*, 1998, pp. 273-274), but different logics need to be clearly identified. Political implications, institutional settings and *paths* all figure in the policy transfer. Obviously, borrowing systems and ideas does not lead to uniformity, but requires modifications. This also applies to transfer within a country; diversity is not only across nations. Policy reform through lesson learning and policy learning is opposed to 'one size fits all' prescriptions (Peters, 2003). Policy transfer connotes more divergence, rather then convergence under an objective 'good practice'. Paradoxically, in order to rationally understand the policy transfer process, it is necessary to explain how seemingly 'irrational' reasons actually guide the process.

Conclusions

Public management reforms have led to more fragmented institutional arrangements in the public sector, creating problems surrounding coordination and cooperation (see Peters, 1998a; Boston, 1992). NPM reforms have changed the role of public authorities and shifted their focus from controlling to deciding overall direction and setting rules. Negotiations among organisations have become a more central issue, taking the place of strict control from the top (Bogason, 1998). Also, vertical specialisation of the central bureaucracy diminishes the potential for political control; agencies at the centre tend to have less contact with other ministries than their own 'parent' department (Egeberg, 1999) and agencies do not always place a priority on a parent ministry's political leadership (Egeberg, 1994).

Certainly, more market oriented (or at least quasi-market) mechanisms can serve to reduce political control.[10] This issue often surfaces as a thorny problem when political accountability virtually disappears in an arrangement involving 'arm's' length' relationships. This has been seen in New Zealand and other countries that have adopted an 'agencification' model particularly in on-going debate about the role of crown entities and state-owned enterprises and the degree to which they should be subject to direct influence from governments.

A focus on local governance means that central-local relations are no longer

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[10] It is argued that, for example, the use of contract – a typical move under governance – undermines political control and instead increases the influence of administrative and agency leaders (Christensen, 2001).

discussed only in terms of central-local *government* issues since consideration must be given to the role of other formal and informal influences involving the private and community sectors. The merits and demerits of establishing a particular balance between central control and local autonomy inevitably require consideration of a number of important issues, including economic efficiency (particularly concerning economies of scale) and democratic participation and accountability (Saunders, 1982). At the same time, there are many ways in which local governments and communities can strengthen local governance. For example, Hansen (2001) suggests that local councillors and councils should not be the only 'goal-steering leaders', but should act as a 'co-governors' or 'guardians' in the face of plural interests and opinions at the local level. The governance process inevitably carries the task of prioritising different values.

The governance trend is not the demise of politics or bureaucracy. Bureaucratic arrangements have undergone substantial changes, yet the bureaucracy remains indispensable when the public sector is reformed. This is because of the nature of public administration in which market logic alone falls short of finding solutions (see Self, 1993). The general influence of political leadership may have decreased, but political intentions can be readily conveyed throughout each policy process and institutional arrangements: appointment of an agency's executive members is one example; and budget allocation, which is supposed to be more impartially and strategically based, can be influenced by political heavyweights or political parties. There is a growing consensus that benefits can be gained by enhancing leadership at the local level for the strategic and steering roles from public authorities (Hansen, 2001; Reid, 1994).

In these discourses the boundary between politics and administration is not straightforward; fragmented political and administrative functions increasingly interact. Also, a simple dichotomy between politics and bureaucracy does not offer a useful view in such a situation since central political or administrative actors cannot collectively control all the institutions. Self (1997) notes that under the notion of governance, theoretical attentions are shifted away 'from the political-bureaucratic relationship to a concern with the mobilisation of institutional resources in society in order to pursue public policy goals' (p. 17). The shift from *government* to *governance* poses challenges for traditional governments (politics and bureaucracy) as they respond to and engage with networks and non-state actors while still seeking to enhance their abilities to influence and steer. Greater contestability in policy and service delivery has brought the need for more horizontal and vertical cooperation and collaboration to deliver 'whole of government' solutions.

Chapter Four — Analytical Framework

Comparing local governance systems

This thesis adopts a national comparative policy approach to examining local governance arrangements in New Zealand and Japan. This chapter develops an analytical framework to discern factors that facilitate or alternatively hinder stronger local governance. In later chapters, focused comparisons of policy experiences in New Zealand and Japan under different local governance settings are provided to inform policy transfer and lesson learning. The case studies provide an information and evidence base that is drawn upon in projecting the likely impacts of changing local governance arrangements in Japan.

Discourse on comparative policy analysis attained prominence during the 1970s. Among its aims was 'to assess if specific policies could be seen as having a "life of their own", that evolved analogously out of the programmatic requirements in spite of respective nations' differing politics, structures, and culture' (Deleon and Resnick-Terry, 1999, p.10). The general focus of comparative analysis was on explaining the differences and similarities among nations through *descriptive* analysis, rather than developing *theories* or *conceptual* frameworks (Deleon and Resnick-Terry, 1999; Otake, 1990).[1]

The diversity of characteristics among nations has been a deterrent to the design and application of 'mega-policy models' that can be used in comparative analysis. Far more common has been the use of comparative analysis in which authors test 'discrete hypotheses in specified settings' (Deleon and Resnick-Terry, 1999). This approach is an attempt to find a compromise between *universality* (of theory and analytical framework) and *particularity* (the uniqueness of each country's context). While descriptive explanation on its own does not necessarily lead to theoretical understanding, examining different country experiences from a comparative perspective offers opportunities for practical lesson learning and policy transfer.

Cross-national comparisons often extend beyond two countries (see, for example, Rowat, 1988; Norton, 1994; Kubota *et al*, 1997). Some of these studies explain similarities and differences among countries in a less theoretical

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[1] Nevertheless, it also can be said that 'all explanatory research is, by nature, comparative' (Holland, 1986, cited in Hague *et al*, 1998, p. 272). Undoubtedly, any explanatory description is hardly possible without placement in its different (comparative) historical context and implications.

manner.[2] This study, by comparing experiences in only two countries, restricts the scope of analysis so as to focus on specific aspects of local governance. A key variable under consideration relates to the relative power balance among actors who influence local governance activities. Variables that influence similarities or differences are studied in terms of their influence on the power balance.

There are various analytical viewpoints which can be used to assess the impacts of changing the power balance between central and local governments. This literature is helpful in defining and evaluating ways to strengthen Japan's local governance system. One useful approach is an investigation of the relationships between politics and bureaucracy (Peters and Pierre eds, 2001; Pierre *ed*, 1995; Hojnacki, 1996). Pierre (1995b), for instance, provides a cross-national comparison of political-bureaucratic relations, recognising that Japan has 'the fairly smooth politico-bureaucratic interaction'. This concerns the degree to which political and administrative careers are intertwined or separated in practice and culture. For instance, civil servants may turn to pursue political careers, whereas politicians may hold administrative offices (Pierre, 1995b, p. 208)

Table 4.1: Patterns of political-bureaucratic relations

		Career patterns	
		Integrated	*Fragmented*
Organisational	*Integrated*	Japan	Germany, Britain
structure	*Fragmented*	France	Sweden, US
			Source: Pierre, 1995b, p. 208

Another approach relates to changes to organisational structures and the interactions between ministers and officials. Changes in economic and political factors can provide important influences on the nature and timing of public administration reform (for example, Ashford, 1988; Nakano, 1998b; Noble, 2005).

Another useful perspective on comparative local governance comes from studies of the linkages between the public sector, the private sector and civil society. The importance of these linkages has been observed (for example,

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[2] Deleon and Resnick-Terry (1999) noted, concerning a less conceptual framework-oriented manner, that 'even books that were nominally comparative in nature were collections of national studies, with perhaps a comparative epilogue'. This type of comparison may be referred as a 'multiple countries without concept' style (Rose, 1991a).

OECD, 2001c), and been closely associated with public sector reforms in many countries. For example, management practices relating to business and the private sector have been introduced into the public service (Osborn and Gaebler, 1993). Over the past two decades, citizens have become identified commonly as 'consumers' and quality of service has become a priority, in contrast to practices under a traditional Weberian public service model.

Public administration is 'the key output linkage of the state towards civil society', and 'the interface' is a two-way process between policy designers and citizens (Pierre, 1995a). Civil society is now more easily approached through public administration systems and public services. In particular, consultation and participation are now used to obtain input from citizens surrounding service delivery and major policy initiatives. More extensive provisions for citizen consultation and participation are a sign that the power balance between central and local governments is changing. In addition, collaboration between government and other organisations is increasing, and public and private sector partnerships are now more common than in the past (OECD, 2001b; Cribb and Berthold, 1999; Lowndes and Skelcher, 1998).

The relationship between the public sector and society is dynamic and evolving. This dimension can be observed and perceived as leading to increases or decreases in social capital (Wallis and Dollery, 2002b; Robinson ed, 1997; 2002). Different stages and kinds of relationships can be understood more clearly by observing how society is included in (or excluded from) public administration arrangements.

Comparative analysis of local governance in this study includes central-local relations (intergovernmental relations) and public sector-society relationships set within a political and cultural context. DiGaetano and Strom (2003) offer an example which combines the structural, political and cultural contexts. Sellers (2002) explores intergovernmental relations at the local level with a focus on the economic and social context. Peters (1996) compares governing styles and associates these with several different features, including elements of structure and management. The strength of inclusive models is that they facilitate the explanation of similarities and differences among nations (or within a nation) within an analytical framework, with less 'residual' explanation.

In analysing the differences and similarities, cultural, historical and societal accounts – which are not fully incorporated in analytical frameworks – are always possible, and certainly provide valid explanations. Yet, too much

dependence on these 'residual' accounts carries a risk of accepting the present situation. DiGaetano and Strom (2003) note that 'the utility of the comparative cultural analysis lies in its explanation of how historically and socially embedded systems of values enable certain modes of governance to persist in the face of structural change. But in this strength also lies its weakness; it explains persistence much better than change'. Given the importance of the cultural and societal elements, though, the analytical frameworks need to incorporate these in a controlled manner.

The study of central and local government arrangements necessarily deals with many areas and dimensions. Various resources and rules of the game originate from financial arrangements, structure and other factors. Given the complexity of the interrelationships, it is little wonder that simple nationwide comparisons are not feasible. Page and Goldsmith (1987) indicate the importance of comparison across policies, along with nationwide comparison, pointing out that 'local discretion appears to vary more between *services* than between *states*, and it is impossible to state that any one country has a more restrictive regime than another' (p. 161, emphasis added). Different landscapes of central and local relations can be revealed in different policy fields.

The framework employed concerns the power balance among the central government, local government and civil society and aims to encompass the multiple facets of local governance. Power balance varies across policy areas in a single nation, as well as among nations. The concept of power balance is influenced by many variables and factors: some are found in the structure and written rules (legislation) while others emerge less clearly; for example, in an 'informal enforcement' (Haley, 1991) or as 'social capital'. The number of influences on the balance of power make it difficult to establish the causal links between a power shift and the relative strength of different variables.

Comparative framework
The proposed comparative framework provides insights into differences in national system features and national characteristics within specific policy areas. It aims to provide a holistic nature of local governance without being overly-complicated. The analytical framework for local governance in this study involves three units:

- ・Central Government (CG)
- ・Local Government (LG)
- ・Local Communities (LC)

The focused comparisons and discussion in later chapters will deconstruct these units into their component parts, in order to analyse the sources of power balance and the nature of connections among units. As discussed in Chapter 2, the 'core' institutions of government seem to be giving way to emerging networks and public entities. Despite this, the roles of government organisations in the new environment remain significant and require examination. Therefore, the analytical units cover the traditional government settings *and* beyond.

CG signifies a wider analytical unit than the departments of the national government. Other public agencies also represent the national interest which extends beyond the boundaries of individual local authorities. Agencies within the ambit of CG are assumed to have some capacity to direct and influence the activities of sub-national or local government bodies. The status of CG is commonly established in legislation; key dimensions are fiscal control and decision-making authority (the level of discretion in respect of local activities). This CG unit – more than the 'core' government – reflects, in part, the issues which have arisen in the context of public management reform, such as separation of functions and contracting out or out-sourcing.

LG similarly extends beyond the 'core' institutions of local government. Locally-based organisations such as boards or quangos are included. Entities comprising LG are defined as having powers and authority that impact on a defined population within geographical boundaries. Competency of LG (no matter what form it takes) is a prime factor of strong local governance. The capacity of LG to achieve local objectives may be positively or adversely affected by the various influences that CG may exercise. Relations between CG and LG are expected to vary across policy domains over time.

LC includes citizens, local level networks and interest groups, and private and voluntary organisations that comprise civil society and have interests in the activity of government at the local, as well as national, level. LC is more difficult to define than CG or LG because it often lacks clear statutory foundations. The governance functions of LC can be less tangible than CG or LG, and may not be confined to local administrative boundaries. A local community's interests may transcend a single local authority's ambit. Conversely, strong LC capacity from beyond the local boundaries can be concentrated on a single local authority, for example, in cases such as environmental protection. The interests and voice of business are also a source of LC influence.

Consensual/Imposed continuum

The framework used in this study will identify patterns of relationships among the three parties, CG, LG and LC. The interactions among these parties are complex, multi-layered – e.g. tax and financial arrangements, institutional arrangements, resource-allocation patterns – human resources, information and expertise – and therefore elusive. A certain measure of simplification is required for a comparative framework to avoid analysis being reduced to description (Lidström, 1999). Analysis of power relationships at a high level aims to explain them in a manner that allows comparisons to be made and insights to be gained about possible changes in the future. To avoid over-complication, factors other than 'power' affecting governance are *not* explicitly built into the proposed hypothetical settings. These factors, such as 'policy style', 'pattern of subordination', 'governing logic' and 'key decision-makers' (DiGaetano and Strom, 2003; Sellers, 2002; Pierre 1999) will be incorporated into explanations of the success or failure of the focused comparisons.

The nature of each of the complex relationships among these three analytical units will be plotted on a continuum between two poles — *Imposed* (unilateral) and *Consensual* (bilateral or multilateral). At one extreme, the power of one unit imposing its will on the other parties is dominant; at the other there is a pattern where consensus among analytical units takes shape. The manner of exerting influence by one partner as well as the relative strength is considered (see Bovens eds, 2001, p. 16; Akizuki, 2001b, pp. 109-115).

The diagnosis of where a case stands on the consensual/imposed continuum is a key point in the study of local governance. The causal link between particular elements in the relationships and the results may not be seen clearly at the early stages of reviewing a particular case. But, through explanation of the criteria for success or failure of governance (see below), the nature of the power balance is clarified. It is also important to be reminded that in this analysis each unit is treated as a relatively monolithic entity, even though it is recognised that each unit may, in reality, contain conflicting interests. Despite these simplifications, it is possible to use the proposed framework to compare different local governance arrangements and to explain changing dynamics over time.

In general, hierarchically-imposed interactions are characterised by mechanisms such as top-down budgetary controls, tight planning and strict contractual arrangements (such as control of output, not outcome). The prioritised values are likely to be directed to administrative efficiency (value-for-money, avoidance of duplication). Local democracy and capability are likely to be of lower priority.

The possibility of entry into the process by new local stakeholders is relatively low in such an environment and, if it exists, is likely to be tightly controlled. Conversely, consensual relations are expected to be more pragmatic — a repeated interactive process where levels of government institutions, citizens and other groups participate in the governance process. Democratic values and flexibility are common features of consensual systems.

The consensual/imposed nature is examined in respect of *three* dimensions: [CG-LG], [CG-LC] and [LG-LC]. In this model, the position of local government, for example, is examined in the context of both intergovernmental relations and the relationship between the public sector and society. The three axes formed are explained as follows:

CG-LG: This axis represents the relationship mainly between central government and local government; the nature of this relationship can range from *imposed* — where the central government is dominant, authoritarian, or interventionist, using statutory powers, planning schemes, ability to allocate resources (such as information, personnel and finance), and 'administrative guidance' (*gyosei shido*) to determine the activities of local government, to *consensual* — in which the local body has some discretion to make decisions locally and to alter central government policy to accord with local needs and desires (see Chapter 3). The interaction between public entities pursuing national interests and local-level actors is of particular importance. The way different priorities (such as economic efficiency for a central public entity, or avoiding local burden by a local authority) are reconciled is one decisive area.

> *The key research question here is: how influential is central government (and other national bodies) over local government?*

CG-LC: This axis embodies the relationship between the central government and local citizens and other local stakeholders. At one pole there is a pattern of relationships in which central government ministers, agencies or members of parliament influence local developments without input from the local citizens; at the other, interaction between local citizens and decision-makers at the centre may be recurrent. In a centralised and/or corporatism environment, this axis may be a critical component for local level administration.

> *The key question here is: to what extent does central government influence local citizens and local stakeholders? Is there any pathway between CG and LC?*

LG-LC: This axis epitomises the style of local government which relates to those living within territorial boundaries. At the imposed pole the local body's power and authority is exercised unilaterally; at the consensual pole local leadership is exercised through more inclusion in the form of consultation and participation. In addition to the relations with citizens, the local level public-private (business sector) relations have been approached from the urban regime perspective[3] (Harding, 1994; John and Cole, 1995; Kantor, Savitch and Haddock, 1997). For instance, the level of public dependence on the private sector and the role of the private sector in the decision-making process are among discussion agendas, as regime theory 'highlight[s] the opportunity and the costs of forms of government based on a close relationship between public and private decision makers' (John and Cole, 1995, p. 383).

> *The key agenda here is: to identify and analyse the nature of local leadership by local bodies.*

When these three axes are combined eight possible patterns of linkage result among three analytical units (CG, LG and LC). Each of these eight hypothetical possibilities (set out in graphic form below) is outlined.

Eight different governance settings
In Diagram 4.1 (next page), eight patterns of governance settings are shown. The eight possible hypothetical situations provide the means of looking at alternative relationship patterns among CG, LG and LC in the focused comparisons undertaken. These hypothetical settings (as discussed above) provide a tool that assists in organising the analysis of the environment of different policy areas; some would further the cause of stronger local governance while others would not. Also, the eight types of classification are expected to serve an heuristic purpose to show different possibilities, as well as to provide alternative options that may see 'a certain detachment' from the present environment, which allows for freer thinking for alternatives and clearly highlights differences and similarities among options (Lidström, 1999, p. 109).

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[3] The regime perspective concerns the CG-LG aspect too.

Figure 4.1: Eight governance classifications
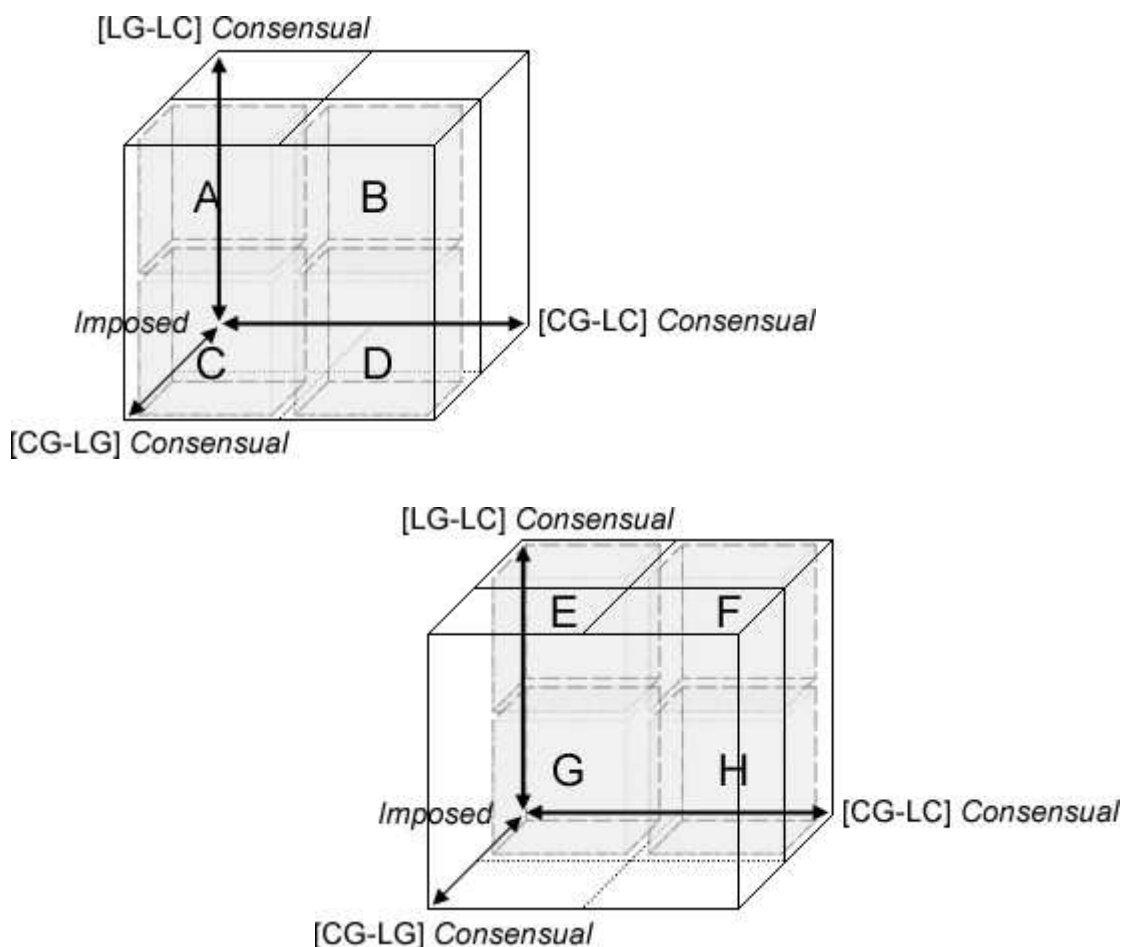
In the following explanation, each governance setting, a foundation for comparing and assessing specific policy areas, should be recognised as a deductive or hypothetical idea. This classification applies to individual policy areas: roading, emergency management and environmental administration. Explaining a nation-wide tendency may also be possible if shared characteristics are found among multiple policy areas. The characteristics described below are hypothetical conditions that are likely to occur (Headings A to H below correspond to the eight dimensions in the diagram.)

A. *Local governance with local unity*
In model [A], local authorities may decide the general direction of local policy through consensus-building at local level. They also have a chance to insist on local interests in opposition to central government, even though the route between central government and the local community may be limited or one-way only — from the top. In such circumstances, local communities and other organisations at local level presumably turn to local authorities that adopt

consensual attitudes in their relations with them. The challenge for local authorities is how to cope with the unilateral position taken by central government in its approach to a local community. (For instance, if a locally-based board is virtually controlled by CG, then the governance ability of LG is restricted.) This setting is thought to be one providing ideal conditions for local governance. The optimal scenario in this setting from a local government point of view would be that the central government leaves local-level issues largely to local authorities, and that local government raises its discretion level through negotiation and bargaining with the central government to achieve most of the criteria with its own initiatives. On the other hand, there is a risk that the local governance leads nowhere, as in the type B.

B. *Least hierarchy*

[B] finds consensual relations everywhere; this can be costly and provide plenty of room for political bargaining. Control attempts from a higher level are relatively loose policy guidelines, planning schemes, or outcome control. As a result, achieving a high rating under the headings of *coordination* and *sustainability* are challenges. Different interests compete with each other at the national and local levels. Political and administrative transparency is difficult to achieve. The results from this setting are influenced by the relative strength of interactions among the parties and raise the possibility of governance arrangements which could operate like a 'headless chicken'.

C. *Overriding public sector*

Under the conditions in [C], local groups and citizens are given only limited opportunities for positive involvement in local administration, while local authorities take the initiative over local issues and work through bilateral routes with the central government. This setting may see strong local governance exercised through strong local government. There is a possibility that local citizens will have little trust in the public sector, especially if local democratic representation does not function well. Administration that is heavily driven by the public institutions (CG and LG) could, in some jurisdictions, lead to political or administrative corruption or conflict over vested interests within the public sector, at the expense of local interests. Sorting out conflicting preferences within the public sector and securing transparency are key factors in achieving stronger local governance. *Responsiveness* and *sustainability* are hard to achieve. If the public sector becomes too detached from society, and political or administrative vested interests are given priority, it is hard for local authorities to function proactively.

D. *Underperforming local government*

In [D], the CG operations are characterised as consensual attitudes toward both LC and LG that carry out local administration without much intervention from the centre. Local citizens and groups, in this setting, have a route to the central government or agencies, but limited room to appeal to the local government. As a result, public bodies from the central level tend to become closer to local communities; the national agencies can be more influential than local authorities. From the local-authority standpoint, gaining a significant measure of discretion from the influential central government is the key to providing strong local administration. A challenge for local government in this setting is to achieve a high ranking under *responsiveness*, and to operate flexibly and proactively.

E. *Limited local governance with central dominance*

[E] signals the central government imposing its will on the local authorities and local communities, both of which find difficulty in influencing the central government. Yet, although local authorities are passive in engaging with the central government, they lead a local community in a consensual way. As a result, a 'local coalition' (between LG and LC) may develop, taking a position against the central government. Nonetheless, given the strong position of central government, securing *local capability* is of great concern for local government (as also in F, G and H).

F. *Weak local government*

In [F], along with [E], [G] and [H], local-level institutions have limited discretion and authority. Local stakeholders negotiate with both central and local governments. Nonetheless, although citizens can talk with local authorities, the local government may find difficulty in meeting their demands because of its limited authority. Public administration is centrally-driven; within the public sector local government is placed in a relatively weaker position, for example, discharging only delegated functions. Although citizens can approach CG through (locally-located) central institutions, local government's lack of capability obstructs stronger local governance.

G. *Powerful central government*

[G] is the most rigid public administration setting, implying a strong hierarchical nature. There are limited avenues through which local citizens can have input, and local authorities, as a part of the authoritative public sector, function under a strong influence from the central government.

H. *Under-utilised local government*

[H] suggests another inflexible 'traditional' system. The public sector is hierarchical and local authorities' autonomy is limited. Instead of local government, central departments and agencies interact with local communities. Under this situation, local administration is centrally-driven. Local government may be regarded simply as a subcontractor or agent of the central government.

Stronger local governance

Drawing on the elements of 'good local-governance practice', a check-list of criteria is set out below. These are used as the basis of the focused comparisons in Chapter 5. Chapter 2 indicates that, in order to achieve stronger local governance in Japan, local competency, local autonomous level, local financing ability and significance of local authorities – both in the public sector and in the society – should be enhanced. The five criteria, therefore, deal with dimensions of local competency and democracy, the actual benefit for (or impact on) a local area, and the implications for the local and the national interest.

Local capability concerns the status and attributes of local authorities. *Responsiveness* is about democratic issues*. Coordination and sustainability* are relevant to the actual impact on local areas — a delicate balance of local interests and national interests. *Financial/Economic viability* refers to the way in which local interests (benefits and costs) are weighted and measured against values informing the national interest (such as efficiency and balanced development) through funding and financing mechanisms.

Although each criterion is assessed independently, the criteria are not totally independent of each other. The analysis of correlations among the criteria and possible trade-offs provides insights into ways in which stronger local governance might be achieved. It also provides the basis for more generalised discussions.

For each criterion a ranking is allocated on a scale of 1 to 5, with higher numbers indicating that the arrangements evaluated are expected to contribute to stronger local governance. The given numbers are based on an absolute evaluation against an ideal situation: the scores show where each case is situated against the highest possible rating for each criterion. The purpose of this scoring is to contribute to the lesson learning through the case study comparison. Lower scores, for instance, indicate there is a plenty of room left for policy-makers and reformers (politicians and bureaucrats) to make changes. The criteria facilitate the development of discussions in Chapter 6 and 7. The

ratings are compared and contrasted on a national basis, as well as among policy domains within a country.

Performance under the selected criteria is not in itself the determinant of the nature of relations among layers of government and society (CG, LG and LC). The overarching power balance is more than the collection of the criteria. Nonetheless, assessing developments in each focused comparison by reference to the five selected criteria provides insights into power balance.

Five evaluating criteria
Local capability
Local capability relates to the ability of local-level actors (local authorities and local communities) to play a part in the cases considered. Local capability is a combined product of *decision-making ability* and scope for *discretion* at the local level, and the various *resources* available to local-level actors (see, Soga, 1998):

- power and authority vested in local actors by the law or central government, and
- the extent to which the local actors can actually utilise resources such as necessary personnel, local skills and expertise, information and finance.

A high rating on local capability is more likely to be achieved when both of these two aspects are satisfied at the same time: substantial local authority and resources close at hand serve to lift the capability level. The capability level is likely to be lower when the degree of devolution or the resources available at local level are limited (see, Claridge and Kerr, 1998). If there is a high degree of performance in one aspect and not in the other, the rating for capability will be less clear.

One possible case is a pattern of 'adequate authority and limited resources'. The local actors can influence or even determine local issues, while resources are dispersed among the agencies of the central government, local authorities and the private sector. Therefore, if local actors exercise their authority, it is necessary for them to interact with other public or non-governmental institutions to employ necessary resources. Communication channels are often institutionalised through established forums, planning or budget-allocation mechanisms, along with random political approaches. In such a case, the nature of relations and the balance of power (consensual/imposed) among institutions is a crucial factor for the capability level; authority vested in the local bodies may be undermined in the exchange of resources from other parties.

The other possible, but unusual, case is a 'limited authority and adequate resource' combination. In such a situation, local bodies may have little authority, devolved or delegated from the central government, despite having resources readily available. The key question in all these cases is the degree to which local initiative is assisted or constrained by the availability of various resources (such as skills or information) locally. One possibility is that the more resources are available at the local level, the more likely it is that local authorities will take initiatives on local issues, leading to a higher ranking for local capability.

If the necessary resources are available to local actors, they can take initiatives or exercise discretion to the maximum extent within their given authority. Higher-level authorities' intervention may be restrained in such an interdependent environment; the central government, after all, has to rely on local actors to implement policies. In reality, however, there is a risk that limited room for local decision-making and discretion will leave local authorities and communities without the ability to set priorities, despite access to local resources and capability.

Rating the local capability level, especially when the two variables of local discretion and available resources are not matched, is a delicate exercise, sharply influenced by different governance patterns. The crucial consideration is whether local-level actors can take initiatives about local agendas proactively and flexibly (for example, identifying local problems, and selecting the outcomes or outputs to be sought). A testing point under this criterion is whether local authorities can stick to their position and pursue local interests, even when central government does not agree with local preferences.

A related question is the way resources and decision-making roles are allocated among the parties involved. That could be through hierarchy, contracting out, or less coercive arrangements. The nature of these arrangements affects how the two variables — authority and resources — are interrelated.

Responsiveness
This criterion indicates the level of citizens' involvement, the extent of opportunities for democratic participation, and input including, but going beyond, election of local representatives. The overarching question from a local governance point of view is whether local institutions offer a better window through which citizens can pursue local interest than CG channels. Local authorities are certainly more connected to citizens through the local election process (localised agendas), implementation close to the local citizens, and

consultation. Yet the central government too can have direct connections with local citizens through the electoral system, administrative programmes or by setting up (ad hoc or permanent) mechanisms such as public forums (as is seen in the Yoshino River case in Chapter 5). Whether local government is the prime location for democratic involvement of citizens is a question that has to be considered in a broader context. In other words, the responsiveness level is a question of where citizens are situated against the public sector (central government, local government and also other authorities such as crown entities and state owned enterprises).

Whether and how local voices are heard (by CG or LG) is the important issue. Possible routes are through democratic representation, administrative mechanisms, and approaches of a party-political nature. Which routes are utilised and how these operate are useful explanatory checkpoints when comparing and contrasting cases. For example, is it easy for citizens to identify and access those who are considered to be responsible and accountable? It is important, too, to explore how responsibility and accountability are allocated among CG, LG and LC.

Demarcation between potential effects and actual experience is another relevant consideration. When responsiveness is not assessed positively, two broad sets of circumstances may be the cause. One possibility is that the democratic mechanisms are inadequate, so that opportunity for citizens' input or participation is restricted. The other possibility is that, despite the existence of democratic mechanisms, the actual democratic input or participation is nonetheless limited. Explanation of the latter situation may not be straightforward. It may be that the potential for better responsiveness is simply not utilised. That is the demonstrated inclination of citizens, as is seen in low turnout for elections. Alternatively, there may be complex factors inhibiting the ability or willingness of citizens to take advantage of the opportunities provided to assert their local interests. The local planning or the consultation process, for example, may be seen as a formality rather than a significant opportunity.[4]

One difficulty in assessing this criterion is measuring the actual impact of citizens' involvement. For example, the planning process, in which democratic participation is commonly expected, is not always easily interpreted. The

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[4] Public input did not have a major impact in a case in West Sussex (Stoker, 1997). 'When the stakes are high and established interests are organized both policy analysis and deliberative democracy are likely to be on the sidelines' (p. 46).

purpose and essence of planning are not straightforward; the process may assume political connotations and its effects may not be clearly seen (Wildavsky, 1973; 1987; Clapham, 1984; Boyne, 2001). The impact of public involvement can be easily marginalised. In assessing performance under this criterion, a ranking is given based on the influence for promoting, changing or hampering a proposed policy. The participatory mechanism is to be understood in a given political or power-balance context.

The responsiveness level reflects multiple opportunities (democratic representation, administrative mechanisms, and political voice) available to citizens, and their actual influence. A higher score indicates meaningful democratic participation and less distance between the public sector and society.

Coordination

Coordination deals with the extent to which local-level administration is supported among CG, LG and LC. This criterion is closely concerned with the correspondence — or lack thereof — between local and national intentions, which normally stem from different interests.

It should be recalled that coordination is ambiguous in its use (Wildavsky, 1973; 1987). Minnery (1988) points out that coordination takes many forms, depending on who tries to manage the situation; this can be a process of searching for a neutral point of compromise, but may result in a hierarchical solution. Coordinating something might mean using coercive power (Wildavsky, 1973, p. 143), and its aim might be to achieve 'minimal redundancy, incoherence and lacunae' (Peters, 1998a, p. 296). When that is the case, pursuing 'efficiency' can be a prime purpose of coordination. In other situations, different values, say, participatory local democracy, may be given priority in the process of coordination, even if this could impede short-term efficiency. In other words, the coordination process inevitably carries with it different values, reflecting the different positions of the various parties concerned.

Yet, from a local governance standpoint, local bodies, often the only legitimate local democratic entity, are expected to play a leadership role in coordination. Excessively hierarchical coordination in the long run may not contribute to local autonomous governance. Nonetheless, in a more egalitarian style, coordination can be more difficult. A 'cooperative' commitment may be identified in mechanisms such as planning, guidance and networks across tiers of governments that hold different perspectives. From a central government point of view, the aim of a coordinated approach would be to ensure that the

(centrally-made) overall policy objectives were facilitated through each of the levels of actors involved. Meanwhile, for local authorities, local interests could be eroded in a 'coordinated' national approach. More locally-oriented coordination, say, through locally-based institutions, could be expected to more directly and positively contribute to stronger local governance. 'Consensus-building' through constant interaction (Innes, 1996; Margerum, 2002) as a means of coordination is a possibility, especially under the consensual governance mode.

Another difficulty with coordination efforts concerns the discrepancy between established systems and their actual effects. Established mechanisms (or institutions), designed to promote cooperative behaviour, can be longer-lived than changing situations. In other words, existing 'cooperative' involvement for coordination may keep taking place even when a new environment requires institutions to interact in a different manner. There may be an increasing gap between the existing arrangements and the new environment. Therefore, in assessing cases under this criterion, whether the 'coordinating' arrangements actually contribute to local interests needs to be taken into account. In addition to coordination among units (inter-coordination), coordination levels *within* the LG domain are also assessed (intra-coordination), as the LG often consists of multiple institutions.

Sustainability

This criterion indicates the degree to which a policy or project provides solutions that are likely to survive and contribute to the welfare of the local area over the long term. To this end, a consistent commitment by the actors or mechanisms that provide incentives for pursuit of local objectives is taken into account.

First, it is necessary to ask whether current organisations and arrangements are conducive to long-term problem-solving. The central government or local authorities, or perhaps local communities, can contribute independently; but the longer-term perspective is likely to be developed by a combination of all three. Lack of central-government support may erode what is supposed to be achieved in a devolved situation (for example, Claridge and Kerr, 1998; Claridge, Kerr and Milicich, 1998). Unbalanced policy-development without public involvement could also undermine the long-term local benefit (as has been seen in the construction of unnecessary public utilities in Japan), result in last-minute backlash,[5] or impose an extra burden on the local citizen. The CG can adopt a national long-term strategy in which LG and LC play relatively minor roles, but

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[5] For example, from a planner's strategic point of view, broader participation may 'reduce the potential for latent groups who oppose proposed policies to unexpectedly emerge at the last moment' (Burdy, 2003).

also could take a more 'enabling' line towards local actors looking towards long-term solutions, providing scope to incorporate local-level strategies and local community participation. Like coordination, sustainability could be achieved through different styles. Yet, the preference for more decentralised administration in this study acknowledges the importance of balanced commitment by multiple actors.

Another consideration concerning sustainability is the extent to which the existing organisations and arrangements are open to necessary changes. To achieve long-term sustainability, flexibility in the existing systems can be crucial. Is the force of inertia too strong to allow necessary changes to occur when needed, or is there room for modification in the direction of greater devolution or re-centralisation? Institutional adaptation (Christensen, 2000) over time in the wake of situational changes is a key factor in achieving sustainability.

Financial/Economic viability
The final criterion is concerned with a series of financial and economic questions: how the necessary funds are raised; how economic considerations (costs and benefits) are treated in the course of policy development; and to what extent longer-term financial viability of projects/policies is taken into account.

The availability of funding for projects in the public sector is always a thorny issue, and efficient use of financial resources is also a salient consideration under the tight fiscal conditions that are presumed. Functional allocation among the CG, LG and LC is the main factor that will determine the Financial/Economic viability of a project; at what level are authorities (or mechanisms) for financing situated? And how is the economic case handled in project development?

Central financial questions include: has the project been rigorously costed? How is the funding assured? Is there adequate provision for contingencies during development? How is funding to be shared between public and private sources? Within the public sector, is there a funding role for both central and local government?

Among the key economic questions are: are all costs and benefits (including those that are imputed) over time taken into account (e.g. using such techniques as Discounted Cash Flow [DCF] analysis)? Who carries the risk of over-spending and operating deficits? Are there appropriate incentives in place for the resources to be used efficiently and effectively?

Answers to these questions will provide some of the material on which a ranking under this heading will be determined. Nonetheless, assessing the prospects for economic viability is not straightforward, since the financial and economic issues inevitably involve different parties' perspectives. The key questions influencing the rating are: is there adequate assessment of costs and benefits from both local and national perspectives? Are local outcomes and objectives influenced by the availability of funding from the centre?

Along with the national/local perspective issue, the way less easily-measurable social and environmental costs and benefits are treated is also important. In other words, how to strike a balance between the economic and other aspects should be kept in mind. In respect of this criterion, the actual calculation of economic values — which is frequently a very contentious issue in itself — is not the only issue to figure in an evaluation. There is also a need to focus on the management of financial and economic aspects throughout a project from feasibility studies to completion. This criterion is not an occasion for discussing the merits of a national tax system, but rather to seek solutions. The main focus is on how funding and financial arrangements affect policies and their political and administrative implications.

Criteria and governance patterns
The five selected criteria exist in the context of intergovernmental relations and the relationships among citizens and the institutions of government. Performance under all criteria is influenced by the power balance and the nature of the interaction among those involved. It is expected that local capability, which is a synthesis of authority and the availability of resources, will be affected by the nature of inter-governmental relations, as the resource interdependency implies multiple actors' involvement. Under consensual relations, it is possible for under-resourced local authorities to approach CG for assistance while retaining their capacity for local initiative. In contrast, when intergovernmental relations are imposed, the lack of local resources is likely to have a bigger impact in constraining local initiatives. In the case of resource-dependency and strong central-government interest, it is hard to assume that local government could become detached from central control and behave freely. Local government would have to pursue its purpose within limitations all the more, often relying on central government at the same time. Therefore, observing local government's ability to influence the central government is critical. The situation of dependency and bilateral interaction between them (consensual relations) would provide local government with the possibility of exercising influence over the national policy direction, even under a centralised system. From local government's

standpoint, the existence of established processes or procedures that influence its activities means that there can also be routes for local intentions and feedback to be conveyed to central government (Soga, 1998).

Governance patterns also make a difference to the degree of responsiveness. The power balance (or nature of relations) among different tiers of governments shifts the target to which local pressures are directed. The attitudes of CG and LG towards LC will also in turn influence the LC's preference in respect of access points for democratic input or pressure; for example, underutilised or marginalised input mechanisms would not attract much public attention.

Approaches to coordination are likely to be directly correlated with governance patterns. Imposed coordination between CG and LG will put extra pressure on the survival of local interests; the implication is that hierarchical coordination tends to prevail. Even intra-coordination at the local level is not immune from the influence of governance patterns, given that demonstration of the national interest (especially under the imposed pattern) permeates down to local arenas.

Similarly, sustainability is susceptible to CG's attitudes, as in coordination. Although the extent of long-term solutions is not necessarily tied to particular governance patterns, ways to achieve the goal vary depending on the governance-setting type. Consensual types are likely to see more of a joint approach to securing long-tem prospects while imposed relations imply strong, but unbalanced, leadership. As for institutional adaptation, the relative power balance can be a factor, since reorganisation of existing mechanisms is often initiated by the central government.

The intergovernmental relationship also impacts on the achievement of financial/economic viability, because the financing mechanisms and economic evaluation of a project extend across all levels of governments, and financial power carries a strong voice when pursuing its interests. Imposed characteristics imply higher levels of authority — most likely central agencies — easily wielding their influence without being counter-balanced.

Preferences among different actors
In analysing cases by reference to the criteria it is necessary to recognise the different preferences that may well be demonstrated by the layers of government and local community. CG, for instance, may seek to ensure nationwide minimum standards or even uniformity among local territorial units; it may try to 'off-load' troublesome activities on local authorities; or attempt to win votes —

'pork-barrelling' — irrespective of the local interests. Conversely, LC is likely to place local needs above the 'national interest' and to seek more flexibility and discretion. Each local authority may also see itself in competition with its peers. Local communities would probably be more interested in their own 'backyard' or specific issues such as the local environment, rather than weighing up the implications for the national interest (see Table 4.1 below).

The criteria are to be better understood along with the often conflicting preferences among CG, LG and LC. These different preferences may make it easier for certain criteria to be achieved, but may be a constraint on performance under others. The expressed intention of central government to retain control, for example, would constrain local capability, but may have a positive impact on sustainability. Likewise, local government's reluctance to become independent from the central government may hinder further autonomous local administration but secure pre-determined coordination.

Therefore, heed should be paid to 'who supports what criteria in what way'. Put differently, relative preference of different criteria among CG, LG and LC needs to be kept in mind. What should be reminded is that the relative strength among CG, LG and LC varies according to different governing patterns. Whose preference is more advanced than others depends on the nature of relationship among them. Phenomena that criteria are utilised for should be differently perceived and treated in each policy environment.

Strong local governance should not be confined to respective narrow interests, but should embrace a wider perspective. The partial approach to different interests — for example, only leaning towards NIMBY (not in my back yard) — would threaten the prospect of effective local governance in the long run, as it would discourage higher authorities from transferring further functions or authority to lower levels.

The way forward for local governance (in Japan in this study) will be clarified when case studies are observed within the analytical framework. This will provide information on how different elements of governance (i.e. criteria) are dealt with, and which a local governing pattern (or patterns) represents better conditions for local governance.

Table 4.2: Different preferences of CG, LG and LC

	Preferences
CG: Central government/nationwide agencies	・Securing minimum standards (balancing between local areas) ・Retaining existing power ・Off-loading burden on sub-government ・Winning votes (pork- barrelling)
LG: Local government/local-level agencies	・Meeting local needs ・Gaining discretion / authority / autonomy ・Remaining dependent on the central government / agency ・Competing with other local areas
LC: Local community/local private sector/the 3rd sector	・Participating more ・Achieving specific purposes ・Paying less tax / NIMBY

Chapter Five — Local governance in practice: six studies

Focused comparisons and case selection

Having established a framework within which to organise the investigative part of the study in Chapter 4, it is necessary to narrow down the substantive topics to be examined. The focused comparison approach to comparative study is adopted (Hague *et al*, 1998; Mackie and Marsh 1995). This approach utilises several cases and…offers less detail than a case study but its conclusions are more generalisable' (Mackie and Marsh, 1995, p. 178). The aim of such exercises is 'to force analysts to distil out of…diversity a set of common elements that prove to have great explanatory power' (Collier, 1993, p.112, quoted by Mackie and Marsh, 1995, p. 179).

The chosen policy areas need to be of significance in both Japan and New Zealand; they need to be of such a nature that on *prima facie* inspection they offer sufficient diversity to provide a window into the local governance systems of both countries. Those selected for this study are:

- ・Roading
- ・Environmental Administration
- ・Emergency Management

As discussed in Chapter 2, local authorities in Japan carry out a significant number of functions as the agents of central government. The range of functions undertaken by New Zealand local government is smaller. The three geographical areas, selected for focused comparison in the present study, each feature in both countries important roles for central and local government. The selected areas in New Zealand are Auckland, Manawatu and Canterbury regions, where local authorities deal with moderately large population by the New Zealand standards, so that meaningful comparison with the more heavily populated Japan possible. The three selected policy areas are set in a 'fusion' environment (see Chapter 2), where both central and local government are involved

Roading: Governance arrangements in New Zealand will be illustrated by an examination of the proposed 'Eastern Corridor Project' in Auckland; in Japan the matching study will be of the road construction in connection with World Exposition 2005 in Aichi prefecture.

Environmental Administration: The New Zealand case to be examined is the 'Aqua' hydro-electric power scheme considered for development on the Waitaki River; while in Japan, a dam construction project on the Yoshino River will be investigated. (Although it has been decided that the 'Aqua' scheme will not proceed, the developments that led to this decision still provide a revealing illustration of the complexities of the New Zealand system of environmental administration.)

Emergency Management: The floods in the Manawatu/Wanganui region in early 2004 will be drawn on to illustrate the arrangements for emergency management under recent New Zealand legislation; the Japanese experience in the 2000 flood in Nagoya area will be similarly examined.

(A) Roading administration
Eastern Transport Corridor in Auckland

Figure 5.1: Map of Auckland Region

Introduction

This project concerns a transport facility to link Auckland (population: 370,000) and Manukau (population: 335,000) cities, some 27 kilometres apart in the Greater Auckland conurbation with a total population of around 1,220,000, nearly one third of the New Zealand population. The total cost of the project was estimated to range from $2.8 to $3.9 billion in the 'worst case', depending on what route was chosen.

Proponents argued that the proposed facilities would ease traffic congestion, resulting in improved productivity in the Auckland region and advantage to the New Zealand economy generally. Opponents and sceptics drew attention to less than claimed benefits, negative effects on the public health, ever-increasing costs and consequential delays in other roading projects in the Auckland region.

Apart from the policy issues surrounding roading priorities and funding, the Eastern Highway project raised environmental, amenity and heritage questions of major concern to the local communities through which the proposed routing would pass. Proposed routes run through ecologically sensitive areas such as Purewa Creek wetland, Orakei Basin and Hobson Bay.

Figure 5.2: Map of Auckland
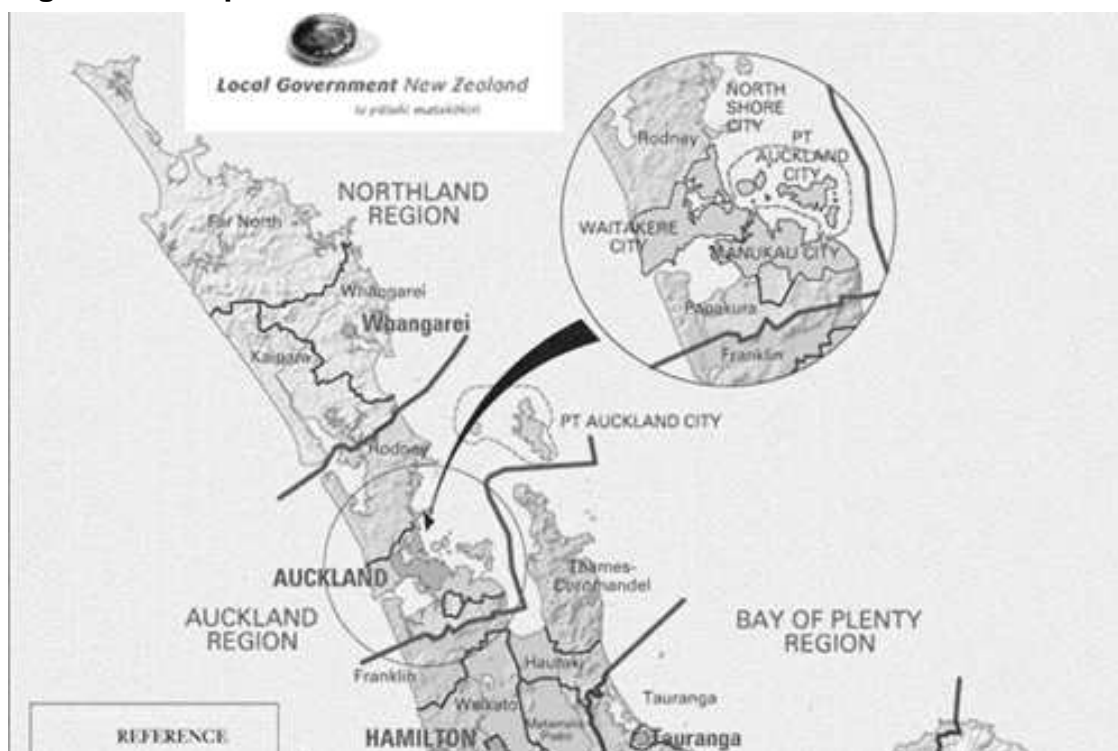
Over the past decade it became a highly controversial issue especially after a new Auckland City Council elected in 2001, assigned a high priority to the Eastern Corridor road project. This was in contrast to the previous council in office from 1998 to 2001. The project has been mainly propelled by local authorities and road agencies,[1] and has been investigated over the years by local (regional and city) government in the greater Auckland area.[2] In this case study, the period after the 2001 local council election will be mainly observed. At that election a new mayor, John Banks, was elected with a strong commitment to the project. Following his defeat in 2004 the new 'centre-left' council effectively vetoed the project.

Road administration in New Zealand

Roading in New Zealand is a shared responsibility between central and local government. Central government maintains the state highways (10,900km) including motorways (170km), carrying the greatest volume — about 50% — of

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[1] Whether or not the project would be a state highway project remained an issue in the preliminary stage of the Corridor project. See, for example, Auckland Transport committee, 'Eastern Transport Corridor Summary Report – Requested Update', 26 February 2002.

[2] The idea of linking the two cities through the eastern corridor had been a subject of contention considered by local and central government since the middle of the twentieth century when it was documented in the Master Transportation Plan for Metropolitan Auckland as 'South Eastern Motorway' (Auckland Regional Planning Authority, 1955).

all traffic. This network make up about 12 per cent of the country's roads, while the rest, urban and rural roading, is within the jurisdiction of district and city councils.

In the late 1980s the machinery of government that had administered the New Zealand roading system for many decades was dismantled. Essentially, under that system funds for roading came from a portion of the Fuel Excise Tax, Road User Charges and vehicle registration fees. Allocation of expenditure was made by the government-appointed National Roads Board; and planning and construction was the responsibility of the Ministry of Works and Development — a major central department.

In the period covered by this case study, the main functions were vested in two Crown Entities, Transfund and Transit New Zealand, with the Ministry of Transport providing policy advice to the central government. Transfund allocated funds in accordance with its national roading programme to roading, passenger transport and efficient alternatives to roading. Transit New Zealand manages the State Highway network and was funded by Transfund in competition with applications for funding by local authorities that might include, for example, rail transport. Roading costs are the main burden for territorial authorities, with 'road construction and maintenance' accounting for 26% of total expenditure in 2002/2003 (see Table 2.5). The greater part of fiscal transfer from central to local government, which commonly makes up around over 10% of total local revenue, is directed to public transportation, road construction and maintenance (see Dollery, 2006, pp. 198-200).

Regional councils have been required to prepare regional land transport strategies, with which the activities of district councils and transport agencies have to be consistent (Land Transport Act 1998, Section 175 [2]; Land Transport Management Act 2003). The Resource Management Act 1991 (RMA) also has a substantial influence on road administration. Resource consents from regional authorities are required, once a route is designated for the transport plan, if road works are expected to affect coastal areas and water.

Principal actors

CG	Ministry of Transport; Transit New Zealand; Transfund[3]
LG	Auckland Regional Council; Auckland City Council[4]; Manukau City Council
LC	Auckland Chamber of Commerce; Stop the Eastern Motorway (STEM); Eastern Highway Action Group etc[5]
	Others: Opus International Consulting; Business and Economic Research Ltd; Eastdor Consultants

Relationships among CG–LG–LC

Under the restructured road administration system, the central government is involved in managing strategic and legislative aspects, while at the local government level both proponents and opponents have operated within statutory parameters. Auckland is the biggest city in New Zealand, the largest port, and the location of much economic activity; therefore the central government's interest in the transport policy in the region has been considerable.

[CG – LG]

The central government has influenced the way local governments, the crown entities concerned and the central government itself administer road development. '*Moving forward' a transport package 2002*, presented by the Minister of Transport, identified as issues in the roading sector: local government's lack of capacity, legislative barriers to local authorities working cooperatively, the possibility of public/private partnership (PPPs), and an inflexible funding system. These problems are again clearly stipulated in *New Zealand Transport Strategy 2002* (NZTS 2002), which was aimed to 'guide government decision-making on transport policy' (Transport Minister, Paul Swain). The Land Transport Management Act 2003 (LTMA 2003) was the government response to these issues. The act was designed to facilitate simplified and consistent consultation, long-term planning, flexible funding, PPPs and expanded roles for Transit and Transfund encouraging them to focus on land transport as a whole.[6]

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[3] Transfund amalgamated with the Land Transport Safety Authority in a new agency, Land Transport New Zealand, under the Transport Management Amendment Act 2004.

[4] A number of territorial local authorities in the Auckland area were involved in decision-making about the Eastern Corridor project – Auckland, North Shore, and Manukau City Councils – as well as the Auckland Regional Council. The Auckland City Council has, however, historically been the 'lead' authority.

[5] See Identified stakeholders: Auckland Transport committee, 'Eastern Corridor Consultation and Communication Update', 30 January 2002, Appendix A.

[6] For instance, departing from the previous funding framework that focused on roading, the new framework puts roading in a wider picture, emphasising the consideration of alternatives.

The government's vision for the future of transport, as contained in NZTS 2002, seems to underpin local autonomy: 'Local solutions to local needs will be encouraged with national consistency where necessary'; also, 'co-operation' within the transport sector is supported.[7] On the face of it, such indications of policy could allow local authorities to administer local roading programmes with less constraint than in the past. At the same time the need for local government to seek funding from Transfund would ensure that local intentions were consistent with national policy. The central government did not intend to give local authorities a free hand in roading administration. Rather, emphasis was placed on indirect control through 'co-operation' and through crown entities such as Transit and Transfund. In other words, the impact of the central government on local authority roading administration was not intended to be oppressive.

From the local government viewpoint, it is nonetheless suggested that the central government's expressed intention does not necessarily contribute to local authorities' autonomy. The lobby organisation representing local government, Local Government New Zealand (LGNZ), points to such problems as insufficient funding, too much ministerial discretion, and the inadequate accountability of Transfund (LGNZ, 2003). Other critics have suggested that central strategic control could become nothing but a politicised process.[8] From these perspectives, local government autonomy in roading administration seems quite shaky, facing central government and agencies that retain authority.

All in all, whether the scope for local authorities to implement their roading plans has improved under the recent legislation is not clear. Much seemingly depends on the negotiating ability of the local bodies, and the local political or financial situation. The constraining influence of the RMA remains, it is argued, as a major cause of delays in road construction, as is seen in the Eastern Highway and also the Transmission Gully project in Wellington.[9]

As to the national interest concerning Auckland transport, the very high costs stemming from Auckland's congestion were pointed out in many publications

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[7] This is indicated in sentences such as: '[Land Transport Management Act 2003] will improve opportunities for co-operation within transport, and for transport users, local authorities and affected communities to participate in a range of transport planning processes.'; 'Transit New Zealand will be encouraged to enter into arrangements with local road authorities where there are both local and national benefits to be gained. Co-operation between local road authorities will also be encouraged.'

[8] The National Party described funding decisions on roading as 'pork barrel' politics. 'Accusations of road lobbying', *One News*, 17 July 2003. Also, politicisation of funding plans has been criticised in business quarters. 'Road plan labelled a lolly scramble', *One News*, 1 July 2003.

[9] The National Party leader, Don Brash, explained the need to 'remove the legislative obstacles which currently make getting consents to build any major project a hugely slow and expensive process'. The consents process under RMA and limited private sector involvement in building roads under LTMA 2003 etc are also mentioned. 'National promises to build more roads', *New Zealand Herald*, 21 May 2004.

such as *Moving Forward.* The central government expressed its overall position in NZTS 2002: to support the Auckland Regional Growth Strategy which 'seeks to refocus much of metropolitan Auckland around a rail-based rapid transit system, with the longer-term goal of reducing the need for car travel'; and to be 'now working closely with Auckland local authorities on the next stage of the redevelopment of a high quality urban public transport system'.

As was indicated, the central government has aimed to provide a better environment for local authorities to carry out roading activity. It has also been involved in a collaborative way with Auckland. The Joint Official Group (JOG), set up in May 2003 by Ministers and the Auckland Mayoral Forum to discuss the Auckland transport issues, recommended in its final report (2003) that central and local government work in partnership, recognised the resource consent approval process as a potential constraint, as well as putting emphasis on a strategic roading programme and funding (including road pricing) simulations. *Investing for Growth: a Transport Package 2003* was the result of JOG deliberations; this consisted of a funding package and the restructuring of Auckland transport governance.

In short, the central government acknowledged that improved roading *generally* in the Auckland region was necessary if New Zealand was to achieve the Labour Government's declared aim of returning New Zealand to the 'top half of the OECD'. There was, therefore, an accepted rationale for Auckland and the central government to work together (NZTS 2002), incidentally leaving other regions complaining about their limited allocation of roading funds.[10]

Yet, when attention turned to the *specific* contentious issue of the Eastern Corridor, the attitudes of the different actors diverged. Central government and the national road agencies are programme and strategically oriented, while local politicians and administrators are constantly weighing up local voices and political interests. Such a difference of viewpoint complicated the Eastern Corridor project. Auckland Regional council Chair Gwen Bull said; 'Today is historic. For the first time the region is working together.', when celebrating the agreement with the central government on *Investing for Growth* (Paul Swain, Minister of Transport, *Press release*, 17 February 2004). This can be understood as reflecting the traditional difficulty in the relationship between the two levels of governments.

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[10] For example, Waikato region's MP showed disappointment about the delayed highway projects in the region. The 'displacement effect on roading budgets of Auckland's transport needs' was also acknowledged by Transit's Waikato manager. (*New Zealand Herald*, 3 Feb 2005).

In short, there are broadly two perspectives from which the Eastern Corridor project was viewed: one was to consider the Eastern Corridor plan as an Auckland priority with little regard to a nation wide strategy; the other was to understand every significant local project such as the Eastern Corridor plan in the context of regional and nation wide strategies. From the latter viewpoint, the issue is to consider 'how the eastern highway fits in with the established Auckland Regional Growth Strategy, the Regional Transport Strategy and the Public Transport Action Plan, which have laid out the agreed best use of money and resources within this funding cycle to help solve Auckland's congestion and transport needs' (Judith Tizard, Minister for Auckland Issues, *Press release*, 4 November 2003). From the former local viewpoint, any reason to promote the project could be utilised. The project could be argued to be 'in the national interest' (John Banks, Auckland Mayor), despite criticism from many local quarters.

The situation is complicated by Transit's close involvement with the project as in the Eastern Corridor Steering Group,[11] which consisted of representatives from Auckland City, Manukau City and Transit New Zealand. The two affected local authorities and the crown entity worked together in this group to develop the Eastern Highway proposal. Transit New Zealand's position was somewhere halfway between the two different standpoints earlier mentioned. Following confirmation by consulting company Deloitte that the estimated project costs had increased greatly, Transit New Zealand did not guarantee future support for the highway, despite having been involved in investigating possible routes. This spurred, for example, the Auckland Business Forum to criticise the government and Transit for not guaranteeing future support for the $3-4 billion highway.[12]

Of crucial relevance is the fact that the Eastern Highway was not among priorities of Transit New Zealand's investment plan. Also, in the Auckland Regional Land Transport Strategy 2003,[13] the Eastern 'Highway' was not mentioned in spite of the Eastern 'Corridor' section (pp. 89-90). Nor was the Eastern Highway included in the Government's funding of $1.62 billion over ten years for Auckland ('Investing for Growth', Transport Package for New Zealand 2003).

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[11] For Transit's position in Eastern Corridor governance, see Auckland Transport Committee, 'Report on Feedback to the Eastern Corridor Strategy Study', 14 October 2002, Attachment 3.

[12] 'Highway option stalls Carlaw Park league plan', *New Zealand Herald*, 11 May 2004.

[13] 'The RLTS must not be inconsistent with any national land transport strategy, or any regional policy statement or plans in force under Resource Management Act 1991'. 'Transfund may only fund projects which are not inconsistent with any relevant regional land transport strategy' (ARLTS 2003, p. 18).

The implication of these omissions is that the Eastern Highway project could not be *directly* controlled through the national strategic planning process (both the central government and road agencies). Yet, the central government could always wield its influence by, for instance, denying special funds for a project favoured at the local level. Put simply, not only *administrative* (in other words, strategic) influence, but *political* influence affected the project. Even the Transit Chairman mentioned the [14] significance of *political* input from central government.

In the Auckland Eastern Highway corridor case, [CG – LG] relations are seen (in terms of the framework established in Chapter 4) to be consensual with complicated interactions. Yet, these relations have not necessarily widened the opportunity for local government to exercise its discretion. Because of the different standpoints, the playing out of consensual relations has been a long winded process. Similarly, strategic management from the centre has not resolved issues either. On the other hand, the Highway plan managed to survive at the local level, until the local electoral system intervened, even though detailed planning was always subject to change and the unstable nature of the project without solid planning support was always obvious.

[LG – LC]

Local communities have opportunities to contribute their input to roading projects via a consultation process for specific strategies and plans, and political (un)endorsement by local councillors and mayors.

Public consultation is firstly secured by RMA 1991.[15] The Local Government Act 2002 and the LTMA 2003 also provide opportunities for public involvement through the Long-Term Council Community Plan, the land transport programme, or the Regional Land Transport Strategies.[16] Public consultation gives effect to the principle of participation. The process does, however, have the potential to bring about unnecessary transaction costs, overly bureaucratic behaviour, delay, and expansive and time-consuming judicial review of projects and programmes (see LGNZ, 2003, p. 28).

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[14] 'City backs away from eastern highway', *New Zealand Herald*, 25 March 2004.
[15] About road construction under the RMA, see Spies and Trout (date not specified).
[16] With regard to those who are consulted for the land transport programme, see the LTMB 2003 (Part 2, Clause 15).

The local authority transport committees in Auckland City (and Manukau City) Councils were open to public involvement over the Eastern Corridor Issue.[17] Public feedback was invited during the Eastern Corridor Strategy Study, which was mainly carried out by Auckland City, Manukau City and Transit New Zealand.[18] An additional opportunity for consultation was provided after the Eastern Corridor project went to another stage where the consulting company, Opus, examined possible options. Consultation conducted in October 2003 gave feedback on the short-listed options.[19]

It is clear that in the project planning process, several opportunities for the public to express their opinion were available. Yet, whether this input had any actual impact on the direction of the project is difficult to clarify. One obstacle for meaningful public consultation was that much of the feedback was focused on secondary issues.[20] Another issue affecting the value of consultation is the prevalence of the 'decision already made' situation — a public perception that the basic policy line had already been determined prior to consultation.[21]

As well as participating in the consultation process, the local community and public could influence the project through voting. It is often mentioned that John Banks, mayor of Auckland (2001-2004) had staked his political career on the road issues. Other candidates for the mayoral position in 2001 were against the controversial Eastern Corridor plan.[22] The relatively short three-year election cycle provides an opportunity for citizens to put pressure on the decision makers to keep a door open for dialogue. In this case the strength of local opposition to

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[17] These opportunities for public input might reflect past lessons relating to the project. In accordance with the order of the Environment Court in 1997, the Auckland City Council's designation for the Eastern corridor project was withdrawn, because of the council's lack of consultation with the wider community. In the Auckland Transport committee, 'Eastern Transport Corridor Summary Report', 30 January 2002, 'it is recommended that Council does not make a final decision until a consultation process has been completed and feedback considered.' Council also tried to make sure that consultation needs 'to be transparent and not appear to be pre-empted by a decision already made'. Auckland Transport committee, 'Eastern Corridor consultation and communication update', 30 January 2002.

[18] Auckland city received a total of 557 submissions, and Manukau city 96 submissions, with most relating to 'delivery option rather than the strategy itself', Auckland city and Manukau city transport committee, 'Report on Feedback to the Eastern Corridor Strategy Study', 14 October 2002. Among feedback from interest groups, are STEM, University of Auckland, Department of Conservation and so on. Copies of all feedback are available for the public.

[19] Auckland Transport Committee, 'Eastern Transport Corridor Phase II – Project Update', 21 November 2003. Over 5,000 submissions were received, with most of them relating to 'specific alignment and expressing firm views opposing those alignments'.

[20] Auckland city and Manukau city transport committee, op. cit., 14 October 2002.

[21] For example, Opus was criticised: to avoid 'the great debate over which transport mode should be adopted by incorporating all three – roads, rail and bussways.', ('Brian Rudman: The great car, bus and train race', *New Zealand Herald*, 10 March 2004); and to give only 'a meagre report of what is planned.', 'MP attacks "dishonest" report on eastern highway', *New Zealand Herald*, 13 April 2004.

[22] For example, Bruce Hucker, head of the City Vision team (Auckland City councillor), said of Banks' plan, that it was 'like offering relief from obesity by telling you to loosen your belt'. 'The $4b answer to traffic jams', *New Zealand Herald*, 10 March 2004.

the project was significant in the election in 2004 of a mayor and council opposed to the project.

On the whole, [LG – LC] relations over the Eastern Highway corridor can be regarded as consensual again. Despite the project remaining a contentious issue, pathways for communication were not closed. Given the difficulty of reconciling economic development, environmental conservation, financial restrictions and locals' opposition under a single plan, it was never likely that the debate would stop. It was clear that the project was not controlled by any one individual (or group).

[CG – LC]

Without either a consensual plan or strong strategic direction from the central government (or its agencies) through strategic planning, fortunately or unfortunately, there was always room for different actors to compete at the local level. On the other hand, direct communication between local communities and citizens on the one hand, and central government and agencies on the other is not a major channel through which the Eastern Corridor issue was influenced. In respect of the *overall* road administration framework, local input through submission to a committee in the central government is an established mode of communication. However, when it comes to *specific* local or regional issues, a direct approach from local citizens to the central government does not seem likely to be effective. Authority and functions are already transferred by central government to Transfund and Transit NZ. The Ministry of Transport role is confined to the nationwide strategic policy aspects. As has been seen above, road agencies collaborated with local authorities on the ground.

Therefore [CG – LC] interaction is described as imposed, because of the lack of interaction between the two units rather than a unilateral hierarchical relationship. Local authorities are the main partners of the central government and its road agencies. Local community involvement was mainly through consultation processes that are provided at the local level.

Meanwhile, Auckland business representatives appear to have influenced the level of central government commitment to the Auckland transport issue. The chief executive of the Auckland Regional Chamber of Commerce, Michael Barnett, was vocal over the Auckland's transport projects and placed constant pressures on the central government and Transit.[23]

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[23] For example, see an open letter to the Transit NZ chief executive (*New Zealand Herald*, 3 May 2005).

Classification of the Eastern Highway project

As a result of three [Consensual-Imposed] axes combination, Auckland Eastern Corridor case fits type [A] — '*Local governance - local unity or headless chicken?*' — from the typology set out in Chapter 4, with the [CG – LG] being consensual, the [LG – LC] also consensual, but the [CG – LC] imposed. In respect of [CG – LG] relations, the central government mainly played a guiding role in Auckland road administration. It influences the overall direction of local development by setting out transport programmes and strategies, For the Eastern Corridor project, local authorities played the major role in working with road agencies. Accordingly, when discretion at the local level is looked at, local authorities have been fairly autonomous, and were free to explore options for routes (and services) under their jurisdiction.[24] The [LG – LC] relationship has mostly been interactive in spite of ever present conflicts; the consultation framework has worked throughout. The limited [CG – LC] interaction reflects that the [CG – LG] and the [LG – LC] communication was relatively close, and that central government's strategic role is distant from the daily activities at the local level.

Overall evaluation

The Auckland Eastern Corridor project in New Zealand illustrated both positive and negative aspects of the governance of local authorities. Despite the discretion and range of decision-making available to local authorities, the project lingered in the planning stages for many years. The cause of delay appeared to be the gap between the overall national and regional strategic framework, and the lack of national programmatic endorsement for the specific project. The discretion available to local authorities, coupled with the opportunities for local politicisation in the planning process, provided ample scope for local political leadership to be demonstrated.

A less ambivalent attitude by central government may have brought some resolution to the project at an earlier date. But ministers and the roading agencies, while consistently supportive in principle of measures for mitigating traffic congestion in the Auckland area, kept their distance from endorsing the Eastern Highway project. The 'disarrayed' local authorities could have made it harder to receive supplementary financial input from the central government. The inherently contentious nature of the project reflected in local political conflict, and the absence of assured funding meant that a decision was always doubtful. In this case, local governance in Auckland was as chaotic as its roading

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[24] For options in the earlier stage of the projects, see Auckland city transport committee, 'Eastern Transport Corridor Technical Workstream March Update (Appendix C)', 26 February 2002.

environment.

The Auckland roading issue also shows the nature of central government 'strategic' control. During the Eastern Highway project development and for other issues in later years, government transport packages heavily influenced local transport strategies. The appropriations to the Auckland region have been comparatively favoured, even though those who are trapped in the unresolved traffic stagnation were never satisfied and local players such as Auckland Regional Chamber of Commerce have kept placing pressures on the government. But, less fortunate regions have faced delays in transport projects without having alternatives available. The central plan, or the amount of government contribution, plays a significant part in discussions over available options at the local level.[25]

LG is *influenced*, not necessarily *controlled*, by CG. This case underlines the proposition that New Zealand road administration (through crown entities, Transit and Transfund) is not overly centralised. Whether local projects can be advanced or delayed often depends on Transit's long-term plan. Also, central-led feasibility study and plan preparation requires LG to adjust to those procedures. Wellington Mayor Prendergast noted, 'Because of the Government timeframe, we are being forced to make a decision on rail and road infrastructure before we are ready' (*Dominion Post*, 22 April 2005). The central 'strategic focus' may stand for financial control (which could contain 'pork barrelling'[26]) and guidance in the centrally-led administrative procedure, rather than a pure 'strategy'.

Despite widespread acceptance of the necessity for better transport networks in the region, the Eastern Highway project had followed a long and uncertain course until it was finally cancelled. This shows that in New Zealand even a large scale-project, which, it was argued, would have a positive impact on the national economy, can be heavily influenced by local level politics, as well as local public administration. The decentralised structure can be costly in terms of both time and money, and can result in a stalemate.

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[25] Different standpositions towards a large road project in the Wellington region (Transmission Gully), for example, revealed a sharp conflict across the levels of government. The national strategic view may give high priority to constructing a large scale motorway, but local authorities may find it too costly and need to narrow down policy options (*Dominion Post*, 16 July 2005).

[26] See, for example, 'Transit's drive lacks coherent direction' (*New Zealand Herald*, 1 March 2006).

Nagoya-Seto Expressway in Aichi

Figure 5.3: Map of Aichi Prefecture

Introduction

After rapid expansion during the 60s, roading has continued to be the principal sector in the Japanese public works construction budget since the early 1970s. Other categories of public works such as infrastructure relating to fisheries or forestry and sewerage have been relatively stable in their budget share relative to the total spending. Roading accounts for about 20-25% of the total public works spending, which is one of the biggest shares along with housing. The proportion of railways, the other main transport sector, has steadily declined. The controversial nature of roading administration has been widely recognised in the context of unnecessary public works (for example, see Muto, 2000).

The Nagoya-Seto Expressway in Aichi Prefecture is a motorway originally proposed to connect major existing motorways and those under construction: the Nagoya Loop (*Nagoya Kanjyo*) 2 with a junction in Nagoya, the capital city of Aichi Prefecture; the Tomei Highway in Nissin City; and the Tokai Loop (*Tokai Kanjyo*) Motorway in Seto City. The 20 km long road project was estimated to cost 300 billion yen, running through Nagoya City, Nissin city, Nagakute town and Seto city. Of great importance for this project was the fact that the 2005 Aichi World Exposition was planned in the southeast area of Seto city. The Nagoya-Seto Expressway would carry visitors to the venue of EXPO 2005. Because of its close association with EXPO 2005, the road project has been directly influenced by the planning for the Exhibition. The EXPO project itself was the subject of criticism by many local citizens and environmental groups, and many changes took place during the planning process.

While Nagoya City is one of the biggest cities in Japan with more than two million people, adjacent Nisshin City, Nagakute Town and Seto city are small satellite cities, with populations of 75,000, 45,000 and 130,000 respectively. The main justification advanced by proponents of the road project and the EXPO was the contribution to development of the local areas, which could otherwise, they were afraid, remain as dormitory suburbs of Nagoya.

Figure 5.4: Map of Nagoya-Seto Expressway
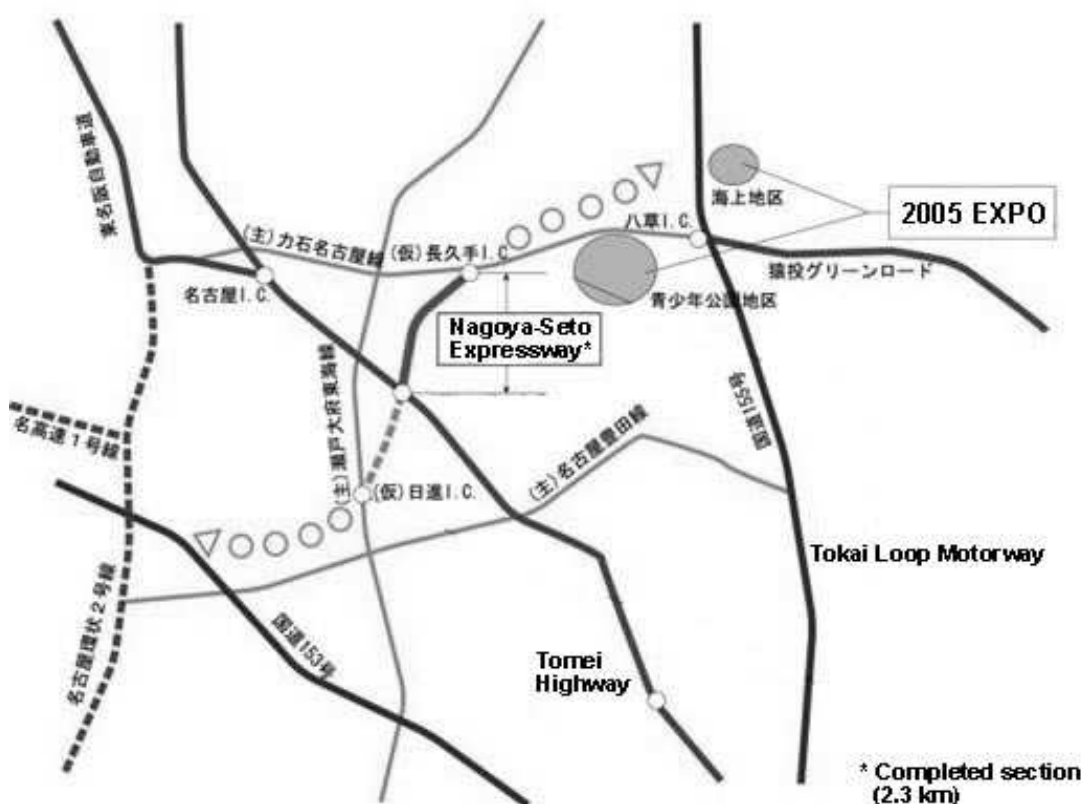
Road administration in Japan

The Road Law 1952 is the principal statute governing road administration in Japan. The Law identifies four types of roads: State Highway; National Road; Prefectural Road; and Municipal Road (section, 3). A *State Highway* is a road of national importance, part of the nationwide transport network connecting politically, economically and culturally significant areas. A *National Road* is a length of roading specified by a government ordinance, and also constitutes part of the nationwide trunk road network (s, 5). A *Prefectural Road* is approved by the Prefectural Governor as a road that is considered to be part of the main local road network (s, 7); and the local Mayor can list a *Municipal Road* within a local body area (s, 8). The national Land, Infrastructure and Transport Minister is the

road administrator for the State Highway and the designated sections of the National Road (s, 13). The prefectural governors manage the *un*designated part of the National Road and the Prefectural Road within the prefectural boundary (s, 13, 15), [27] and municipal mayors control the Municipal Roads (s, 16). Prefectures are the main road administrators in terms of the length of roading for which responsibility is held. Yet, although road administrators are stipulated by statute according to the road types, actual road management is more diverse than this categorisation suggests. Many functions are delegated to bodies such as public corporations, local branches of the central Ministry or municipal authorities.

The National Comprehensive Development Plan (*Zenkoku Sougou Kaihatsu Keikaku*) has been released five times at roughly ten year intervals.[28] It is the national basic design and directs road construction. The fourth Plan in 1987 had an impact on the Nagoya-Seto Expressway project; it aimed at facilitating interchanges among different areas, and revealed a scheme to construct nationally 14,000 km of *High Quality Trunk Roads* including 2,300 km of motorway (classified as National Roads). The emphasis was placed on developing networks with high-speed roads. The other scheme to guide road construction is the development of the Road Development Five Year Plans that have been laid down since 1954. The eleventh Five Year Plan was compiled in 1992, in which the category of *Local High Quality Road*[29] was first included. When the Nagoya-Seto Expressway was proposed in the eleventh Five Year Plan (originally planned as a motorway of the Nagoya region in the tenth Five Year Plan), the general priority of road administration was given to construct large-scale network projects.

When a road construction is planned, a route is specified by the central department and agency (MOC, MLIT, see below), the necessary land for the road is acquired, and then actual construction begins. Local citizens are usually informed of a road project *after* the route has been already decided. To take forward a road project, the city planning process (the City Planning Law 1968) and the environmental impact assessment process (the Environmental Impact Assessment Law 1997) have to be completed. However, the former process

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[27] Designated cities can administer undesignated section of the National Road, and the Prefectural Road within the city boundary.

[28] The five Plans have been issued in 1962, 1969, 1977, 1987 and 1998.

[29] The Local High Quality Road contributes to connecting transport bases such as a port and an airport, to facilitating the development of a local core city, and to helping connections with local areas. Such a road has more than four lanes with similar (or higher) specification for motorways. The road design is for speeds of more than 80km/h. The Local High Quality Road is selected among the National Roads or local main roads.

does not necessarily provide a meaningful opportunity for citizens to contribute input, if they seek to change the project. In the Nagoya-Seto Expressway case, whether the latter process, which came into effect in 1999, should be applied to the project was a contentious issue.[30] Road administration in Japan does not have a bottom-up nature, especially when it comes to a large project.

Principal actors

CG	Ministry of Construction (MOC) (reorganised in 2001 as the Ministry of Land, Infrastructure and Transport: MLIT); Ministry of International Trade and Industry (MITI)[31] (reorganised in 2001 as the Ministry of Economy, Trade and Industry; METI)
LG	Aichi Prefectural Governor/Assembly; Seto City Mayor/Assembly; Nissin City Mayor/Assembly; Nagakute Town Mayor/Assembly
LC	World Wildlife Fund Japan (WWW-J); The Nature Conservation Society of Japan (NACS); Wild Bird Society of Japan (WBSJ) etc.
	Others: the Japan Association for the 2005 World Exposition (Expo Association)[32]; Bureau International des Expositions (BIE)[33]; World Wildlife Fund (WWF)

Relationships among CG–LG–LC

The Nagoya-Seto Expressway project was promoted mainly by the Aichi Prefecture, which was planning to hold the EXPO 2005 in Aichi. As the road was expected to be one of the main access routes to the EXPO site, the prefecture and the central government agencies that supported EXPO 2005 clearly had a stake in its construction. Municipal authorities were in a passive position towards the road plan in the face of the centrally and prefecturally driven policy framework. At the local community level, campaigns against the Nagoya-Seto Expressway emerged, and the criticism was closely connected to the negative opinion expressed about the EXPO plan itself.

The plan to hold an EXPO in the early 21st century was initially formed in October 1988 by the Aichi Governor, the Nagoya City Mayor, and business

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[30] In the Road Law, there is no provision for requiring the environment impact to be examined. (There is not even the word 'environment [kankyo]'.)

[31] The Minister of the International Trade and Industry (MITI) was appointed as the minister in charge of the EXPO by the cabinet decision in August 1997.

[32] The Expo Association was set up in October 1997 after Aichi was chosen as host of the EXPO 2005. The head of the association was Shoichiro Toyoda, honorary chairman of Toyota Motor Corp. Members included business sector leaders, local government representatives such as the Aichi Governor and former central officials.

[33] BIE, established in Paris in 1928, is an international organisation that organises World Exhibitions 'as a means of promoting international goodwill and of exploring the limits of human experience and knowledge'.

representatives in the region. The Aichi Prefecture selected the south eastern area of Seto City as the proposed site for the EXPO in February 1990, and in April 1996 the Government formally lodged an application with the BIE for hosting an EXPO. The BIE selected Japan as the 2005 host in June 1997.

However, the original EXPO plan and the succeeding modified plans faced strong opposition locally, because the project would destroy Kaisyo Forest, a habitat of precious flora and fauna. The project took on the developmental features characteristic of Japanese administration — strongly top-down — despite the EXPO theme of 'Nature's Wisdom' claiming coexistence of humans and nature.

[CG – LG]

Although the Aichi Prefecture and the Japanese Government both promoted EXPO 2005, their attitudes towards the project, the venue and the proposed Nagoya-Seto Expressway were not always identical.

In 1994, the prefecture published the *Report of Environmental Effects in the South East area of Seto City* and the *EXPO Master Plan*. The Plan estimated as many as 40 million visitors for the half-year event, and identified the associated facilities to be built including transport systems such as roads and railways. In June 1995, the Master Plan for Development in the South East area of Seto City was unveiled; this was based on the EXPO Master Plan. In the prefectural-led plans, the Nagoya-Seto Expressway was treated as one of the access routes to the EXPO venue. In December 1994, the expressway was designated by the MOC (Ministry of Construction) as a Local High Quality Road (20km length from Nagoya to Seto, 18 km of which was named as an Investigation Section[34] [*tyousa kukan*] in August 1995).

The expressway plan was linked not only with the EXPO, but also with a land development scheme including housing construction[35] in the EXPO site of Kaisyo Forest. Once the EXPO was over, the site was to be re-developed for housing. The housing plan for 6,000 people was also important as a means of raising money for the EXPO; the fiscal situation of Aichi Prefecture was gloomy.[36]

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[34] For the Investigation Section, preliminary examinations concerning the route selection, the environmental impact assessment and the city planning etc will be carried out.

[35] The site was supposed to become the central facility of a newly proposed development zone called Aichi Research Development Zone, where around 7,500 people would live.

[36] The prefecture's fiscal balance was in the red in the fiscal years 1998 and 1999. Although the prefecture got out of the red, the fiscal condition has not improved dramatically, being reliant on the issue of prefectural bonds (see http://www.pref.aichi.jp/zaisei/gaiyou/index.htm).

This ambitious prefectural plan, predicated on a large scale influx of visitors, substantial investment, and significant economic impact was, however, modified by the MITI's inquiry and the subsequent cabinet agreement in December 1995. The MITI's report expected only 25 million visitors and forecast a comparatively limited amount of investment with a relatively lower economic impact. It was also proposed that the central government, the prefecture and the local business sector respectively would each bear one third of the cost for the EXPO respectively.[37] The central government tried to limit construction costs by reducing the size of the EXPO site, discarding a proposed expensive transportation system, and importantly cancelling the Nagoya-Seto Expressway plan as an EXPO access line.[38] Of significance with regard to the central government policy stance was that land development, housing construction and the road network were regarded as necessary facilities for the long-term *local area* development, and not regarded as *EXPO site* construction. This meant that central financial support for the Nagoya-Seto Expressway as related to local development projects would be comparatively limited, while the costs for EXPO itself would be shared by the Government, the prefecture and the private sector. This cautious approach to the EXPO-related projects by the central government seemingly reflected the worsening national financial situation. Indeed, after the Aichi Prefecture was selected as the EXPO site by the BIE on 12 June 1997, the then Prime Minister Hashimoto welcomed the decision with a rather passive comment that '[the government] would like to support morally. There is not much money'.

Against the odds, however, the Aichi Prefecture stuck to the original stance, even after the Expressway was officially excluded form the EXPO project. It continued to argue that the Expressway was an access route for the EXPO and at the same time stress the importance of the Expressway in the regional roading network. Nonetheless, the prefecture might have been again too ambitious. Although the local authorities kept expressing the value of the regional network,[39] the emphasis realistically soon shifted from developing the

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[37] Compared with the previous EXPO held in Hanover, Germany, the ratio of financial burden for the private sector was high. (The ceiling for the private sector in Hanover was 10 %.) The government assistance of 1/3 was also the lowest amount, compared with that for other EXPOs held in the past in Japan.

[38] In the central government plan, the size of the EXPO site shrunk, and zoning within the site was also altered. Because of the changes, the housing project faced a new challenge concerning Kaisyo Forest. The housing project would be likely to destroy that part of the Forest that would have been saved under the zoning plan by the Government. Further damage to the site after the EXPO for the new construction project would raise the wrath of many more citizens and environmental groups.

[39] For example, the Seto City Mayor noted that the Nagoya-Seto Expressway was necessary not only for the EXPO and therefore had to be built by the time of the event, but it was also required for Aichi Research Development Zone or other plans (*Seto City Assembly*, 8 March 1996). The Seto Mayor's position was that the Nagoya-Seto Expressway had to be considered in the context of the long-term development scheme and must not be curtailed even if the size of the EXPO became scaled down (*Seto*

network to only providing the access route with a shorter length.[40]

Aichi Prefecture led the project by taking it through the city planning procedures, and designated a part of the Nagoya-Seto Road between Nissin city, and Nagakute Town (4km) as the Construction Section (*Seibi Kukan*)[41]in September 1997. Another section between Nagakute Town and Seto City (4km) was listed as well in December 1998 by the MOC. The Prefecture also announced the commencement of Nagoya-Seto Expressway construction in the Aichi Road Development Five Year Plan.

By contrast to the prefectural initiative, local municipalities did not play an active role. For instance, Seto City, part of the EXPO site (where the Nagoya-Seto Expressway connects with the Tokai Loop Motorway), was waiting for the route and the related city planning draft to be announced (see, for example, the city development department chief at *Seto City Assembly*, 13 June 1996). This passive stance acknowledged that the administrator of the Nagoya-Seto Road was the prefecture and therefore the road project was appropriately steered by the prefectural-led city planning process.

The prefecture's initiative was not subject to outside influence in effect, although there is the process where the municipal government's opinion was heard (the City Planning Law, section 18). Seto City began the city planning procedure as the 'original draft planner' after being notified of basic specifications by the prefecture in July 1996.[42] Then the city took forward the procedures (such as a local forum for explaining the city draft in November 1997, and the city planning panel's discussion) before the city's draft was submitted to the Aichi Governor in March 1998. The city certainly went through the formalities, yet it is questionable

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City Assembly, 11 March 1996).

    At the prefectural level, it was stated by the Land Management Department Chief that 'the Nagoya-Seto Expressway is an indispensable trunk road for long-term development of east hill county of Nagoya'; and by the Governor that 'the Nagoya-Seto Expressway and long-term local area development is being vigorously examined towards the 21st century' (*Aichi Prefectural Assembly*, 28 February 1997).

[40] The Land Management Department chief of the Prefecture assigned priority to the section between the Tomei Highway and the Tokai Loop Motorway, while the connection with the Nagoya Loop 2 (that is nothing to do with the EXPO access) was unclear (*Aichi Prefectural Assembly*, 25 September 1996).

[41] In the Construction Section, the environmental impact assessment process and the city planning procedures are directed towards commencing the actual works.

[42] The content of the notification in this case was the general characteristics of the proposed road such as a type of the road (the lane number, specification for speed) and location of interchanges. Seto City was to examine issues such as the local access route and coordination with the City Comprehensive Plan or the Master Plan for City Planning (see, for example, *Seto City Assembly*, 4 December 1995).

    As a general rule, municipal governments prepare the draft for city planning, as these plans are obviously significant for individual local municipalities. However, as is seen in the notification items, it seems clear that the prefecture (and the central government) is the actual 'original draft planner'. Before being shown to a municipal government, the 'original draft' for the route and specifications are examined and fashioned by the prefecture and the Government.

whether the input from the very local level was meaningful. The Seto City Mayor stated, in responding to a councillor's question seeking action by the city to take the initiative, that a city (or town) should not conduct city planning on its own … there are issues in which the government or the prefecture have to get involved to make decisions (*Seto City Assembly*, 28 November 1996). Given that the road outline (route, type etc) is chosen by the central government and the prefecture, there is a high probability that road projects will simply follow the intentions of the prefecture or the government[43] even if a municipal government takes defiant attitudes. The prefecture-led procedure continued, and four public hearings were held by July 1998, contributing to the draft by the Governor that is supposed to be based on the 'city's' draft.

However, the city planning process concerning Seto City was not smooth because of mounting opposition against the Expressway project itself, the housing project and the EXPO site construction that would destroy the forest in Seto City. This contrasts with parallel processes in Nissin City and Nagakute Town, for which the city plan was finalised in March 1998.[44] The criticism was heightened after the nesting of goshawks, on the brink of extinction, in the Kaisyo Forest was confirmed by the Wild Bird Society of Japan (WBSJ) in April 1999.

Although the prefecture tried to continue developing the Expressway projects,[45] the Nagoya-Seto Expressway (especially in the section of Kaisyo Forest in Seto City) and other aspects of the EXPO project came under further pressure. The main site of the EXPO was placed at the Kaisyo Forest (Seto City) in the EXPO Plan in Feb 1999, announced by Aichi Prefecture and the Expo Association, but the venue gradually shifted to Seisyonen Park in Nagakute Town to reduce the destruction of the Forest. A Plan announced in October 1999 revealed the alternative of moving a part of the EXPO facilities to the Park. Then the critical blow hit the project supporters in November 1999 and January 2000. The

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[43] When the preliminary investigation group from the BIE visited Japan in December 1996 (before the city planning was finalised), the MITI explained the EXPO site plan. In the meeting, 'computer graphics that include something like the Nagoya-Seto Expressway' were already used (The meeting was not open to the public). (see the EXPO section chief, *Seto City Assembly*, 27 November 1996)

[44] Originally, the Nagoya-Seto Expressway denoted a road from Nagoya to Seto, but as the plan became stagnant and central attention was placed on the section from a junction with Tomei Highway to the EXPO (and the related projects) site, the Nagoya-Seto Expressway began to indicate that section. A section from the Tomei Highway junction in the direction of Nagoya up to the intersection with National Road 153 was called Nissin Central Line and included in the city plan in March 1998. Nonetheless, the 'Nagoya-Seto Expressway' is still sometimes used in the original meaning.

[45] The Land Management Department chief noted that: the Prefectural City Planning Panel would discuss the methods of construction that pay full attention to goshawks; once the city planning procedure is finished, the construction would begin, wherever possible, without delay; and [we] aim to complete necessary works in time for EXPO 2005, while taking great heed of goshawks (*Aichi Prefectural Assembly*, 1 July 1999).

chairman and the chief official of the BIE visited Japan in November and met the MITI. They harshly criticised the post-EXPO housing plan as the product of a 20th century development style poles apart from the EXPO theme. They also commented negatively on the proposal to destroy the Kaisyo Forest.[46] The government tried to keep the details of the meeting behind closed doors, but a newspaper gave the secret away in January 2000.[47]

In February 2000, the Governor still insisted that the Nagoya-Seto Expressway would proceed in the context of the prefectural roading network (*Aichi Prefectural Assembly*, 21 February 2000). The central government also appeared to support progress on the Expressway project for the network regardless of the heavily criticised housing plan (Minister of Home Affairs, in the budget committee of the *House of Representatives*, 18 February 2000). In April 2000, however, the MITI, Aichi Prefecture and the Expo Association agreed that the Kaisyo Forest development would be greatly reduced and announced a halt to the Nagoya-Seto Expressway and the housing project, before the dates of BIE's approval and registration of the EXPO Plan within the year. The prefecture withdrew the application to the MOC for authorisation of the city plan with regard to the 7 km of the road running through Kaisyo Forest. Because of this decision, the Nagoya-Seto Expressway project as a trunk network line was at once cancelled.[48]

The outcome was that the Nagoya Seto Expressway is only from the junction with the Tomei Highway in Nissin City to Nagakute City now the main EXPO site. As was seen, the city plan for the section was already finalised in 1998, and the prefecture had developed the section with the government subsidy since the 1999 financial year. In the end, the Nagoya-Seto Expressway only between Nissin city and Nagakute Town was completed as an access route before the EXPO 2005.

The municipal authorities' stance in general was supportive of the Expressway project. Project promoters intended to make the most of the Expressway project

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[46] Given the fact that the EXPO Plan has to be approved and registered by the BIE, their warning had significant meaning.
[47] As for the minutes, see Asahi Shinbun, 20 January 2000.
[48] The connection with the Tokai Loop Motorway in Seto City was shelved (see, for example, the Construction Department chief of the Aichi Prefecture, *Aichi Prefectural Assembly*, 8 March 2001). (However, the possibility of connection with the Tokai Loop Motorway was not wiped out completely. The chief mentioned a renewed plan for the future network at the same time.) As for the section towards Nagoya city, the development has also been sluggish. For instance, the City Planning Section chief of Nissin City noted that Aichi Prefecture recognises the Nagoya-Seto Expressway and Nissin Central Line are important for the road network in the future…but fiscal situation of the prefecture is so tight that it is hard to develop all lines at the same time (*Nissin City Assembly*, 11 June 2003).

to develop the local area.[49] On the other hand, in Seto, Nissin and Nagakute Assemblies, there were from the outset councillors who were critical of the prefecture/central driven project development and demanded a more independent role for municipal bodies.[50] These councillors, however, remained a minority and could not have a big impact, since the municipal authorities were not the entities that initiated the Road project related issues.

When CG and the prefecture are looked at within the framework developed in Chapter 4, the relations may be regarded as consensual. Relationship between CG and municipalities, on the other hand, is seen as imposed. Within LG as one unit, the municipal authorities' position was at the very periphery, and in the relationship with CG municipal authorities were far less significant. All told, the relationship between CG and LG is seen as imposed.

[LG – LC; CG – LC]

In contrast to the local authorities (the prefecture and municipalities) which supported the Nagoya-Seto Expressway and other EXPO related projects, many local community groups and environmental groups campaigned against the large-scale development schemes.

As has been seen, the municipal authorities played only a limited role in the project development. In such a policy environment, citizens were not given meaningful opportunities to change the pre-determined road plan at the community level. The city planning process concerning the Expressway project did not actually allow for local initiatives by either municipalities or citizens. Local people were informed of the project, after the Expressway plan had already been well established. Citizens were expected to 'have an understanding of the project through local meetings for project explanation' (the councillor in charge of city planning, *Seto City Assembly*, 4 December 1995). Local people were left in a passive position. On top of that, in Seto City, the minutes of the City Planning Commission (the City Planning Law, section 19) were not even open to the public before the city's draft was submitted to the Aichi Governor (see discussion at *Seto City Assembly*, 4 December 1998). In the official road development

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[49] For example, the Seto Mayor's position was along these lines: development of the eastern south area will have an influence on the city's future development; the EXPO and other projects is a golden opportunity for progressing necessary city infrastructure (*Seto City Assembly*, 6 September 1995). A local elected prefectural councillor said that he strongly wished the Seto City to grow by making use of the rare opportunity of holding the EXPO (*Aichi Prefectural Assembly*, 7 December 1998).

[50] For instance, a councillor of Seto City insisted that the city's planning style in which the city simply adjusts to the prefectural notification (about the road type, the location of interchanges etc) was wrong (*Seto City Assembly*, 4 December 1995); and asked the Mayor to have a say to the prefecture (*Seto City Assembly*, 28 November 1996).

procedures, citizens' involvement was effectively lacking.[51]

Therefore, for opponents to the Nagoya-Seto Expressway, the main channels through which to express their opinion were by putting pressure on the decision-makers by collecting signatures or submitting opinions and suggestions. Examples of signature collection are: a request with about 12,000 signatures seeking a halt to the Nagoya-Seto Expressway plan. This petition, mainly from the Nissin city area, was submitted to the prefectural assembly in June 1997. It was rejected. A further direct petition to the prefecture, with nearly 140,000 signatures, seeking a plebiscite on the hosting of the EXPO was rejected by the Assembly in March 1998. In 2000 more than 310,000 signatures were attached to a request to the prefecture for a plebiscite over holding the EXPO[52] — this was turned down later in July. These signature campaigns directly or indirectly posed questions about the legitimacy of the road project.[53]

Together with such movements through the democratic mechanisms, numerous direct opinions, submissions or requests were presented to the central government and the prefecture. Among these, there were widely known environmental groups such as WWW-J (World Wildlife Fund Japan), NACS (Nature Conservation Society of Japan) and WBSJ (Wild Bird Society of Japan), as well as locally organised groups. Because of their tireless efforts, various problematic aspects of the project were revealed. Each time the government or the prefecture publicised plans or reports, critical comments were repeated. The primary criticisms were related to superficial and untrustworthy environment assessment by the promoters and imposed project development without citizens' involvement.[54] Regardless of these strong criticisms by many groups, the

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[51] Also, at the public hearing, which was held in 1998 for the Governor's draft at Aichi Prefecture, questions were not allowed.

[52] During the period of signature collection that started in March, the Expressway plan and housing project were cancelled.

[53] Also, as a similar indication, a person who had organised a citizen group opposing the EXPO projects stood for the governor's position at the election held in February 1999. His opponent, the eventual winner, was the incumbent who announced his support for the project.

[54] Some opinions are as follows: Holding the EXPO at Kaisyo Forest should not be pre-determined. Alternatives have to be taken into consideration, when environmental assessment is carried out, otherwise, the assessment would simply adjust itself to the existing plan. Transparent assessment (fair selection of examiners, open discussion etc) (Citizens' Group for the EXPO Environmental Assessment [Aichi banpaku no kankyo asesumento ni ikensuru simin no kai], 23 February 1998); Data collected for the assessment contains errors or false statements (It had been pointed out, for instance, that summer birds were counted during winter in a report published by the project promoter). Names of those conducting research, examiners and the research process should be publicised. Re-examination is required, taking heed of more scientific method (that is recommended by professionals and WBSJ and so forth.) (To the MITI, the Expo Association and Aichi Governor, WBSJ, 1 June 1998); The Nagoya-Seto Expressway is wasteful and would unnecessarily destroy the local environment. There is an alternative for connecting with Tokai Loop Motorways using an existing route. There are also concerns from a geological point of view. (to Aichi Governor and the Expo Association, Akio Moriyama, environmental science professor of Aichi University of Education, 5 April 1999) Professor Moriyama subsequently

stance of the Expressway promoters was, however, not much affected. They pressed on, seeking to build the Expressway as soon as possible.

Consequently, some citizen and environmental groups tried to attract the attention of the BIE directly, while they continued to make critical comments to the project promoters. Birdlife International, which is a partner of WBSJ, posted their opinion to the BIE, asking the BIE to recommend that the prefecture, the EXPO Association and the government should stop a project that would destroy Kaisyo Forest (14 October 1999). Furthermore, the WWF, after the request from the WWF-J, expressed concerns about the destruction of the Forest, requesting the BIE to take adequate measures (25 October 1999). When the BIE visited Japan in November 1999, it stressed the importance of environmental groups and expected to see high-level communications between environmental groups and ministers.

Local and environmental groups applied a great deal of effort, mainly targeting the Aichi Prefecture, the central government and the EXPO Association, rather than local municipalities, which were virtually without authority. Their active campaigns attracted media attention, and accordingly slowed down the Expressway and other projects. However, community influence on the project's promoters was very unclear, to say the least. It does seem clear that the BIE's strong warning — an international voice (albeit prompted by local interests) was far more significant in leading to the plan's alteration than the local groups' direct pressure on the authorities. Before the EXPO Plan's registration in December 2000, the BIE visited and requested the authorities not to position main facilities in Kaisyo Forest. The EXPO promoters accepted that and as a result the main venue moved to the Seisyonen Park. An organiser of a citizen group critically noted that Aichi prefecture and the EXPO Association do not listen to us at all, but they follow the BIE unconditionally (Kageyama, honorary professor of Aichi University of Education, *Asahi Shinbun*, 12 November 2000).

The relations of [LG – LC] and [CG – LC] are recognised as imposed. As the Expressway project took shape local communities were given a very limited chance to input their interests into the decision-making process. Their efforts in collecting signatures did not lead to a substantive result; the direct approach was

revealed that a company that spent about one quarter of its budget on environmental research was under equipped and did not have qualified personnel, and that the company was a so-called amakudari entity (Moriyama, 13 September 1998; also see *Asahi Shinbun*, 18 February 1999); The Nagoya-Seto Expressway is not economically viable and calculations of its environmental effect have to be re-examined. Environmental assessment around the proposed route is problematic (To Aichi Governor, Japan Scientists Forum [Nihon Kagakusha kaigi], 6 April 1999).

also largely negated by the inflexible attitudes of project promoters.

Classification of the Nagoya-Seto Expressway

In the Nagoya-Seto Road case, [CG – LG] relations overall are seen as imposed, and linkages of [LG – LC] and [CG – LC] are both imposed too. This case is classified as [G] — *'Powerful central government'*. Neither local authorities nor the central government provided worthwhile mechanisms for local input. Municipal authorities were embedded in the city planning procedures where the prefectural authority (and the central government) took initiatives and actually controlled the process. Overall, the local authorities' positions were closer to the project promoters' stance. Although the prefecture (a part of LG) led the project, its allies were the central government and the EXPO Association, not the local communities that would be directly affected.

Overall evaluation

The Nagoya-Seto road case highlights the confrontation between the public sector (CG and LG) and citizens (LC). Relations between the former (CG and LG) and the latter (LC) were far from consensual. Local citizens and groups remained less powerful. The Environmental Agency's mandate to protect the environment had a relatively limited impact on the project development. Without the intervention of international environmental bodies in approaching the BIE and the BIE's pressure on the Japanese project promoters, it was likely that the Expressway plan would have survived in the form initially approved by the central government. It should be noted, however, that the international intervention was influenced by advice from Japan that had its origins in the local protest movement.

Thanks to the BIE and further environmental group pressure after 2000, the EXPO plan was again downsized, with the expected visitor numbers down to 15 million (from the original 40 million).[55] The developmental projects were scaled-down, but still had negative effects on the local environment. The Expressway and EXPO project development process was long and uncertain. Because of the influential public sector, the original plans survived for a long period before their final termination.

This case sheds light on issues such as: the role of the municipal authority that is supposed to be closest to the community, and therefore to be a sounding board for the community; relations between different tiers of local authorities

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[55] In the event, about 22 million people visited during the 185 days event in 2005.

(prefecture and municipalities); and the relative power balance among CG, LG and LC. Ironically, largely because local authorities and communities that are directly affected played little part, the road was successfully completed as an access route for the half-a-year international event. But the shortened road, which was reduced to being little more than a gateway to the EXPO, is unlikely to contribute significantly to a better local road network over the long term.

Similarities and differences: assessing the criteria
In the paragraphs below, the criteria identified and discussed in Chapter 4 are applied to the two roading cases.

Table 5. 1: Criteria rankings in roading

	Local Capability	Respon-siveness	Coordination		Sustainability	Financial/ Economic viability
			inter-	intra-		
Highway in Auckland	5	4	4	3	3	4
Nagoya-Seto Expressway	1	1	2*	1	1	1

* Cooperative commitment between CG and the prefecture was identified, but municipal authorities are not incorporated.

Highway in Auckland
Local capability (5)
This criterion is marked highly positive in the New Zealand case, as both authority and resources are well in evidence at the local level. The project was led by local interests from the outset and the decision-making of local authorities has always been crucial. Developing an improved transport network in the Auckland region has been discussed for decades. Building a motorway or highway through the Eastern Corridor has been included in local plans. Local authorities and the crown entities have scope to shape projects to suit particular local situations so that problems can be dealt with in a localised manner. Local traffic problems have been the concern principally of local authorities, not the central government, and it is their responsibility to seek solutions. Thus, the fate of the Eastern Corridor has been strongly influenced by attitudes of local authorities. In the past, however, the local authorities could not, or would not, make an actual commitment to the Eastern Corridor project. In 1997 a proposal by the Auckland City Council did not receive the endorsement of the Environment Court. Little progress was made until the council led by Mayor John Banks from 2001 vigorously tried to take the project forward.

Local authorities and Transit NZ worked collaboratively in the development process (e.g. in *Eastern Transport Steering Group*), with the final decision being left to the city councils. Of importance is that the collaboration between local authorities and the crown entity on the ground is integrated in the planning mechanisms. Neither governmental agencies nor the central government at a political level controlled the local decision-making process. Possible options were probed and possibilities for change were kept open at the local level until the plans for the highway to be built were finalised. Central government has been generally supportive of transport development in the Auckland region, but has not overtly intervened in the final decisions about the options to be implemented, although it would be naïve to assume there was no 'arm twisting' behind the scenes. The language used by ministers is 'partnership'.

The availability of local resources too contributed to the positive ranking under *local capability*. The necessary planning resources, such as technical knowledge and personnel, were at hand locally. Nonetheless, local authorities are not 'big government' having all the required resources in house, but rather a 'central junction' where the capabilities of different bodies come together. The joint work between Transit NZ and the Auckland local authorities, in which necessary knowledge and staff resources were pooled was particularly important. Technical reports were outsourced to private consulting companies, rather than central agencies providing information.

The availability of finance for roading construction was a major constraint on the development of the project. Although the Auckland region has received a very large proportion of funds made available by central government through Transfund, there was no 'blank cheque' from the centre. Potential routes often turned out to be too costly. Local financing mechanisms such as charging tolls were still in rudimentary stages, although tolls have been introduced in other parts of New Zealand (and, as a special case, forty years ago in respect of the Auckland Harbour Bridge).

During the development process, the main decision-making arena has been at the local level. Although, in the event, the Eastern Corridor highway has not proceeded as in past attempts, this case study underlines the extent of local involvement: in planning and decision-making. The project was locally initiated and locally terminated.

Responsiveness (4)

The democratic dimension is also considered to be positive in New Zealand. Established statutory public input arrangements such as requirements to consult, the resource consent process and local planning mechanisms secure opportunities for local public involvement. Although the actual impact on projects cannot be precisely quantified, the processes for public input are at least open and available. In addition to these formal opportunities, political pressures are directed at those who are considered to have influence on decision-making.[56] The principal targets of such pressures are naturally individuals or authorities at the local level, not the central government,[57] because of the decentralised characteristics of roading administration.

In the New Zealand roading system, allocation of functions among different institutions at central and local levels is designed to avoid administrative overlaps and to make transparent where responsibilities lie. On the face of it, the public input opportunities and the separation of functions might be expected to greatly contribute to responsiveness. In practice, however, close interactions among organisations at the local level actually made it less apparent to the public how decisions are made and how public input was to be incorporated in decision-making. Furthermore, democratic pressures are felt unevenly, since the extent of democratic representation varies among organisations and individuals concerned. Mayors and council members are under direct pressure in the three-year local political cycle,[58] while crown entities are less exposed to the public. Political considerations and strategic thinking are intertwined in the deliberation process, and public input is only one factor in that process.

Coordination (inter 4; intra 3)

Inter-unit coordination is positively evaluated, since close cooperative behaviour was demonstrated between Auckland and the central government during the Banks administration period in which the highway project was pushed forward. The Joint Official Group (JOG) in 2003 consisted of Auckland mayors and central government ministers and officials, and recommended partnership between the central government and Auckland in its final report (JOG Report, November 2003). The Group was the precursor of the subsequent joint works of the central and the local authorities such as the transport package *Investing for*

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[56] For example, citizens' input was expected to be directed to the transport chairperson in the Auckland City Council (*New Zealand Herald*, 25 June 2004).

[57] For instance, a company that has a local plant that would be affected by a possible highway route contacted the Mayor, expressing strong opposition. *New Zealand Herald*, 'Coke fights route for $4b highway', 7 April 2004.

[58] Before the local election 2004, for example, City Vision-Labour team promised to scrap the Highway project, while Auckland Citizens & Ratepayers Now supported the plan.

Growth in December 2003.[59] Cooperative actions were possible because there were recognised national interests in favour of improving the Auckland transport system. For instance, the government and Transfund have allocated funds to the Auckland region at the expense of other regions (particularly from the other regions' standpoint), and legislative changes promoted by the central government opened up opportunities for localised financing that can be crucial for large projects. There has not been a major conflict of purpose between different levels of government interests.

The picture is much less clear, when it comes to local level coordination. There have been deep divisions at the local level over the preferred highway route, even though the very broad objective of tackling Auckland's transport needs was commonly recognised. Dithering over the Eastern Corridor project has been in part at least ascribed to overly complicated relationships among many local level actors.[60] Reaching a convergence of opinion in the local arena was unavoidably not easy,[61] reflecting the controversial nature of the project.

Sustainability (3)

Long-term solutions in the New Zealand roading system are meant to be achieved through a chain of strategies and plans. Those involved in the Eastern Corridor project at the local level shared objectives such as to reduce congestion and help boost the local (and eventually the national) economy. These are also endorsed by the central government. Long-term transport development is contained in non-statutory grand strategy (NZTS 2002) at the central level and statutorily required strategic local plans. However, the relationship between the Eastern Corridor and local long-term strategy was not always easy to ascertain at various stages in the project's development.

A concrete project plan for the Eastern Corridor was lacking in these strategic documents. Partly because of this, central government (and agencies) and local level proponents were not always on the same wavelength in their attitudes toward this particular project. Lack of endorsement in formal documentation, for instance, opened up the possibility of Transit withdrawing from further commitment, when the project seemed financially too extravagant. The Eastern

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[59] The package was 'the result of the work by central and local government agencies on the Joint Official Groups'. (The Ministry of Transport, available at: www.transport.govt.nz/business/land/transport-package.shtml).

[60] See the Auckland Transport Governance and Regulatory section of 'Investing for Growth' a Transport Package for New Zealand.

[61] For instance, Auckland Mayoral Forum chairman John Law (Rodney DC) said, the exercise [of regional land transport committee] was frustrated by 'disarray within the ARC'; 'They [committee members] obviously don't trust each other.', 'Transport body swells', *New Zealand Herald*, 24 March 2004.

Corridor project has always been unstable, in contrast to the central government's continuous commitment to improving the Auckland road system and its administration.

At the micro-level, it is possible to say that long-term solutions were discussed by almost everyone. Indeed, it could be said that these were central to the often heated discussion. Proponents advocated that the project was essential for Auckland region's continuing development. Opponents, on the other hand, argued that the project could not provide a long-term solution to the fundamental problem of a car society; and that constructing the highway instead of enhancing public transport (train or bus) was environmentally unfriendly. The claim of essentiality was in the end not convincing enough to persuade the Auckland City Council elected in 2004 to outweigh the adverse effects emphasised by opponents. Choosing one of the alternative visions is a matter of values. Auckland arterial roading remained controversial after Banks and the plan had both gone. The cancelled Eastern Corridor project is now treated as just one past episode in a long story. Multiple agendas remain for long-term solutions such as building new roads, railway or bus options and incentive mechanisms to reduce the number of cars in the city. All told, consideration of *sustainability* in this case was not strongly positive.

The Auckland Regional Transport Authority (ARTA) and Auckland Regional Holdings (ARH) were established in 2004 to simplify the overly complicated Auckland transport sector and to facilitate an integrated approach expected to contribute to long-term regional interests. As far as the eastern highway project was concerned, the new organisations' effects were not identifiable. The expected positive influences on Auckland transport strategy remain to be seen, as the region's transport headaches continue. Nonetheless, the new organisational arrangement should assist *sustainability*, and the intention behind the organisational reformation seems sensible in the light of the unproductive effort invested in an aborted highway project.

Financial/Economic viability (4)
Consideration of economic aspects has been crucial in this case, along with the possibilities for financing the project. Under the Auckland city administration since 2001, the local financial contribution has been a thorny issue, as the road project outline became more concrete. Funding ability (local financing and subsidies through Transfund) tended to fall short of the estimated cost. Cost-benefit analysis, therefore, played a crucial role, and was undertaken at various stages in the development of the final proposal. Cost-benefit analyses of

possible plans were carried out by private consultants in the later stages and these had a significant impact on the project's development. The scope of the studies covered alternative routes, specifications and assessments of the economic gains (or losses) to the region (and ultimately the nation).

It is noteworthy that, politically and administratively, sensitive reports crucial to decision-making were outsourced to private consultant companies such as Eastdor Consultants, Business and Economic Research Ltd and Opus International Consulting. Thus, independent, and presumably impartial, analysis was made possible. In fact, the conclusions of the analyses ranged from unfavourable to favourable for the project development, suggesting the neutral nature of the studies. Nonetheless, these studies were questioned by citizen groups who were against building the highway in the first place. For those opposed to the project, the analysis of different route options was irrelevant, if not biased, because it proceeded from the premise that roading — rather than other transport modes — was a preconceived solution. On balance, though, financing and economic aspects in this case were well thought out, and a positive ranking is awarded.

Nagoya-Seto Expressway
Local capability (1)
In this case, it is hard to find evidence of *local capability*, for neither local initiatives nor locally available resources played significant parts in the development or construction process. The road plan surfaced along with the EXPO plan. The decision to host an international event was made at a high national and prefectural level, detached from the area that would be directly affected. Accordingly, the 'final' decision-making to build the road came first in the policy cycle in this case. Topics such as mitigating local traffic congestion or developing a local road network were not even recognised as items on the agenda at the local level (particularly municipality and community) before the road construction plan emerged as a fully-fledged project.

Advocates argued that the project would facilitate the development of a regional road network, as well as provide an access route to the EXPO. That was seen by project opponents, however, as a mere *ex post* justification of the already taken decision. There was a widespread sceptical view that the primary purpose of the road was access to the EXPO and a housing project at the EXPO site after the event.

The case highlights the passive position of municipal authorities in the roading

administration (particularly highway and motorway) in Japan, and shows how difficult it is to overturn what a higher echelon decides. What was decided was clearly lacking in flexibility and not readily open to changes despite mounting criticism. Municipal authorities just went through a mere formality to endorse the road project. When local and central government interests (more accurately event promoters' interests) were different, the local interests took second place. Municipalities' strategic local plans, which ought to be crucial to local communities, were modified by the road project. Road project development did not take place in the sphere where municipalities can have influence, but in the central-led arena.

Along with the limited local discretion, locally available resources were also very limited in this case particularly at the municipality level. Aichi Prefecture was one of the principal project promoters, having worked in cooperation with the central agencies, whereas municipalities were dependent on prefectural (and also central government) finance. Project supporters at the municipal level aimed to develop local infrastructures by taking advantage of financial resources provided by the higher-level governments. Interestingly, though, underfinanced conditions at every level of government did not deter the road project (and the EXPO). Underfinanced local municipalities relied on the underfinanced prefecture that clung to holding the EXPO. The prefecture in turn counted on central government providing financial support.

Local authorities (at the municipality level) did not need to organise technical knowledge or expertise because detailed specifications of the proposed high quality road were finalised by the MOC and Aichi Prefecture. Technical resources were distributed unevenly among local authorities, with the prefecture having some but municipalities virtually none — not to mention the imbalance between central agencies and local authorities.

Responsiveness (1)

Democratic input in this case was very limited. The decision to construct a road was made at an early stage of the project. Thus, the road-related city planning process, which is the only established way for local voices to be heard, did not offer much meaningful opportunity to local municipalities and communities. The general nature of public involvement from the promoters' perspective was to justify the pre-determined project and acquire necessary endorsement. Public hearings or petitions could not have a direct impact on the project development. Accordingly, the oppositions' views were conveyed through *political* pressures rather than programmed opportunities in the *administrative* process. Activities

such as signature collections failed to bring about any plebiscite or strategic shift in the local assemblies.

Weak public input was accentuated by the fact that the project was led by higher authorities. Even though opponents of the project made approaches to those who constitute the policy community (such as the central agencies and governor), the confidentiality of the prefecture and the central government with minimum accountability always thwarted any breakthrough that the opposition sought.

The problem lay in the great discrepancy between the place of public input opportunities in the system and the location of actual decision-making. Public involvement at the municipality level did not have much effect on how the project developed, even though this was virtually the only opportunity for input in the administrative system. Even if mayors in local municipalities, for instance, were put under pressure by citizens and local interest groups, the centrally-driven nature of the process did not allow for any radical change of plan.

When decision-makers were directly confronted, they in turn argued that voices are heard properly in established mechanisms at the local level. By sheltering behind the necessary formal procedures, the policy community is largely invulnerable under the present system. Authorities could effectively turn a deaf ear to local voices, although the citizens' anti-position to the road project (and the EXPO) was often very evident.

Coordination (inter 1; intra 2)

Coordination efforts are not assessed highly. The only obvious cooperative action was that between the central and the prefectural government; there was little linkage between the central government and municipalities. Specifically, commitment to cooperation was found only within the policy community promoting the road project and the EXPO. The policy community, which comprised the prefectural government, central agencies and Japan EXPO Association (private companies' representatives, governors and mayors, and retired central figures etc) dominated the project development. Other actors' influence was far less significant.

Within the local sphere, the imbalance of power between the policy community and other actors was obvious too. Municipalities were subordinate to the prefecture rather than being mutually cooperative. Each municipality concerned separately followed the necessary steps required by the prefecture for the

project approval, and the process did not disturb predetermined harmony. Project development was not the result of active collaborative efforts among local authorities. Although relations between the prefecture and municipality may seem cooperative on the surface, this was simply because municipalities had limited roles and influences, and were subservient. Among neighbouring municipalities in the affected area, there has not been any notable horizontal discussion, again reflecting their small role in the project development.

Sustainability (1)

Long-term considerations were not to the fore in this case. Initially, the proposed long-term goal was supposed to be the development of the regional road network. In the end, only a part of the road was constructed — reaching to a junction with the Tokai Loop Motorways — because of the environmental issues. Not only that section, but the other end of the road also came to a standstill because of the serious financial circumstances.[62] Only the section from the junction with Tomei Highway to Nagakute Town, which is directly linked to the EXPO, was completed as scheduled. Throughout the road development process, it is doubtful that the long-term objectives were given any priority. It seems that the prefecture became less willing to complete the local network plan, as the prospect of completion of one section to the EXPO site became more certain.

As for municipalities, their city plans, which are supposed to contribute to the area's long-term benefit, were treated lightly. When the road plan was revealed at prefectural level (prefecture and local branch of MOC), it was not incorporated in municipal plans. But, later, local plans were modified to let the road project be constructed. Local plans were not a meaningful apparatus to provide a long-term solution.[63] At the local level, there were simply none that could lead to the long-term local objectives in the face of the centrally-led project. The housing project was not simply to meet demand, but seemed another example of a public utility principally contributing to those primarily involved in construction.

Financial/Economic viability (1)

In this case, economic consideration was clearly lacking. Financial constraints did not hinder project development either. Although both the road plan and the EXPO proceeded during tight fiscal situations in both central and local

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[62] The future prospect of the Nissin Central Line in Nissin city is far from certain, and a city councillor stressed the importance of appealing to the prefecture and the central government for the road development (*Nissin City Assembly*, 11 June 2003).

[63] A local councillor expressed a concern about delayed groundwork for necessary local roads that was decided in the past plan, while the city committed to the Nagoya-Seto Expressway (*Nissin City Assembly*, 6 December 2002).

government, the promoters firmly adhered to the original plans as much as possible. Different tiers of government shared funding, and none of the governments received enough pressure to change plans for financial reasons. Public pressure on the central government was virtually non-existent, since the road plan was not even on the central agenda at the national level. The prefecture was the most blamed as a lead promoter at the local level. But, successive governors (one was governor when Aichi was selected as the EXPO venue, and the other inherited the same policy towards the EXPO and related projects) at all times supported the project, and so did the prefectural assembly, despite the governor announcing the state of emergency over the prefecture's financial condition in 1997. The governors and the majority of the assembly had a close association with the Government party (LDP) whose basic stance was to support the EXPO. The strong link among promoters is a key factor that made it possible to pass through the adverse financial conditions. As to municipalities, the main reason for the opposition was not the financial issue only, but mainly the local environmental effects.

Economic analyses were made and publicised by the project promoters, but cost-benefit analysis was not central to decision-making, to say the least. Trust in the published figures was called into question, for example, when the estimated numbers of EXPO visitors (and therefore estimated numbers of cars on the road) had been reduced, in the face of criticism. The changes even in such a crucial aspect for the road project (as well as the EXPO itself) imply that the studies were not fully based on objective calculation but on political intentions to some extent. Economic figures put forward by the project promoters were often seen in this light. In fact, doubts about the economic viability of the project, together with environmental damage, were prominent in arguments advanced by opponents of the project. Despite these criticisms, however, the optimistic outlook of the promoters kept alive the road project and the original EXPO configurations for the long period.

Economic considerations were simply outweighed by the decision to construct a road. The level of toll to be charged (or whether the road would be free) was not finalised when the road plan was implemented. No strong local economic perspective was incorporated in the project, and future maintenance costs were uncertain. As a result, doubts about profitability and economic impact, and thus the risk of financial burden to the region, remain.

(B) Environmental administration
Project Aqua in the Waitaki River

Figure 5.5: Map of Waitaki River (1)

Introduction

Project Aqua is a proposed hydro-electric scheme, consisting of six dams with eight canals in the lower Waitaki River in the South Island of New Zealand. The catchment area is a major farming region with significant reliance on irrigation from the braided Waitaki River. At the time of writing the scheme was the largest project to be considered under the Resource Management Act 1991 (RMA), estimated to cost $1.2 billion with the ability of generating more than 520MW a year (more than enough power for the city size of Christchurch). The 60km project was estimated to take 70 per cent of the available water from the Waitaki River and to add six new power stations to the existing three sat astride the boundaries of four local bodies: Environment Canterbury (the Canterbury Regional Council); the Otago Regional Council; the Waitaki District Council; and the Waimate District Council. Project Aqua was announced by the state owned enterprise, Meridian Energy Ltd, in April 2001, and the company was the main driving force seeking to implement the scheme. While Meridian sought consent through the statutory process – under the RMA – mounting opposition at a local and national level over environmental effects surged. In March 2004, Meridian Energy suddenly announced that it would not continue with the project. Among the factors prominent in the widespread opposition to the project, local and national, were scenic values, disruption during construction, sustainability, and recreation (fishing and kayaking). Competition with farming for water for irrigation schemes was also a crucial consideration (although Meridian associated irrigation schemes with the power development).

Figure 5.6: Map of Waitaki River (2)
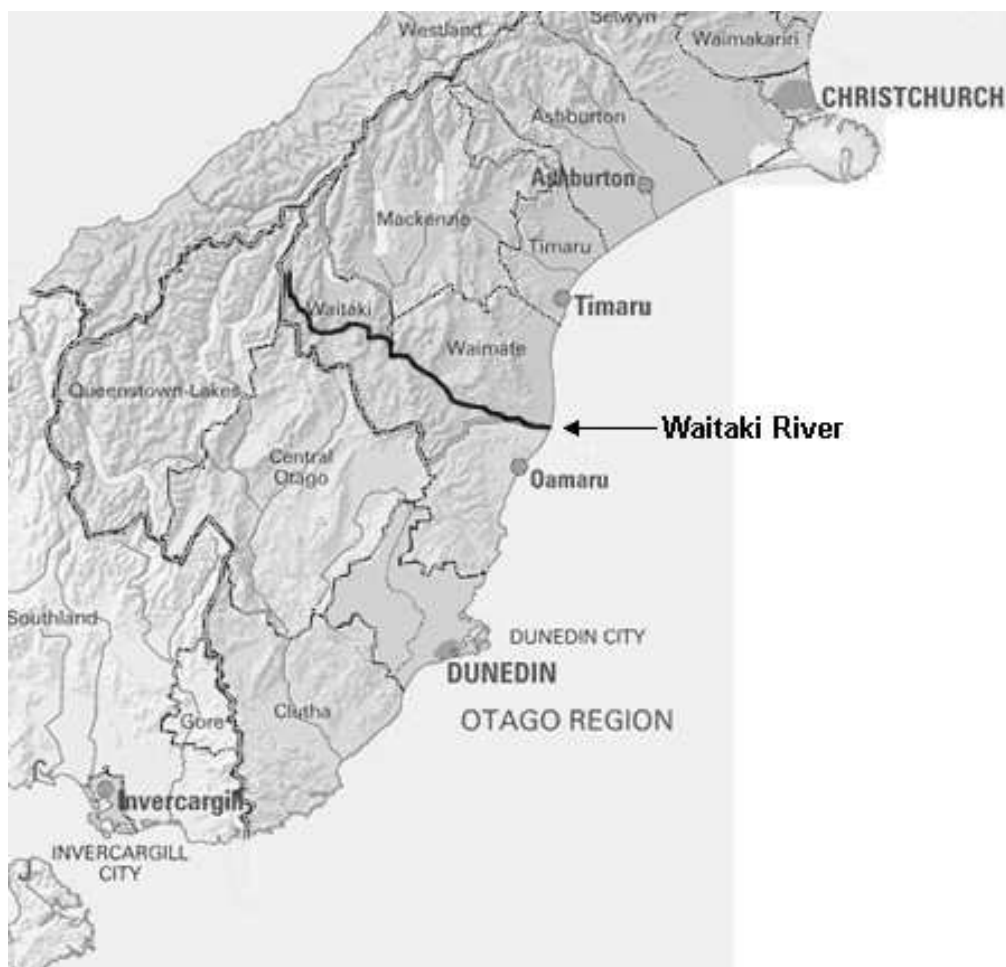
Environmental administration in New Zealand

Although the statutory framework has changed over the years New Zealand's national energy policy has long been required to consider environmental as well as economic factors.[1] Central government ministries such as the Transport Ministry, Ministry of Economic Development and Ministry for the Environment, and agencies like the Energy Efficiency and Conservation Authority (EECA; established in 1992) have been focused on the issue of energy efficiency and new renewable energy solutions. Although local authorities no longer have direct responsibility for electricity distribution,[2] they also became involved in these issues because of their roles in resource planning (PCE, 2000, pp. 23-41).

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[1] The raising of Lake Manapouri in the late 1960s followed by the 'oil-shock' of the 1970s introduced new dimensions in the New Zealand energy planning process.

[2] Prior to 1994 a number of territorial local authorities and ad hoc authorities (electric power boards) administered retail electricity distribution but since then (Energy Companies Act 1992) there has been a 'totally open market' and following mergers, takeover bids and asset sales 'strictly speaking, the control of electricity distribution has passed beyond the sphere of local government' (Bush, 1995, pp. 102, 103).

Until the mid-1980s, the central government was responsible for the national generation and wholesale distribution of energy through the Ministry of Energy (formerly the New Zealand Electricity Department). From 1 April 1987 the monolithic central organisation was broken into a number of competing state owned enterprises under corporate boards at arms-length from ministers. Several were later privatised, but Meridian has remained a state owned enterprise directed by a board appointed by the 'shareholding ministers'. During the 1990s, under the National Government, the policy emphasis in respect to power supply was strongly on the operation of the market. Following a change of government in 1999, however, a series of recent moves such as *Government Policy Statement 2000*, *Energy Efficiency and Conservation Act 2000* with the following *National Energy Efficiency and Conservation Strategy 2001,* and establishment of the *Electricity Commission* in 2003 have marked a return to a greater degree of central government regulatory engagement in the electricity sector (but no further changes in the ownership of the industry). Indeed there has been criticism of excessive government intervention. It is in this national context that Project Aqua is to be understood.

In 1991 after lengthy consultation the RMA was enacted with the aim of protecting the environment in an integrated way. The central theme of the legislation was *sustainable management*.[3] The most important aspect of the statute from a local governance perspective was its enabling and bottom-up nature. Responsibility for the major aspects of decision-making and implementation of the RMA lies at the local level. Local bodies (regional and district councils) play a crucial role in the planning and resource consent process, in which public participation is required and encouraged. Because of its non-prescriptive nature,[4] 'the RMA cannot avoid conflict over the use of resources, or the environmental effect'. Instead 'it can provide an open and fair forum where differing positions can be discussed and solutions can be found' (Ministry for the Environment [MfE], 2004a, p. 1). Frequently, therefore, the process of notification, consultation and sometimes litigation right up to the final decision is a long track where parties involved compete against each other in seeking to promote their respective interests – often developmental interests in conflict with environmental objectives.

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[3] RMA 1991, Section 5. Purpose (1) 'The purpose of this Act is to promote the sustainable management of natural and physical resources'. It is important to distinguish sustainable *management* from sustainable *development*. Criticisms especially from the National Party, argue the lack of a sustainable *development* concept in the legislation, which results in the legislation stifling growth and contributing to standstill of organising necessary infrastructure. About sustainable development, also see PCE, 1998.

[4] The RMA brought together provisions of several statutes and replaced the prescriptive regime of the Town and Country Planning Act 1953.

The central government, through the Ministry of the Environment, has a right to issue National Policy Statements or Standards[5] to give local governments 'a bit of direction' (MfE, 2004b, p. 6). Although the legislative or planning structure may ostensibly seem vertical from top down, there is no general coercive power that central government can wield at will. In fact, one criticism concerns the lack of national direction. 'Except for the coast, councils have had little guidance from central government on matters of national importance because national policy statements have not been prepared' (Waikato University Professor, Neil Ericksen, quoted in *New Zealand Herald*, 25 September 2005). The Environment Minister has a power to *call-in* applications of national significance (RMA, section 140), which means that the Minister can effectively take over the consent process and make a decision on whether a particular project will be approved. This power has been used in very few cases, compared with the large number of consent processes.[6] Along with the central ministries, the Environment Court and the Parliamentary Commissioner for the Environment (PCE) have important roles as well. In the Environment Court, parties can seek to have local government consent applications overturned (RMA, section 120).[7] Decisions of the Environment Court can also be appealed to the High Court regarding questions of law (RMA, section 299). The PCE, an independent Officer of Parliament, established by the Environment Act 1986, functions as: environmental systems guardian; environmental ombudsman; information provider, facilitator and catalyst; environmental management auditor; and adviser to Parliamentary

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[5] National Environmental Standards and National Policy Statements prepared by the Minister for the Environment are optional. On the other hand, the Coastal Policy statement issued by Minister of Conservation is mandatory.

[6] The *call-in* tends to bring about controversy over the national 'intervention' and the RMA's principle of localised decision-making. Large scale project promoters such as Meridian sometimes prefer *call-in*, so that the resource consent process can be significantly shortened. For the 630-megawatt wind farm plan (Project Hayes) in Otago, 'Meridian had requested the *call-in* because it believed that Central Otago District Council was dragging its feet hearing the application' (*Dominion Post*, 14 May 2007).

It is important to note, however, that *call-in* itself does not always favour promoters or opponents. Implications of each *call-in* vary, and therefore, pressure to (or not to) use the *call-in* power may come from either side. For instance, when a Mighty River Power station (coal-fired power station) was under consideration, 'a number of Whangarei community groups and Greenpeace New Zealand have written to the minister requesting that she 'call in' the consents'. But the environmental minister, Marian Hobbs, declined to use the power for this case; 'Under the Resource Management Act I am able to call-in applications of national significance and I have received other such requests in the past. In this case, however, I do not think a call-in is appropriate' … 'Mighty River Power's application to re-commission the Marsden B power station and burn coal to generate electricity is certainly a controversial proposal. Northland Regional Council and Whangarei District Council have the expertise and experience to deal with the applications' (Press release, 23 February 2005). It is observed that 'the government is also reluctant to use its call-in powers under the RMA to deal with major projects itself' (Colin James, *Weekend Herald*, 22-23 May 2004).

[7] Colin James, a leading political commentator, notes; 'often big projects are in effect decided twice – once at a hearing by the local council and then "de novo" – all over again from scratch – by the Environment Court' (*Weekend Herald*, 22-23 May 2004).

893 (1.8%) resource consent decisions were appealed to the Environment Court in 2001/02, up from 486 (1.1%) in 1999/2000 (MfE, 2003, p. 17).

select committees.[8]

Local authorities are required to develop local plans (Regional Plan, and District Plan) that must be in accordance with National Policy Statements and Standards. Regional Plans, which are required to be consistent with Regional Policy Statements issued by the Regional Council, 'tend to concentrate on particular parts of the environment, like the coast, a river or the air', while District Plans 'set out the policies and rules that a [district] council will use to manage the use of land in its area' (MfE, 2004b, p. 6), and therefore will contain more detail about resource use. Managing the resource consent process and determining whether resource consent should be given are among the important functions of local government. When any activity that would affect the environment is proposed, those who plan to undertake the activity are required to go through the resource consent process. Local government's decisions must be within the provisions of the relevant local plan. The district council has discretion in deciding whether applications will be publicly notified.[9] When the case is publicly notified, anyone can make a submission and has an opportunity to express their opinion during the process (RMA, section 96).[10] Local government takes these representations into consideration. The consent process applies to activities that range from individual citizens' activities to, of course, large projects such as dam construction or roading. The emphasis is on outcomes rather than conformity with prescribed pre-conditions as in the previous town and country planning regime in place before the RMA.

Under the RMA, a *requiring authority* can designate land for a proposed project. A requiring authority may be: a Minister of the Crown; a local authority; or a network utility operator approved as such in the RMA (RMA, section 166). The former two entities are automatically requiring authorities, but a network utility operator such as a power generating company or a road authority needs to be granted requiring authority *status* by the Minister for the Environment (RMA, section 166, 167[11]) if it wishes to designate land. Meridian Energy falls into the third category. Designation is 'like a "spot zoning" over a site or route in a district plan', and on the designated site a requiring authority 'may do anything in accordance with the designation, and the usual provisions of the district plan do

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[8] Refer to the PCE webpage: http://www.pce.govt.nz/.

[9] About 6% of all consent applications were publicly notified in 2001/2002. The percentage varies according to the consent types, with 'land use consent' being the lowest and 'coastal permit' the highest (MfE, 2003, p. 15). Large projects such as public utility work are always publicly notified.

[10] If the application is on a non-notified basis, the applicant needs to acquire a written approval from those affected for the application to be processed. The council decides whether or not the person is affected once an application is lodged.

[11] The Minister of the Environment can revoke the requiring authority status (RMA, section 167-5).

not apply to the designated site' (MfE, 2004d, p. 2). To place a designation in the district plan, a requiring authority has to complete a process[12] similar to the normal resource consent process. A requiring authority may also ask for necessary resource consents from the regional council.

Principal actors

CG	Ministry for the Environment; Ministry of Energy; Ministry of Economic Development; Meridian Energy (State-Owned Enterprise); Political Parties, notably the Green Party
LG	Canterbury Regional Council [Environment Canterbury]; Otago Regional Council; Waitaki District Council; Waimate District Council; Mackenzie District Council
LC	Waitaki River Users' Liaison Group, Waitaki First Group, Kurow Aqua Liaison Committee (KALC) etc
	Others: Environment Court; High Court

Relationships among CG–LG–LC

The New Zealand environmental administration under the RMA is not strongly centralised, but rather emphasises local initiatives. However, when an environment matter concerns the national interest in some way, it can become a sensitive and highly political issue. It becomes a matter of striking a balance between central direction and guidance and the 'first-come first-served' style of decision-making at the local level. Project Aqua was a large project in both economic and environmental terms, and therefore attracted the attention of not only local citizens and stakeholders, but the central government too.

[CG – LG]

Project Aqua was proposed in 2001 when the outlook for energy supply in New Zealand had become gloomy in the face of steadily expanding electricity consumption attributable to economic and population growth and the projected depletion in 2007 of the Maui gas field that had made possible the internationally cheap electricity price of the past three decades. Electricity shortages during the winter of 2001 also made security of electricity supply a more urgent issue. The central government in particular was, therefore, required to give energy projects a national significance, and to approach them from the economic as well as the environmental perspective. In addition, New Zealand's commitment to the Kyoto Protocol generates an unavoidable engagement of the central government in

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[12] The designation requiring process is publicly notified by the territorial authority, whereas public participation is not necessarily ensured in the resource consent process (see, for example, MfE, 2004d, p. 9).

particular local issues.

After the initial announcement by Meridian Energy in April 2001, Project Aqua was generally supported by the central government as a valuable option to meet electricity demand and a renewable energy target. It was also acknowledged at the same time that large scale development of hydro-power might heighten the risk of becoming too much reliant on hydro-energy (National Energy Efficiency and Conservation Strategy 2001).

It is less clear whether the central government always wanted the Meridian Energy project to proceed. The official standpoint of the government 'has always been that if it is to proceed it should proceed on time, and if it is not to proceed the country needs to know that sooner rather than later' (Energy Minister, Pete Hodgson, 29 March 2004: after Meridian's announcement halting Project Aqua). Likewise, 'the decision was theirs [Meridian]' (Hodgson, 18 June 2004). In contrast to these comments claiming an impartial position *after* the project termination, a less neutral standpoint was sometimes seen. The Minister of Finance, Michael Cullen, for example, said he would have 'a major headache' if Project Aqua did not go ahead (*New Zealand Herald*, 20 August 2003). In the media and among the affected parties a close connection between the government and Meridian was presumed; for instance, 'with an unlikely coalition of the Otago establishment, farmers and environmentalists opposing Aqua, government was on a hiding to nothing no matter how hard it argued that it was at arm's length from Meridian's decision-making' (*New Zealand Herald*, 3 April 2004).

As reviewed below, the central government took actions with both positive and negative influences on the project's development. The major developments that impacted on the project include the following.

- In November 2002, Meridian Energy sought *requiring authority status* from the Ministry for the Environment; the status was granted in April 2003. From that point, district councils became unable to make decisions on land use, apart from making recommendations during the designation acquiring process by Meridian.

- On 14 May 2003, Meridian Energy lodged applications with local authorities including Environment Canterbury for resource consents for Project

Aqua.[13] This signalled the start of the legal process under the RMA. Subsequently, three South Canterbury mayors (Mackenzie, Timaru and Waimate District) issued a joint statement on Project Aqua. 'Unless some accommodation is made for other water users, then Meridian can expect the three South Canterbury councils to oppose the Project Aqua application' (*New Zealand Herald*, 16 May 2003).

· On 11 September 2003, the Environment Minister exercised his power to *call-in* a number of applications[14] to use water from the Waitaki River including eight for Project Aqua and some for other large irrigation schemes. The period of the *call-in* was between September and December, during which local councils' responsibility to make decisions on applications was taken over by the Minister. After the *call-in* period, the Environment Minister publicly notified the resource consent applications. (Applications during the *call-in* period were not publicly notified.)

· On 3 December 2003, the *Waitaki Catchment Amendment Bill* was tabled in Parliament. The purpose of the bill was to provide 'an over-arching framework for water allocation decisions' to supersede the authority of the various regional and district councils in the Waitaki Catchment area.

By being vested with the requiring authority status, Meridian could take a hard-line towards local residents' land. In theory, they could compulsorily purchase all of the property they needed, whether or not such an authoritative method is acceptable from a local democratic sense.

During the resource consent process which officially started on 14 May 2003, the *call-in* by Environment Minister Marian Hobbs (instead of publicly notifying the applications) and the process of the subsequent Waitaki Catchment Amendment Bill caused some confusion.

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[13] Boffa Miskell, an consulting company, indicates the complexity of the applications. 'The biggest resource consent application ever lodged' had to be done within a complex statutory framework; the lower Waitaki River forms a boundary between the Waitaki and Waimate districts and the Otago and Canterbury regions. 'Operational, proposed and transitional plans from four different territorial authorities have to be considered' (Boffa Miskell, *Newsletter 9*, 2003).

[14] The *call in* contained political complications: in addition to Meridian's application, the *call in* applied to applications from Aoraki Water Trust trying to take water from Lake Tekapo to flow to South Canterbury farms, which are in the then Agriculture Minister Jim Sutton's electorate. If the application were accepted, the amount of available water assigned to Meridian Energy would be reduced, affecting Project Aqua development (Lake Tekapo feeds upstream Waitaki river.) (see, for example, *New Zealand Herald*, Colin James, 12 September 2003).

'I decided to call in all the applications for use of water in the Waitaki, and pass special legislation that would ensure that a regional plan was prepared to guide decisions on allocating water from the Waitaki River. I called in those applications in September 2003, and by early December 2003 I had legislation ready to introduce into the House. The legislation provides that the applications that have been called in will be put on hold while a water allocation framework is prepared. That plan will be the basis on which water is allocated in the Waitaki catchment' (Marian Hobbs, *Parliament Hansard*, 9 September 2004).

Whereas the 59 called-in Waitaki water resource consent applications were to be notified on 6 December 2003 after the *call-in* period, about 300 resource consents were left to be dealt with by local councils (see Marian Hobbs, *Press release*, 22 October 2003). Hobbs also 'expects the councils will notify the associated resource consent applications' at the same time (Marian Hobbs, *Press release*, 27 October 2003). Yet, none of the four councils involved (the Otago and Canterbury regional councils, and Waitaki and Waimate district council) were willing to meet this expectation, as the new water allocation laws had not been revealed.[15] Meanwhile, such a situation also caused a headache for Meridian. The SOE's spokesperson said, 'Almost 300 resource-consent applications are left in the hands of local bodies and we have no idea when they're going to notify them. We don't see a path. Delays can be fatal to Aqua' (*New Zealand Listener*, 15-21 November 2003, Vol. 191).

Expectations or interpretations of those with a stake in the Waitaki Catchment Amendment Bill were diverse. Opposition political parties including National and ACT once tried to fast-track Project Aqua.[16] The Green Party would support it 'if it is a genuine attempt to protect the Waitaki itself and the interest of the local community' (Green Party co-leader, Fitzsimons, *Press Release*, 3 December 2003). Meridian Energy used Cabinet papers obtained under the Official Information Act to understand the rather opaque government thinking behind the proposed legislation (*New Zealand Herald*, 16 February 2004). The official stance of the government was that 'the purpose of the Waitaki catchment legislation … is not to determine either whether or not Project Aqua proceeds'. It is simply 'to provide for a process which ensures that all interested parties are able to have effective input' (Prime Minister Helen Clark, MfE, 2003-2004, issue

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[15] Waitaki Mayor Alan McLay noted; 'The government is floundering. We're floundering' (*New Zealand Listener*, 15-21 November 2003, Vol. 191).
[16] See the National/ACT minority view in *Resource Management (Waitaki Catchment) Amendment Bill* reported back from the Local Government and Environment Select Committee on 23 March 2004, *New Zealand Herald*, 4 April 2004).

04, p. 2).

During the process of examining the draft legislation by the Local Government and Environment Select Committee chaired by Fitzsimons, the Bill took on a position more adverse to Project Aqua. The Greens had a sceptical view of the amendments to the Bill; 'no-one should be in any doubt that this Bill has been introduced because the Government wants Project Aqua to proceed' (Fitzsimons, Speech in Parliament, 11 December 2003). The Bill underwent 'significant changes' at the select committee stage, which served the Greens' intention, that is, to oppose the project (see Fitzsimons, 22 March 2004).[17] Keith Turner, Meridian Energy chief executive, said that consultation with the Ministry for the Environment had been superficial, with the company being kept at 'arm's length' as evidenced by Meridian's reliance on the Official Information Act 1982 to understand the Government's thinking. Later, at the parliamentary select committee, Turner expressed concern that the Amendment Bill posed a 'direct threat' to the country's electricity supply (*New Zealand Herald*, 16 February 2004). When the Bill was reported back from the Select Committee, significant changes had been made in favour of local initiative, cutting down the central government influence. Within a week, in March 2004, the state-owned enterprise, Meridian Energy, suddenly announced the project's cancellation.[18]

While the debate was continuing at the central level, submissions on the Bill were accepted by the select committee until 9 February 2004. In preparing its submission, Environment Canterbury identified such matters as: to 'provide for the framework to be amended by Environment Canterbury at a later date if

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[17] There are significant differences between the Bill as introduced (3 December 2003) and the reported Bill from the Select Committee (23 March 2004). (Note that the cancellation of Project Aqua took place on 29 March 2004.) Key amendments concerned: the Environment minister's relationship to the Board and Panel of Commissioners; and treatment of 'national interests':
  - As for Board members' appointment, selection criteria were added (New Clause 8 [1A]);
  - the Panel of Commissioners' appointment was greatly adjusted from the Ministerial appointment (Old Clause 36 [1]) to the joint appointment by five local authorities (Canterbury Regional Council; Otago Regional Council; Mackenzie District Council; Waimate District Council; Waitaki District Council) (New Clause 36 [2]) under specified criteria (New Clause 36 [2A]).
  - Ministerial interventions into Board and Panel (Old Clause 9, 10 and 37) were deleted.
  - From clause 20 (3)(b), which is about allocations of water by the Board, 'national perspective' was deleted with the purpose to 'clarify that each of the local, regional and national perspectives are to be taken equally into account by the Board and the Panel'.
  - When applications are considered comparatively, 'the economic and social benefits and costs' of each project are regarded at the local, regional, and national levels, rather than from a 'national perspective' (New Clause 42 [b]).
  Refer to Resource Management (Waitaki Catchment) Amendment Bill (3 December 2001; 29 March 2004).
[18] Meridian's decision to halt the project was publicly ascribed to 'a combination of circumstances [that means] that it is no longer prudent or responsible to continue…' (Meridian Chief Executive, *New Zealand Herald*, 29 March 2004). Regulatory uncertainty, rising costs and design changes due to geology reports were later cited.

necessary'; and to 'take account of the Regional Policy Statements of Canterbury and Otago' (*Environment Canterbury 234th meeting minutes*, 29 January 2004). This reflects local government's desire to keep local issues under local control.

Concerning the major events described above, local government attitudes were passive rather than proactive. Initiatives for new moves have always come from the central level actors. Although interactions between CG and LG have been seen mainly through the occasional public notification and submission process, the relative strength of the two analytical units was heavily one-sided in favour of CG.

Central ministries' intentions over the Project Aqua development have not always been clear. Some actions they took were seemingly in Meridian's favour and some were not. Furthermore, among the actors at the CG level, there has always been divergence over Project Aqua, resulting from different standpoints, that is, economic development or environment protection. However, such considerations were beyond the realm of local authorities, and LG had no other option but to follow and react to the changing situation.

Requiring authority status bestowed on Meridian Energy, the Environment Minister's *call-in* and the lack of an effective framework through which to consider the Waitaki Catchment allocation were the main factors that hindered LG from solving the issue at the local level. Overall [CG – LG] relations are recognised as imposed given the relative strength of CG, against which LG cannot prevail.

[LG – LC]
Under the RMA framework, local citizens and stakeholders have opportunities to express their opinion through the planning process and the publicly notified resource consent procedures in particular cases. In the face of the central-led (or national interest-led) project, it seems that local citizens wanted local government to take a more significant leadership role. Those who made submissions on the Annual Plan 2003/2004 of Environment Canterbury were 'looking for the Council to prepare a water allocation plan for the Waitaki River and done prior to the Project Aqua consents being heard' (*Environment Canterbury 222nd meeting minutes*, 26 June 2003).

Even though there might have been a shared desire for the local level, rather than the central government, to take the initiative, local citizens' stakeholders

and local governments were not necessarily on the same wavelength. The differences stem from local government's wider responsibility to have regard to all points of view within their boundaries including the economic and cultural impacts of developments as well as possible environmental damage. By contrast, local citizens and local interest groups tend to concentrate on specific aspects, notably, effects on the local environment or potential local economic benefit. The approach of local government to the project-related-issues tends to be more moderate or passive than that of unfettered citizens. Such a stance is observed in the attitude to the Waitaki Catchment Amendment Bill. Environment Canterbury, the lead local authority that had extra responsibilities such as coordinating communication with submitters for Project Aqua, showed an inclination to wait for developments at the central level. '…We look forward to the forthcoming legislation [the Waitaki Catchment Amendment Bill] clarifying the best ways to judge the true value of Waitaki water, the environment and of the Canterbury/Otago community…'.[19]

Despite possible differences in their attitudes to Project Aqua, both LG and LC shared a similar interest in giving priority to local concerns. Nevertheless, opinions in the local arena did not necessarily converge. Firstly, LC players were not unanimously opposed to the power generation scheme. Whereas local groups such as the Waitaki River Users' Liaison Group and Waitaki First criticised the project, some support from local communities was also identified.[20] Such diversity, however, did not turn into an endless battle as in the Japanese dam case outlined below, because those opposed to the hydro scheme easily outnumbered project supporters.[21] Secondly, for LC players, local councils were not seen to be fighting against the centre. For instance, Kurow Mayor McLay was 'even more unpopular at KALC's meeting than Meridian' as he publicly supported Project Aqua previously (*New Zealand Listener*, 15-21 November 2003, Vol. 191). Also, Waitaki First was at one stage considering taking the four local councils (Environment Canterbury, the Otago Regional Council, Waimate and Waitaki District Councils) to the High Court, seeking an injunction in order to halt public notification and resource consent process (*Dominion Post*, 22 October 2003). It argued that the four local authorities had not done their duty

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[19] Notices of Motion, *Environment Canterbury 233rd meeting minutes*, 11 December 2003. This sentence was originally followed by the last two sentences: 'Until this legislation is passed we must practise *masterful inactivity* and not force some submitters to operate in a costly lawless vacuum. It is simply not natural justice' (emphasis added). After the last two sentences were deleted, the motion was carried.

[20] While 'the community was split' over the project, it was indicated that there was strong project support in the town of Kurow, which would be most affected by the hydro-scheme construction. Future outlooks for jobs, business and tourism were reasons for favouring the dam plan (*The Press*, 4 October, 2005).

[21] In October 2003, the meeting in a Kurow local hall voted to 'totally oppose' with few dissenters (*New Zealand Listener*, 15-21 November 2003, Vol. 191).

under the Local Government Act 2002, as councils are required to consult with the community before embarking on the consents process if the case has significant local consequences.

Regardless of all the differences in standpoint and attitude, relations among local actors were not overly confrontational, as they might have been in the face of a 'common enemy', that is, national interests. In contrast to the unequal relationship with CG, contests at the local level were fair. A 'fortunate' aspect of this was that the local authorities were not in a strong position to resolve the consent issues, so that political pressure was not directed at them. When a project is propelled far from the local level, there is a possibility that consensual interactions among local actors occur.

Because of the ministerial *call-in* and the obviously centrally driven-nature of Project Aqua, the local authorities could provide relatively limited occasions for local voices to be heard, but the statutory framework of the RMA could keep the relations more consensual than imposed. Despite political bargaining, the main way that local voices could be heard was through administrative channels, not through political pressure

[CG – LC]

For the Waitaki water allocation, the Ministry for the Environment encouraged submissions by setting up a grant scheme (see MfE, 2003-2004, issue 02, p. 2[22]). However, whether the input of local citizens could be meaningful is another issue,[23] given that some major decisions on the Project Aqua were made at a high political level; for example, the grant of *requiring authority status* to Meridian Energy.

With regard to the parliamentary process of considering the Waitaki Catchment Amendment Bill, local submissions were received as well. Among a total of 105 submissions, the majority were from the Waitaki area (MfE, 2003-2004, issue 04, p. 3; *Resource Management (Waitaki Catchment) Amendment Bill*, 29 March 2004). Yet, again the actual impact of local voices is difficult to discern. When the whole of the project history is reviewed, LC's impact seemed to be limited despite the established administrative paths for their views. It could be possible to say, on the other hand, that the Greens' strong opposition and National and

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[22] The grants were available to non-profit community groups (not individuals); maximum $ 20,000 is granted for facilitating applications for the Waitaki water allocation and the consent process.

[23] For example, the funding scheme was described as 'a joke', the Kurow Aqua Liaison Committee (KALC) Chairman insisting that 'communities, groups and individuals need to be able to be particularly effective in the process. To do that, they need to be resourced' (*New Zealand Herald*, 12 December 2003).

ACT's scepticism about the Bill were strong enough to bring about significant changes, irrespective of local submissions.

It was clear that the centrally (or Meridian) driven project was an uneven contest with initiative located at the central level. Meridian was criticised for not carrying out a social impact assessment of the hydro-scheme early enough. It was observed that Meridian's stance towards the affected local citizens was not the fairest one. [24] The lack of meaningful consultation over Aqua was also recognised by Meridian itself when it launched another Waitaki River hydro scheme in 2005, where a need for a more consultative approach was acknowledged.[25]

Because of the lack of communication or the unilateral nature of local-central relations, local groups such as the Waitaki River Users' Liaison Group and Waitaki First turned to the Greens who were also highly critical of the dam project and to local MPs. [26] Such links, however, were exceptions to the otherwise imposed nature of the [CG – LC] linkage.

Classification of Project Aqua

In the Project Aqua case, [CG – LG] relations were imposed; [LG – LC] consensual; and [CG – LC] imposed. Therefore, the linkage type among the three analytical units is interpreted as [E] — '*Limited local governance with central dominance*'. In respect of hydro-electric construction schemes, CG has always been the dominant figure among the three analytical units. It is not surprising, therefore, that in the Aqua case both [CG – LG] and [CG – LC] axes are understood as imposed. This relative strength of CG is an important characteristic of the project. This, however, does not necessarily mean that local interests were not accommodated at all. Despite the overall centralisation, as has been noted local voices were administratively secured; one major stated reason for the project's cancellation by Meridian concerned the local consent process.

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[24] Some quotes from local people include: was 'mischievous and perverse' in respect to Meridian's negotiating stance (The lawyers acting for some 120 households in Kurow); and 'Meridian pays us lip service, that's all. People in the community are fearful of what's ahead. We're getting a rough deal. Meridian should be more upfront, more honest' (the district's biggest employer) (*New Zealand Listener*, 15-21 November 2003, Vol. 191).

[25] Meridian CE Turner emphasised, 'a great deal of consultation' had yet to be undertaken with the community to bring the project through to committal. The project manager also noted, 'Meridian is committed to consultation with the community now and throughout this water-only resource consent process' (*Sunday Star Times*, 22 October 2005; *New Zealand Herald*, 31 March 2006).

This proposed scheme again faced immediate local opposition. The Waitaki River Users' Liaison group stated that the new electricity generation project to use the lower part of the river 'should meet the same fate as Project Aqua' as it would 'wreck the river' (*One News*, 13 July 2005).

[26] For example, the joint event 'Impact of Project Aqua on Waitaki River by Waitaki First Inc (16 September 2003, Wellington)'

Overall evaluation

Project Aqua highlights the demonstrated strength of CG in the apparently bottom-up orientated environment regime contained in the RMA — a statute that attempts to guarantee opportunities for local input. Local governments can make decisions in an autonomous way in the normal course. However, in cases where the national interest features, the powerful and resourceful CG actors have sometimes dwarfed LG and LC activities and posed a serious question about the practical significance of local actors. The nature of linkages between CG and LG/LC has been fragmentary and relatively weak. In the course of the Aqua Project, it seems that CG set up the scene within which LG and LC operated, with actors of the CG category. Nonetheless, the final decision was not made by the central government.[27]

Questions such as 'how worthwhile the resource consent (participation) process for local governance is' or 'how potentially harmful the consent process is' are always connected to the power balance among citizens, local governments and the central government. 'How the national benefits of energy infrastructure…are weighted against local impact' still remains as an important issue to improve the RMA (Energy Minister Pete Hodgson, *Speech*, 18 June 2004).

Subsequent developments

The Waitaki Catchment Amendment Bill was introduced in December 2003 while Project Aqua was still alive and passed in September 2004 after Meridian's decision to halt the project. The Act removed from Environment Canterbury and placed in the hands of a new independent board, the Waitaki Catchment Water Allocation Board — with a short and predetermined life of 12 months — the task of preparing a Waitaki Catchment Water Allocation Plan.[28] The mission for the appointed six people (serviced by the Ministry for the Environment) was obviously not an easy one, given the number of various interests involved and a large number of submissions to the board. One observer even commented that the panel was thrown a 'hospital pass' (*New Zealand Herald*, 13 December 2004) and 'many people with an interest in the issue feel disenfranchised' (*New Zealand Herald*, 8 August 2005). In the event, the board released a draft plan in February 2005 and a final plan in September 2005. In the meantime over 200 applications for consents were in limbo. As envisaged in the Act, the board was

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[27] The position adopted by Government was typified by statement by Otago MP (and shortly to be the Energy Minister), David Parker: 'Today's decision demonstrates clearly that the Labour Government was at no time trying to 'think big' Project Aqua. At all times it was allowing fair principles to guide the process. … The decision was never one for the government to make and the government's role was at all times about ensuring a fair process' (David Parker, 29 March 2004).

[28] Statement by Environment Minister, Marian Hobbs, 30 September 2004.

dissolved in August 2006 and the administration of the consent procedure within the provisions of the Water Allocation Plan has reverted to the Canterbury Regional Council.[29]

While questions may be raised about accountability for a plan drawn up by a temporary board, this new process can be regarded as a positive move towards local governance. At the time of writing (May 2007) Environment Canterbury publicly notified two new resource consent applications by Meridian.[30] The electricity company has clearly taken on board criticisms of Project Aqua. It has commissioned technical assessments on the river environment including wetlands, in-river habitat, salmon angling, recreation and groundwater landscape. Meridian also in September 2005 announced the establishment of a $1 million fund 'which we see as a partnership between local community members and Meridian Energy' (Press statement, 21 September 2005). Whether or not these recent proposals will have a more successful outcome than Aqua is a matter for the future. There are still serious issues to be determined about the allocation of the Waitaki water resource among farming and other local activities on the one hand and the national interest in power generation on the other.[31]

Widespread dissatisfaction (particularly in the business community) with the operation of the RMA in general led to a review in 2004 and eventually to amendment in the Resource Management Amendment Act 2005. Among the discussion points were: the sustainable *development* concept; the importance of national leadership; improvement in local policy and plan making; and limiting vexatious appeals. It is noteworthy that, in the context of the RMA amendment, Associate Environment Minister David Benson-Pope agreed with the view that 'business does not believe the principles of the act prevent development but how it is administered by local authorities does', so that improving local authority capacity and ensuring consistency across districts were seen as one of the central issues (*Weekend Herald*, 18-19 September 2004).

The purpose of the amendments were described by the MfE in an information

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[29] The arrangement that such an important water allocation scheme is set by a temporary board may not be the best procedure, as no one would be accountable for the decision later. (The final plan can be appealed to the High Court on points of law.)

[30] The North Bank Application proposes to take water from Lake Waitaki immediately upstream of the Waitaki Dam and tunnel it for hydro generating purposes. A second proposal, the Hunter Downs project, would take water downstream of the dam for irrigation.

[31] 'All water is being used to heat Auckland's towel tails at the expense of economic development and growth in South Canterbury', noted Jo Goodhew, National's Aoraki candidate, regarding the news of the High Court ruling in December 2004 that allows for Meridian's water use from Lake Tekapo (*New Zealand Herald*, 9 December 2004).

sheet in these terms: 'Local authorities are increasingly being asked to consider projects that raise issues of national significance in a policy environment that provides little guidance on how competing national benefits and local costs should be weighed. The amendments to the RMA have sought to address this issue by:

- enabling central government to take a greater leadership role through national policy statements and national environmental standards;
- increasing the range of powers for government engagement and involvement in resource management decision making; and
- expanding the powers of the Minister for the Environment in relation to monitoring the effect and implementation of the RMA.

Dam construction in the Yoshino River

Figure 5.7: Map of Tokushima Prefecture

Introduction

Japan is a country full of concrete structures often cynically described as a 'construction state' or *doken kokka*.[32] Many public works have been criticised because of their waste and sometimes corruption, and often their doubtful purposes. A principal contributing factor to this situation is often considered to be the unilateral central-led nature of public works projects. The Yoshino River case was a major challenge to the existing central-led policy framework.

The Ministry of Construction and its regional bureaus promoted the scheme to build a movable dam (or movable water gate; *Kadou-zeki*) on the Yoshino River in the early 1990s after requests originally from the prefecture. The project might have been deemed to be quite similar to many other public work projects. However, against the expectation of the Ministry and other proponents, the project turned out to have a very controversial agenda, and its development became long and uncertain. Fierce opposition from local citizens and groups led to a local plebiscite in January 2000. Continuous local pressure forced the original plan to be gradually altered.

The Yoshino River dispute attracted nationwide attention in the face of nationally growing criticism of the undemocratic public works process and the increasing government debt. The traditional national-led project development style has

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[32] These terms, which have a negative connotation, are often used in the discussion of bloated public works, which have been particularly evident after the Prime Minister Kakuei Tanaka's term in the 1970s. As a leading reference, see Curtis and Ishikawa, 1983. The 'pave-and-build mentality' since the 1960s to modernise Japan has not changed, which saw a bigger amount of concrete production than the US in 1994 (91 million tons in Japan; 78 million tons in the US) (see Kerr, 2002).

raised serious questions and has been under widespread scrutiny. Nonetheless, it should be recalled that this Yoshino River dam project still remains a rare case in the Japanese public works domain. The age-old centralised practice is too institutionalised and pervasive to be changed instantly.

Figure 5.8: Map of Yoshino River
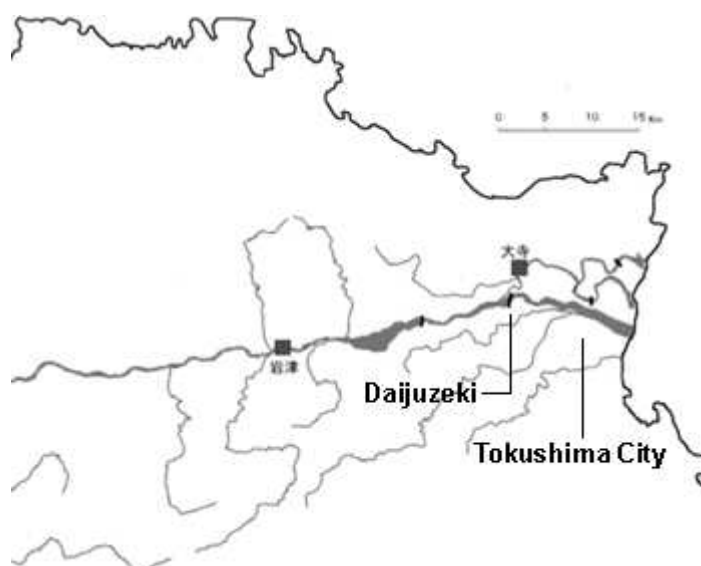
The 194km Yoshino River runs mainly through Tokushima Prefecture, which consisted of 4 cities, and 46 towns, villages and districts at the time of this case study. The prefecture, located in Shikoku, one of the four main Islands of Japan, has a population of about 820,000, and its landmass is around 4,145km^2 with mountainous areas accounting for 80%. Tokushima is categorised as a rural prefecture, with the main industry being agriculture. Tokushima city with a population of 260,000 is the centre of the prefecture, and was the focus of the active anti-dam movement.

River administration in Japan

The current river administration in Japan is based on the River Law 1965, which was revised in 1997. The River Law categorises rivers, and assigns responsibilities according to the classification. All rivers are categorised into four groups: *Class A* River systems; *Class B* River systems; *Rivers nominated by a municipality mayor* (apart from class A & B river systems); and *Others*. River systems that are considered particularly important for the national environment and economy are listed as a Class A River system and administered by the Land, Infrastructure and Transport Minister (section 4.1, 9.1). Under the Class A river system category, however, there are designated and non-designated sections;

the prefectural governors manage rivers in the former section (section 9.2). Other river systems, which are regarded as of importance in the public interest, are dubbed Class B river systems and also managed by the prefectural governors (section 5.1, 10.1). Rivers in the third category, which is called *Jyunyou kasen* — rivers for which the River Law is applied — are administered by the municipality mayors. The River Law is not applied to rivers in the final type, Others; these are supervised by local authorities (prefecture or municipality) under the Local Autonomy Law. The Yoshino River was designated as a Class A River in 1965, and the section of the proposed dam construction site is under direct control of the Minister (non-designated section).

Most rivers are managed at the prefectural level, but municipalities also have significant responsibility. Yet, local authorities are not independent from the central government. Indeed, the central government's strong influence is the most striking feature of river administration. In order to build or reconstruct a building in the river, the river administrator's approval is required (section 26). This means that the Land, Infrastructure and Transport Minister's approval is necessary for construction of a dam on the Yoshino River. Control from the centre is evident when it comes to the planning process. Before the revision of the Law in 1997, river administrators were required to prepare just the Master Plan without any input from citizens. Before finalising the Plan, the administrator simply listened to the opinion of the River Panel (section 80-86).[33] Under the amended Law, river administrators are required to draw up the Development Master Policy (which is about the overall planning framework) and, in addition, have to develop the detailed Development Plan for which opportunities for professional and citizens' input are provided. Nonetheless, the requirement is not strict as the law only stipulates that opinions from citizens and experts 'have to be heard', 'if necessary' (section 16.1, 2).

The new planning process, however, does not necessarily guarantee local input. This was the issue over which proponents and opponents of the dam had heated discussion. Although the 1997 amendment was meant to pave the way for more localised project development, local authorities still face some difficulty in managing rivers under the River Law framework.

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[33] The panel at the local level is administratively set up. The central ministry MOC and local representatives (normally a governor) take a lead. The Daijuzeki Project Panel below is one of the 'Dam Panels' that were set up by MOC notification (*tsutatsu*) in 1995 in the wake of nationwide criticism for a number of dam projects.

Figure 5.9: Changes in the River Law in Japan

Source; Ministry of Land, Infrastructure and Transport
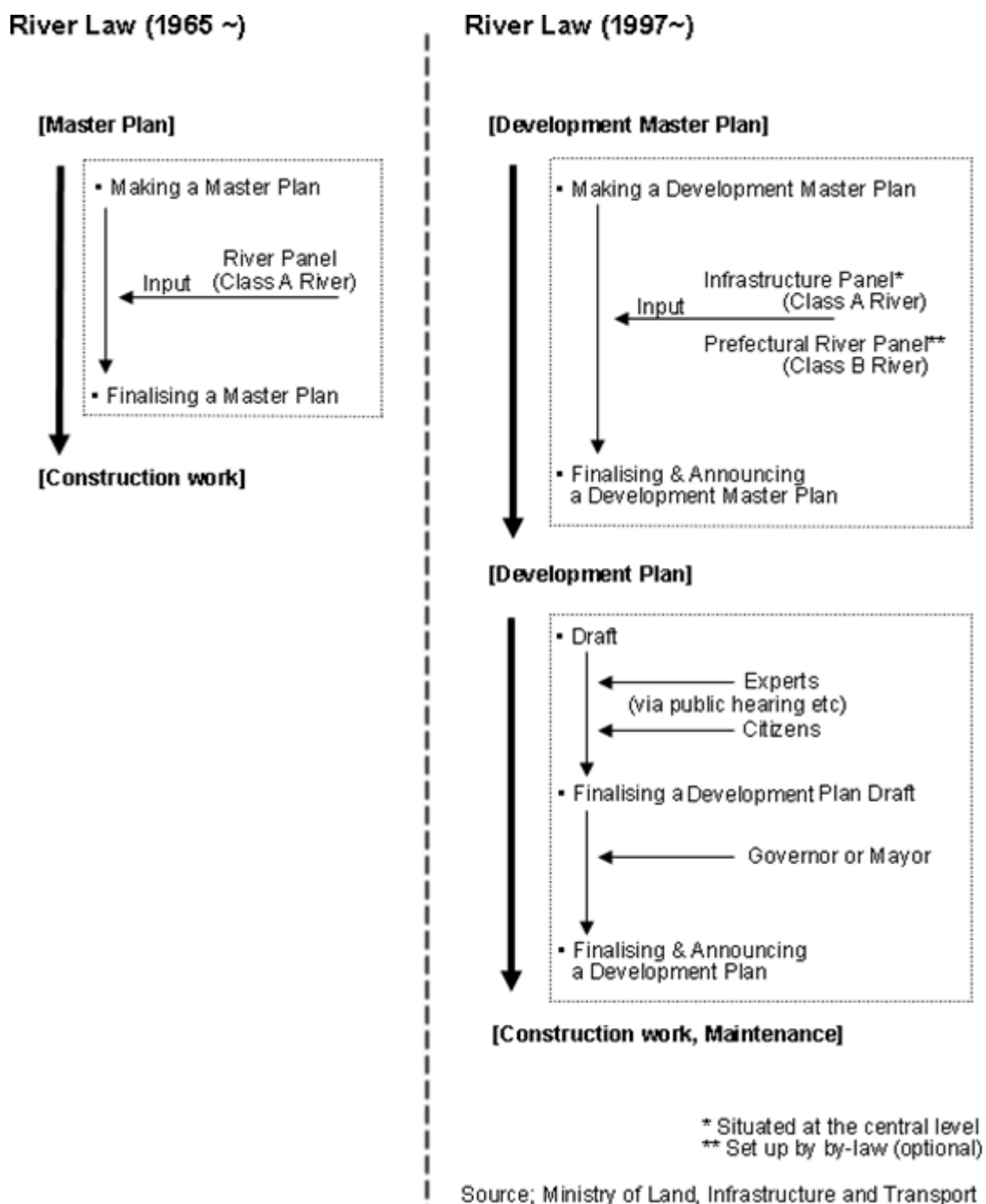
Another aspect of the revision of the law concerns the impact on the environment. While there was no provision about the environment in the River Law before the revision, the impact on the environment now has to be taken into consideration together with the implications for flood control, water use and

economic development (section 16.1.2).[34] As for the financial arrangements of the Class A rivers, river management (apart from the designated section), prefectures, for instance, will usually take a 50% financial burden, but only 30% for large-scale construction, and 45% for maintenance or repair (section 60).

Principal actors

CG	The Ministry of Land, Infrastructure and Transport (MLIT) [formerly Ministry of Construction (MOC)]; Tokushima Office of MLIT (MOC); Daijuzeki Environmental Examination Committee (1992-1994)
LG	Tokushima Prefectural Governor; Tokushima Prefectural Assembly; Tokushima City Mayor; Tokushima City Assembly; Daijuzeki Project Panel (1995-1998), appointed by the Tokushima Governor; Daijuzeki Promotion Alliance, consisting of mayors and chairpersons of 2 cities and 8 villages; The Yoshino River 21 Project Team (*Yoshino Mirai 21 Project Team*)
LC	Daijuzeki Plebiscite Group; Yoshino River Daijuzeki Group; Daijuzeki Signature Group; The Yoshino River 300,000 Citizens' Group; Daijuzeki Repair Project Conference; The Yoshino River Vision 21[35]
	Others: Political Parties: Liberal Democratic Party (LDP); Democratic Party of Japan (DPJ); New Komeito, Social Democratic Party (SDP) Japanese Communist Party (JCP) etc; LDP's Tokushima Prefectural Chapter

Relationship among CG–LG–LC

In the Yoshino River case, the contentious issues have always been over how the existing river barrier, *Daijuzeki*,[36] should be treated, and whether a new movable dam[37] should be built, in the context of conflicting claims in respect of

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[34] Environmental management generally is underpinned by the Environmental Impact Assessment Law 1997, which requires project promoters to carry out environment assessments 'before a project is implemented' (Article 3). In Tokushima Prefecture, the guideline for environmental impact assessment was laid down in August 1992, and then the bylaw for environmental impact was enacted in March 2000. Large-scale projects such as the Yoshino River dam are required to follow the legal procedure under the law and the bylaw requirements. For the dam project in the Yoshino River, the MOC (now MLIT) as the project promoter should follow the statutory process.

[35] The original Japanese names are as follows: Daijuzeki jyumin tohyo no kai (Daijuzeki Plebiscite Group); *Daijuzeki no mirai wo tsukuru minna no kai* (Yoshino River Daijuzeki Group); *Daijuzeki shomei no kai* (Daijuzeki Signature Group); *Yoshino River 30 man nin no kai* (The Yoshino River 300,000 Citizens' Group); *Daijuzeki kaichiku jigyo suishin renraku kyougikai* (Daijuzeki Repair Project Conference); *Yoshino River vision 21 iinkai* (The Yoshino River Vision 21).

[36] Daijuzeki (No. 10 dam) is a fixed rock barrier, which was built around 250 years ago in the Edo era, at 14km from the mouth of the Yoshino River, and has been utilised to supply farming, industrial and drinking water. Since 1965 when the MOC began to manage the river, Daijuzeki has been strengthened by concrete. In contrast to modern dams, the rock barrier is recognised as an environmental friendly construction.

[37] The proposed movable dam is to be built one kilometre downstream from Daijuzeki at 13km from the mouth of the river. Building a new dam would be likely to require the demolition of the historic Daijuzeki.

flood prevention and environmental protection. The MLIT has persistently supported construction of a new movable dam, while many vigorous citizens' campaigns, chiefly in Tokushima city, have opposed building a movable dam and insisted on the preservation of Daijuzeki by making the necessary repairs. Daijuzeki was also seen as an important heritage concern. While the MLIT and citizens' attitudes were entrenched, the positions of local authorities, directly influenced by local citizens and groups, have not always been stable.

[CG – LG]

The River Law 1965 had very important implications for Daijuzeki, in that responsibility for the Yoshino River was transferred from the Tokushima Prefecture to the central government, with the river classified as a Class A River. Given this central responsibility, the prefectural assembly expected the central government to take over some costly projects, and with such a wish the request for a new 'movable dam' was first mentioned in the prefectural assembly meeting in 1967 (*Tokushima Shinbun [TS],* 22 December 1999).[38] The MOC began preliminary feasibility studies in 1984, and appropriated one hundred million yen in the fiscal year 1988 for development of an implementation plan examination after repeated local requests. At the prefectural level, the land development committee investigated the reconstruction location during 1988-90. The Daijuzeki Promotion Alliance was established by two local cities and six towns in 1990.

In this way, Daijuzeki reconstruction and the new dam project progressed with the central government and the prefecture working in a cooperative manner. The project was then pushed by the Daijuzeki Environmental Examination Committee (1992-94) and Daijuzeki Project Panel (1995-1998) at the local level. The former group comprising 17 members was set up by the Tokushima Office of the Construction Ministry,[39] which caught the attention of some citizen groups because of its secrecy and pro-dam stance. The MOC established the Panel that consisted of 11 members (including the Tokushima Governor and the Tokushima City Mayor), selected by the Prefectural Governor and approved by the MOC.[40] In July 1998, the final report of the Panel gave the green light for the movable

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[38] The reconstruction from fixed to movable dams (water gate) was a nationwide trend after technological development in the 1960s (refer to the MLIT website: http://www.mlit.go.jp/river/question/fag.html).

[39] The Committee consisted of academics and officers of the local MOC and Tokushima Prefecture.

[40] Initially, the Panel's discussion was not open to the public, but because of citizens' pressure a limited number of citizens (10 people) were allowed to attend from the third meeting. Citizens also questioned the impartiality of the panel, which consisted of those selected by the Governor who critics said were all supportive to the dam construction.

dam project.[41]

Among local people there was considerable opposition to the construction of a new movable dam; they preferred to utilise the existing Daijuzeki. Negative environmental effects were the biggest concern. Also, doubt was cast on the effectiveness of the proposed dam. The principal vehicle available for opponents to demonstrate their position was to call for a plebiscite.[42]

Tokushima Prefecture Governor Endo (October 1993 ~ April 2002) always supported the project,[43] as did the MOC (MLIT). The governor was critical of the movement pressing for a plebiscite that, in his view, would be an impediment to the project development. The Daijuzeki Project Panel's deliberations and the final suggestion, and the support of 11 municipalities[44] were the basis of his critical view (for example, see *Prefectural Assembly*, 6 October 1998). Similar opinions were expressed by the Tokushima City Mayer Koike, and also by the Aizumi village mayor Horie in response to the formation of a plebiscite group in the village.

Facing up to growing citizens' campaigns obtaining signatures for plebiscite in Yoshino city and Aizumi village in November 1998, the prefecture and the MOC took actions to promote the dam project.[45] When local authorities (prefecture and municipalities) supported the plan, they simply followed or collaboratively worked with the MOC (and the local office of the MOC), because they do not have powers to draw a Master Plan or make a final decision on the projects by themselves.

Because of pro-dam attitudes in the local authorities, the plebiscite bills were

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[41] The summarised minutes of the Panel did not identify speakers' names.

[42] To hold a plebiscite at the local level in Japan, a bylaw providing for a plebiscite has to be enacted in the local authority concerned. Signatures of more than one fiftieth (1/50) numbers of the electorate are to be obtained for seeking enactment, amendment or abolition of a bylaw. After a petition is presented, the mayor (or governor) will refer the petition with his/her opinion to the local assembly. Once the assembly enacts the bylaw, the plebiscite will be carried out according to requirements of the bylaw (*The Local Autonomy Law*, section, 74).

[43] Endo, for example, stated at the press conference 31 August 1998 that efforts by the prefecture and the central government are necessary to let citizens understand the problems of Daijuzeki and the need for the movable dam (*TS*, 1 September 1998).

[44] As of September 1998, municipal assemblies of two cities and nine villages around the lower Yoshino River, including Tokushima city and Aizumi village where the proposed dam would be constructed, had carried motions to support the project. Only Awa village adopted a motion against the project (on 18 September 1998). Governor Endo heavily criticised the Awa decision at the press conference on the 28 September 1998 (*TS*, 28 September 1998).

[45] For example, the prefecture set up a project team for the movable dam promotion within the Land Management Department on 1 February 1999. Both mayors in Yoshino city and Aizumi village, as well as the Governor, argued on many occasions that the plebiscite was unnecessary and irrelevant, in effect supporting the movable dam construction (for instance, as for Koike, City Assembly, 12 December; Horie, TS, 21 November; Endo, *Prefectural Assembly*, 3 December 1998).

rejected by both Tokushima and Aizumi municipal assemblies (on 8 and 19 February 1999 respectively). However, from that time, the strategy of project development by the MOC and local authorities began to change.

The MOC suggested that the movable dam project would be reconsidered in the process of fashioning the Yoshino River Master Plan under the new River Law scheme (the River Bureau chief, *TS*, 7 February 1999), and that it would now take longer to start the dam construction because of the dialogue with citizens (the chief official of the MOC, *TS*, 9 February 1999). These senior officers' views were received with confusion at the local level. Tokushima City Mayor Koike and the prefectural land management department chief remarked that they had not heard of such information at all (*TS*, 7 February 1999), and Governor Endo was 'very surprised' (*TS*, 8 February 1999).

The possibility of dialogue with citizens was promptly negated by the Construction Minister Sekiya, stating that the MOC did not intend to propose alternatives to the movable dam, and suggesting that the Daijuzeki Project Panel's decision was respected (*TS*, 9 February 1999). However, the strong bond between the central government and local authorities, which was observed in the early days of the project, gradually loosened from this time.

As a result of the election for the Tokushima City Assembly on 25 April 1999, councillors who supported a plebiscite made up 22 out of 40 seats, making it near certain that a plebiscite bill would be presented and enacted at the assembly. On 27 April, the Construction Minister Sekiya dropped a bombshell by saying that the movable dam construction would be cancelled if a plebiscite was held and a majority objected. Again, the Tokushima Mayor and Governor reacted with surprise.[46]

The prefecture, the local office of the MOC and Tokushima city continued the joint public meetings to explain the movable dam project, which started in March. But, the Construction Minister had shifted his opinion from his remark on 27 April contemplating cancellation to support for construction.[47] The Minister's swaying

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[46] Governor Endo met the Road Bureau chief of the MOC on the same day, and agreed that they would make efforts to let citizens understand the need for the dam construction. Endo took the Minister's remark as an 'encouragement' for the MOC and the prefecture to make further efforts (*TS*, 28 April 1999.

[47] Sekiya noted: [we] have to do the right thing, no matter how it is opposed. The MOC believes the movable dam is necessary. (at the national land and environmental committee on 13 May, quoted by *TS*, 14 May 1999); the project is necessary and will be progressed duly. The effect of the comment (on 27 April) was to spur the local proponents. (*TS*, 18 May 1999); [I] withdraw the remarks (on 27 April). [Cancellation of the project] would mean to accept the wrong result of plebiscite, and to abandon the responsibility of the central government. [We] will progress the project regardless of the voting results (*TS, interview*, 29 May 1999). At the national land and environmental committee on 13 May, Sekiya was, he

opinions, which caused various reactions from proponents and opponents,[48] epitomise the contentious nature of the project.

In contrast to the staunch pro-dam Governor, the Tokushima City Mayor Koike revealed that he was thinking of resigning as chairperson of the Daijuzeki Promotion Alliance [49] thereby remaining neutral before the expected deliberations over the plebiscite at the city assembly held in June (*TS, interview*, 14 May 1999). Then, after long deliberation over some conditions, Tokushima City Assembly enacted the plebiscite bill on 21 June. After that, Tokushima city has taken a rather detached attitude to the movable dam project.[50]

Because of the looming plebiscite, the central government and the prefecture had no other choice but to engage in dialogue with citizens to give a new impetus to the movable dam project. Until the plebiscite bill's enactment, the basic stance of the prefecture and the MOC was not much changed;[51] they now tried to broaden the appeal of the dam.[52]

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said, 'admonished' by a LDP MP who was formerly a MOC official (*TS*, 20 May 1999).

[48] For example, even after a chain of immediate reactions, LDP members of the prefectural assembly criticised the Construction Minister's comment (on 27 April), one of them stating 'he should have consulted with the prefecture fully beforehand. That was an unpleasant event that neglected the locals' (*Tokushima Prefectural Assembly*, 1 July 1999).

[49] The members of Daijuzeki Promotion Alliance except Koike visited the MOC and appealed to the Minister not to stop the movable dam project because of the result of plebiscite in Tokushima city (*TS*, 14 May 1999). Koike resigned as chairperson on 3 June, but remained as a member.

[50] The city decided not to participate in the public meeting that had been organised with the MOC and the prefecture (*TS*, 1 July 1999).

[51] For instance, the Construction Minister commented after the plebiscite bylaw enactment that MOC would promote the project; The chief official of the MOC noted that decisions on whether the project would be implemented were the MOC's responsibility, and the plebiscite was irrelevant to the project future; Governor Endo indicated that he would cooperate with the MOC (*TS*, 22 June 1999); The Construction Minister reiterated that the project would be pushed ahead regardless of the plebiscite results (*TS*, 14 January 2000).

It was evident that in the budget request process both the prefecture and the MOC sought to advance the dam project. But the unclear future outlook was also seen during the process. On 17 July, Governor Endo announced the prefecture's principal budget request items to the national Government for the fiscal year 2000. The dam project was included, but the previous year's reference to 'early commencement of construction' had been toned down into 'smooth development of the project' (see *TS*, 19 July 1999). The prefecture had a meeting with Tokushima related Diet members to request their help in obtaining budget provision. Diet members (an LDP member) expressed concern that 'budget appropriation can be deferred under the tight fiscal conditions if the opposition campaign is fierce', and that 'it is difficult for the MOC to negotiate with the Ministry of Finance unless the majority of the locals support the project (New Komeito member)' (*TS*, 23 July 1999). (According to Muramatsu's survey, the governors of rural prefectures such as Tokushima show a tendency to approach locally elected LDP Diet members to obtain budgets from the central government (1997, pp. 80-81)). In August 1999, the local office of the MOC announced a budget request for the Government, in which 400 million yen for the Yoshino River dam project was included, about the same amount of that for the 1999 fiscal year, and the Construction Minister allocated 400 million yen for the Yoshino River. The Governor visited the Construction Minister and stressed the importance of the dam project in the prefecture's request (*TS*, 1 December 1999). In December 1999, in the draft of the Ministry of Finance, the budget for the Yoshino River dam project reached nearly the full amount.

[52] For example, the Governor talked with citizens over the Daijuzeki project for the first time in public on 31 July.

On 23 January 2000, the plebiscite[53] was held in Tokushima City, and more than 90% voted 'No' to the movable dam project. There was 55% voter turnout.[54] Some changes were inevitable given the political, if not legally binding, nature of the result. Tokushima City Mayor Koike declared his anti-dam position. Construction Minister Nakayama mentioned the possibility of alternatives (unspecified) although he emphasised that the movable dam remained the first choice (*TS*, 25, January 2000). Daijuzeki Promotion Alliance also indicated an alteration of the group's policy, suggesting that lobbying for the dam would become less active (*TS*, 1, 5 February 2000). Yet, despite these indications of changing attitudes, the priority for the principal proponents was still placed on the original movable dam plan.[55]

Nonetheless, the reality gradually moved against the proponents. In March 2000, the MOC revealed that money would not be appropriated for the original movable dam plan for the fiscal year 2000 budget, although the sum sought was 400 million yen, which was the same as that for the fiscal year 1999.[56] The money was to be used for examination of alternative plans and meetings with citizens. In the House of Representatives election held in June, the DPJ candidate who opposed the dam project was elected in Tokushima District 1, the area that would 'benefit' from the dam project. In July, Governor Endo presented to the Government the prefecture's principal budget request items for the fiscal year 2001. The status of the Yoshino River dam project was noted as to 'reach an early agreement of citizens', which was a further step back from 'smooth development of the project' of the previous year (see *TS*, 24 July 2000).

In late July, the ruling party, LDP, set up an examination committee to review public works.[57] The LDP Policy Chief Kamei, who supported the River Act revision 1997, stated in effect that the Yoshino River dam project would be

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[53] Plebiscites in Japan are *not* legally binding. The Yoshino River plebiscite was the first case for public works project. Plebiscites previously held concerned so called 'nuisance facilities' such as nuclear plants and the US military bases.

[54] The plebiscite bylaw in this case required more than 50% turnout; otherwise the ballots would not be opened and counted. It was the first time such a restriction had been set. Because of this rule, some dam project support groups called for boycott of the vote or took a wait-and-see policy, in contrast to desperate efforts by dam opponents.

[55] The importance of the movable dam, rather than other possible options, was emphasised by the Tokushima office chief of the MOC and Construction Minister (see *TS*, 23 February, 12 March 2000)

[56] The breakdown of the 400 million yen in the fiscal year 1999 budget was: 305 million for an environmental impact study of the movable dam project; 60 million for examination of the dam structure; and 35 million for meeting with citizens.

[57] With the central ministries' reorganisation in 2001 approaching, the committee was to separate out necessary projects from those of low priority before ministry requests were finalised for next year's budgetary need in August. Also, it is said that, after losing many seats in the House of Representatives election in June 2000, the LDP apprehended that unpopular public works could be a cause of another defeat in the expected 2001 House of Councilors election.

re-inspected with a possibility of cancellation. The remark from an influential politician sent shock waves especially through project supporters. The Governor and Tokushima associated LDP members of the Diet had a meeting with Kamei on 2 August (*TS*, 3 August 2000). When some committee members visited the prefecture on 10 August, Daijuzeki Promotion Alliance was among the groups that were given an opportunity to have a say. It was reported that after the hearing the committee decided to recommend that the project 'return to the drawing board' (*TS*, 11 August 2000).[58] As actors concerned were busy with their claim, Tokushima chapter of New Komeito[59] changed its policy and announced that the dam plan should be 'repealed to the drawing board' (*TS*, 23 August 2000).

On 24 August, the three ruling parties in the Diet decided to list the project as 'frozen to the drawing board'. Various conjectures surrounded the meaning of this phrase.[60] Because of the vague and ambivalent meaning, the government decision could not achieve a breakthrough. In the event, on 28 August the three ruling parties at the centre announced the final decision that 'the present plan is returned to the drawing board and a new plan will be drawn up', with no mention of the movable dam. As was the case with 'frozen', the central government had again not shown a clear policy direction. Construction Minister Ogi said; 'Although the project will get back to the drawing board, the present plan [the movable dam construction] can be discussed (as an option)' (*TS*, 29 August 2000). Such central government indecisiveness left the project progress stagnant.[61] Since these events, the main arena for the Yoshino River project development has shifted to the local sphere, despite the fact that the final decision of the project remains the central government's responsibility.

Governor Endo, backed by the LDP, New Komeito, the New Conservative Party and the Liberal Party, was re-elected in September 2001 by a relatively narrow

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[58] On the other hand, Construction Minister Ogi said she had not heard of that (*TS*, 15 August 2000). As has been the position taken by previous Ministers, she was also not willing to scrap the project. The chairman of the committee said he had not stated such a thing, when the LDP Prefectural League members met him (*TS*, 17 August 2000).

[59] New Komeito was one of three parties of the government, with the LDP and New Conservative Party.

[60] The point was the difference between 'repeal' and 'frozen'. In contrast to 'repeal' clearly meaning cancellation of the movable dam project, 'frozen' is an uncommon language usage in this context and therefore very unclear. 'That was the word I have heard for the first time, and could not understand at first (a member of the staff in the prefecture)'. 'It is very abstract expression…I cannot say anything about it from only my guess (Tokushima Mayor, Koike)'.

[61] Because of the slow progress, it turned out in December that the MOC's 300 out of 400 million yen budget of the fiscal year 2000 for the Yoshino River dam project could not be spent. The 300 million yen was to be used for other river related work. As for the 2001 budget, the MOC announced in March 2001 that the Yoshino River dam project would be dealt with as just a part of direct control river improvement work. This trend has continued since then. In the budget, the Yoshino dam project no longer occupied a special position.

margin against Ota who was against the dam project. The Yoshino River project was not a major issue in the election campaign (*Japan Times*, 17, 18 September 2001). But, with support of the DPJ, the JCP and anti-dam groups, Ota became the Governor in March 2002 after Endo resigned. Ota pledged to give 'a full stop' to the Yoshino River dam project (*Japan Times*, 29, 30 April 2002). However, he could not fulfil his election promise, nor put pressure on the MLIT to discard the movable dam option during his term of office.

A new Governor, Iizumi, replaced Ota in May 2003 with his main support coming from the LDP. His stance toward the central government was moderate. He acknowledged that it was the central government's responsibility to prepare the Yoshino River Development Plan; the prefecture would develop a collective view, respecting local opinion but possibly including the movable dam option; and the Tokushima City plebiscite was highly regarded (*Press conference*, 26 May 2003, 27 October 2003). On the other hand, after Iizumi was elected, the chief official of the MLIT stated that it was obvious that movable dams are safer than fixed dams (*TS*, 20 May 2003).[62]

The debate between opponents and proponents has continued. After hearing a wide range of local opinion, in February 2004 the Governor unveiled the prefectural stance to be submitted to the central government. As for the Daijuzeki issue, 'first of all, every possible way apart from a movable dam will be investigated' (*Prefectural Assembly*, 3 March 2004). Although there remains a question over whether the movable dam option is viable, the proposal was carried in the assembly and presented to the MLIT on 30 March 2004.

On 27 April 2004, the MLIT publicised the procedure for preparing the Yoshino River Development Plan. With regard to Daijuzeki, 'instead of persisting with a movable dam, other ways besides the movable dam that have not been examined before will be investigated, and every option will be evaluated to reach a conclusion'. The movable dam option survived, reflecting the continuing MLIT support for keeping the movable dam option alive. Accordingly, local proponents welcomed the policy direction, while opponents expressed concern (see *TS*, 28 April 2004). The MLIT plan went no further than outlining the general direction. As a result, the Yoshino River project's future still remains to be seen in 2007, even twenty years after it was first proposed.

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[62] The MLIT's stance was, therefore, to get everything back to the drawing board, and then new plans including the movable dam option will be examined, with an intention to push ahead the movable dam option (for example, *TS*, 26 November 2003).

Between CG and LG, there has been constant interaction. The relationship can be recognised as consensual. While the Yoshino River extends over many municipalities, the Tokushima prefectural government has been the main entity that conveys their LG voices to the central government. Under the River Law framework, local authorities, which foot a part of the bill, present their opinions or requests. The central government, on the other hand, is the level at which River Plans and actual project details are finalised. The consensual relationship is not necessarily stable, because the Law provides only an overall framework. The relations proceeded on a less visible political route, rather than on pre-programmed procedures, as the above lengthy bargaining process clearly shows.

[LG – LC; CG – LC]
The major problem in the Yoshino River dam case was the gap between citizens and the local authorities who were often closely linked with the central government. Supporters and proponents of the movable dam at the local level appealed to both local authorities and central government agencies. Unlike other cases of the [CG – LG] relations in Japan, [LG – LC] and [CG – LC] relationships were often quite confrontational. The [LG – LC] linkage was the arena where the most intense contests were observed. However, the gap between dam proponents and opponents was consistently so wide that the debate tended to be dichotomous without much constructive exchange. Both sides maintained opinions concerning environmental effects or the flood impact on Daijuzeki.

The citizen movements were indeed the main cause of change in the centrally driven plan. As was seen, the MOC and the prefecture were the principal actors advancing the project in the early stages. Citizens' campaigns soon emerged against the central-led nature of the project. Local citizens and groups' involvement in the project has been through various channels. Local citizens have made the most of electoral systems, and on many occasions have put direct pressure on those with responsibility by collecting signatures for plebiscites and submitting requests.

Against the secrecy of the Daijuzeki Environmental Examination Committee (1992-1994),[63] the Yoshino River Symposium Committee was established in September 1993. This citizen group asked the MOC to disclose information, and

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[63] One of the best known activists, who organised groups such as the Daijuzeki Plebiscite Group and the Yoshino River Daijuzeki Group, noted that the secrecy of the Daijuzeki Environmental Examination Committee was the trigger to cause actions (Himeno, at the Yoshino River Symposium at Seika University, 12 May 2000). The Committee did not disclose discussion and names of committee members except a chairperson.

organised symposiums and meetings to broaden support. As for the Daijuzeki Project Panel (1995-1998), despite a controversy over the committee's membership,[64] the MOC adopted the Governor's recommendation. In the end, the Panel revealed the final opinion endorsing the viability of the movable dam in June 1998.[65] The decision spurred to further actions local citizens and groups who thought the deliberations were one-sided. The Daijuzeki Plebiscite Group was set up in September 1998 to clarify the state of public opinion about the dam project and to ensure that the citizens' view was reflected to the Development Plan.[66] The signature campaign, held in Tokushima city and Aizumi town, collected 10,1535 (49% of the electorate) and 9663 (43.6%) respectively, only to be rejected by each assembly in February 1999. Mayors and the governor, all of whom were proponents of the project, seemed not to be influenced by such citizens' activities, and did not demonstrate any intention to communicate with citizen groups.[67] The main reasons for the rejection of the plebiscite were: the claimed legitimacy of representative democracy; the highly technical nature of the issue; Daijuzeki Project Panel's public hearing and decision; and the opportunities for citizens' input provided during the environmental impact assessment procedure (see *TS*, 28 November 1998).

The pressure from the citizens and groups did, however, shift the proponents' strategy. The senior officers of the MOC acknowledged the dialogue with citizens in February 1999 (see above; also *TS*, 18 February 1999). In March the prefecture and the MOC began public meetings. This 'dialogue' policy was to become the strategy of project promoters from that time, especially after the Construction Minister's unexpected remarks on 27 April 1999 and the change of political power balance in the Tokushima city assembly in April. Yet, this apparent policy shift did not necessarily reflect the promoters' fundamental attitudes to the movable dam project. Given their continued support for the dam, the main purpose of the 'dialogue' might have been to persuade citizens to accept the project. Actually, citizens were very critical of the 'new format' meetings which began in May 1999, pointing out the unilateral MOC's attitudes demonstrated and the lack of opportunity for substantial input from citizens[68] (*TS*, 14 May 1999). From the citizens' point of view, 'how to hold a meaningful

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[64] There was (were) even a person(s) who turned down an invitation to join the Panel, because of its 'patronised' nature (see *TS*, 25 June 1999).

[65] By the final decision, public hearings were held three times. Proponents considered that sufficient, but opponents felt that it was not enough.

[66] The purpose of the movement was not to demand a halt to the project *a priori*, but to discuss the project in a fair objective way (Himeno, *ibid.*).

[67] The Governor, the Tokushima city mayor and the Aizumi town mayor each rejected requests from citizens to have an open forum (see *TS*, 27, 28 November 1998; 9 January 1999).

[68] The number of participants soon decreased from more than 100 for the first meeting to less than 20 (*TS*, 17 July 1999).

meeting in a fair manner' was crucial, while 'how to defend the original movable dam and persuade opponents' was the priority for the MOC and prefecture. This gap was not bridged during the dialogue.[69]

In 1999, citizen's activities altered the stance of the Tokushima city mayor, and Tokushima assembly's power balance was overturned,[70] leading to the plebiscite held in January 2000. In opposition to such moves, a proponent group gathered signatures from 32 municipalities along the Yoshino River. Although the validity of the manner in which signatures were collected and their legitimacy were questioned in many quarters,[71] the Daijuzeki Signature Group handed about 300,000 signatures to the Construction Minister, as well as reporting the results to Tokushima Governor and the Tokushima office chief of the MOC in December.

After the plebiscite had so overwhelmingly rejected the movable dam in January 2000, the fruitless 'dialogue' continued. During the confusion in July and August 2000 when the movable dam project was to be 'repealed or frozen', both supporters and opponents tried to push their claims, but the manner in which their opinions were dealt with is quite unclear. After they had had a meeting with public works examination committee members, both sides were positive (see *TS*, 22 August 2000). The Discussion Group for the Yoshino River and Citizen Participation, which commenced in February 2000, also could not provide a fruitful forum. No dam opponent groups joined until it made its final suggestion.[72] It broke up in March 2001.

Whereas the dialogue between the MLIT/Prefecture and citizens remained non-productive, new movements to broaden the dimension of citizen' participation emerged. Tokushima city set up the Yoshino River 21 Project Team in April 2001, to develop alternatives other than a movable dam. This group of

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[69] When the MOC tried to set up a new forum called 'Discussion Group for the Yoshino River and Citizen Participation' in July 1999, many citizen groups were critical, expecting the MOC-led style again. 'Pigeonholing the Daijuzeki Project Panel's decision is the minimum condition' (*TS*, 12 July 1999). The Discussion Group began in February 2000 without any citizen group representation.

   The dialogue between the promoter and citizen groups progressed in this way: 'The MOC just want to fake an alibi that citizens' voices are heard.' (Himeno, *TS*, 3 March 2000) Also when citizen group representatives met the Road Bureau chief of the MOC in July, he showed no disposition to exchange opinions (*TS*, 22 July 2000).

[70] Three newly elected councillors were from a citizen group.

[71] Signatures were collected by various organisations such as an agricultural association and a school board with encouragement from the project supporter. Signatures by proxy and redundant signatures were not all checked (see *TS*, 16, 22, 24 November 1999).

[72] About the final report, 'lack of decisive content' was the general impression from both proponents and opponents (see *TS*, 25 March 2001). The main thrust was to treat the Yoshino River as a whole. As for the movable dam, there was no clear statement; the decision is left to the future discussion (see *the Final Report: towards better solutions of the Daijuzeki issue*, 2001, pp. 6-7).

experts was organised by the Yoshino River Daijuzeki Group in May 2001 to develop a scientifically based alternative for consideration by citizens. [73] Tokushima city subsidised the expert group from the financial year 2002 for two years.[74] Yoshino River Daijuzeki Group, that has been an active opponent of the movable dam, was given NPO (Non-profit Organisation) status from the prefecture in June 2002. In March 2003, The Yoshino River Region Symposium Committee was established to discuss the Yoshino River related issues jointly regardless of the sectoral divisions.

Under Governor Iizumi, the contentious issue remained. Both supporters and opponents lobbied the Governor before he submitted a paper to the central government in March 2004. Iizumi's final draft was, however, not calculated to put an end to the dispute. The movable dam option was spared again in the Yoshino River Development Plan by the MLIT.

Throughout the project's history, local citizens and groups have been very active, and they clearly influenced the proposed dam development. In the course of the established democratic process, local councillors and mayors opposed to the dam were often elected, and accordingly influenced local authorities. On top of that, the plebiscite was held, which had an undeniable impact not only on the local authorities and but also on the central government. However, at the same time, citizens could not exert as much influence as they expected, for the River Law framework does not provide a clear procedure for the involvement of local citizens and groups. That was probably the main reason why the gap between proponents and opponents remained for a long period.

The [LG – LC] is considered to be consensual: although the main instrument through which citizens could exercise influence was the normal electoral process, their campaigns achieved the plebiscite and created situations where their voices are more often heard. The [CG – LC] is also consensual. It is important to note that CG and LG have been affected by LC to different extents. Since LG can be directly exposed to pressure, it was more likely to be forced to alter its stance. The MOC was certainly compelled to change their plan to construct a dam without delay especially in the early stage of the project. However, once their strategy became built around a 'dialogue' policy, the CG successfully

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[73] The group studied the Daijuzeki environment and the 'green dam' effects – utilising a capacity of upstream forest holding water and releasing it gradually so that flood can be prevented. The final report was published in March 2004, concluding that: Daijuzeki was to be partially repaired; and the 'green dam' can cope with a once in 150-year-scale flood with less cost, compared with a movable dam.

[74] Tokushima mayor Koike stated that alternatives presented by the group would be brought to the central government (*TS*, 20 May 2003).

maintained its stance in support of the movable dam in spite of the local pressure. CG, which is only indirectly influenced by LC was buffered by the central-led nature of the River Law framework. In this sense, the [CG – LC] became less consensual, while LG was more constantly interacting with LC.

Classification of the Yoshino River case
[CG – LG], [LG – LC] and [CG – LC] linkages are all viewed as consensual. Therefore, this case is classified as [B] — *'Least hierarchy – headless chicken?'*. Although local authorities offered a better window for citizens than the central government, LC's input was not always as effective as anticipated. One reason for this was the statutory structure in which CG has a decisive position. LG was also placed in the centrally delineated sphere. Both LG and LC acted vigorously within the limitation of the central-led stage.

Overall evaluation
The three consensual relationships produced a confused situation, with neither decisive progress nor cancellation of the project. Without citizens' campaigns, the project would have been started in accordance with the plans of the central government. Local citizens would have noticed problems or benefits of the central-led project only after the dam's completion. This first plebiscite case for a national public project and subsequent local movements have highlighted existing problems: how to ensure the citizens' meaningful involvement; how to make it possible for local authorities to tackle local issues on their own initiative; and how to strike a balance between the local and national interests. It is apparent that these issues have not been resolved effectively yet. These problems had been latent while the central government (with its local offices and the LDP networks) carried out projects by itself.

As so often with big public utility works in Japan, the local protest was not manifest in the *administrative* procedures. The protest movement, instead, resorted to *political* pressures. This inevitably led to long political bargaining at the local level, subsequently extended to national politics. The local people's voice in the Yoshino River case has certainly opened up a new dimension in Japanese governance, but of itself it has been simply not enough to change the existing systems and practices.

Similarities and differences: assessing the criteria

Table 5. 2: Criteria rankings in environmental management

	Local Capability	Respon-siveness	Coordination		Sustainability	Financial/ Economic viability
			inter-	intra-		
Project Aqua	2	2	2	3	3	3
Yoshino dam	1	3	2	3	2	1

Project Aqua
Local capability (2)
Local capability is not given a high ranking, as the project's development was strongly affected by actors outside the local arena and resources available for local authorities were not abundant.

The scope for local initiative was, for instance, reduced by the fact that Meridian gained *requiring authority status* in April 2003, and then the Environment Minister exercised her *call-in* power between September and November 2004. In addition, local authorities did not effectively control issues relating to the water allocation. There was no integrated framework for water allocation that would have made strategic decision-making possible at the local level. This was often mentioned in the discussion of the Waitaki Catchment Amendment Bill. In the absence of such a framework, an *ad hoc* approach was taken to applications for water use. Aqua Project planning proceeded in these circumstances.

Without a 'big picture' regional strategy for the multi-purpose development of the lower Waitaki Catchment, the role of local communities was challenging. Complicated local interests in Project Aqua and implications for the national interest were also reasons why local initiative was not effectively exercised. On the other hand, the resource consent process under the RMA encourages local government to be preoccupied more with day-to-day operations with relatively short-tem considerations on the 'first-come first-served' basis, which could not compare the relative merit of a myriad of applications. Local governments do have discretion and flexibility under their local plans for each consent application, but that does not ensure that local authorities will identify potential problems at an early stage, and act proactively towards them. With regard to Project Aqua, local authorities did not take the initiative; rather they responded to events at the central level. An observation of a Green Member of Parliament and member of the select committee considering the 2003 Bill is relevant;

'Both the Resource Management Act and regional councils around the country have failed to provide a framework for water allocation against which applications can be measured, and the Ministry for the Environment has stood back and watched them fail' (Fitzsimons, *Speech*, 3 December 2003).

The potentially dominant role of the centre is one of the reasons for the passive stance of local governments and their unwillingness to take the initiative locally in water allocation.[75]

Resources locally available were also limited. The central-led nature of the project did not require local authorities to acquire expertise and analytical capacity. Independent analyses by such consulting companies as Concept, Covec and Sinclair Knight Mertz (SKM) were commissioned by the Ministry of Economic Development; this indicates the central government's ability to extend its resources. At the same time, the government-led nature of the process is underlined.

In respect of local water allocation policy for which Project Aqua had major implications, an overall strategic framework was lacking at local level. Before the project was cancelled in March 2004, the water allocation process was not streamlined. Resources — human, skills, information and finance — were expected to be better utilised through the new Waitaki Catchment framework introduced while Aqua was still under consideration. Locally available resources were limited simply because the need for localised decision-making was limited.

Responsiveness (2)

There are opportunities for democratic participation in both the RMA consent and local planning procedures. Yet, it is difficult to ascertain the extent of local influence on the course of the project. Meridian Energy's strong position, as exemplified by its conferred status of *requiring authority*, undermined the opportunities for local voice.

Project Aqua was driven primarily by a state owned enterprise (SOE) together with other central level actors. The actions of these parties were within the statutory administrative rules and procedures, and, therefore, were legitimate. In this sense, location of responsibility and accountability was clear. However, from a local governance point of view, some issues are contentious; for example, why was requiring authority status granted, overriding localised decision-making?; And what was the justification for the ministerial *call-in*?. In short, transparency in

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[75] As for water allocation, Environment Canterbury recognises the 'need for a national energy strategy' (*Environment Canterbury 240th meeting minutes*, 1 April 2004).

terms of statutory *administrative* procedures was clear, whereas *political* transparency was less so.

As was seen, general local attitudes were not in favour of the project, and vigorous protests took place. Nonetheless, local level voices were overshadowed by the more influential central government and the SOE. The local anti-dam protest was weakened in administrative procedures, because of the requiring authority status and the ministerial *call-in*. The scope for political pressures to be applied to local authorities was also limited, since the project promoter was not in the local domain.

At the central level, however, political opponents of the project created windows of opportunity for citizens to make an input, parallel with the already established statutory processes. The Green Party was a consistent critic of the proposal. Objections by the Green Party led to substantial amendments of the Waitaki Catchment Amendment Bill. Although the extent to which the Green Party was encouraged by the local opposition is not quantified, the existence of a prominent opponent at the central level at least opened up a political route for local opposition to take.

Under the new catchment governance arrangements, put in place by the Resource Management (Waitaki Catchment) Act 2004, the local orientation has been strengthened. This has positive implications for local democracy. But, as far as Project Aqua was concerned, responsiveness to local interests was not easily recognised up to the time of the project's cancellation.

Coordination (inter2; intra 3)

In respect of *coordination* among three analytical units (CG, LG and LC), it is difficult to find evidence of collaborative commitment to the development of the project. A simplified view is that the central government and the SOE propelled the Aqua project, but that local authorities and local communities were not as committed as the central actors. A snapshot, therefore, would be CG vs. LG & LC. Clear differences between national level interests and local level interests were the reason for the conflict. For the central government, security of energy supply is seen to be more important than possible adverse local environmental effects; but for those in the concerned area, the priority is reversed.

At the local level, overall interests were strongly against building the multiple hydro dams. The dominance of farming and the need for irrigation in the region gave the issue high salience. Water is not abundant in the area, and there is a

competition for securing it. As the project was not locally driven, coordination at the local level was largely about opposing to the project. Concerns about the impact on the natural environment were also a factor. Nonetheless, coordination between local authorities and directly affected citizens was limited. Although the local authorities had little statutory opportunity to influence the project they might have been expected to have liaised more closely with local citizens on the matter.

Sustainability (3)

In the absence of any umbrella strategy about Waitaki water use, consideration of the long-term implications was likely to be inadequate for such a big project that was expected to operate from 2008. The time consuming RMA process did not secure future water rights for the project's promoter. Stated reasons for Meridian's cancellation of Project Aqua included 'uncertainty' caused by the resource consent process (Meridian Energy, *Press release*, 29 March 2004). The incremental nature of the consent process hindered those involved from foreseeing a likely future scenario. In particular, the project's estimated positive impacts were not so clear-cut that they could not demonstrably outweigh all negative impacts. Therefore, (apart from Meridian) the preferences of CG supporters, especially at the political level, could shift, which would have contributed to more future 'uncertainty'.

The project did not have much relationship with the political cycle (local or central). The leading promoter, Meridian, could keep its distance from the three-year electoral cycle. This enabled it to give more attention to the longer-term considerations, compared with actors in local government (and Parliament). Although the project was called off, the promoters had considered long-term impacts especially from an economic viewpoint.

Concern for environmental sustainability was one of the main reasons for opponents to come forward. In spite of some efforts by Meridian in its planning to reduce adverse environmental effects, there was little doubt that Project Aqua would change the landscape and the nature of the Waitaki River (and local people's lives) in many ways. Therefore, the likelihood of the project application surviving the consent process in a viable way environmentally, as well as commercially, was always problematic. Unfortunately, when the project was promoted, there was no strong local mechanism that could seek an optimal point from the perspective of environmental stability and ensure long-term solutions. In such a situation, local authorities with little influence could not offer such a solution. The new Waitaki Catchment water allocation framework is now

expected to provide a mechanism that should assist long-term local interests.

Financial/Economic viability (3)

The financing aspect was not central in this case, since the project was centrally led and centrally-financed. The main focus was rather on the economic aspect. The promoters evaluated economic aspects of the project by commissioning independent consultants to undertake cost-benefit analyses mainly from a national viewpoint. Accordingly, a certain level of transparency and fairness was secured, but there remains room for criticism from local perspectives.

Whether the project would actually benefit those who would be directly affected in the area is another issue. The early impact would have been caused by the arrival of the construction workforce. The promoter was to some extent detached from local voices, and was the party who commissioned economic analysis. On the other hand, environmental effects were the major apprehension for the local actors. Consequently, in decision-making there was likely to be a propensity for the economic case to have the edge over environmental considerations. Thus, even if the economic case were positively assessed, there was a risk of imbalance among the different perspectives. Furthermore, since the promoter and opponents placed their emphases on different points (economy or environment), discussion between them tended to go nowhere, with each persisting with their own preoccupations.

In the Waitaki Catchment Amendment Act 2004 after select committee consideration, 'the economic and social benefits and costs' are to be judged 'at the local, regional, and national levels', rather than from a 'national perspective' (Section 42 [b], Waitaki Catchment Amendment Bill), when applications are considered. Under the new water allocation framework, economic considerations, often a national level concern, are to be dealt with on the same basis as local level issues. It is a step forward for local governance, yet the balance among different 'benefits and costs' would be a delicate issue.

Meridian placed an emphasis on the economic aspect predominantly from a national perspective. *Financial/economic viability* was, therefore, well analysed from a national point of view. For the local area that would be directly affected, however, national considerations do not necessarily contribute to local well-being – environmentally and economically. All told, *financial/economic viability* cannot be assessed highly in this case.

Dam in Yoshino River
Local capability (1)

The level of *local capability* in the Yoshino River case is evaluated as low. Within the local sphere, there was little room for local initiatives or readily available resources. The project itself originated from a local proposal many years ago. But once the dam construction began to be supported by the MOC, the plan became the preferred option of the project supporters despite local criticism. Initiatives at the central level clearly outweighed any exercise of local discretion. Once conflict over the proposed plan became evident, supporters and opponents both stuck to their own positions. The strong ties between the prefecture and the MOC, and the intensity of confrontation between proponents and opponents, did not allow for much room for discretionary policy choice at the local level.

The project's development was propelled mainly by the central actors, with the local level initiative staying low. After long heated debate, the scope for local initiative to be exercised might have enlarged. The latest central government policy, *Yoshino River Development Plan* in 2004 did not, however, clearly endorse local initiatives, leaving open the possibility for the long-standing dam plan surfacing again.

Nor were locally available resources abundant. Under the River Law scheme, the central government is the river administrator for the Class A river system (except for a designated section). It is the central government that has authority to determine the Yoshino River Development Plan and project details for the river. Resources (human, information, skills) are centrally allocated, and local government and local community were less equipped than the local branches of central ministry. Local authorities that supported the project were reliant on central government resources and thus simply followed the lead of the central government.[76] However, it has been argued that the central government often controls information for its own ends in public work projects.[77] This is a reflection of the partial resource allocation.

Local communities had to develop their capacity from scratch if they were to be able to fight against the resource-rich proponent, since central resources are not

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[76] For example, an audience at the Aizumi town assembly noted that the mayor's explanation was just the same as that of the MOC. (see *TS*, 19 February 1999).

[77] For example, at the Yoshino River Vision 21 group's meeting in August 2001, the fact was revealed that the Tokushima office of the MOC did not publicise the fact that the water level was under a hazard level in a flood simulation conducted in 1994. This indicated that the dam might not be necessary. The MOC conducted a public simulation experiment in 1996, in which water level was *beyond* the hazard level. The group criticised the secrecy of the ministry.

available for them.[78] Citizen groups with limited resources independently tried to analyse the effects of Daijuzeki and proposed dams and develop alternatives. Such new movements could become the foundation of more local-led project development, amid the central government dominance.

Responsiveness (3)

Responsiveness is considered to be positive, as democratic participation was ensured through elections and a plebiscite. But, there has often been a discrepancy between the opinions of the general public and their democratic representatives.[79] The gap between *representative* democracy and *direct* democracy was one of the main reasons for citizens' outcries, and remained a barrier for anti-dam movements to overcome.

The upsurge in direct democratic activity reflected the lack of public participation opportunities in Japanese public works schemes. The 'dialogue' ended in a rupture, mainly because the citizens claimed that the meeting between supporters and opponents did not ensure a fair democratic input. There is still no clearly established procedure for public involvement.

Opponents (and proponents too) certainly lobbied both local and central governments. But, the impact of their actions cannot be clearly discerned, given that the fundamental stance of the MLIT has hardly changed. Local communities' influence was conveyed mainly through elections and plebiscite efforts rather than through direct approaches to the project supporters. Tokushima city and prefecture were the authorities directly influenced by democratic pressure. The principal project promoter, the MLIT, was, on the other hand, removed from direct democratic impact. Limited democratic input during administrative procedures also placed little restriction on the Ministry. The central bureaucracy was not predisposed to listen to dissenting voices.

Coordination (inter2; intra 3)

Efforts to coordinate activity were continuously observed *within* proponent and opponent groups respectively. In contrast, constructive interactions between

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[78] One of reasons for the MOC's critical attitude toward citizen-led campaigns was that the movable dam issue was highly technical. The presumption (or justification for the view) was that only central government (and local representatives who are instructed by the central government) can handle such technical issues.

[79] For example, a poll for citizens in Tokushima prefecture taken by *Asahi Shinbun* in July 1998 posed the question: 'who should decide whether the movable dam will be built?' 71% answered 'people in the prefecture'; 11% 'prefecture'; 5% 'nation'. As to a plebiscite, 70% supported and 16% objected (*Asahi Shinbun,* Tokushima ed., 14 June 1998). But at this time, the city assembly and the mayor denied the plebiscite, indicating their support for the movable project plan. The Tokushima city and Aizumi town assemblies' denial in February1999 of the direct petitions for a plebiscite is another example.

different alliances did not happen. Meaningful 'dialogue' between the proponents and opponents has not really taken place. It seems that neither side intended to change their stance as a result of interaction. Accordingly, both cooperative and confrontational relations among the three analytical units are observed: there were concerted efforts among supporters; there was nothing to share between those supported and opposed.

Rating under this criterion cannot, therefore, be readily assessed. Linkages between the central government and local authorities facilitated coordination; the local promoters were the supporters of the central agencies that propelled the dam project. Yet the relationships were not on a level playing field, but usually centrally led. Once a supportive mayor was replaced by a new mayor who expressed opposition, the tone of relations changed from cooperation to 'guidance'.

At the local level, opposition to the dam widened over time, and cooperative commitment to pursue alternatives began. Around 2001, local authorities and citizen groups began to collaborate in considering other options. It still remains to be seen whether the local groups that tried to increase their status and influence can make a difference in the future. The process is still centrally-led in deciding how cooperation between local authorities and citizen groups fits into the river administration.

It should be noted that there are criticisms that the fate of the dam construction was largely influenced by a citizen movement which was mainly based in Tokushima City. Upper stream local areas that would benefit from the movable dam remain vulnerable to potential flooding. In contrast to the 'success' of the project cancellation, issues for local citizens have not all been solved.[80]

Sustainability (2)
Consideration of long-term implications was not a major concern during the project's development. Long-term solutions were mentioned in the context of what ideal measures should be, but this recognition was little more than a slogan.

The River Act 1997 does not provide an effective framework within which to sort out conflicting opinions, and lead to long-term solutions. The Act outlines the

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[80] The movable dam can let a bigger amount of water flow to the lower course swiftly, so that risks of upper areas having accumulated water would be reduced. Some areas, therefore, supported the idea of replacing Daijuzeki with a modern dam.

stages of the project development framework. Although the location of the authority is clearer than before and the localised nature was strengthened, it is not clear how local input is to be dealt with. Detailed procedures or criteria for assessing inputs are missing. As a result, contentious proposals such as a Yoshino River Dam are easily turned into political issues.

The fact that the case became very contentious of itself added further difficulty. It attracted nationwide attention and became a controversial item on the national political agenda. As a result the MOC's role in decision-making as a river administrator was put into a political context. The recommendation from the Parliament's *Public Works Examination Committee* in 2000 exemplified how the dam project was influenced by national politics before the widespread nationwide criticism of tax-consuming public works. Decisions tended to be vague and caused mixed reactions at critical moments -- such as the 'repealed or frozen' project by the *committee* in 2000, Tokushima Governor Iizumi's paper in 2004 and MLIT's policy after the governor's paper.

The course of project development was far from straightforward and transparent. The project was to a large extent at the mercy of political decisions, which would not necessarily contribute to local long-term solutions.

Financial/Economic viability (1)
When public works are planned in Japan, economic considerations are less prominent than might be expected. The centrally-led project provides opportunities for those at the local level who wish to benefit from being associated with construction (including those who seek a contract). Central financial and technical assistance allow this to take place.

In the Yoshino case, financial and economic considerations were not always high on the agenda, particularly for the project's promoters. Because of subsidies from the centre, *centrally*-led projects are less burdensome for local citizens than *locally*-led works. Only the project's opponents found the economic issue problematic. Local protesters were against the project, because of financial waste as well as negative environmental effects and doubt about the dam's effects.

Throughout the project's history there were no significant talks about financial considerations. Many opponents suspected that the promoters' main purpose is simply to build the dam, implying that financial and environment issues are left to one side. However, the standpoints of promoters and protesters were so different

that conflict resolution itself has been the main issue in the 'dialogue': discussions over the specifics of the actual dam proposal (or alternatives) took second place; and the financial issue did not come first.

Lack of independent analyses and a meaningful forum for discussion at the local level also kept economic considerations off the agenda. The Public Works Examination Committee 2000 at the central level was a rare event, as it targeted wasteful, but politically sensitive, public work projects. The committee was likely to be a one-off product resulting from political pressure at that time, given the fact that a great number of criticised public works are still seen throughout the country.

(C) Emergency management
Manawatu-Wanganui flood in February 2004

Figure 5.10: Map of Manawatu-Wanganui Region (1)

Introduction
In February 2004, extremely stormy weather in New Zealand caused havoc in some regions mainly in the North Island. The Manawatu-Wanganui region, the middle west of the lower North Island, was the worst affected area. The disaster which hit both residential and farming areas was the first major test for a new emergency management framework under the Civil Defence and Emergency Management (CDEM) Act 2002. It is said that the scale of floods experienced occurs only once in every 50-100 years, leaving about 2,300 people in the region evacuated, infrastructure such as roads, bridges, gas, water and power lines heavily damaged and numerous livestock dead.

This section examines the pre-event preparation (such as prevention strategies and recovery plans) and the after-event responses and counter-measures within (or outside) the emergency framework previously laid down. Under the Local Government Act in its various versions civil defence has long been one of the few mandatory responsibilities of local government but 'because it is virtually impossible to predict when and how disasters will occur, civil defence is always at risk of being an undernourished orphan' (Bush, 1995, p. 137). Local bodies have been concerned with the preparation of mandatory civil defence plans and the education of their communities about planning for an emergency. This study examines the effectiveness of the machinery now in place that puts beyond any doubt the principal role of local government in New Zealand emergency management.

Figure 5.11: Map of Manawatu-Wanganui Region (2)

The area to be observed is confined within the boundary of the Manawatu-Wanganui (Horizons) Regional Council, although the flood damages affected other regions directly and indirectly.[1] The principal questions that focus the discussion are: who was in charge when an emergency occurs; and, whether they were able to discharge these responsibilities?

The Manawatu-Wanganui Region consists of seven territorial authorities (and Horizons Regional Council), which cover 22,000sq/km. The geography contains mountainous areas and flat farming areas with fertile soil. Palmerston North and Wanganui are the main cities.

Emergency management in New Zealand

The CDEM Act, which was enacted in October 2002, was the result of lengthy consideration from the early 1990s. This reform of the national emergency management regime has aimed to 'transfer the nation's overly response-focused counter-disaster approach into a system grounded within a more expansive risk-based sustainable hazard management framework' (Britton and Clark, 1999, p. 219). Such a move has been occurring while the public sector reform, notably at the local level, has created re-shaped local authorities. After the 1989 reorganisation of local government, larger territorial local authorities were formed, regional councils established, and amendments to the Civil Defence Act 1983

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[1] For example, gas supplies to Hawke's Bay were affected.

were proposed to support regional coordination and control at the local level. The Emergency Service Task Force, which was appointed by the government in 1995, recognised a diminished capacity of central and local government because of the reduced resources directly available to them when responding to an emergency (refer to, MCDEM, 2002d, p. 7). Furthermore, other legislative changes that transferred decision-making authority from central to local government or other bodies also made more significant the role of local level emergency management; e.g. RMA 1991 and a 1996 amendment to the Local Government Act 1974 (see Britton and Clark, 1999, pp. 232-234). In this context, the aim was to strengthen risk management ability particularly at the local level. The previous system under the Civil Defence Act 1983 has since been gradually transformed over a transition period (see MCDEM, 2002d, p. 6).

The new emergency management framework is more *holistic*, *comprehensive* and *collaborative*. The CDEM Act itself does not prescribe every detail, but instead put in place a new emergency management framework that consists of strategies and plans at the national and the local level. Under the CDEM 2002 Act, the central level policy orientation (National CDEM Strategy and National CDEM Plan and Guidelines) must be taken into consideration by local CDEM Groups[2] that issue a Group Plan. The Ministry of Civil Defence and Emergency Management (MCDEM),[3] formed on 1 July 1999, is the principal institution at the centre charged with implementing the CDEM Act and government policy. The mission of the MCDEM is: to provide strategic policy advice and support; to ensure the establishment of new structures for the emergency management; to ensure a co-ordinated approach; and to manage central government response and recovery functions.[4] The ministry's involvement comprised not only Guidelines issued by the MCDEM Director, but also engagement in the local Groups' formation and planning. Together with such strategic linkages, central government agencies can play an important part in the local CDEM Group activities. The Ministry of Agriculture and Forestry, for example, may be invited as a Coordinating Executive Group (CEG[5]) member when agriculture is of great importance in an area as in Manawatu-Wanganui (MCDEM, 2002a, p. 14). Other central departments or agencies are required to commit to taking necessary

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[2] CDEM Groups are 'consortia of local authorities based on existing regional council boundaries, working in partnership with emergency services' (MCDEM, 2002a, p. 1).

[3] MCDEM was formed as a 'semi-autonomous body within DIA (Department of Internal Affairs)'. (MCDEM, 2002e, p. 7).

[4] See the MCDEM website, www.civildefence.govt.nz.

[5] The CEG is situated in the central part of the CDEM Group activity, consisting of senior members of local authorities and emergency services (Police, Fire Service and Health). Providing advice to the CDEM Group and subgroups subcommittees, overseeing the development, implementation, monitoring of the CDEM Group Plan, are among its functions (CDEM Act, section, 20) (see MCDEM, 2002a, pp. 12-14).

measures for emergency management too. (CDEM Act, Section 58, 59)

Assistance from the central government (ministries and crown entities such as Transit New Zealand) is also available for both short-term and long-term recovery (MCDEM, 2002b, p. 43). Yet, the central government involvement in the local level emergency management is not pre-determined. Under the new regime, the central government 'complements the roles of local government, communities and individuals who have responsibilities' for themselves (MCDEM, *An introduction to the CDEM Act 2002*, p. 4).

On the other hand, local level actors such as regional and territorial authorities, emergency services (police, fire, health) and lifeline utilities[6] such as gas, water and electricity are required to function jointly through their CDEM Group (explained below) mechanism. Local authorities (regional councils, district councils and unitary authorities) play a major role of a CDEM in civil defence emergency.

Figure 5.12: The structure of CDEM in New Zealand

The CDEM planning framework
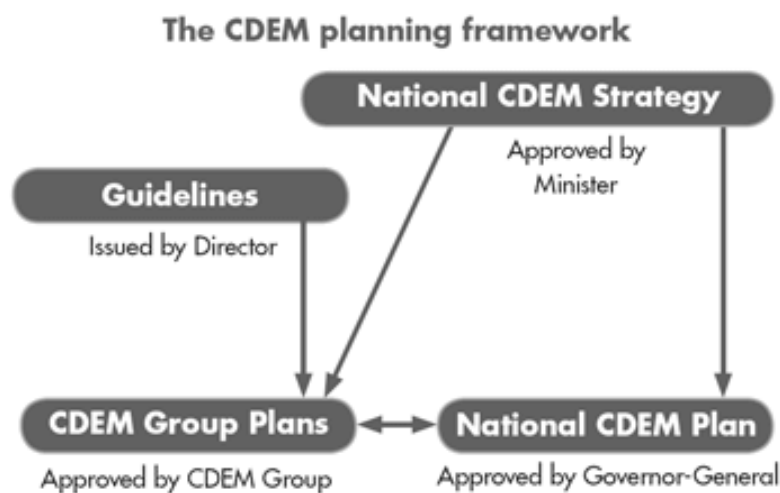
(Source: MCDEM, 2004d, p. 7)

In tandem with strengthened local level functions and central government support, 'individual and community responsibility and self-reliance' is confirmed under the new emergency management at the same time (MCDEM, 2004d, pp. 9, 13-15). Unrealistically high public expectations of the role of the central government to cope with a disaster have often been pointed out. One way to

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6 Although the CDEM Act does not give lifeline utilities a formal representative position in the Group, lifeline utilities are expected to play an active role within CDEM Groups as 'essential non-mandated members of CDEM Groups' (For more information, see MCDEM, 2002c).

bridge the gap between the high expectations and reality is simply to attempt to enhance the overall emergency management capacity; the other is to increase awareness and encourage participation, which would lead to more resilient communities and a strengthened regime. The CDEM Group is required to take the necessary steps to prepare for 'suitably trained and competent personnel, including volunteers'[7] (see CDEM Act, section 17 (1)(b), 18 (2)(a)).

In a nutshell, the new arrangement aims to achieve vertically and horizontally integrated emergency management. CG, LG and LC are all encouraged to get involved in an integrated manner. The proposed scheme itself, in theory, not unexpectedly consists of consensual relationships among all units, with a particular emphasis on the local level integration. The new emergency management arrangements cover both long-term strategies and preparations for immediate actions; the '4 Rs' of *Reduction*, *Readiness*, *Response* and *Recovery* identify[8] phases in which the actors concerned jointly seek to achieve, especially within each local CDEM Group.

Principal actors

CG	Ministry of Civil Defence & Emergency Management (MCDEM); Ministry of Agriculture and Forest (MAF); New Zealand Defence Force; Police
LG	Manawatu-Wanganui Region CDEMG[9]; Manawatu-Wanganui (Horizons) Regional Council; Horowhenua District Council; Manawatu District Council; Palmerston North City Council; Rangitikei District Council; Ruapehu District Council; Tararua District Council; Wanganui District Council
LC	Federated Farmers; Volunteers

Relationships among CG–LG–LC

The new emergency management regime is supposed to enhance capacity at the local government level, spearheaded by various measures of guidance from the central government. The first major flood event after the inception of the new arrangements was, however, too large for only local actors to cope with.

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[7] For further information regarding volunteers, see The Civil Defence Emergency Management Act 2002 and Civil Defence Volunteers: Information for Local Authorities (2003); MCDDEM (2003) Managing Volunteers.

[8] *Reduction* focuses on long–term risk management, whether hazards are human or natural in origin. *Readiness* refers to developing operational systems and response programmes before the crisis. *Response* means actions immediately before, during or directly after an emergency. *Recovery* relates to activities after initial impact being stabilised and until self-help ability is restored (MCDEM, 2004d, p. 6).

[9] Manawatu-Wanganui Region CDEMG comprises: Manawatu-Wanganui regional council; city and district councils within the region (Horowhenua, Tararua, Palmerston North, Manawatu, Rangitikei, Wanganui and Ruapehu); Fire; Police; Ambulance; District Health Boards (MidCentral Health, Good Health Wanganui, Waikato); and Public Health.

Assistance from the government was inevitable. The flood event sheds light not only on central-local integration, but on coordination at the local level as well.

[CG – LG]

After the torrential rainfall on 15 February (Sunday) in the lower North Island, MCDEM received the first indication of something unusual through the Emergency Management Adviser[10] (EMA) at around 9 p.m. Possible problems in the Wanganui region were reported (MCDEM, 2004a, p. 5). As early as on Sunday night, a flood caused road closure in Feilding. On 16 February (Monday) at 1 a.m. MCDEM received a request for NZ Defence assistance from Manawatu Civil Defence via the Police Communications Centre (MCDEM, 2004a, p. 5). At 5: 30 a.m, the NZ Army from the Linton camp was helping the Civil Defence team in Feilding, and in Marton the Royal NZ Airforce from the nearby Ohakea air base was assisting evacuations (*Horizons Regional Council News*, 16 February). At the same time, the National Emergency Operation Centre (NEOC) in Wellington was activated, becoming fully functional by 8 am on Monday. Various organisations such as NZ Fire Service, Wellington City Emergency Management Office and the Ministry of Health offered their help to NEOC. Around mid–morning, direct links with agencies such as Telecom, Powerco, Natural Gas Corporation and Transit New Zealand were secured. Regional staff dispatched to local Emergency Operation Centres (EOC) provided important links (MCDEM, 2004a, p. 5). In this way, the central government's initial reaction towards the event was swift, establishing necessary networks, and being supported by many agencies. On the same day (Monday), the Cabinet approved financial relief to the Manawatu and Rangitikei areas, and the Minister of CDEM, George Hawkins, announced initial $20,000 grants to the Manawatu and Rangitikei mayoral relief funds respectively (*New Zealand Herald*, 16 February 2004).

At local level, the Manawatu and Rangitikei Districts declared a state of emergency on Monday morning. On the next day (Tuesday) at 8 p.m., Horizons Regional Council's Chairman, Chris Lester, declared a state of emergency for the Manawatu-Wanganui Region to 'aid the response to the widespread flood event' and 'pool and coordinate regional resources'. Horizons Regional Council activated the EOC in Palmerston North to: 'coordinate media communications; source and coordinate external resources; liaise with national agencies and central government; and respond to issues requested and raised by the local councils' (MCDEM, 2004a, p. 4). The setting up of the counter-emergency

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[10] As for MCDEM's organisational structure, see MCDEM, 2002e, Appendix 6.

system at the central level seemed to be a much smoother process than in the flood-struck local area,[11] despite the strengthened local ability under the new regime. Initial responses or countermeasures taken by local authorities through CDEMG, as is described below, did not seem to be necessarily well organised — so much so that central input was of great importance in the very early stage.

The Government assistance package, announced by the MCDEM Minister on 18 February (Wednesday), confirmed both the central government commitment and local CDEMG activities. The package mentioned: central agencies such as MAF, Health, Work and Income, and Housing; Task Force Green; Agricultural Co-ordinators appointed by MAF; and technical and consulting assistance by MAF. Meanwhile, MCDEM was expected to coordinate the information from local CDEMG and utilities and MAF's assessment of local faming needs. Activities by the government agencies were to be coordinated with local CDEMG (Minister of Civil Defence, Media release, 18 February 2004). Assistance from the central level was not necessarily unilateral, but in some cases explicitly declared the intention to collaboratively work with the local emergency management mechanism.[12]

By the same token, local level units often included representatives from the central government agencies. All four taskgroups (Roading and Infrastructure, Rural, Economic, and Welfare and Social Support) under the Group Recovery Office (GRO[13]) included representatives from the central level such as MAF, Ministry of Economic Development, Work and Income and Housing. The Rural Liaison Committee, one of three established by Horizons Regional Council to assist recovery efforts, likewise comprised MAF and Royal New Zealand Airforce along with Federated Farmers, Fonterra (national dairy company) and the Wanganui Rural Community Board (*Horizons Regional Council News*, 21 February 2004).

The linkage between CG and LG was always tight from the outset of the event throughout the *response* and *recovery* phases. The fact that 'there were many demands for information each day from central government, particularly the Ministry of Civil Defence Emergency Management and the Ministry of Agriculture

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[11] For example, the region's civil defence manager Mark Harrison could not reach EOC in Palmerston North until Tuesday, because of damaged roads.

[12] For example, NZ Defence Force arranged liaison officers in all district councils, and worked with Civil Defence (Defence Minister Mark Burton, *Press release*, 19 February 2004).

[13] GRO was organised to coordinate recovery activities in the region, and functioned as "the principal management group" when the state of emergency in the region was lifted on 24 February. Group Recovery Manager was Mark Harrison from Horizons Regional Council (*Horizons Regional Council News*, 20 February 2004; Wellington Regional Council minute, *Report 04.191*, 22 March 2004, pp. 2-3).

and Forestry' (Wellington Regional Council minute, *Report 04. 191*, 22 March 2004, p. 4) exemplified the strong link. Clearly, the flood in the Manawatu-Wanganui region was 'far too big to expect farmers and local government to deal with on their own' (Agriculture Minister Sutton, 22 February, after visiting the Manawatu-Wanganui area), and it is little surprise that LG with its responsibilities for heavily damaged areas and CG with its greater resources have worked collaboratively, supported by the new CDEM arrangements. The relations were not one-off in nature, but were expected to last for some time. Nonetheless, the consensual link between CG and LG might have been the result of such a large unusual situation as represented by Manawatu-Wanganui floods. LG had been given greater (but not enough) capacity to deal with large-scale hazards under the new emergency management. Continuous assistance from CG was, therefore, secured. Continuation of the consensual nature after the immediate *response* and *recovery* stage, it seems, is still largely dependent on central discretion.[14]

[LG – LC]

The Horizons Regional Council has been responsible for hazard management in the region, and district councils have prepared plans under the provisions of the Resource Management Act 1991 (Section 106) and the Building Act (Section 36) within the Horizons' policy framework. Local flood risk management has been led by local authorities. In the Manawatu-Wanganui region, fertile land and larger communities are mostly located on the floodplains; floods are inevitably 'an ever-present risk'. Based on this reality, flood and erosion control and drainage systems are essential features in the area (Horizons Regional Council, 2004, Vol. 2, pp. 35, 48-49), rather than strict zoning or restrictions to keep people away from the floodplain.[15]

The risk *reduction* – longer-term risk management – therefore, depends on how well these prevention measures have been planned and implemented. In the CDEM Group Plan, the risk of flooding is recognised as 'an ever present reality for many parts of our region', yet the flood protection level in the region is 'highly variable', ranging from 5-year event to 1,000-2,000-year event protection, but generally corresponding to a 20-50-year event (Manawatu-Wanganui Region CDEMG Plan, 2003, p. 2:7). The flood in February 2004 was way beyond the

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[14] Adding to already announced financial assistance programs, Horizons Regional Council continued to rely on the CG assistance. They sought, for instance, $10.52 million over five years to increase the Council's advisory capacity, Environmental Grants and contribution to individual projects (Horizons, 2004, Vol. 2, p. 62). However, at the same time, the possibility of an underfinanced situation because of a lack of central grants is recognised (Horizons, 2004, Vol. 2, p. 51).

[15] About flood control through zoning and regulations in New Zealand, see May *et al*, 1996, pp. 156-162.

scale of a 5-year event. The farming region, managed by local authorities, was therefore in a potentially vulnerable situation.

The Manawatu-Wanganui CDEM Group was officially set up[16] on 6 December 2002 and the CDEMG Plan was approved on 14 May 2003.[17] The preparation for a draft of the CDEMG Plan was intersectoral; local authorities, emergency services, hospitals and other agencies like Red Cross and MAF were involved, leading to economies of scale, and bringing together different skills and experiences (MCDEM, 2002d, p.4). The flood tested the intended integration at the local level.

While emergency support was arranged in some areas, the large-scale event did not allow the CDEMG to respond quickly enough to some unexpected situations. At 5:30 a.m. on 16 February (Monday), for example, the excessively swollen Whangaehu River had already caused serious trouble in the Whangaehu Valley, on the outskirts of Wanganui. However, attempts in the morning by the valley's civil defence contact and citizens to notify Wanganui Civil Defence of the abnormal situation did not lead to any support action from the CDEMG. This inactivity allegedly deprived people at the bottom end of the valley of a chance to protect their home and belongings. Wanganui Civil Defence manager, Max Bensemen, noted 'at this stage we were aware of the Wanganui River rising. We weren't aware of any other rivers rising. We hadn't been warned that the Wangaehu was rising for instance. We never got that warning from the regional council'. (*One News*, 28 March 2004). Local communities thought that the problem was worsened by a civil defence organisation in disarray, and that no one took overall responsibility during the emergency (*One News*, 2 April 2004). Actually, Bensemen stated that Civil Defence was not aware that the Airforce evacuated people in 16 (Monday) morning (*One News*, 28 March 2004). In other areas such as Tangimoana in the Manawatu District, advice about evacuation was given to the district council by the Horizons Regional Council, and the assistance of Army and Airforce was recognised by the regional council (*New Zealand Herald*, 16 February 2004).

Although all local authorities were supposed to 'undertake to provide a 7-day, 24 hour response capability' (CDEMG Plan, 2:22), the flood event exposed the gap

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[16] The Group itself 'has no "fixed membership", nor is it located in a particular physical space. Rather, it is a collective of all agencies involved with emergency management located within the Regional Boundary' (Manawatu-Wanganui Region CDEMG Plan, 2003, 4:1).

[17] When the flood occurred in February 2004, the Manawatu-Wanganui CDEMG was the *only* region in the country that had a government-approved CDEMG plan. CDEMG plans must be completed within two years of the CDEM Group formation that the CDEM Act requires.

between the Plan and the actual preparation or response. Deficiencies in local emergency management functions were revealed by the crisis.[18]

In the initial phase after the flood occurrence, CG and LC could not always synchronise with each other. Inadequate or broken-down communication systems were one major reason, which was indicated beforehand in the CDEMG Plan; 'there is very little capacity between local authority, and Emergency Services radio systems (p. 2: 22)'. Private radio broadcast incorrect information about the flood and road closure. Civil Defence authorities decided to close roads into Feilding on 16 February (Monday), despite some being passable. It took more than one week before the Horizons communications coordinator announced that 'all media releases were being centrally scrutinised' (*New Zealand Herald*, 23 February 2004).

Poor preparation and the lack of adequate responses from local authorities were often criticised.[19] The common defence by local authorities against such criticism was to refer to the massive scale of the event, for which sufficient preparation could hardly be made. When the region's flood management policy and high public expectations are contemplated, such arguments between LG and LC may be something that is expected to happen. The LG's flood control strategy was based on preventative measures such as drainage and stopbank schemes, but such preparations were not necessarily designed for the large-scale disaster, as recognised in the CDEMG Plan. Public outcry was, however, seemingly derived from the confidence or reliance on such prevention projects. In reality, they could not have been expected to handle everything. It would be possible to say that prevention failure and the disorganised response was partly the result of a divergence between LG and LC formed over a long period, and consequently opportunities to come up with better counter-measures had been lost before the area was heavily damaged.

After the initial response period, local authorities with CDEMG coordination provided various types of help for *recovery* such as: information for the cleanup; assistance for stock disposal; notice of possible chemical hazards; and inspection for sewage-affected houses. Organisations (from both the public and

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[18] For example, it was said that the phone system of Wanganui Civil Defence crashed on the Monday morning. Also, Horizons Regional Council called to residents' attention that 'early warning systems may not respond to rising waters', *Horizons Regional Council News*, 19 February 2004.

[19] A Waikato University geography professor pointed out that people had been left susceptible to potential danger from flooding (*New Zealand Herald*, James Gardner, 23 February 2004); It was reported that farmers were considering suing the Horizons Council over the failure of stopbanks on the Manawatu River (*New Zealand Herald*, 9 March 2004); vegetable growers suspected that the flood damage was caused by 'human error' (*One News*, 2 March 2004).

the private sector) and numerous communities worked together. There were quite a few positive comments on the local level collaborative efforts within the CDEMG framework and between CG and LC.[20]

In brief, during the long-term risk *reduction*, and the immediate *readiness* and *response* stages, the gap between LG and LC is found even after the introduction of the new emergency management framework. In the *recovery* stage, by contrast, CG, LC and assistance from outside the region worked in concert. Overall relations between LG and LC in the region are consensual, despite some room for further improvement:[21] the ever-present risk which could not be avoided in flood control schemes of the region (*reduction*); some problems unsolved, but worked along prearranged paths (*readiness*, *response*); and integrated approach (*recovery*). These problems and the gap between LG and LC did not stem from unilateral policies adopted by LG, nor the emergency (planning) framework itself. Rather they can be attributed to policy choices taken by the region or some mechanisms that had not been previously tested by a major event.

[CG – LC]
Since the local emergency management is led by local authorities and CDEM Group, the [CG – LG] linkage is mainly manifested *after* an event occurs. The central government, especially the Ministry of Agriculture and Forestry (MAF) has a significant interest in the region because of its extensive agriculture. Federated Farmers (FF) was among the non-governmental organisations that actively became involved in representing local interests. The link between the Government and FF was instantly established soon after the event: 'discussions have been held with Federated Farmers' (MAF Minister Sutton, Press release, 17 February 2004). Sutton mentioned that government agencies in the area had 'good links' with Federated Farmers because of the previous year's work in response to a drought (Sutton, Press release, 22 February 2004). The strong link was later reiterated: 'MAF staff and the agricultural recovery co-ordinators are working hard with Federated Farmers and other groups…' (Sutton, *Press*

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[20] 'Wanganui District Council had been extremely well served by its Civil Defence organisation', WDC CEO Whitlock (Wanganui District Council minutes, Emergency Management and Civil Defence Committee, 27 February 2004); Response from the community was 'superb', Manawatu-Rangitikei provincial vice-president Rowan (*New Zealand Herald*, Jo-Marie Brown, 20 February 2004); also see, for example, Horizons Regional Council News, 'Community Pitches In (22 February 2004)'. Also, see 'NZ praised for approach to dealing with disasters', *New Zealand Herald*, 13 July 2004.
   It was reported that Group Recovery Office (GRO) was 'effective', so that clear lines of co-ordination were in place, and the four taskgroups under GRO were 'very successful'. Many activities were coordinated by taskgroups, rather than district councils.
[21] For an overview of the Manawatu-Wanganui CDEMG's strategy to improve in '4R' areas, see CDEMG Plan, 2003, p. 2:26.

release, 1 March 2004).

The FF's main interests were, of course, to obtain assistance for flood-ravaged local farmers. Based on unique advantages — local network, organisation and knowledge[22] — FF pursued its interests through joint work with CG, as well as with local authorities and CDEMG. Of importance is that while FF was working in cooperation, the organisation did not always act submissively. FF criticised the amount of flood relief money and the way that Government distributed it.[23] Similar direct appeals from the local level went to the central government.[24]

Because of the reinforced LG functions and the strong linkage between CG and LG under the new emergency management, direct ties between CG and LC are relatively weak. But, nonetheless, bi(multi)lateral interactions were observed.[25] CG communicated directly with LC, and LC had opportunities to convey their wishes. Overall the [CG – LC] relationship is understood as consensual.

Classification of Manawatu-Wanganui flood

In the flood case, [CG – LG], [LG – LC] and [CG – LC] linkages are all recognised as consensual. The combination of linkage type in the diagram (see Chapter 4) is therefore [B] — '*Least Hierarchy – Headless Chicken?*' LG was intended to occupy the front line position in the new management scheme. However, its actual capacity to cope with the major disaster was questioned as has been reported. Inevitably, CG's commitment particularly in the *recovery* phase under the local-led emergency management style produced three consensual connections among the three units.

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[22] Such FF advantages are evidenced by the fact that the Rural Taskgroup under the Group Recovery Office (GRO) carried out many activities through local FF organisations (Wellington Regional Council, *Report 04.191*, 22 March 2004, p. 4).

[23] The criticism is that donations were not given on a one-for-one basis, but instead to Manawatu-Wanganui Regional Disaster Relief Fund, and only $1.25 million was donated to the NZ Red Cross-FF fund. FF New Zealand CE stated, 'Federated Farmers will continue to lobby for equitable funding.' (FF, *Press release*, 21 April 2004).

[24] National's Rangitikei MP Simon Power described as 'pathetic' the initial $20,000 grants to the Rangitikei region (*New Zealand Herald*, 18 February 2004).

As an example of the similar direct approach, when the Prime Minister, Economic Development Minister, Civil Defence Minister and Housing Minister visited Rangitikei district from 21-23 February, the Council CE and Mayor 'took the opportunity' to explain about: how harsh the area's situation was, compared with those of other areas; and, the limited capacity of the particular district (*Horizons Regional Council News*, 23 February 2004, 24 February 2004). Civil Defence Minister Hawkins announced the financial assistance on 24 February: Rangitikei District $200,000; Manawatu District $150,000; Wanganui District $75,000; Horizons $100,000 (Hawkins, *Press release*, 24 February 2004).

[25] An official document stipulates that in the *recovery* phase central government helps local communities in two ways: one is through councils, the other is in a direct way. 'A number of other programmes…may provide help to individual households or business in recovery' (MCDEM, 2004c, p. 22).

Overall evaluation

The Manawatu flood in New Zealand tested the integrated approach by different levels of government and other concerned actors under the CDEM Act 2002. Multi-organisational efforts directed at *response* and *recovery* were evident in *ex post* reviews of the event (see Environmental Management Services Ltd, 2004), although leaving some issues unresolved. After the event, continuing interactions among different levels of government and also among different sectors were observed. This was, with little doubt, the gain from the new regime.

However, it is possible to say that it was a natural consequence that different actors were actively involved after the large-scale disaster. As far as long-term flood management is concerned, the consensual level between CG and LG, for instance, was not always evident. Local authorities were required to cope with limited finance even though the potential risks were recognised. Certainly, commitment to provide assistance tends to concentrate on a relatively short period of time immediately after the event, but the flood risk remains, despite the 'integrated' or 'holistic' approach. The flood case shows that the integrated approach is inseparable from the issue of resources. Optimal countermeasures have been thwarted by resource shortages and the accompanying under-performance at the both local and central level.

Overall, the regional response was more comprehensive than would have been the case under the old regime. However, if much higher-level security for the region is to be provided, improved consensual relations are required. The new CDEM regime is still in the process of development. The flood was the first case after the inception of the new Act that forced a state of emergency to be declared.[26] Longer-term commitments, in addition to the short-term intense involvement, are the key to better risk management.

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[26] For the overview of the number of declared emergency and national hazard during the 1990s, see Britton and Clark (unspecified publishing date), pp. 1-2.

Aichi flood case in September 2000

Figure 5.13: Map of Aichi Prefecture

Introduction

On 11 and 12 September 2000, torrential rainfall was recorded, mainly in Aichi Prefecture, caused by a stagnated autumn rain front activated by Typhoon 14. The scale of rainfall measured by the amount of 24 hours' precipitation was the largest in the past 100 years in the plain area, the region called Tokai. There was a very heavy downpour within a short time (Ushiyama and Takara, 2002). The heavy rain left ten people dead (seven in Aichi Prefecture) and more than 65,000 houses inundated in Aichi Prefecture. In total, around 600,000 residents were ordered or advised to evacuate. In the most seriously affected area, two days' total rainfall was about 600mm, and more than 100mm downpour was recorded in an hour (Ushiyama and Takara, 2002). Nishibiwajima Town, adjacent to the northwest part of Nagoya City, was reportedly the worst hit area. The town is sandwiched between the Shonai and Shin Rivers. The embankment was breached, and subsequently almost all the town area was flooded.

The following section observes: how preventative measures were taken before the flood; the way local authorities and the central government responded to the event; and how local communities reacted. Principal attention is again directed to the location of responsibilities and the actual abilities of the authorities and community to cope with emergency situations, focusing on different levels of government and also horizontal networks among different administrative units at the local level.

Figure 5.14: Map of Shonai River and Shin River
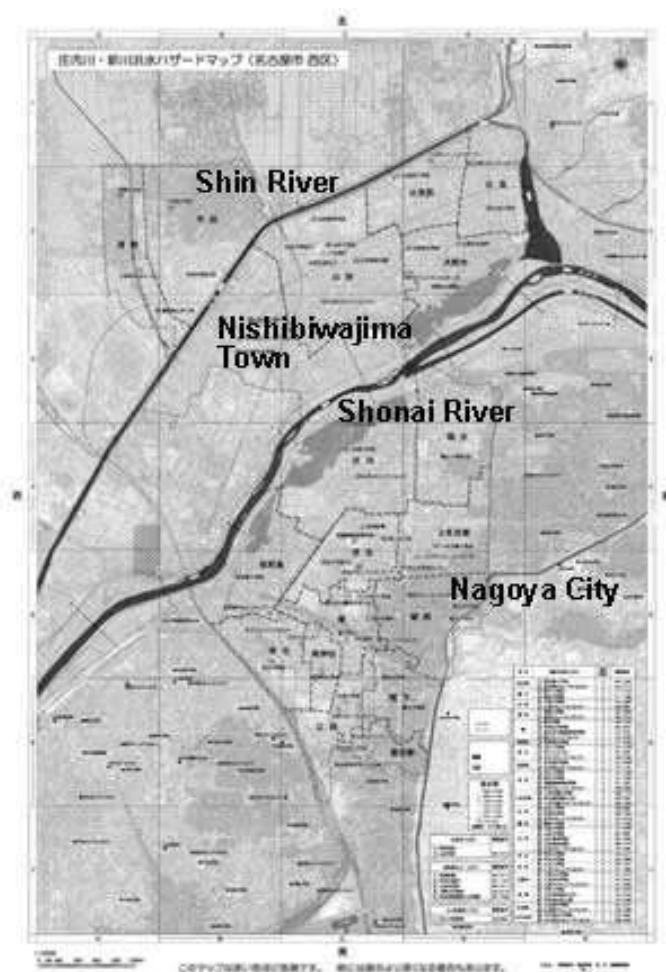
This case is one of the increasing numbers of urban floods in Japan. Nishibiwajima Town and other damaged areas such as Tenpaku Ward in Nagoya City and Obu City are urbanised districts where extensive construction has already taken place along rivers.

Emergency management in Japan

In Japan, storms and floods have constantly caused damage, with a death toll of more than 80 a year on average in the last ten years (see, for example, Syobo Hakusho, 2002, section 1-5). Also, other natural hazards such as earthquakes, tsunami and volcanic eruptions have caused many disasters. The central statute governing emergency management is the Disaster Countermeasures Basic Act 1961, which was prompted by natural disasters such as the Ise Bay Typhoon in 1959 that claimed about 5,000 lives. The Law has been amended, particularly after the Hanshin-Awaji Earthquake in 1995. Issues such as organisational arrangements for emergency management at the central government and local levels, and a requirement to prepare disaster prevention plans are stipulated in

the Law. The Central Disaster Prevention Convention establishes the Disaster Prevention Master Plan (section 34). Disaster Prevention Conventions at the prefectural and municipal levels are required to make local plans that have to be consistent with higher echelon plans (s. 40, 42). For example, once the Central Disaster Prevention Convention revises certain plans, prefectural governments amend their plans in alignment, followed by municipalities' update. As a result, plans from the central to local level are all rewritten, taking about a year (refer to *minutes*, the first meeting of the Storm and Flood Project Team, the Central Disaster Prevention Convention, 29 October 2001).

Nonetheless, this arrangement does not necessarily produce a strong hierarchical order. When prefectures review local plans, the necessary procedures are to be followed: the draft is forwarded to the central Fire Defence Department, and opinions from other central departments concerned are heard, and then the Prime Minister endorses. In practice, however, the draft is not amended during the review process. A similar process applies to municipal authorities' plans that are approved by prefectures. While the central government understands and acknowledges the situation of prefectural plans, plans at the municipal level are not well tracked by the government (see the second meeting of the Storm and Flood Project Team, the Central Disaster Prevention Convention, 10 December 2001). An expressed concern is that the plans' arrangements based on the Disaster Prevention Law have become mere formalities (Kitazato, 2002).

The Hanshin-Awaji Earthquake in 1995 confirmed the ever-existing possibility of natural catastrophes, forcing changes in the emergency management system: for example, the Act Concerning Support for Reconstructing Livelihoods of Disaster Victims came into effect in April 1999; the capacity of the Emergency Management Information Centre in Tokyo has been enhanced; the police and the fire agency respectively developed systems providing large-scale assistance; the number of cooperation agreements among local authorities has increased; and the Disaster Prevention Section was established in the Cabinet Office after the reorganisation of the central ministries in 2001. This is expected to make central coordination more efficient. Previously, the disaster prevention agency was in the National Land Agency, which is in an equal position to other departments (Kitazato, 2002). These disaster prevention schemes have been put into place in anticipation of future major earthquakes in Japan.

Yet, it is pointed out that necessary measures for storm and flood remain underdeveloped, while local authorities have mainly engaged in preparing for

possible earthquakes (Socio environmental committee…2002, p. 89). For example, questions have been raised as to the applicability to flooding of the Act Concerning Support for Reconstructing Livelihoods of Disaster Victims. It was argued that the legislation, enacted as a result of the Hanshin-Awaji Earthquake, did not cope well with disasters caused by flooding. As of October 2000, only about 60 houses had been categorised as eligible for assistance under the scheme, despite 12,800 houses being flooded above floor level (Kimura, at the special committee for disaster, *House of Representatives*, 5 October 2000). Only 18 cases in Aichi and Gifu Prefecture received assistance. A similar accusation about the Act's limited applicability was repeated after the flood disaster in Niigata Prefecture in July 2004 (see *House of Representatives*, 29 July 2004).

Principal actors

CG	The Ministry of Construction (MOC); the Self Defence Force
LG	Aichi Prefecture; Nishibiwajima Town[27]; Prefectural Police
LC	Flood Prevention Group; Volunteers (Groups)

Relationships among CG–LG–LC

Although the legislative framework aims to ensure that various plans are prepared in a consistent manner, local level plans and manuals have room for discretion. This, however, does not mean that local authorities are independent of the central government. In the flooding control, the central government and local authorities (prefecture and municipality) take responsibility for rivers according to the types. Therefore, different levels of government are involved in flood prevention. During and/or after the event, support from the central government is sought by local authorities that have relatively limited resources. Assistance from the government is available according to the magnitude of the disaster. Consequently, although the scale of the Aichi flood case was not as big as other major disasters experienced in Japan, interactions between different levels of governments were identified.

[CG – LG]

Both the Shonai and Shin Rivers[28] are categorised as Class A Rivers, but the Shin River is a designated section. Therefore, although the two rivers connect with each other, Shonai River is administered by the central government, while

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[27] In 2005, Nishibiwajima Town merged with neighboring Kiyosu and Shinkawa Towns, and became Kiyosh City.

[28] Water from many small rivers pours into Shin River. The Shin River system runs through nineteen municipalities (eight cities and eleven towns). Shin River itself is a man-made river that was excavated more than 200 years ago to drain off the water from the Shonai River through a sluice. The Shin River runs parallel with the Shonai River.

the prefectural governor supervises the Shin River. Water runs through a gate from a river that is centrally controlled (Shonai River) to a river that is locally managed (Shin River).

One of the issues often argued is about the difference in the flood control standard, depending on who is the river administrator. In this case, flood control of centrally controlled Shonai River is planned to cope with 100mm precipitation for an hour (equivalent to the rainfall level that happens once in 100-200 years), while the locally managed Shin River is targeted to handle 50mm rainfall for an hour (once in five years level).[29] Tenpaku River in Nagoya City and other rivers that brought about heavy damage in Obu City were all managed by the prefectural or municipal authorities.[30] Medium or small sized rivers have caused troubles in many regions and the possibility of flooding is always present. Although this problem was identified by the central government (and, of course, local authorities),[31] the gap remains.

In addition, whether or not the flood control target can be met is another issue. Delays in riverbank construction for rivers that the prefecture administers have been pointed out (for example, *Aichi Prefecture Assembly*, 26 September 2000). Under financing was argued to be the main cause of delay. Also, Shonai River's embankment is underdeveloped compared with main rivers in other big cities like Tokyo and Osaka (refer to, Kimura and Tsuzuki, at the special committee for disaster, *House of Representatives*, 5 October 2000).

Therefore, in terms of longer-term flood preventive measures, the area was potentially vulnerable to heavy rain. The rainfall on 11 and 12 September was well over the level that the existing scheme could handle. The number of heavy downpours has recently increased in Japan, and the standard to be achieved by flood control remains a controversial topic (refer to *House of Representatives*, 29 July 2004, after the flood disaster in Niigata Prefecture in July 2004).

After the heavy downpour that started in the evening of 11 September 2000,

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[29] For coping with rapid urbanisation along the Shin River basin, the Shin River Basin Plan was developed in 1982 by the Shin River Basin Comprehensive Flood Control Convention that consists of nineteen local municipalities, the prefecture and the MOC. As urbanisation has continued, forests or farmlands that used to hold water have shrunk, and flash floods have become more likely. The Plan was meant to ensure overall flood control not only by building embankments or spillways, but also by introducing permeable pavement or enhancing emergency management systems. The target was to correspond to 50mm rainfall per an hour.

[30] In Aichi Prefecture, riverbanks were breached in ten places, all of which are managed locally.

[31] For example, in the Report for Flood Management in an Urban Area that was put together after the flood event by the MOC (9 November 2000), it was recommended that the safety level of an area as a whole be taken into consideration.

swollen water overflowed from Shonai River in the early morning of 12 September, while at the same time water was rushing into Shin River through the gate. About 100 metres of the embankment of Shin River collapsed in Nishi Ward of Nagoya City at around 3:30 am on 12 September, resulting in the major havoc in Nishibiwajima Town.

After the flood occurred, a liaison meeting for concerned departments at the central government level was held from 13:00 pm on 12 September, confirming necessary cooperation. The central departments and agencies provided assistance within each jurisdiction: for example, the MOC sent 20 pumpers to drain water; the Defence Agency sent the Self Defence Forces after receiving a request from the Aichi Prefecture Governor.[32] In addition to immediate rescue activities, assistance for recovery, special treatment and exemption from certain duties was offered by many governmental departments and agencies such as the Ministry of Health and Welfare, the Ministry of International Trade and Industry and the Ministry of Posts and Telecommunications (refer to the Cabinet Office website).

Many appeals for central assistance were made by damaged municipalities to political parties, the Aichi Governor, ministers and MPs, in search of repair work for riverbanks, financial assistance and securing houses (Nishibiwajima Town, 2002, pp. 39-40). Various organisations (and people) approached by the municipalities ranged from central to prefectural level, according to what was sought. From the prefectural level too, approaches were made to the central government to take certain measures: the Governor, for example, went to Tokyo with an urgent appeal to the Government on 19 September.[33] On 17 November 2000, the MOC announced a Special Urgent Work package[34] for Shonai River, Shin River and Tenpaku River, which local authorities had sought. Under this scheme, the central government provided financial assistance for the locally managed Shin and Tenpaku River, as well as Shonai River for which the MOC has responsibility.[35]

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[32] The Governor asked for help from the Self Defence Forces at 21:50 on 11 September. Until the withdrawal on 26 September, 9,700 personnel were engaged in local assistance activities

[33] A prefectural assembly member stressed the need for strong appeals to the central government for quick recovery (Hasegawa, *Aichi Prefectural Assembly*, 22 September 2000), and the Governor expressed his intention to seek help from the Government..

[34] The urgent work, so called, *Gekitoku* is applied to the severely flood damaged cases that meet criteria: more than 50 outflowed or completely destroyed houses, or more than 2,000 flooded houses.

[35] For Shonai River that is administered by the Construction Minister, 7/10 of the expenditure is provided by the central government. 5.5/10 is the comparable proportion of assistance for Shin River, which is a Class A river but managed by the prefecture. The Class B Tenpaku River that is supervised by the prefecture receives 5/10 help.

The link between CG and LG, in respect of flood prevention measures, has not been tight. CG and LG have respectively managed different rivers with different flood control standards. LG takes principal responsibility for local flood control, while the scope of CG's jurisdiction is limited to Class A Rivers. Integration of flood control between CG and LG has not yet been achieved in a long-term strategic sense. Along the Shin River basin, a comprehensive approach to flood control has been taken, but only within the LG sphere. Once the disaster took place, various assistance was given to LG (flooded areas and the prefecture) by CG, and requests for assistance were made from LG to CG. All in all, the relationship between CG and LG is categorised as imposed rather than consensual, since CG and LG were not necessarily well united. One revealed problem in the Aichi flood was that the less consensual framework of flood prevention has to cope with jurisdictional separation: draining water away from land is a municipal authority's responsibility; the prefecture is the Shin River's administrator; and Shonai River is governed by the MOC. In the flood event, a large quantity of water flooded out of Shin River, but the spilt water was drained back to the river. The gate between the Shonai and Shin Rivers could have been shut, but the two rivers were kept connected, water pouring into Shin from Shonai River. Even though the Special Urgent Work is completed, hazards that stem from such disarrayed administration remain.

[LG – LC]

At the local level, the initial responses by local authorities have been criticised. The delayed announcement for evacuation and the way it was disseminated to residents were later critically cited. The Nishibiwajima Town Mayor issued an advice for evacuation at 11:55 pm on 11 September, after receiving a phone call from the Shonai River Office chief of the MOC, which suggested the need for evacuation. In Nishibiwajima Town, 24 percent of residents did not know of the announcement, and 46 percent stayed in houses even though they knew about the advice (refer to Tomita, *Aichi Prefectural Assembly*, 25 September 2000). At the time of the evacuation advice, local residents were unable to obtain as much information as they wanted about water levels of rivers, rainfall forecasts and flooding possibilities. This was because of power outages or the inability of announcement cars to travel on flooded roads (Katada, 2001, Chapter 9, pp. 23-25). The Nishibiwajima town office was also flooded, and the capacity to collect and dispatch information was lost.

Generally, disaster victims' views, particularly about local authorities, were negative — the lack of information from local authorities and under-prepared evacuation facilities. There were few positive comments (Katada, 2001, Chapter

21). In the initial response period, local authorities' reactions were not swift, causing problems, as the Governor admitted (*Aichi Prefectural Assembly*, 7 December 2000). For example, in Tenpaku Ward of Nagoya City, no evacuation advice was announced despite the Tenpaku River flooding.

One characteristic that the flood event brought to light was the absence of standardised operational procedures, which resulted in different levels of disorder in each local authority. For example, the cleaning up process for large amounts of rubbish after the flood varies. In Nishibiwajima Town, the administrative capacity was paralysed, and the Self Defence Forces, volunteers and cleaning companies were involved in disposing of discarded rubbish. In Nagoya, a large city, the local authority and cleaning companies mainly dealt with the post-flood garbage, with limited help from the Self Defence Forces and volunteers (Katada, 2001, [Chapter 6], p.6). The non-standardised approach by local authorities were also evident in different formats to certify damages, then used to seek assistance from the government, for example, through the Act Concerning Support for Reconstructing Livelihoods of Disaster Victims. Nishibiwajima Town and adjacent Nagoya City used different documents to categorise the degree of damages.[36]

Horizontal cooperation at the local level was not emphasised. One case indicating a lack of communication is identified in inundated Obu City. The city was not notified of the fact that riverbanks of the upper stream were breached in Toyoake City. Obu City only learned of this three days later, after making inquiries to Toyoake City (refer to Fukaya, *Aichi Prefectural Assembly*. 26 September 2000). Also it was reported that upstream drainage pumps continued to put water in a river, even after the downstream embankment had collapsed. With regard to municipalities' activities such as monitoring for rising water and cooperative measures among municipalities along the same river system for flooding, the prefecture had not conducted any examination (*Aichi Prefectural Assembly*, 8 December 2000). It is apparent that local authorities did not respond to the flood in a well-organised way giving attention to helping each other.[37] In Nishibiwajima Town, in a state of confusion, emergency measures were taken without a chain of command and thus prioritisation (Kishino, *Aichi Prefecture Assembly*, 11 October 2000; Katada 2002).

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[36] Nishibiwajima Town's format classified housing damages into only two categories: 'flooded below floor'; or 'flooded above floor'. Nagoya City used a document which made possible more detailed description of damaged houses such as 'complete (half) destruction' and 'complete (half, partially) burned down' (refer to Maeda, the special committee for disaster, *House of Representatives*, 13 March 2002).

[37] Citizens' critical comments suggested that there were differences in countermeasures taken by different municipalities, implying the lack of integrated responses (Katada, 2001, Chapter 5).

In short, flood emergency management was not integrated at the local level. Under such circumstances, citizens' involvement is also up to each municipality. Voluntary Local Fire Fighting Groups and Flood Prevention Groups are supposed to be organised in the community level (the Disaster Countermeasures Basic Act, Section 5), but the position of these groups differs in each municipality. The number of registered people in these groups has also declined (see the second meeting of the Storm and Flood Project Team, the Central Disaster Prevention Convention, 10 December 2001). Aichi Prefecture did not have an understanding of how these groups function (*Aichi Prefectural Assembly*, 8 December 2000).

Under the limited coordination in the local emergency management framework, links between LG and LC were not well established. What LG could provide and what LC expected to be provided by LG did not accord. The relationship is understood as imposed, because of the limited interactions between them. Volunteers played a part for local assistance,[38] while there seems room for considerable improvement by making good use of volunteers (refer to Watanabe, *Aichi Prefectural Assembly,* 2 March 2001). In Nishibiwajima Town, when a booklet 'Nishibiwajima Hazard Book' was prepared for the future hazard, citizens' involvement was secured (Nishibiwajima Mayor, speech at Japan Society for Urbanology (JSU) 49th meeting, 25 October 2002), and there was some indication of consensual relations in future. When the flood actually took place, however, communication between LG and LC was inadequate.

[CG – LC]

Local flood control is largely left to the local authorities, and assistance from the central government is through the local bodies. The stance of the central government was that LC's involvement is what LG considers independently (see the Minister of State, *House of Representatives*, 29 July 2004). The local voice was convened through political representatives, rather than direct contact with the centre. The linkage between CG and LC is characterised as imposed, with the link staying weak.

Classification of Aichi flood

In the Tokai flood case, [CG – LG] relations were recognised as imposed, which did not necessarily contribute to a well-coordinated flood control scheme (In the recovery phase, it can be recognised as consensual), and [LG – LC] and [CG – LC] linkages imposed as well. The combination of the three axes is [G] —

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[38] For the overview of volunteers, see Nishibiwajima Town, 2002, pp. 41-42.

'*Powerful central government*'. ([C] — '*Overriding public sector*' if only the recovery phase is seen, which is more consensual.) Whereas it would be desirable for the different parties involved to work in a cooperative manner, the case showed that this ideal of integration did not take a clear shape.

Overall evaluation

The Aichi flood case showed that flood disaster prevention was not managed in an integrated way, but controlled by different authorities even in the same area. This case also provides an example of the centralised Japanese administration marked by a vertical split among central agencies. There were interactions between CG and LG, but they were relatively limited particularly *before* the flood occurred. LG and LC relations did not forge a flood-resilient area. *After* the hazard took place, immediate countermeasures did not meet the demonstrated needs, even though various measures of assistance from the central government were provided. Identified problems in this case were caused by: different levels of flood control targets; underfinanced and underequipped local authorities; lack of cooperation at the local level under emergency circumstances; and the limited involvement of local citizens. Some of these problems are often observed in other recent flood cases such as in Fukuoka (2003) and Niigata (2004).

Similarities and differences: assessing the criteria

Table 5. 3: Criteria rankings in emergency management

	Local Capability	Respon-siveness	Coordination		Sustainability	Financial/ Economic viability
			inter-	intra-		
Flood in Manawatu	4	4	4	4	3	4
Flood in Tokai	1	1	1	1	2	2

Flood in Manawatu-Wanganui

Local capability (4)

The system in place rated relatively well under this criterion. The new Act has generally enhanced *local capacity* to cope with natural hazards, by conferring on local authorities more discretion in their decision-making and allowing for more structured resource use. There is, however, still scope for enhancement of local capacity.

At the local level, the emergency management system was coordinated by the CDEM Group in which considerable scope for discretion is vested. Regional and district councils' plans, and the CDEMG Plan have developed the regional policies and strategies. These provided a solid foundation for local based emergency management, supplemented by extensive guidance from the central government. Nevertheless, the sizable scope for local discretion does not of itself equate to a high level of *capacity* without resources being locally available.

The CDEM Group in the Manawatu-Wanganui area was established in 2003 to expand regional availability of a range of resources. The assembling of local resources was left at the local level (local authorities, Fire, Police and Ambulance etc, which comprise the Group). Their limited resources, however, constrained localised emergency management. Preventive measures, for instance, were not adequate to cope with the February 2004 event because of the limited local financial resource,[39] as the CDEM Group itself was fully aware of. In the phases of *readiness*, *response* and also the relatively longer term *recovery*, the deployment of available resources was arranged mainly within the Group. Assistance from other regions was available.[40] However, readily available resources such as Horizons Regional Council personnel were stretched to the limit.[41]

All told, the level of resources had increased, but simply did not match the scale of the event. Especially in the early stages before outside resources became available, local authorities could not put in place the necessary counter-measures.[42] To be fair to the new Manawatu-Wanganui CDEMG and local authorities, again, the magnitude of the event greatly exceeded the generally assumed level of flooding. Simultaneous damage was beyond the scope of resources readily available to the authorities. Or the damage was extensive enough to effectively nullify pre-planned mechanisms for resource deployment. The lack of resources was before long remedied from outside. *Local capability* is not assessed at the highest level but is ranked positively, given the sheer magnitude of the event and that it was the first major test of the

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[39] Under normal conditions, the regional government is financially independent of the central government; 95% of Emergency Management costs was funded by the region and 5% by a Ministry of Civil Defence and Emergency Management subsidy during 2003/04 (Horizons, 2004, Vol. 2, p. 43). In addition, 'funding of asset replacement is undertaken but to a limited degree. This funding is generally directed towards response activities' (CDEMG Plan, 2003, p. 2:20).

[40] For example, Wellington Regional Council received requests for assistance directly from the Manawatu-Wanganui CDEMG and district councils, with some requests being coordinated by the MCDEM (Wellington Regional Council, *Report 04.191*, p. 1).

[41] See, for example, Environmental Management Services Limited (2004) *Review of HRC February 2004 Flood Response*, p.14.

[42] '…a massive amount of information. I haven't absorbed everything that happened. (Wanganui Civil Defence manager)', *One News*, 28 March 2004.

emergency management framework set up by the CDEM Act 2002.

Responsiveness (4)

The opportunity for public input is again secured in the emergency case. LC could contribute to the development of local plans and strategies. The flood case is different from the roading and the environmental administration cases considered in this study in that problems occur *locally* first, before any national implications (e.g. for the economy, or national energy supply) emerge. Thus, the central agencies' involvement was not driven primarily by the national interest, except perhaps in a fiscal sense and to a very limited extent, loss of agricultural production. Conflicts between different levels of interests were not identified in the case, as is sometimes seen in environmental cases. Long-term democratic commitment before the flood and local voices after the incident were both acknowledged.

The CDEM framework is based on the plans and strategies of the CDEM Group and local authorities (regional and territorial). The location of particular responsibilities at local level is articulated in the Act, so administrative transparency is secured. This, of course, does not necessarily avoid all disputes after the flood between those who planned or had responsibilities and local citizens or stakeholders who pointed out failures of necessary measures being taken. Yet, this was not attributable to structural failure in a democratic sense, but by the limits of *local capability*. Divergence in recognition of flood prevention schemes (and their actual effects) and citizens' expectations of the authorities are the factors that put the relatively transparent scheme into a more contentious context. The local authorities have considerable discretion with which to make decisions. So much so that the grounds for decisions may appear complicated or unclear for local people (and even for the authorities themselves in the emergency).

Coordination (4; 4)

Reviews after the event identified many links among CG, LG, and LC, suggesting a high degree of coordination. Between CG and LG, the MCDEM notably played a vital role, yet the links were strengthened not in a unilateral top-down manner, but in such a way that LG could have a say. The MCDEM was also committed to coordination within the central government actors (MCDEM, 2004a, p. 2),[43] and this was expected to lead to better [CG – LG] coordination.

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[43] In the review paper in October 2004, however, the Ministry's limitations were identified, attributable to its small size and under-resourcing (State Services Commission, 2004, *Review of Ministry of Civil Defence and Emergency Management*, pp. 14-16).

The CDEM Group was at the centre of local coordination in *recovery*. In this respect, there seems to be some scope for improvement particularly in the immediate response stage. Better coordination was sought by the declaration of a state of emergency and the setting up of the Emergency Operation Centre.[44] The Group Recovery Office was also expected to facilitate better coordination at local level. Responsible authorities, however, failed in some respects to implement such processes as warning messages, responding to calls from local citizens and arranging necessary assistance to some of those affected. One possible cause of these failures, apart from simple under-resourcing, could be an assumption that lead agencies can exclusively discharge necessary duties such as emergency response, even though a multi-agency approach is more likely to be required (Mitchell, 2004). At the time of the event, neither one strong commander nor an established chain of command had been put in place, although coordination was attempted. Nevertheless, on balance, overall coordination is assessed positively.

Sustainability (3)

Under this criterion the Manawatu flood case signals a mixed result. The new emergency management scheme required a unified commitment by central government, local authorities and citizens. Given less interventionist characteristics at the centre, the key to successful *sustainability* is for the local sphere (local government and community) to have enough autonomy to determine a long-term direction. Commitment by the central government constitutes guidance for local authorities, but it does not directly prevent potential disasters in the longer-term.

Such a policy environment does not necessarily provide fully flexible strategic choices for local authorities. The region's flood management tended to be reactive to recognised risks that will not go away;[45] the main preventive means for flood management have been, as already seen, drainage, spillway or stopbank facilities.

Fertile land on the floodplain has been, and will be, the main farming area in the region. Major long-term solutions would be challenging. Some options would reduce the probability of overflow, rather than eliminating potential flood risk

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[44] About problems the EOC faced during the event, and operational or structural difficulties, see Environmental Management Services Limited, 2004.

[45] The CDEMP Plans (p. 2:19) stated 'overall our planning focus is often still reactive, rather than preemptive'.

completely. The region itself (not only local authorities) has ultimately chosen the way to move forward; the region's long-term strategy could be described as gradual, piecemeal improvement. Actual policy choices are not tightly restricted, but stay within such an overall framework.[46] In this sense, in practice, the room for local discretion to be exercised under the new emergency management was not as wide as expected in this region.

The Manawatu region has always faced potential danger, stemming from particular schemes' limited capacity in coping with a large flood. Indeed, in some areas of the region there was further flooding after the February 2004 event. The CDEMG's preparation for emergencies is based on minimising damage rather than eliminating flooding. This situation is accentuated by the weak financial basis of local authorities. Gradual improvement, or even repairing some damaged areas, largely depends on the financial situation of the regional and territorial authorities. Therefore, the prospects of *sustainability* in the region rest with evolution of the new emergency management scheme and the level of success of flood alleviation measures, with local finance being a variable.

Financial/Economic viability (4)
Local authorities are not financially dependent on the central government, apart from assistance after disasters. Disaster prevention policy is not of a one-off nature but, as discussed under the previous criterion, requires a longer vision. Accordingly, policy options within the new framework would not be reckless in terms of financial burden. The reality is that financial limitations on local authorities constrain what they can do. Therefore, from a local government point of view, the economic issue is about 'value for money'. The objective of getting the most benefit from a given quantum of funds seems well based.

For the central government, however, the net economic issue can be approached from a different perspective. When the balance between investment for prevention and costs for recovery (or compensation) is taken into consideration, there seem roughly two directions to take. One is to place greater emphasis on increasing financial support for local authorities to *prevent* major damages, rather than helping them *after* an incident. The other is to keep investment subsidies low, but to provide full financial support after the event.[47]

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[46] Manawatu-Wanganui Regional Policy Statement notes, 'while this structural approach (which is heavily dependent on stopbanks and spillways) protects existing development from 'design floods', it does not encourage hazard avoidance. Rather it also encourages further development in flood-prone areas leading to an increased dependence on river control schemes (p. 201).'

[47] The two different emphasis points are not always an antinomy, since non-economic aspects also provide useful support for both a prevention stage and a *recovery* stage.

In New Zealand, the attitude of central government is closer to the latter pattern. Natural disaster-prone areas such as Manawatu in this case and Whakatane (flooded later in 2004) were not well prepared for a large-scale hazard largely because of their limited financial resources. The comprehensive nature of the new emergency management scheme does not provide any solution for the under-financing problem. At best, it can contribute to easing the problem and to raising the level of emergency management – preventive, response and recovery.

Flood in Aichi
Local capability (1)
Local capability is assessed as low in this case, as scope for decision-making by LG was severely constrained and resources are limited.

Local authorities are expected to develop their Flood Management Plans within the framework the central government sets. Local government has some discretion, yet in reality few localised measures were identified. This is obvious in the standardised level of prevention schemes adopted by local authorities, with no variations to cope with individual situations. Also, what local authorities can actually do to control flooding tends to be restrained by the urbanised environment. For example, making embankments higher or rivers wider is not an easy option, because of the many roads and railways over rivers, and the number of buildings along riverbanks. Generally, the flood prevention measures in the affected areas have been forced to comply with the urban situations, rather than proactively seeking solutions for future problems. At the local level, the number of choices is limited. Nishibiwajima Town and a part of Nagoya City where the flooding possibility is latent are very urbanised. Gradual improvement to cope with natural hazards rather than drastic solutions is likely to be sought.

In the face of such a difficult situation, local authorities did adopt 'comprehensive' approaches for storm and flood management, featuring both 'hard' and 'soft' measures. Nonetheless, limited financial resources severely restricted local authorities' capacity to prepare for heavy rainfall. Even though the local aim is to cope with 50mm/h rainfall (expected once in 5 years) that is not an ambitious target, necessary facilities have not been developed even for that level. In future preventive measures, local authorities' initial target is to have in place 50mm/h level countermeasures. Flooded municipalities also did not have available experts to handle sudden emergency situations. Once the disaster occurred, local authorities could not discharge their duties effectively (for example, see Katada 2002).

The downpour of 11 and 12 September 2000 well exceeded the level that any single local authority could have coped with. Nonetheless, the lack of *capability* at local level is evident.

Responsiveness (1)

An obvious feature of the Tokai Flooding case is ineffective communication between authorities and citizens in both the prevention and recovery phases. One characteristic of this case is a gap between the local authorities' capacity and citizens' expectations (Katada, 2001, chapter 21). The local authorities are the main players for disaster prevention at the local level, but did not offer useful windows for citizen participation. This lack of communications was identified before and during the emergency. Yet, it would not be fair to say that this was the fault of the authorities alone. Residents' awareness of possible disaster was low before the flood (Katada, 2001, Chapter 3), which would have contributed to limited interest in, or understanding of, what authorities could do in an unexpected situation. Such a failure of understanding, however, can be ascribed to the absence of adequate educational or awareness programmes by local authorities.

In the emergency situation, it was not clear who would take charge of what. Municipal mayors were in charge of issuing evacuation advice to citizens, for example, but in practice the local MOC personnel prompted the Nishibiwajima Mayor to announce the evacuation advice. Another example is the operation of drainage pumps. There were no operational rules based on clear principles (MOC, 2000). The Mayor made a difficult decision to stop pumping on the prefecture's instruction, about which local residents were critical.[48] Controversial decisions were made in a pressing situation with little transparency. The ambivalent position of authority reduces the quality of democracy especially in the eyes of flood-affected residents.

Coordination (1; 1)

The limited degree of *coordination* between CG and LG demonstrated that an integrated approach had not been taken. Even in the same area, the jurisdictions

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[48] Water in residential areas, mainly caused by bank collapse, was first pumped back into a river. But, the extra water in a continuously swollen river was judged to increase the risk of overflow in other areas. The main criticism was that Nishibiwajima City was abandoned to save a neighboring city, Nagoya.

   Also, as for citizens' discontent in a similar way, there is an issue about the two rivers' connection. At some stage of the flood event, a third of the water running in Shin River came from Shonai River. In theory, if the gate between the two rivers was shut, the bank's collapse on Shin River would not happen. In the event a large amount of water spilt over from Shonai River into Nagoya City. From a cynical viewpoint, Nishibiwajima Town was sacrificed for other areas, as some residents noted (see Katada, 2001, Chapter 5).

are separate according to the type of river. Enhancing the area's total flood prevention capacity was, therefore, not easily assessed. Flood control targets for two rivers differed, even though they were in the same area. The lack of a coordinated approach was very evident.

With regard to long-term flood control in the region, a coordinated approach among local municipalities has been secured, at least structurally, through the Shin River Basin Comprehensive Flood Control Convention (and similar schemes in other areas). The cooperative attempt, however, was not enough to cope with the historical amount of rainfall. After the event, cooperative actions were not taken, since each municipality was preoccupied with emergency measures such as draining flooding water, securing safety, and disposing of waste in each area. In addition to the lack of communication, a concerted approach to achieve coordination was missing.

For local authorities, acting in accord to cope with future natural hazards remains a challenging task, unless there are well-organised arrangements. A complicating factor is that now 'development (urbanisation) in the upper stream areas outspeeds repair works in the down stream area [49] (Nagoya, Nishibiwajima etc)' (Tanaka, *Aichi Prefectural Assembly,* 2 March 2001). For tackling the situation, inter-organisational (not only among local authorities, but among different types of organisation such as police and lifeline utilities) arrangements are required.

Sustainability (2)

The long-term solution existed only as a vision. *Sustainability* has not been given a central focus. Hindrances in reality stemming from urbanisation put this issue aside. Since the flooded areas have already been urbanised, it is difficult to introduce strict zoning or other drastic measures. Countermeasures for potential hazards rely on strengthening riverbanks and developing spillways in different forms (such as using a permeable road surface), and therefore would proceed gradually. At the same time, fundamental risks of further natural hazards remain. In this respect, the Tokai case is similar to the Manawatu case, albeit in a different context. The local safety level depends on individual preventive measures within the area, as well as in upstream areas of other municipalities. These local schemes are designed for 50mm/h level precipitation at this moment,

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[49] The issue is an 'urban style flooding', which is prompted by the fact that a city area is more likely to experience sudden flooding because of its limited water storage ability. Because of urbanisation both at up-stream and down-stream areas, some areas (especially downstream) have been put under more risks of flooding.

which suggests that heavier rainfall could lead to further trouble even if ongoing projects are completed. The local areas' long-term solution is a long journey, given that 100mm/h level flood control is implemented only in rivers that are controlled by the central government.

In this case, there are some aspects impeding a high level of *sustainability*: financial constraint; the disorganised approach for flood prevention; and a less localised countermeasure (They are now simply following the 50mm/h or 100mm/h yardstick). A more devolved local environment, as opposed to delegated or fragmented arrangements, is likely to contribute to remedying these points.

Financial/Economic viability (2)

From an economic point of view, the objective of flood control is to reduce the risk (or degree) of disaster in an efficient way by investing in disaster prevention, and also to limit future costs of disaster. The existing flood control framework in the affected area near the Shin and Shonai River did not necessarily contribute to these objectives. Certainly, different levels of authorities did take flood prevention measures, but because of their fragmented nature the desired outcome was not achieved as the flood amply demonstrated. Some parts were comparatively well protected, and others potentially under higher risk. If the flooded area is viewed as one single area, financial resources consumed did not reap a benefit.

A sense of net *economic benefit* was weak in this case. This can be attributed to the central ministry's strong presence at the local level and instruction from the central government. Because of the given flood prevention framework, local authorities' measures were simply to meet standardised targets, so that it was not the main agenda at the local strategic level to consider the way the desired outcome would be achieved. Limited initiatives of local authorities have not been conducive to making better use of financial resources. The inertia coming from the existing role allocation prevents a better mark under this criterion. Financial constraint just delineated what local authorities can do.

From the central government viewpoint, the choices are the same as in New Zealand — investment in prevention or a large contribution to recovery. There is little evidence that the costs and benefits — locally and nationally — of this choice have been seriously considered. As for financial assistance from the central government for the affected area, what the central government offers was not necessarily based on a cost-benefit analysis. Financial assistance

varied, depending on the type of rivers (or the section of a river): more subsidies are given to the government-managed river (or section); less money is offered for locally (prefecture or municipality) controlled rivers. The sectionalised emergency management system cannot greatly contribute to the longer-term financial and economic consequences, nor provide any incentive to achieve a better cost-benefit ratio.

Chapter Six — **The local governance environment: evaluating the case studies**

Comparative overview

This chapter discusses, from a comparative perspective, the case studies analysed in the previous chapter. The purpose is to draw out insights that will provide a basis from which lessons can be drawn about the way forward to stronger local governance in Japan (Chapter 7).

For ease of reference the ranking of the six studies is summarised below.

Table 6.1: Criteria rankings in case studies

	Local capability	Respon- siveness	Coordination		Sustain- ability	Economic/ Financial viability	Total
			inter	intra			
New Zealand							
Auckland highway	5	4	4	3	3	4	23
Project Aqua	2	2	1	2	3	3	13
Manawatu flood	4	4	4	4	3	4	23
Japan							
Nagoya-Seto road	1	1	2	1	1	1	7
Yoshino dam	2	3	2	3	2	1	13
Tokai flood	2	1	1	1	2	2	9

New Zealand

Under the five criteria, the New Zealand cases (particularly road and flood management cases) show generally higher rankings; the roading and the emergency management cases display comparable rankings, while the Aqua case (reflecting the 'national interest' nature of the project) reveals a lower ranking. This suggests that there is a more solid foundation for effective local governance in New Zealand. Yet, this does not in itself mean that good local governance is always exemplified in New Zealand. Certainly, signs of effective arrangements were shown, but at the same time possible shortcomings of the devolved and fragmented administrative structure were revealed. The apparent downside of the Eastern Corridor case, for example, was that the administrative processes relating to finalising and implementing a plan took too long, leaving the long-term outlook unclear.

Prominent in the New Zealand cases is a positive assessment in respect of:

- *local capability* bolstered by a reasonable amount of discretion and resources at the local level;
- *responsiveness* helped by the robust resource consent process and local planning procedures; and
- *financial/economic viability,* often a predominant consideration in the course of project development.

The generally higher assessment in the New Zealand cases is attributable to the more significant role of local actors. As is demonstrated in the discussion of individual cases, *administrative* resources at the local level are normally sufficient to enable local actors to behave independently, and there is statutory endorsement for local discretion. These characteristics of the New Zealand system are reinforced by established mechanisms for *democratic* input at the local level. The combination of these aspects consolidates the foundations of local governance.

The assessment of *sustainability* is not necessarily correlated with the results of other criteria; for example, positive rankings of local governance under criteria such as *capability* or *responsiveness* do not always lead to a positive long-term outlook. This is an intriguing point, which has much to do with the balance between local discretion and central control.

The New Zealand central government does get involved in local issues (notably roading and where the national interest is involved), but local authorities' independence is secured — within certain ranges — by the local planning process and other administrative procedures. 'Arm's length' features of the New Zealand system are important in contributing to the positive rankings. Generally, attitudes in the New Zealand central government are less interventionist than those in Japan. Strategic guidance is the main instrument of the New Zealand central government — sometimes accompanied by funding, as in the roading case — which does not excessively hinder local activities.

A related issue is the allocation of different roles to various central agencies; this has the potential to affect the quality of local governance. Authority dispersed among several agencies can be favourable to local governance in the sense that the central government becomes a less dominant monolithic figure. Separating functions at both central and local level without a 'hegemonic' controlling authority, on the other hand, can lead to an overly complicated situation, as was

seen in the Auckland roading case. The 'decentralising' policy can also adversely affect the quality of local governance, when authority is vested in organisations toward which little democratic input or pressure is directed at the local level. This situation was seen in Project Aqua, and also the Eastern Corridor project, where the local representatives of road agencies such as Transit NZ were detached from public pressure. These cases highlight the potential downside of a separation of authority with the intention of giving greater autonomy to local authorities.

By the same 'arm's length' token, the outsourcing of certain functions to the private sector is identified: these include financial and economic analyses. A review of local authorities' activities was, for example, carried out by consulting companies (in the Manawatu flood case, Environmental Management Services Limited, 2004). Local governance is influenced by conditions of fragmented responsibilities within the public sector and blurred boundaries among government agencies, SOEs and private organisations in the policy process. In the context of fragmented administration, the current scheme of emergency management, introduced in 2002, in contrast, is a noteworthy attempt at trying to unite dispersed functions in an integrated way.

The relatively lower assessment in some of the criteria is ascribed to risks in the localised governance environment. Limited strategic direction by the central government is identified. Government strategies and guidelines are meant to show directions, as well as delineate parameters within which local actors behave. But what happens on the ground is heavily affected by the prospects of financial affordability, political viability or localised administrative procedures such as the resource consent process. The emphasis of national (and even local) strategies does not necessarily help to achieve what needs to be done in local areas. The average ranking for *sustainability* in the New Zealand cases, despite some other positive rankings, reflects the lack in reality of a consistent policy line.

Japan
The overall assessment of the Japanese cases is low. Two of the three cases — the road and the emergency management cases — are given lower rankings than the dam project case. Yet, the ranking of the dam case is still similar to Project Aqua — the poorest-performing of the three New Zealand cases. Generally, the rankings show that relationships between the central government and local government frequently do not contribute to stronger local governance. The central government's authority and influence are often so strong that local

authorities have limited ability to determine what takes place within their administrative competence. Also, there is no strong support from the central government for initiatives (such as organising a new administrative framework) that would be conducive to quality local governance.

In each case the assessment under all five criteria tends to be at a similar level, and the low rankings seem to be interrelated. These low assessments stem from different but correlated factors. First, inadequate scope within which local actors may exercise discretion is the major element: meaningful roles for local actors tend to be curtailed by resource limitations at the local level (finance, personnel and expert knowledge) and a lack of statutory authority.

Secondly, in a similar vein, the influence of central control is commonly seen. The national ministries' networks, through their local branches as well as political ties across the levels of government, provide a strong central presence in the local scene. The strategic direction and the nature of projects are frequently determined by the central government or ministries' local branches, or shaped through constant interactions between local authorities and the central players. Such a situation normally leads to lower ratings under the various criteria. It does not mean, however, that the central government (through its agencies) has always been dominant in a unilateral way. On the other side of the coin, it must be acknowledged that local authorities show a disposition to accept dependence on the central government. Given the importance of subsidies from the centre and the possibility of sanctions, there is no strong reason for local authorities to disturb the prearranged harmony — the *status quo* — even if the lack of attention paid to local initiative is unpalatable to local communities. There are few incentives for local authorities to become more independent. The centrally-led mechanisms have been firmly built in from both ends — from the centre and from the local authorities.[1]

The third factor bringing about the low Japanese rankings is the limited participation of the local community in policy development. Citizens are often unaware of how and when the green light for a project has been given. In the roading case, even local assembly members had limited understanding. Issue networks and policy communities showed an exclusive nature (or, more precisely, the interests directly involved stuck to their plan and did not make a

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[1] For instance, it is interesting to observe a series of events called 'Declaration of "No More Dams" ' by the Governor of Nagano Prefecture, and its effects. 'No dam' means a smaller quantum of public projects and less central money transferred, and therefore attracted criticism from various political and administrative quarters at both local and central levels.

real effort to listen to local voices). In such a situation, it is not surprising that the aspects of *sustainability* or *financial/economic* viability tend to be treated lightly, especially when the promoters' priority is to get the job done as planned.

In the Japanese cases, administrative mechanisms are not based on values of decentralisation despite legislative endorsement of local autonomy; local planning and politics tend to operate within the framework offered by the administrative system. In other words, the centrally-led administrative process tends to override local-level concerns, especially *before* public utility proposals surface in the public domain. There are, accordingly, many projects that are implemented, contributing only to limited local interests, and which have been widely criticised.[2] A limited opportunity to break such a situation was, as is identified in the Yoshino case, seen in direct political pressure from citizens, not by way of inadequate administrative input mechanisms.

It is, therefore, little surprise that the reason for the comparatively better ranking of the dam case is ascribed to a higher *responsiveness* level. The 'good' mark under this criterion carries through to other criteria, since the project development took on a more localised hue than originally expected. Active citizens took the *responsiveness* level back to average overall, and politicisation of the project then pushed up ranking of other criteria in the end, as the project has deviated from the usual centrally-driven administrative path. Such democratic pressure is not, however, a regular occurrence, and rarely has a significant impact on decision making.

Lessons from case studies
Roading
The New Zealand roading administration is an example of a less prescriptive central government in which functional distinction among agencies is clear. Roading agencies have been independent structurally and financially.[24] Local authorities and agencies work closely at the local level. There is relatively strong local input. Independent agencies and the scope for local discretion suggest that New Zealand roading management demonstrates the sharing of functions

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[2] Diet members at the national level commonly seek to bring projects to their local area; this is the other side of the coin from political action at the local level. Such activities, however, are not necessarily linked to local areas' general interests or visions. The LDP members' strong network has been the main contributor to this political activity.

[24] At the time of the case study, Transfund was operating, but in December 2004 a new government agency Land Transport New Zealand was formed from the merger of Transfund and the Land Transport Safety Authority by the Land Transport Management Amendment Act. In May 2007, the Minister of Transport announced that Transit NZ and the Land Transport Safety Authority would merge (Annette King, *Press release*, 27 May 2007).

beyond the narrow public sector. The case also points up the difficulty under such a system of coordination and sustainability — these are the challenging criteria in this option.

The Japanese roading case, on the other hand, is an example of a system in which local authorities undertake delegated roles. The different levels of subsidies and grants according to road-types (such as State Highway, National Road, Prefectural Road, and Municipal Road) have made finance the effective controlling tool for the central government. The local authorities receive greater financial backing for roads of 'national importance' but at the expense of the exercise of local discretion. The allocation of roles among different authorities is not simple and many actors are involved. By contrast, the less elaborate structure in New Zealand allows local authorities to respond to local needs (although initiatives for establishing new arrangements might come from the centre). The Japanese centrally oriented administrative structure means weaker responsibility and accountability at the local level. To counter this, the prefecture rather than the central government ought to be given more authority and financial resources. The present 'hollowed out' local authorities are not ideal for local democracy.

A possible way forward for Japanese road administration is to simplify the structure and to integrate the necessary roles and functions at a point closer to the local level. It is recommended that: 1) the number of road types should be reduced, the different patterns of local authority involvement should be simplified, and the different degrees of financial assistance should be streamlined; 2) the necessary financing back up for local authorities should be provided without strings such as the prescribed specifications of proposed contracts; 3) roading planning and funding (including maintenance and running costs after completion) should be brought together and scope for local discretion increased[25]; and 4) the level of local coordination should be enhanced by a reduction of the central presence (e. g. stronger local level planning scheme).

Environmental management
Environmental management in Japan, as with road administration, demonstrates little involvement from outside the public sector, and exhibits negligible local orientation. The requirements of the Environmental Impact Assessment Law and

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[25] As explained in Chapter 5, road planning and financing were not in the local domain in the Japanese road case. Accordingly, a responsible financing solution was not sought in the planning process, which was dominated by project supporters. The local authority and citizens could face a financial burden in the future that was not clarified at the planning stage.

local involvement are weak in contrast to the stronger opportunities for local input in New Zealand under the RMA (including the Environment Court).

As with transport policy, issues concerning the local (or national) environment often transcend local boundaries. Coordination within the public sector is required. The RMA in New Zealand is an example of environmental direction ranging across different policy areas. Given the ubiquitous character of environmental issues, it is not realistic for a single central government agency to regulate everything. Not only public bodies, but also NGOs should be involved in this policy process. The changing role of the Ministry of the Environment in New Zealand is noteworthy.[26] Actions needed in Japan are to: 1) strengthen the philosophy of the Environmental Impact Assessment Law so as to ensure the local environmental issues are treated more respectfully; 2) detach the project promoter and environmental assessment (private consultant); and 3) shift the overall power balance in public works projects (in which local environmental concerns have been outweighed by other interests) from the centre to local institutions.

Emergency management

Emergency management in Japan highlights the prescriptive nature of administration from the centre. Overly-complicated classification of rivers has reduced the effectiveness of preventive measures. Weak local administration (especially at the municipality level) and dominating central ministries are again seen. Emergency management differs from the two other policy areas studied in that a strong central point is necessary at the local level to cope with a contingency. Local knowledge is required and there is a big gap between daily resource employment patterns and the capacity to cope with events that may happen only occasionally. Available resources are stretched but swift action is required to cope with an unexpected situation: flexible structure and policy ability at the local level are necessary. Therefore the *power sharing* option (Chapter 7) is the one to take and undue prescription should be avoided despite the importance of planning and simulation exercises.

The key issue in the Japanese case studied concerns the relationship between the prefecture and the municipality in a context of local dependency on central government. Local level coordination received little attention. Strengthened emergency management at the local level is vital. The recommended directions in this case are to: 1) reduce the number of river types in order to simplify

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[26] To cope better with the reality, 'leadership, partnership, fixing problems and ensuring good environmental governance' has become the central role for the ministry. Refer to Carbon, 2005.

preventative standards and relations among those involved in the same area; and 2) transfer the necessary authority to the prefecture level (the central ministry's local branch should be under prefectural control) so that localised rather than national level instructions can be followed.

Comparative Framework

The overall power balance and the nature of interactions among the three analytical units, that is, central government (CG), local government (LG) and local community (LC), are at the centre of the comparative framework employed (Chapter 4). The assignment of functions at the local level alone does not determine how local issues are actually managed. Local governance should be understood through a more comprehensive approach. The relative strength among central government (through its agencies), local authorities and local communities is essential to an understanding of the cross-national local governance comparison.

The combination of *criteria* and *governance classifications* facilitates a comparative analysis examining particular aspects of the proposition that local governance in Japan would be improved by a greater degree of decentralisation. The analytical framework is well suited to a 'focused comparison' approach that consists of less detailed but multiple case studies. Including in the analysis a comparable framework with criteria provides a foundation for drawing generalised lessons from case studies.

The case studies suggest that *consensual* rather than *imposed* relations are more likely to lead to higher rankings under the criteria. Variations in the local governance assessment (among countries and sectors) are explained by reference to the governance-setting types to a certain extent. One explanation for the linkage between the consensual type and high rankings is that under consensual relations *devolution* rather than *delegation* tends to be identified.

To recapitulate, the classification of governance types developed in Chapter 4 is: A. *Local governance with local unity*; B. *Least hierarchy*; C. *Overriding public sector*; D. *Underperforming local government*; E. *Limited local governance with central dominance*; F. *Weak local government*; G. *Powerful central government*; and H. *Under-utilised local government*.

Table 6. 2: Governance classifications and nature of relationship

Governance classification	CG – LG	CG – LC	LG – LC	Case studies
A	○	✕	○	Auckland Highway
B	○	○	○	Manawatu flood; Yoshino Dam
C	○	✕	✕	
D	○	○	✕	
E	✕	✕	○	Project Aqua
F	✕	○	○	
G	✕	✕	✕	Nagoya-Seto Road; Aichi flood
H	✕	○	✕	
○ = Consensual ✕ = Imposed				

The cases gaining relatively higher rankings among these six studies are: the highway in Auckland; the flood in Manawatu; and the Yoshino River Dam (this case can be regarded as 'high' by comparison with other Japanese cases). The governance classifications of these three are respectively A, B and B. The remaining three cases, that is, Project Aqua, the Nagoya-Seto Expressway and the flood in Aichi, are represented as E, G and G. In the three better-performing cases (A & B), there are at least two consensual relations out of three, while in the latter group (E, G and C), with a lesser degree of appraisal, only one consensual relationship is found (or none). Two of three New Zealand cases (A, B & E) are in a consensual environment, whereas two of three Japanese cases (B, G & G) are in an imposed situation overall.

The results of the comparative exercise support the presumption behind this study, namely, that driving decentralisation forward is essential if stronger local governance is to be achieved. It is important to note that in the more highly-ranked case studies consensual relations are not only found between different tiers of governments, but are also seen in dimensions where local citizens are involved. This suggests the importance of the public sector's openness to participation by citizens and the private sector in project development and implementation (*Power sharing* option: Chapter 7). Devolution should, therefore, be treated not only as a central-local government issue, but also in relation to the public sector's place in a wider society. Even if it is accepted that consensual is a better option and therefore devolution is also recommended, however, these are high-level objectives only. Actually achieving stronger local governance in practice is another issue. In reality, there are

numerous impediments to be removed if a country is to move towards the consensual style or, at a more particular level, to increase the rankings of each case, as is discussed below.

One possible way, to enhance the quality of local governance, the more realistic course in the short term is to take specific measures that would raise rankings under the selected criteria, for instance, by introducing specific new mechanisms or setting up a new body. Pragmatic reform on several fronts is likely to be more feasible than attempting to change overall governance patterns. Nonetheless, the 'realistic' choice cannot always be carried through, because of some irremovable restraints resulting from the fixed power balance. The alternative is to opt for a consensual relationship (if possible) through wholesale systemic institutional or structural change, say, by overarching legislation such as LGA 2002 in New Zealand. The two options are not mutually exclusive. Indeed, each can influence the other. This issue will be discussed in Chapter 7.

The impact of partial modification of arrangements affecting one or more criteria (realistic targets; short-term) cannot necessarily have an overall influence on the governing environment. Meanwhile, changes of governance pattern (a macro-scopic framework; longer-term), that is, a shift in the power balance or the nature of relations among the actors, may cause a major alteration in the ranking under one or more criteria. In other words, the overarching patterns — the meta-level power concept — have a strong influence over the criteria that indicate the quality of local governance.

Factors that affect rankings

In discussing the selected criteria, matters that affect the assessment are considered first. Then, ways to raise rankings are identified. While the governance types by and large explain the rankings, variations of assessment within a governance-setting type (or among similar types) are ascribed to the management, in individual situations, of several factors. Obstacles to (or support for) better criteria assessment could stem from various factors. *Political* aspects (rent-seeking, party links, electoral timing); *administrative* arrangements (organisations, rules and culture); and *less institutionalised* connections (issue networks and policy communities) will be explored in the following section.

Political ascendancy

First, the political factor clearly had an impact in all the case studies. The local political cycle and various political interests were often the main drivers for a project. Also, the political aspect of public administration has an impact on the

course of events and the outcome.

When projects are underway, it is expected that the development has a relevance to a local (and perhaps central) political cycle, a timeline of administrative procedures and the projects' purposes (or political ramifications). Support — and obstruction — for projects can result from these elements, with these different factors affecting one another. A possible pattern of events is that the local political aspect leads the others. Despite the existence of administrative plans and strategies, the initiative often rests with political leadership; projects may be advocated by political figures whose direct stakes in the project are high. The Auckland roading case clearly falls in this category. It was apparent that local political considerations played a big part. The motorway proposal had been latent for many years and had to wait for a strong political promoter to re-emerge. After the 2001 local election, political conditions were propitious for the project to be launched. Contextual factors — widespread recognition of the growing needs for a better transport network and central government's favourable attitude — were also encouraging. The three-year electoral cycle of the local government was the crucial determinant. A political determination that 'something should be done (built)' came quickly after the election of the new council in 2001.[3] The administrative dimension (plan and strategy) adjusted to the political dimension to such a degree that when the main political advocate lost his mandate at the 2004 election, the future suddenly became unclear, as the administrative apparatus by itself was not expected to drive the project. 'Strategic' administration that is supposed to represent a much longer-term vision was of little significance in the politically driven policy development.

The implications of strong political influence for ranking under the criteria are generally not positive. The highly ranked local discretion and public involvement in the Auckland case could not produce a solution for the region in the face of local politics. Likewise, higher-level political decisions seen in Nagoya-Seto Expressway (in which local interests were outweighed by other interests) kept low rankings under most criteria.

This observation, of course, does not lead to a claim to exclude politics. *Political* decentralisation, along with *administrative* and *economic* decentralisation, is an integral component for local governance (Bailey, 1999). The key question is whether the political decentralisation is supported both administratively and

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[3] Detailed planning was, however, not yet available, causing heated discussion. The course of development took place in the local arena where only a desire to build a highway was shared, with the specifics such as the route — a crucial issue — continuing to be a matter of debate (see Chapter 5).

financially, and whether it is balanced out against the other elements. Otherwise, the scope of 'political' decision-making at the local level may dominate the others, or local policies may be overly confined by practical constraints such as available funds. Political ascendancy does have negatives, yet it is a matter of balance between local political autonomy and other factors at the local level.

Administrative ascendancy

Secondly, *administrative* institutions obviously had an impact on the assessment. Administrative plans or strategies can often play a more important role than the political factor. They provide a frame within which most players operate.[4] The emergency management cases of both countries in particular fit in this type. The local short-term political aspect (such as the electoral cycle) was of less significance to longer-lasting administrative tasks than to a one-off public utility project that would more easily attract citizens' attention.[5] In these cases project frameworks were identified by the central government, and flood prevention and response projects were largely fashioned regardless of the local administrative and political situation.

In the 'administration-leading' pattern, one case (Manawatu flood) was fully consensual and the other (Tokai flood) was not. Both of them were characterised by the significant presence of the central government. Such a passive stance at the local level means that the policy framework (guidance) from the central administration is influential. Particularly in the disaster-prevention phase, central government's attitudes made a difference in the two cases. Under imposed relations in Japan, effective preventive measures were not delivered. The lack of coordination in the administrative arrangements put the local area potentially at risk. Meanwhile, under the consensual and more locally autonomous environment in New Zealand the (local) administration provided direction, if not the desired result. As the 'central administration-leading' type, Project Aqua shows the imposed CG attitudes[6], with relatively low rankings. These examples show that the administrative ascendancy coming from the centre can have both positive and negative implications.

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[4] Certainly, the process of setting up certain administrative frameworks is a political responsibility, but discussion in this study looks at the already-established administrative arrangements.

[5] To be sure, the emergency-policy area can be political in prioritising preventive measures (namely, provision of funds from the centre). Also, the question of costs to the taxpayers can be a salient local political issue.

[6] In the Aqua case, Meridian was the only institution of national significance directly involved in the project. The central government kept an 'arm's length' stance but was involved in the project development in a number of occasions. The case indicates the technocratic nature of the administrative processes involved.

Administrative ascendancy often means the strong influence of *central* administration, and therefore, relations between centre and periphery are the key to determine the level of success or failure. It is suggested from the case studies that under administrative ascendancy political decision-making authority needs to be secured at the local level to achieve a balanced policy development.[7]

Informal connections and formal institutions

The third scenario is that *less formally institutionalised* connections such as issue networks and policy communities play a prominent part, along with established political or administrative structures. Formal organisations and arrangements involved in the project are not necessarily the only apparatus to determine the fate of projects.

In the new institutionalism view, organisational features such as interests, purposes, norms and rules shape constituents' behavioural preferences (March and Olsen, 1984; 1996). For example, local authorities are under democratic pressures to respond positively to the aspirations of local citizens. Accordingly, local councillors would be expected to listen to local voices and seek to meet local objectives; to strive to make the district, city or region better (competing with other locations); and, of course to retain their seats on the council. Meanwhile, crown entities, SOEs and central ministries (and their local branches) are less exposed to local citizens, and therefore less likely to lean towards the concerns of local politics.

Yet, distinction between agent-level and institutional activities is not straightforward as individuals and institutions interact in a bidirectional manner, with neither of these two components unilaterally controlling the other in reality (Christensen and Røvic, 1999; Mayntz 1999). The delicate balance needs to be acknowledged in observing institutional constraint over agents' activities, or, alternatively, agents' influence on institutions.

The Auckland roading case is intriguing; the roller-coaster nature of the highway saga at the local political level is contrasted to the stability of the strategic direction and organisational arrangements.[8] The institutional framework does

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[7] Another case study similarly showed the central dominance over local authorities very clearly. The Mayor of Kito village that had a long fight over a centrally-led dam construction plan stated: 'there is no real democracy in Japan, that the Ministry of Construction is no different from the Mafia, and that local government in Japan has scarcely progressed in the 150 years from the time when mayors were simply appointed by Tokyo' (McCormack, 1997, p. 227).

[8] The project's fate was heavily influenced by Mayor John Banks who was in office from 2001-2004: the highway project came to the top of the local agenda decisively when he assumed the mayoralty — and

shape the local policy development, but agents' activities equally had a crucial impact on the prospect of the Eastern Highway. The main operational institutions (regional and territorial authorities, and the Crown entity Transit) worked closely in the local scene. In the absence of hierarchical pressures — political or administrative — the project was to a large extent influenced by local level considerations, and all the institutions generally supported the construction of a new highway through strategic intentions. Institutions involved largely stick to the organisational principles: Transit NZ followed its strategically-oriented stance, while councils/councillors tended to swing in response to local opinion (or their political agendas).[9]

There is the possibility of discrepancies between institutional purposes and agent-level intentions, when institutional arrangements and agent-level networks do not match, that is, when agents become *not* 'agents' of institutions any more. Agents' formal and informal connections across institutional boundaries made formal systems less visible. In addition to the prominent individual in the person of Mayor Banks, interactions among other agents might have affected the project, given that the institutions (local authorities and Transit) had worked together closely. Because of the close linkage among agents, it is not easy to find which institutions were influential, and which component — agents or institutions — had more significant influence. Judging from the prolonged situation, more pragmatic agents (local councillors) had a big say, and the local institutional framework such as planning and strategic direction was less influential.

In the Japanese roading case, the organisations involved in the project were local authorities and a central ministry. Meanwhile, those who promoted the project were based *not* only on standing institutions, but rather on a policy network promoting the 2005 EXPO. A dominant community was constituted by the central ministries such as MLIT and METI (formerly MOC and MITI respectively), the Japanese Expo Association (which included members from major sponsors like Toyota), and prefectural governors and city mayors. The policy community had little to do with administrative procedures to forward road construction at the local level, and was distant from the affected local area. Nonetheless, its strong promotion of the EXPO and related projects was a critical factor in shaping agents' interests. The extensive network also includes

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faced major reconsideration after his election defeat (see Chapter 5).

[9] For example, the action of Transit NZ in hinting at a withdrawal from the Eastern Corridor project, when the plan appeared too costly in the Auckland case, is consistent with this view. As another example, with regard to the proposed V8 street car race in Auckland city that would have temporarily disrupted the city's commercial activities or inconvenienced citizens, the Transit attitudes have been consistent, while the positions of local councils and mayors have swayed, reflecting their different interests.

organisations where *amakudari* (see Chapter 2) officers are rostered, and environmental impact researches were commissioned by such organisations.

Formal functions of institutions were overshadowed by the network that comprised agents from various organisations. Agents of the network functioned as the pro-project network member rather than as a constituent or representative of an existing organisation. As a result, administrative and political functions assigned to local authorities were reduced to an empty shell.[10] The project was brought to fruition only by strong promoters who comprised an exclusive policy community, rather than a complex dynamism of multiple coalitions that compete against each other (for example, Ellison, 1998).

The reason for the network's superiority is also ascribed to the political stance of key figures. Public utilities have been connected to the long-lasting government party LDP. The commonly-presented picture of 'conservative parties' against 'progressive parties' is applicable to the Nagoya-Seto Expressway case. The 'conservative' influences, with the LDP top of the list, were prominent among the governor, mayors and local assembly members. The association of such key political figures with the policy network advocating for the project was predominant beyond a simple inter-organisational relationship.

On the other hand, agents' interactions were shaped by the standpoints of their parent organisations in the Yoshino Dam case. A central ministry (and its local branch) and local authorities were the main organisations concerned. While the positions of local governors and mayors (and also city assemblies) changed, project supporters interacted with each other across institutions to claim their stake. Yet, this was simply a temporary coalition, rather than an established community, not threatening the existing authorities' position. The temporary coalition was often disrupted by its 'members', who placed priority on their organisational interests. The looser network saw occasional comings and goings. Although the network strengthened its political presence, it did not override the formal administrative and political mechanisms at the local level. Members of the loose network interacted with each other principally as agents of each institution, and their organisational commitments came first for them.

A general tendency was that in Japan the project promoters' network (or policy

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[10] For instance, the election of the municipal mayor in Nissin city, through which the main part of the road runs, had little impact on the project. The one occasion that could have had a big influence was an election in 1999 for the Governor and the assembly members at the prefectural level. The result was disappointing for those opposed the project, but a relief for supporters.

community) is extensive across different institutions. Political connections and vertical administrative connections among different layers of authorities are seen in all the Japanese cases. Project promoters at the central level (mainly ministries and the ruling party, LDP) are supported by their affiliated chapters at the local level, and vice versa. The nature of such relations between the centre and the region has a crucial impact.

Under the trend from *government* to *governance*, it has been suggested that existing institutions and formal procedures may be weakening and giving way to less formal interactions. The case studies show a mixed result: some saw prominence of individuals or less formal interactions; but some still experienced strong institutional arrangements in a traditional manner. Of interest is that non-institutional moves were identified in the opposite contexts. One is in a local *governance* environment with limited institutional constraints (Auckland Highway), and the other is under the strong *government* regime (Nagoya-Seto roading). Put differently, the former came from the context of resource dependency and a multi-actor involved policy process, while the latter from a paradigm of closed community's policy development (refer to Klijn, 1997). John (2001) viewed the increasing use of networks as 're-institutionalization'.

> … political actors relied on personal contacts and avoided the legislative procedures to get business done. One of the effects of the fragmentation of institutions, privatization, contracting out, loss of trust and increase in participation of interest groups is the growth of more formal relationships between different parts of the state and between state and societal institutions (John, 2001, p. 171).

In the Japanese case, existing institutions were intact and the network was largely based on traditional (formal or informal) connections. Whether existing institutions go through any significant change under the trend to governance remains to be seen, but for the time being *government* and its institutions are likely to continue playing a major role. The Auckland case too did not see the decline of government itself. The observation of less formal connections indicates that if local governance is to be improved changes of institutional settings alone may not be productive. Attention needs to be paid to vested interests and 'rules of the game', beyond organisational frameworks.

Governance patterns, institutions and informal connection
As the previous discussion has indicated, the nature of interactions and relative strength between existing institutions and an agent-based network (i.e.

governance patterns) vary in different cases and have significant implications for the governing situations.

A strong local governance case (Auckland Highway) had a fragmented and decentralised administration framework which provided the arena where the long and complex interactions took place — at both the institutional and the agent level. Regardless of institutional arrangements or individual networks, the consensual-based environment allowed (excessively) flexible policy-development with much discretion at the local level to bog down in the never-ending process of consideration, consultation and decision-making. Commitment by the central government just to give a strategic direction or strategies at the local level was not of great help. The lack of strong administrative guidance from the centre means that administrative aspects did not dominate the whole process. Localised administration seems more susceptible to the possibility of the primacy of local politics, as was discussed. Local MPs may attempt to influence the local administration with some prospect of success, but cannot expect to challenge successfully the framework laid down by the government.

The consensual environment, meanwhile, may make local-level *institutions* more significant. In an environment with three consensual linkages, the politicised agenda gained local authorities' significant status and also shed light on administrative process in the local sphere (Yoshino dam). The enhanced presence of formal institutions and public attention to agents' actions steered away less formal networks from becoming mainstream. Agents' movements were based on their institutional functions.

On the other hand, unilateral instructions or lack of communication (i.e. imposed nature) are likely to hinder existing institutions and arrangements from demonstrating meaningful administration, regardless of formal or less formal settings. Under the three-way imposed environment (Nagoya-Seto), a less formal network at the agent level, which was the strong driving force of the project, was interrupted. The unavoidable vertical power-imbalance (and unbalanced relations) had an effect at the agent level. When the original plan was substantially altered after growing pressure that culminated in criticisms from international environment bodies, different stances among constituents of the policy community were exposed and made more visible.[11] The central

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[11] Central level actors were the first to be forced to change their stance. They faced international pressure over their secrecy, followed by domestic criticism. Agents at the prefecture level simply followed the central government actors' decisions, to see that a shortened road was constructed.

actors' superiority among them was apparent. The effects of imposed-based relations are diffused throughout the administrative and political environment. Institutions at the local level would not be able to produce an ideal administration, and agents too are likely to be contained, if only to a lesser extent. 'Empty' institutional functionality under the imposed situation would not let the relations between institutions and agents loosen as agents remain obviously not free from their institutional background. This means that reform initiatives from an individual or informal network level may not be easily transferred unless the imposed institutional arrangements go through some modifications.

Relatively little local political and administrative involvement, as well as community input, in the early stages is common in an imposed environment[12] (Nagoya-Seto and Project Aqua). If a project is significant in terms of its size or political and administrative interests, it is likely to be initiated by higher-level authorities rather than to emerge on the local scene. The imposed attitude from the top might be a necessary condition for such a type of project. Nevertheless, such an environment may also face a challenge. The imposed attitude of central ministries has waned, as citizens' movements intensified in the Yoshino dam case.

The prospect for changing the *status quo,* that is, achieving higher scores under the criteria, depends on how the three aspects now identified feature: *political; administrative;* and *less formal connections.* Relations (causal links) among criteria vary, according to different environments. In the following section, lessons drawn from case studies that are expected to contribute to improving criteria markings will be discussed.

Lessons for improving scores against the criteria
Table 6.3 outlines the discussion points under each criterion. This section will discuss the possible ways to enhance local governance through improving performance under the criteria.

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[12] Certainly, there are local administrative functions to give a necessary endorsement, but these do not precede the concrete project plans.

Table 6.3: Criteria and CG/LG/LC

	CG	LG	LC
Local capability	・Independent position (human resources, information) ・Provide local amalgamation initiative (incentive) ・Transfer functions	・Oversee transferred functions ・Set up *ad hoc* or permanent body ・Set up arrangements among municipalities ・Competition among local authorities (incentive for better service)	・Secure membership ・Follow local government boundaries or nationwide structure?
Responsive-ness	・Establish clear accountability / responsibility ・Avoid too much intervention	・Have a say to agencies (local priority) ・Enhanced local position ・Incorporae CL into administration	・Secure democratic input to local procedures ・Who is responsible – local citizens or authorities?
Coordination	・Avoid too much overlap ・Necessary leadership	・Cooperate with agencies (joint committee) ・Cooperate with communities	・Active involvement in policy stages
Sustainability	・Provide a long-term vision	・Provide long-term strategies	・Active involvement in policy cycle (early stages, evaluation)
Financial/ Economic viability	・Subsidies without excessive strings (general purpose fund) ・Assist necessary funds to organise LC bodies ・Transfer taxing authority	・Assist necessary funds to organise LC bodies ・Localised self- evaluation for projects	・User charge ・Incentive to reduce costs

Local capability

This criterion includes both the extent of authority exercised at the local level and the quantity and quality of resources available locally (see Chapter 4). These are vital elements for effective, autonomous local governance. Limitations of local resources are a potential problem in localised policy implementation, and lack of functional authority and discretion deprives local authorities of autonomous activities. Limited *local capacity* in Japan was repeatedly seen, while locally-driven project development is not uncommon in New Zealand.

There is often a valid reason for the central government to take a leading role, but it is crucial to strike a balance between central control and local autonomy and flexibility. Yet, for this to be achieved, a prerequisite is that local authorities must be capable of taking on new functions.

Local capacity concerns the optimal size of local authorities. Fixed boundaries do not fit all the local agendas. The optimal size for local authorities in Japan can be considered from different points of view — organisational (human resources, coordination), financial, geographical or network size. This implies that a localised solution is required case-by-case. In the LG sphere, the central task of structural reform is to set up arrangements among municipalities across the traditional boundaries. These will vary depending on policy areas. Comprehensive examination of the possibilities is beyond the scope of this study, so only the general direction can be outlined.

One step that can be taken by the CG is to initiate or provide incentives for local amalgamation. The capability of local government entities is a central issue if devolution is to be considered seriously. One obvious factor to influence capability is simply the size of the local government unit. The general case for increasing the size of Japanese municipalities by merger is strong. The main structural reform at the local level would be enlarging the size of local authorities. If the current two tiers of local authorities were preserved, structural reorganisation at the municipal level would be required. The trend in Japan over many years has been for prefecture boundaries to remain stable (with 47 prefectures) but for the number of municipalities to decline in the post-war period[13] — although less rapidly in the past 30 years. In the last decade, however, in response to central government pressure, 77.5 percent of the 3,200 municipalities were reported by *Somusho*[14] to be engaged in formal and informal merger talks (Jacobs, 2004, p. 260). Jacobs (p. 272) considered that 'a more reasonable, but still high expectation is a 40 percent reduction…to about 2000', while the government ambitiously aimed at reducing the number of municipalities to 1000 by April 2005 with the incentive of central subsidies to communities that merge. For creating more capable municipal authorities, prescriptions for drastic reorganisation and amalgamation at the local level have been presented (see, for example, Saitoh *et al*, 1996[15]), but the more ambitious

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[13] Amalgamation has usually taken place at the municipal level (most recently in 2005) and the municipal level has been given new functions more often than prefectures when decentralisation has been attempted.

[14] The new enlarged agency responsible for local government since 2001.

[15] In the plan of the book, more independent activities in many areas are expected at the enlarged municipal level (Fu), and functions at the prefectural level (Syu) are reduced. Local authorities (Syu and Fu) are expected to contribute to more localised administration.

plans become, the stronger the political and public support that is required to challenge established systems. Municipalities should continue to be encouraged to develop cooperation (or to form federations) either generally or by sector with neighbouring authorities in order to enhance their capability and efficiency.

In 1995 the Japanese Diet passed the Law for the Promotion of Decentralisation, and associated legislation, designed to strengthen local government and under which 'a wide range of administrative responsibility was devolved from central ministries to localities' (Jacobs, 2004, p. 257). The existence of differential status among cities[16] signals various relations in the local sphere among prefectures and municipalities. The differential status makes it more difficult to discuss the Japanese local system as a whole (Jacobs, 2003a). The general direction, therefore, should be to prompt local authorities (whatever their size) to enhance their capability through multiple measures initiated at the local level. The variability in size, financial basis and administrative expertise among Japanese prefectures and municipalities (from large cities to small towns/villages) argues against a universal approach in a top-down manner.

Progress with previous attempts by central government to implement decentralisation in Japan has been slower than expected. Given this record, *cooperation* with other local authorities is an option to be given attention. This is a path that has been followed in Japan in recent years. The option of forming 'federations' (*Koiki Rengo*, Wide Area Federations of Municipalities — MFs) under 1995 legislation is open to municipalities. 'This was done in order to enhance inter-local collaborative public service delivery within multi-municipal areas, especially in areas where amalgamations were thought politically difficult to implement' (Jacobs, 2003a, p. 247). 'Federation', even if on a sectoral basis only — such as resource management, roading or emergency management — would offer prospects of avoiding the present inadequate and overlapping administration. There are, of course, many forms of cooperation besides the statutory 'federation'. Municipalities could, for instance, collaborate to establish administratively an *ad hoc* — but continuing — organisation to undertake *planning* in common or to oversee the *delivery* of certain services. Such initiatives might precede a move to federate within the present legislative framework.

To counter the continued central dominance in Japan, functions exercised by local government should be *devolved* not *delegated* — as in *agency-delegated*

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16 See Chapter 2. Medium to large-sized cities in Japan, for instance, have been endowed with a special status such as a 'Government Ordinance Designated City' or a 'Core City'.

functions. Of importance, however, is that devolution by itself cannot be seen as a panacea in the diversified local environment. Local capability and the extent and nature of assistance from central government are the key ingredients for successful devolution. As was discussed, of importance in its application is an assurance that the necessary assistance from the centre will be provided *without* unnecessary intervention in the local planning process or initiatives. In the framework employed in this study, *consensual* instead of *imposed* ought to be the key tone in functional splits and cooperation.

Other structural local reforms that might be considered in Japan may include: setting up *ad hoc* or permanent joint committees with central government agencies; and incorporating LC into administration. In doing so, it is important to secure localised membership and independence. Given that the existing administrative boundaries do not necessarily fit for local problems, and that it is not realistic to adjust them for each problem, organisations other than the territorial local public authorities such as the district health boards or education boards in New Zealand should take an active role.

Yet, some boards seem like affiliated central public bodies, since they are effectively controlled by the central ministry. The education board in Japan is an example of the strong presence of central government (McVeigh, 1998). (Central control permeates local education boards in New Zealand too.) Despite a supposedly higher level of democracy through local election, local boards do not necessarily contribute to the welfare of a local area. Perhaps a statutory requirement that such boards give priority to local interests is necessary — non-central personnel and secured local interest against the central control. The temporary Waitaki Catchment Water Allocation Board in New Zealand established in 2004 provides an example of a locally-oriented mechanism based on legislation.

The devolution/delegation process can take various forms. One possibility is to transfer to the local level or to separate functions (such as strategy, cost-benefit analysis, finance and implementation) that are often exclusively maintained by central agencies in Japan. Central actors' dominance is to be avoided or eased, as the central government focuses on more limited strategic roles.

In considering the use of the separation model, potential pros and cons need to be identified (refer to Pollitt *et al*, 2004). In a political sense, the worthy claims include: to lessen political interference; and to strengthen political oversight by creating separate and transparent bodies. But, new bodies may be

unnecessarily set up and create an institutionalised power base for narrow interests. In an administrative sense, separation of functions can: place public services closer to citizens; enhance flexibility by removing civil service rules; enhance expertise; and facilitate partnership among public and community organisations. But political or administrative responsibility may be clouded.

The changes in functional allocation that have taken place in many countries over the past two decades have clearly altered the central-government landscape. One feature of public sector reform in New Zealand, which is an exemplar of global trends in central-government reform, is an attempt to clarify the functions and roles of central government ministries. In particular, *policy* has been separated from *delivery*. The functional reallocation/separation inevitably means creation or reorganisation of (semi-) public bodies, which has often made the characteristics of a 'public body' less clear — the sphere of functional allocation can be beyond the 'core' public sector. In contrast to a simple image of traditional hierarchy under a big umbrella, public administration has been increasingly carried out by 'agencies' and 'quangos' that contain a variety of types in terms of roles and functions, financial status and organisational structure[17] (Pliatsky, 1992; Bouckaert and Peters, 2004; Pollitt *et al*, 2004).

Japan has also been through some central government reform. The 'agencification' process was initiated by Prime Minister Ryutaro Hashimoto's second administration after the October 1996 general election. The main aims were: downsizing (of the central government); improving service efficiency and quality; and enhancing transparency. Importantly, its emphasis has been mainly structural (organisational) rather than management or system changes (Yamamoto, 2004). Yamamoto (p. 226) points out the slow progress, with management control and bureaucratic culture remaining the same. From a local governance point of view, the impact of the central functional (and inevitably structural) changes is not easily identified. Agencies remain responsible to the central government or do not independently function at the local level.

In tandem with the 'rejig' *within* the public sector, there is a possibility of transferring central government functions *outside* the public sector — to privatise or outsource. In Japan, the relationship of the public and private sectors can be described as 'co-existence', in that the public sector dominates 'finance,

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[17] The distinction between 'agencies' and 'quangos' is not straightforward. Both of them are 'very much 'governmental', just not 'departmental' or civil service staffed, bodies'. In practice 'quango' is normally used for those organisations outside departments or the civil service, while the term 'agencies' denotes semi-autonomous bodies within departments or the civil service. The main differences are to do with the formal status and their staff, but there are strong similarities (Bouckaert and Peters, 2004, pp. 5-6).

construction and agriculture', and conversely the private sector dominates 'manufacturing and some service industries'. Then, 'the public and private sectors can be fierce rivals when their interests overlap' (Hill and Fujita, 2000, p. 682). In such an environment, the potential areas in which the private sector can undertake activities are not always open to change because of established political interests, as is seen in the long-running case of the Japanese postal service (see Maclachlan, 2004). The expected, but somewhat slow, changes are also seen in the relationship between the public sector and citizen groups. The Special Nonprofit Organization Law (NPO Law) passed in 1998, for instance, provides new possibilities for more citizens' involvement, yet the central bureaucratic control remains (Pekkanen, 2000).

The level of structural independence is a key to ensuring stronger local governance. The 'principal-agent' relation raises issues such as accountability at the local level (Payne and Skelcher, 1997) and government-community organisational contract (Ryan, 1999). The agents' position, like that of local authorities, cannot be fully independent but is expected to act with *given* authority (discretion). The commonly reviewed issue in general is over the balance among assistance from 'principal', independence of 'agent' and political and democratic accountability (for example, Taylor, 1997). It is important in terms of local governance in the Japanese context to make sure that the 'agent' is given a structurally independent position, as the tradition of central control penetrates through financial arrangements and central networks.

In both New Zealand and Japan, semi-public bodies are abundant (Palmer, 1987; Boston *et al*, 1996; Inose, 1997). A close tie between the (central and local) government and external bodies can distort the original purpose of the arrangements. The use of external agencies as consultative bodies[18] has often been tainted by a lack of impartiality (Nakamura, 2001), which was also pointed out by a project opponent in the Nagoya-Seto roading case. So far as the central influence (often through bureaucratic networks) remains strong, the advantages of agencies/quangos would be curtailed. Numerous Japanese agencies/quangos have been criticised for their links to government interests (through *amakudari*) and empire-building. [19] Secrecy surrounding external

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[18] The external consultative bodies are supposed to be seen as independent (private) organisations, but given the fact that the same bodies are repeatedly commissioned by public authorities, the consultative bodies can be seen as 'semi-public'.

[19] The Japanese Highway Cooperations were left out of control to a large extent, resulting in a large number of unnecessary roads. The process of privatising the Highway Corporations reveals the problems that external agencies or quangos may cause. The corporation enjoyed so much independence that the body, full of former heavyweight public officials, has long been unresponsive to requests for political and democratic accountability.

bodies (being less accountable than government institutions), however, is extensive and the use of such organisations by local authorities sometimes seems to be for their mutual benefit, rather than for interests of the local community.

Local public enterprises in Japan have commonly been used to provide services such as water and gas supply, sewerage and public transport. These public entities are normally financed by charges for the service and subsidies from the local authority, and are in a special position for which the Japan Finance Corporation for Municipal Enterprises provides loans. These 'semi-' private sector characteristics have attracted some criticism, as it has been seen that more efficient services can be provided by other arrangements. As another form of private involvement at the local level, Japanese local government has attempted to utilise 'the third sector' (in Japanese terms, 'the third sector' means a joint work of the public sector and the private sector). Yet many of them, especially large projects such as resort development, have not been successful.

The situation of resource-interdependence across public and semi-public bodies provides a complex reality. Painter *et al* (1997) note in a general context that more local authorities have abandoned previously confrontational for more accommodative strategies in an attempt to influence non-elected agencies; this would have been the reflection of the reality that the local authorities and public agencies are not easily separable because of 'organic' ties through *ad hoc* approach, inter-personal and program-based interactions.

Responsiveness
Local planning and the resource consent process in New Zealand cases contrast with the lack of public input in Japan. Citizens' involvement in the administrative process (not in exercising political pressure) in Japan should be enhanced in order to acquire meaningful local governance. Clear legislative endorsement is required (c.f. the unclear status of citizens' input in the River Law). Without a high *responsiveness* level, the *local capability* level tends to be low.

Two factors that may be inhibiting active citizen-participation in Japanese local government are identified: first, there may be inadequate opportunities for participation; and, secondly, even where mechanisms are provided, meaningful participation faces impediments. Improvement of local governance by reforming the mechanisms for genuine democratic participation by local citizens cannot be seen in isolation from the other criteria. Financial arrangements, for example,

can virtually deprive local authorities of any incentive for listening to local voices. The structural problems in the public sector such as a weak status of local planning, inhibit citizens' willingness to participate at the local level. The simple prescription for the democratic aspect, therefore, cannot be written without the consideration of interdependency among criteria. Tunstall (2001, p. 2513) found a strong case, through an analysis of the UK housing policy, that 'participation may be dependent on [the level of] devolution for many of its effects'. If changes in the public sector are gradual, so will be changes in the democratic aspect. Hutchcroft (2001) also points out the holistic nature of the democratic aspect, stressing that analysis of democratic decentralisation needs to focus not only on the 'presence and character of *local*-level democracy', but also on the '*national* political environment in which such structures exist' (p. 33, emphasis in original).

Coordination

'Coordination' is found in many forms. Without mechanisms for coordination, local initiative (and central initiative) can be misdirected, leading to low *sustainability, or local capability*. Although even the strong central-led style could be identified as coordination, more bilateral (or complementary) commitment ought to be enhanced from a local governance point of view. In New Zealand, a joint approach was seen in the roading and emergency management cases. Potentially conflicting notions — for example, the subsidiarity principle and pursuit of efficient administration (or ensuring the minimum standard) — have to be dealt with in interactions among different parties. This process of interaction should not take place in a 'black box'; accountability and responsibility should be visible. In coordination, *official* interaction-channels should be chosen, conflicting interests within an organisation need to be separated, and local-level interests need to be incorporated.

Concerning horizontal coordination, an integrated approach (focusing on practical effects) against sectionalism is clearly better suited to local governance. The Japanese flood case, where an area was managed by both central and local authorities with different standards, exemplifies a systemic failure in coordination.

Sustainability

Case studies indicate that *sustainability* can be enhanced in either a centrally-led or locally-led environment. There are broadly three options: strong prescriptive guidance from the centre; strong long-term strategies at the local level; or different levels of actors, jointly involved. A strong centrally-led style would be at the expense of ranking under other criteria (*local capacity* and *responsiveness*).

On the other hand, a great amount of local discretion and free deliberation does not necessarily lead to high sustainability, as the Auckland case shows.

Central ministries' strategic focus, rather than an 'in-house' inclusive style, is one vital element. In New Zealand, the strategic focus of central government was identified in the areas of roading, emergency management and energy, with plans at the more practical level being prepared by local authorities, crown entities or the local arms of SOEs. Central government's strategic focus is not necessarily linked directly with financing and implementation at the local level, or cost-benefit analysis of individual projects. Planning is, therefore, shared by actors at different levels. Relations among the various authorities are at 'arm's length' and each authority's position is fairly independent of the others (c.f. local authorities, Transit, Meridian). This allows project development to be more flexible with regard to choices of outputs for outcomes set by a higher level.

In the Japanese context, the separation of functions would be favorable to local governance. Case studies indicate that the central government is often too dominant in Japan — power exercised through the leading ministry, subsidy schemes, implementation through pre-determined detailed specifications, and 'in-house' cost-benefit analysis. The national interests tend to override local interests. The aim of functional separation in such a context is to increase the weight to be given to local interests in policy determination and project management.

Long-term local interests would be improved by separating functions (a) among different agencies at the central level; and (b) at the local level to 'independent' agencies. Powers could be divested through contracts (rather than through administrative connection) to independent agencies, different tiers of local government, local community or private organisations.

It is difficult to state precisely how separation of functions would help. But the direction would be conducive to stronger local government, because it is expected to reduce the central dominance and secure a more balanced view. Judging from relatively low marks of sustainability for centrally-led (Nagoya-Seto road) and locally-led (Auckland road) styles, the decisive factor is about incorporating different interests across the levels of authorities and communities, longer-term. How to strike the 'right' balance between local and national interests is the ever controversial question. Yet, Japan is not in a position to be concerned about the situation where too much local discretion goes nowhere. The principle in searching for compromise would be either to allocate functions to different

tiers of government and the local community, or to raise the status of local interests against national interests. The River Law in Japan, for instance, places local interests in a subordinate position. By contrast, the NZ Waitaki Catchment Amendment Act 2004 gave prominence to local interests in considering a project undeniably of national interest.

Financial/Economic viability

Case studies confirmed the negative aspects of large financial transfers in Japan (see Chapter 2). There is little incentive for local government to seek 'value for money' when money is raised and transferred from the centre. In such an environment, what can be done with the central funds has tended to be given the priority, rather than pondering negative implications for general local interests of centrally-imposed conditions.

Despite these negatives it has not been easy to reform the financing mechanism. Past experience suggests that it is more realistic to consider incremental steps in the direction of promoting greater local financial autonomy rather than to contemplate a wholesale revision of the public finance system. This is not a matter for local government alone, but also for central ministries' intentions and politicians especially called *Zoku Giin* (see Chapter 2) (Schoppa 1991, Schaede 1995). The central government consists of different ministries that seek to wield authority and influence within their areas of jurisdiction; it cannot be treated as a unity. The financial issue for local government is directly related to the behaviour of individual ministries, whose considerable influence is often exercised through subsidies. Cutting subsidies for certain areas, for example, is a politically difficult task, given the strong ties that *Zoku Giin* has with certain ministries. Any move to reform the local government financing system cannot be separated from the central budgeting process. In general, stronger self-financing ability should be vested in local government through enhanced tax-raising power. The aim is to increase local decision-making autonomy (and to decrease excessive central control) and enhance capability and democratic participation.

The way forward in local government financing seems clear for Japan. Indeed, increasing local revenue-collection has often been identified in the past, yet progress has remained sluggish: one recent step, in accordance with the Omnibus Decentralisation Act 2000, is the ability of local authorities now to issue local bonds through the local consensus system since April 2005, instead of requiring central government permission. There has, however, been little change in the part played by transfers as the controlling instrument of central government. When it counts, critical issues such as the category of taxing

authority to be transferred have remained unclear and nothing significant has been achieved, as the so-called 'Trinity Reforms' attempt under the Koizumi government showed (see Chapter 2).

Although a shift towards local government in financing remains the aim, it must be recognised that there are valid reasons why the national government may wish to continue providing funds to local government. Among them, as already noted, is the wish to even out differences among local areas in terms of need and available resources, and to influence the quality or type of services provided. This is in contrast to New Zealand, where territorial local authorities undertake relatively limited functions and receive very little direct financial assistance from the centre other than for roading.

Different problems are identified in the two systems. Dependence on the centre and the limited local presence are obvious in Japan. In New Zealand the raising of local revenue is designed to match the expenditure on the local authorities' desired output. The crucial difference between the two countries is that local authorities in New Zealand are not overly prescriptively controlled,[20] while in Japan control comes with more specified output targets. Given the efficiency and fairness of national tax collection and nationwide policy agendas, the central government will remain the main repository of public sector revenue. In Japan decisions made at the centre will remain critical as long as the financial sources are at the centre. Keeping alive incentives to spend money efficiently at the local level is a challenging task in such a situation. It is crucial to ensure that local decisions (plans) are given due priority when money is transferred from the centre. Government intentions should not be overly prescriptive; the maximum discretion to meet local interests should be available to local authorities.

As has been often discussed, enlarging a quota of unbound grants or subsidies and enabling local authorities to raise funds in a flexible way are considered to be necessary measures.

Financing local government is also related to *economic* issues. The combination of substantial transfers from the central government, local dependency on the centre and the lack of local financial sources has deprived local authorities of incentives to behave in an economically sensitive way.

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[20] For example, in 2004 the Whakatane District Council, which had limited facilities against flooding because of limited financial resources, asked the Government for financial assistance for further preventive measures after the flood, based on the assessment of further risk. Whether or not the central government assistance is available plays a crucial role in the end too. But the process of risk management is locally initiated.

The importance of 'multidirectional interdependencies (Bailey)' is underlined by the difficulty of achieving effective citizen participation in a local government financing system dominated by transfers from the centre. Bailey (2004, p. 224) asserts that:

> True local government only exists when democratically elected bodies have well-defined *discretionary* powers to provide services to their citizens and finance them with the proceeds of one or more exclusive local taxes of which they can determine the base and/or the rate of tax. This means that municipalities can make their own decisions free of control by higher levels of government (emphasis in original).

The traditional focus of attention for local politicians and administrators in Japan is the intention of the agents of national government rather than the local voice, since the funding for some local projects is not raised locally. The current financial system is not consistent with strategic local administration or democratic planning processes. Local administrations can in some cases be torn apart by conflicting priorities — the availability of central money and local public interests. As a result, local authorities sometimes even have to explain to local citizens the purpose of projects that have stronger links with the central level (or a local *special* interest), rather than with the local *public* interest.

The project style where the central government is predominantly involved can lower the level of *financial/economic viability* (Japanese cases), and can also make local actors less sensitive to financial situations. Considerations of efficiency and various levels of local resources among local authorities (urban vs. rural) see the central government predominantly keep an overall supervising role within the financing arrangements. Under such conditions, how to share financing responsibility (national transfer schemes, locally-raised tax and user charges) is the issue to be considered. Financial power implies control (or a given amount of autonomy). Is there any way to avoid generating undesirable gaps in decision-making power among the parties concerned, under unbalanced financial arrangements? Separating functions (financing and other functions such as strategy and implementation) with local authorities retaining discretion over raising local funds, as is seen in the New Zealand roading case, is one potential direction for improvement.

Constraints on change in different environments

Possible ways in which the ranking order under the five selected criteria could be improved have been identified above. However, introducing these notions into

existing systems is unlikely to be straightforward because of the various interests and different customs that have maintained the *status quo.* Different approaches are required in different environments.

The foundation of the present system is a combination of various interests. *National*[22] and *local* interest are identified; political and *bureaucratic interests* at both national and local levels, and policy networks, are the other principal components. All these interests are embedded in the national political and administrative cultures.

National interests are those that generally shape the *status quo.* The central government can be expected to focus on the net benefit for the country (or a broader region) rather than paying heed only to a certain small area. Nationwide control is the backbone of central government's interventionist or strategic attitudes. The central government may also look to strike a balance among local areas: negative impacts from a policy or project on one particular area may be outweighed by benefits to another local area. A further tendency apparent in the actions of central government is to allow agencies to keep operating in the established fashion because reform or reorganisation would meet resistance and cause disruption during the transition period.

Local interests by definition seek to promote benefits within their own boundaries. For example, subsidies gained, even if they are not necessary, are claimed as local benefits. (There may be competition among local areas.) Responding favourably to requests from the centre, given the prospect of future gains, can also promote local interests. Local interests of this nature have a propensity to keep local government in a subordinate position to the centre. At the same time, the expression of local voice to local authorities (e.g. NIMBY: not in my back yard) may change the balance of local interests.

Compared with expressed national or local interests, political interests are often complex, fluid and less visible. Political interests are not necessarily 'local' or 'national'. The affiliations of political parties or other established associations stretch across different tiers of government.[23] Political interests in Japan are generally derived from existing networks or similar arrangements that have an interest in maintaining the *status quo.* The stable nature of Japanese politics

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[22] National interest in this context means interests that the central government (or other relevant authorities) is concerned with beyond a certain local area.

[23] For example, Steven and Naka (1999) show that income-transfers from the central government to prefectures are not only affected by income-differences among different prefectures but by various political institutional factors (LDP).

across the levels of government (characterised by the stable careers of leading politicians and bureaucrats) may be ascribed to 'symbolic functions'; 'top leadership becomes acquainted … helping future collaboration and making strong conflicts less probable. … Power relations become established and reinforced' (Bogason, 1998, p. 344). Consistent behaviour along political lines in the Japanese cases considered in this study implies a well-established political mechanism.

Bureaucratic interests are predicated on the protection of position and status and the *raison d'etre* for the existing system. In carrying out their functions, issuing guidance and maintaining influence within their jurisdictions, bureaucrats continue to do what they have been doing. Given the infrequent turnover of staff and the stable nature of the Japanese bureaucracy, internal change that threatens bureaucratic interests is unlikely.

These interests embedded in a system are reflected in resource allocation, plans/strategies and informal guidance. Once mechanisms are established, derivative interests can generate. Interests of organisations' (or individuals') bureaucratic or political interests may lead to 'empire-building', which only strengthens the inertia of the *status quo*. Attempts at streamlining administration are required to take such various interests into account.

How do these various interests embedded in the present Japanese system restrain movement towards stronger local governance? One avenue is through the administrative processes that support the power of central actors, viz., the unbalanced resource allocation pattern, strict national strategies, human resource management (including *amakudari*), administrative guidance, financial transfer, and the possibility of politically motivated sanctions. These points discussed in Chapter 2 were all seen in case studies. As for the human resource, the EXPO association in the roading case contained former central senior officials, as well as key local figures. In the dam case, senior officers of the ministry were not permanently stationed locally but seconded from the centre and expected to move on to other local areas or to return to the centre. The flood case too shows that the local office of the ministry acts as a central agent with local knowledge. These mechanisms are more likely to be oriented towards the intentions of the centre rather than the interests of the local community.

Concluding remarks and future reforms
Discussions based on, and derived from, the focused comparison in this chapter have shown a clear direction towards stronger local governance in Japan – a

more devolved and power-shared governance style. The Japanese administration is judged to be situated far from this direction, whereas the New Zealand experience is much closer. New Zealand *administrative* institutions and mechanism have lessons for Japan. But, transferring them, given the different administrative and political context, is another issue. Under what has been diagnosed as the imposed and 'informal enforcement' situation in Japan, it is not realistic to expect the local government system to be extensively overhauled within a short period. Recent experience confirms this judgement. This suggests that the key tone for change would be a more incremental approach rather than a 'big bang'. While lessons can be 'learned' widely, the approach to 'transfer' would be case-by case.

The path ahead for better local governance is therefore unlikely to be simply 'copying' (Rose, 1991b) what has been observed in the New Zealand cases. As already seen, there are different patterns that shape how the public service operates: political aspects; administrative aspects; less formal networks; and, different governance patterns. In Japan, political interests are interwoven with administrative organisations (Nakamura, 2001) in an imposed culture. The public sector occupies a strong position in society; and the democratic disposition among citizens is not always strong. The relevant question is: what should be targeted if changes are to be introduced?

If change is to be successful, it is necessary to make an impact on existing vested interests. In this sense, as a general orientation, the introduction of a less political approach to local governance would appear to offer promise for Japan. If embedded interests remain untouched by institutional changes, the chances are that the new arrangements will not achieve the objectives sought — especially in an informal enforcement environment.

Maintaining momentum is also very important where there is resistance to change. While a window of opportunity is likely to be required in all cases, much will depend on whether the changes contemplated are minor or relatively major in scale. In the latter category are changes affecting national interests that lead to a shift in the power balance. Other changes may modify structures or arrangements while keeping the power balance intact, for example, the transfer by central government of limited authority while retaining its role of guardian and effective decision maker.

Another strategic question confronting those seeking change is whether attention should be directed across a wide front or be focused on one aspect of a

system at a time. The latter approach may not be capable of promoting meaningful reform. On the other hand, in Japan, the contemplation of change in many aspects at the same time such as the location of authority, taxation systems, and resource allocation is such a daunting task that a more 'realistic' incremental, piecemeal approach may have attraction. Beyond these strategic considerations are actual restraints such as limitations on resources — personnel, expertise and finance. In the following final chapter, pathways and possibilities towards more devolved and power shared governance style will be explored.

Chapter Seven — **Strengthening Local Governance in Japan: the way ahead**

Local governance options

The past two decades have witnessed widespread reform of the institutions of government in many countries. Proposals for reform in Japan, however, have lacked sufficient political and administrative support for them to be fully implemented. Despite recent developments in administrative reforms such as in the Hashimoto (1996-98) and Koizumi (2001-2006) governments, major reform of the institutions of local government (as undertaken by New Zealand in 1989 and 2002) is unlikely to find acceptance in the foreseeable future. Although some changes have been made by statute in recent years — e.g. the Omnibus Decentralisation Act 2000 — central government's reforms have lagged behind reforms of local government (see Nakamura, 2001, pp. 169, 178; Furukawa, 2002). Well-established 'interwovenness of political, bureaucratic and business elites' (Toonen, 2001, p. 196) has been a deterrent to wholesale reform at the central level to proceed.

The position of local governance in Japan and other countries can be viewed in terms of the style of the state sector, including intergovernmental relations and community involvement. The public sector can be categorised in one of three ways as: central control-oriented (top-down; central intervention); subsidiarity-oriented (bottom-up); or more interactive (e.g. interdependency or network-oriented). All of these are commonly found internationally in the current governance configuration. Over time, however, the balance of these different styles will shift. Just as the traditional administrative style in central government has been required to change, the position of local governance too has been challenged. Changes in the style of local governance (and intergovernmental relations) may be prompted by developments outside the public sector. For example, driving forces for change in OECD countries have included the involvement of the private and the third sectors, democratic or customer demand, and ideological pressure to reduce the size of public sector.

From the focused comparisons and analysis presented in this study, it is clear that the dynamics of local governance cannot be accommodated within an analytical framework confined by a dichotomy between either top-down or bottom-up. Understanding local governance is far more complicated. Notions of *network*, *contractualism* and the *hollowed-out state* can help to explain the nature of developments in governance. Even if relationships between central and local government only are looked at (though this dimension is obviously

crucial), several different sets of arrangements can be identified, featuring top-down, interdependent, cooperative and confrontational styles (see Yamashita, 1992). In the following section some alternative policy settings for local governance in Japan are considered, involving different types of arrangements.

Case studies and the evaluation in Chapter 6 clearly indicate that strengthening local-level administration is the preferred path towards stronger local governance in Japan. Based on the previous chapters' findings, this concluding chapter will explore different pathways towards stronger local governance, then discuss the impediments and opportunities that will influence the nature of such approaches. There are broadly two directions to be considered. The first is to strengthen local government, which mainly concerns [CG – LG] relations; the second is empowerment of the local community in a wide sense, which is related to [CG – LC] and [LG – LC] links. Both imply a relatively smaller role for central government.

Table 7.1: Two paths towards stronger local governance

	(1) Devolved local government	**(2) Sharing power**
Main domain	CG – LG	CG – CG*, CG – LC, LG – LC
Expected processes	Devolution	Devolution/delegation/privatisation/ joint arrangements
Local capability	Difficulties in some local areas	Steering role for local authorities
Responsiveness	Expected to improve through enhanced status of local authority	Issues arise over accountability and responsibility; expected to improve through increased opportunities for civil society
Coordination	Hierarchy vs. adjustment; adequate central assistance	Arm's-length or in-house? Local interests well incorporated? Difficulty in control
Sustainability	Location of long-term controller; adequate central assistance	National interest vs. local interests; local position established?
Economic/ Financial viability	Localised financing indispensable	Dependent on the centre or independent? Public sector's assistance necessary

*agencies outside the core public sector

If the first direction is taken, the focus will be placed on substantial devolution from central to local government, leading to a reduced central jurisdiction. Alternatively, if the second direction is followed, the power of the state would be shared with the third sector, the private sector and local communities. Both central and local government will have room to delegate, devolve or share functions with entities outside the public sector.

Table 7.1 outlines the two broad paths for improved governance and relates them to the criteria discussed in Chapter 4. Under option (1), the focus is on intergovernmental relations, decentralising the public sector through devolution, rather than delegation, and transferring authority to local government. Option (2), on the other hand, provides for increased roles for institutions outside the public sector.

In reality, changes are brought about by devolution or delegation in situations construed as option (1) or (2), and the boundary between devolution and delegation is not always sharply defined. Yet, as a general tendency, devolution is more likely in option (1), and delegation would be more common under option (2). This is because local authorities are sometimes the only democratic representative bodies at the local level with statutory and historical ties to the central government. They are, therefore, more prepared to accept responsibilities such as decision-making with the full range of discretion. Public agencies tend to be favoured over private (or third sector) bodies because of the existing links with a controlling or sponsoring department at the centre. Transferring responsibilities outside the public sector (at the local level) is a bigger departure from traditional top-down administration than devolution within the public sector. Delegation from one level of government to another or joint arrangements with local non-governmental institutions is more likely. The nature of links with the central government (or the public sector) influences where any particular set of arrangements is placed on the devolution–delegation continuum.

In the Devolved local government column in Table 7.1, the issues are concerned with how the devolution process is achieved. The Sharing Power option deals with the precarious balance of the relations between central government and agencies outside the government, the changing nature of local government, and how to realise community involvement within limited parameters.

In the following section, these two paths are examined separately. How each matches up to the criteria, and the arguments for and against each option

(obstacles, transitional problems and promising areas) are reviewed. Although the options are presented separately, they are not exclusive choices. Reforms of different kinds may occur simultaneously.

Option 1: Devolved local government
Local capability
Decision-making power (authority) and the resources available at the local level are the factors that determine the level of local capability (Chapters 4, 6). There is no single measure that can raise capability (Chapter 6). Under the devolved local government option, the central issues are how to allocate power and resources and how to make sure functions are located in the right level of government. Key questions include: what decision-making power and authority ought to be devolved or delegated from higher to lower tiers of government; and, in the event of this taking place, whether prefectures or municipalities should undertake the new roles. The choice is, therefore, not only about 'centre vs. local' but also between 'prefecture and municipality (local vs. local)'. The decision on the authority and resource allocation is ultimately made by CG. However, the model for an optimal allocation should not be a 'one-fits-all' type imposed from the top, but would be expected to vary depending on policy areas and local capability. The 'power of general competence' vested in New Zealand local authorities by the LGA 2002 provides such a model (see Chapter 2).

The overall direction is clear. The overarching philosophy guiding reform should be built around the principle of subsidiarity rather than that of the traditional hierarchy. The differences in population and economic scale among localities imply that a simple prescription from the top would not be the choice to take. That the geographical boundaries of local authorities do not always fit with the dimensions of particular policies also reinforces the subsidiarity principle. Roading, for example, can be an issue of national significance, since it often relates to the flow of economic activities beyond the local area itself. At the same time, a roading project is likely to be a leading local issue. Such externalities are also seen in environment management. Similarly, existing administrative boundaries too may have no relevance to the scale of a natural emergency.

The past decades in Japan, however, show that there has been little direct relevance between the subsidiarity principle and local autonomous activities. The principle has been acknowledged in Japan since the Shoup Report 1949, but, currently, many local functions are exercised as more or less delegated roles. The principal idea ought to be coupled with the process of *devolution*, not *delegation*. Thus, in applying the subsidiarity principle, it is necessary to

distinguish between those situations where devolution is realistic and more appropriate and those areas in which local authorities may continue to carry out delegated functions. Unless this distinction is clearly recognised, there is a strong chance that devolved functions could become closer to virtually delegated activities under the centralised administration.

An emphasis on devolution in adopting the subsidiarity idea suggests that relatively resource-rich prefectural governments, not municipalities, could be seen as bodies that should discharge certain functions. It may be better for a municipality to give up certain roles and to transfer them to the prefectural level for larger-area administration. The principle cannot be indiscriminately applied from a bottom-up perspective; it is not realistic to expect local authorities, especially at the municipality level, to have the capability necessary to carry out all functions. The national government will be reluctant to shed functions to sub-national governments if it is not persuaded that they are able to carry out the functions efficiently and effectively. This is particularly the case in Japan with its long tradition of central control.

In the Japanese context, where local authorities already cover a wide range of functions, reform in the future will not be designed primarily to give local authorities more functions, but rather to modify the way in which they carry out existing local activities. In other words, a re-examination of arrangements backing up current activities will be more relevant than new functional transfers between central and local government.

The balance between local capability (authority and resources) and the subsidiarity principle is the key for meaningful local governance. For instance, decentralisation attempts without the necessary reallocation of power and resources would be likely to lead to continued local dependency on the centre or strong central guidance. Such arrangements would be likely to end up leaving local authorities as mere delegated bodies.

Responsiveness
The democratic aspect — the involvement of citizens — is expected by this observer to improve under more devolved local government, since there will be a more significant input from the community to local authorities — in theory. Yet, the established system has not readily enabled democratic input to be meaningful all the time. This does not simply concern particular local arrangements; it is a systemic issue.

Democratically elected Diet members have a significant influence on the construction of public utilities in their electorates. The result of such intervention need not be negative for the area. Job opportunities may be created, for example, and in return, the member's position as a political representative at the next election could be secured. Also, local groups can directly approach their representatives to pursue their interests. There is little doubt that in this sense the political aspect is an indispensable part of the decision-making process in local government. At the other end of the spectrum, a strong emphasis on administrative mechanisms at the high level with limited political input may produce more coherent and efficient outputs/outcomes, but at the expense of democratic values (in political representation).

'Depoliticising' public administration is in this observer's judgement the key to changing the situation.[1] This includes altering the way various vested interests are handled. The thrust of the argument here is that the way forward does not lie in removing political aspects altogether, but in trying to modify the current arrangements, so that excessive political involvement by both politicians and central bureaucracy is restrained as a result. It is necessary to distinguish political leadership required under fragmented administration and activities pursuing rather narrow interests (in a 'public choice' sense). Nonetheless, the political nature of administration — through, for example, institutional arrangements that might have been shaped with certain political intentions, and political bureaucracy (with limited control from democratically elected members) — indicates the difficulty in discouraging political actors seeking to promote vested interests, and fully stopping 'empire-building' by bureaucrats (Niskanen, 1971). Self (1997) observes that, in the general trend since around 1975, theories attempt to draw a line between policy and management. If policy (process) is a product of an inseparable mixture of politics and bureaucracy, the more 'rational' management spearheaded by new institutional economics may be the counter-force in depoliticising public administration. Nonetheless, there is little doubt that politics and bureaucracy are integral parts of governance. Meanwhile, management reforms primarily concern the 'rowing' aspect. Political

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[1] With regard to 'politicisation', the distinction is made between, on the one hand, the political process marked by competition for office and on the other hand the relationship between politicians — members of the legislature including ministers — and the public sector. Both affect the quality of local governance. But it is the influence of politicians on administrative processes that is in question here. New Zealand is not free from 'political' intervention in administrative arrangements within a statutory and administrative framework, at local and national levels (see the Auckland roading case). In Japan, however, the boundaries between 'political' and 'administrative' are rather more blurred.

'Depoliticisation', like 'politicisation' is a slippery word. It may connote the removal of party political influence or simply the exclusion of elected members of the executive from decision-making or administration, with authority conferred on officials without ministerial or parliamentary intervention. It may also imply the involvement of individual or organisational interests (political gain), setting 'public' interests aside.

or administrative leadership with managerial efficiency and transparency may be the overall conceptual way to be taken, in an attempt to reduce behaviours seeking narrow interests. Yet the ubiquitous nature of politics would indicate that the 'depoliticisation' issue remains.

Coordination

Effective coordination in a decentralised environment turns on a delicate balance of administrative efficiency and local discretionary decision-making. Coordination in theory can be achieved by different governance styles (Minnery, 1988), and it was observed that 'hierarchical control' or 'use-of-power' types of coordination had a definite impact in the Japanese cases reviewed earlier in this study. Control from higher authorities can be efficient and so remains one choice. In fact, a study by Jacobs exemplifies that the strong prefecture and cooperation by municipalities within the prefecture, instead of independent actions by each municipality, produced a well-balanced regional development (Nagoya region, Japan), which is contrasted with the more individualistic municipal approach in the US (Detroit, US) (Jacobs, 2003b). This style, however, always contains a risk of effectively diminishing local autonomy, and may leave local authorities as no more than delegated bodies. It is also difficult to manage responsibilities scattered among local authorities and other institutions. It is important to balance the different coordination styles. The point here is consistent with what Bogason and Toonen (1998, p. 224) noted;

> 'Hierarchical control is not impossible, but it is restricted to those fields that are politically and technologically simple. … More complex fields are only controlled by continuous bargaining among interested parties'.

In Japan, the balance tends to lean towards 'hierarchical' style. This consists of customs or arrangements such as resource imbalance among different tiers of authorities, administrative guidance and human resource management (as in *amakudari* and the loan of central personnel to local authorities). The common characteristic of such arrangements is the continuation of constant communication through various established routes. This contributes to a form of 'coordination' under which local (regional and district) level planning, for example, was 'coordinated' — but at the expense of local input.

To shift the balance, the adoption of arrangements built around 'contractualism' and the 'separation of functions' is worth considering. In theory, NPM-style reforms in this mode may not directly contribute to the level of local autonomy, since they mainly concern delivery — or 'rowing'. But, in the Japanese context, a

significant long-term impact on the administrative style could be expected from changes implementing aspects of 'contractualism'. Such reforms would make clearer 'who actually controls what'; well-defined contractual-based relations among those involved would have a positive effect on reducing the incidence of 'coordination' behind the scenes from the top. The control method through 'informal enforcement', guidance licensing or approval, is contrasted to the contractual arm's length relations, say, through output specification. The changes of administrative mechanism would influence the remaining 'developmental style' of administration or coordination.

Sustainability

The level of sustainability turns on the question of who accepts responsibility for the longer-term vision for a district or region. In a devolved environment, there is no clear-cut answer as to who can actually oversee and be responsible for the long-term impact of policy, and also provide a 'safety net'. Certainly, in Japan the central government commonly provides national standards or overall plans; yet, these master plans (or basic philosophy) can be so all-embracing that in reality the long-term benefit of each project needs to be examined at the local level as well.

Clarifying where responsibility for sustainability lies is crucial. In the world of obscurity, local authorities can blame bad guidance on the central government, and the central government can question the local authorities' ability to implement what it expects to be done. As in the discussion of 'coordination', clearing up 'who is in charge of what' is an indispensable step, which enables the ongoing problem to be identified more easily.

To be sure, a clear separation of functions does not prevent a low prospect of sustainability. The highway case in New Zealand indicates that, despite carefully delineated functions, long-term management of roading remains a challenging task. [2] Nevertheless, clearer allocation of responsibilities can provide a foundation from which to take a step forward. Further rationalisation of both local and central organisations in the New Zealand Highway case was introduced in the environment where the philosophy of functional separation already permeated the administrative systems.

Financial/Economic viability

With regard to the financial dimension, current problems in Japan can be laid at

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[2] This was partly attributable to the political aspect in this case (see Chapter 5).

the feet of both the central and local government. The reality is that a large transfer of money from the central government is a necessary evil: it is surely indispensable for under-financed local authorities; but this tends to be accompanied by central control and local dependency.

A 'moral hazard' was created under a financial system that 'blurs the responsibilities of the central and local governments' (Sakakibara, 2003, p. 116). 'Public works' is the category to which most local expenditure is directed (apart from necessary expenditures such as personnel and welfare). It is also the area in which various political and administrative interests are involved. In Japan, traditionally, politicians and bureaucrats 'have frequently been at odds and have had ambivalent relationships with each other' (Nakamura, 2001, p.169), and 'bureaucracy has become more political and the party system more bureaucratic' (Hill and Fujita, 2000, p. 683). The political influence of the bureaucracy (or interests of central bureaucracy) has been built up and protected through the close connection between ministries and the long-term ruling party LDP. This mutually advantageous relationship will be difficult to weaken. Because of this persistent relationship and LDP's dominance of the political scene, 'electoral rewards for sticking to traditional policies' are paramount, which makes a 'radical break with previous policy more difficult' (Immergut and Kume, 2006, p. 6).

This has not always been desirable from a local governance point of view. Connections through the network of a dominant political party (namely the LDP) across different levels of government play a crucial role in the budgeting process (Nakano, 1997b). Administrative networks throughout the levels of government also have political implications for local decision-making. More day-to-day control and guidance by the central ministries through local branches can promote bureaucratic interests such as 'empire-building' or resolve 'patch disputes' among ministries.

The key to changing the current financing system is to alter the way politicians and bureaucrats are involved. The way forward is to create more localised financing. Local independent decision-making underpinned by self-financing would diminish the 'political' role of ministries. Such a reduction in the influence of central ministries at the local level is conducive to local autonomy. Increased local-based financing also weakens guidance or control from the centre. Release of such a controlling tool is against the central (bureaucratic) interests; scope for central guidance has much to do with ministries' *raison d'étre*. New financing arrangements in favour of local independence would also provide an opportunity to challenge the long-lasting political and bureaucratic interests,

weaken the connections between local and central politics and strengthen independent local decision-making.

Sakakibara (2003) takes a similar position when he points out the need to make sure that 'the details [of Local allocation Tax and its funds] cannot be changed by politics or by the arbitrariness of administration' (p. 126). He argues that 'public works should be essentially independent regional projects or under the direct control of the central government, and subsidised projects should be rare exceptions' (p. 127). He advocates 'gentle decentralization and gentle separation of power' (pp. 127-128). Given the necessity of retaining funding transfer, changing the balance between financial decentralisation and decision-making power is essential for future local finance.

Option 2: Sharing power
Local capability
Strong local government might not be a necessary requirement for better local governance. Smaller or 'hollowed-out' central government does not inevitably mean big local government. Downsizing can take place in both central and local government. Local communities and the third sector can be empowered by both central and local government. In doing so, public authorities assume more of a 'steering' role in cooperation with the private sector and citizens. Contracting out functions, utilising boards at the community level, emphasising participatory democracy (through inclusive systems and mobilised communities) and growing networks may leave local authorities as the crucial controllers (or coordinators) in the local sphere.

Even if the attitudes of central government were not greatly to change, growing involvement by the private sector and voluntary sector could reshape the public sector. For instance, health care and public utilities could be more effective under the (quasi) market mechanism, with the public authority becoming a, funder, loose regulator and 'guardian', rather than a provider.

Some aspects of governance, such as rule-setting, ensuring service standards, monitoring performance and dealing with nationwide issues need to remain within the public sector (central and local government). Policing, for instance, is more suited to the public sector (McLeay, 1998). Also, for practical reasons, the public sector's role remains indispensable. When decision-making is highly complicated or when it is difficult to specify outcomes, monitoring external agencies by public authorities becomes harder. Such roles ought to remain in the public sector.

The issue here is how effective it would be to contract out certain functions and how well could the monitoring agency (normally a public body) oversee the situation. There are different styles in contracts, and in the context of this thesis, the 'power relationship' between the government and other groups is crucial. The balance between the principal's controlling and the agent's discretionary activities is the key. One style with 'emphasis on mutual responsibility and arbitration' (Ryan, 1999, p. 101) identified in New Zealand is thought to be conducive to less prescriptive central and local government and more autonomous local governance.

Apart from policy areas under its direct supervision, the public sector should take on the role of 'enabler' in the longer term. Whether more trust and networking-based 'loose' governance will emerge (or has emerged) rests on the extent to which the public sector waters down traditional bureaucratic characteristics. The 'small public sector with more local emphasis' is favourable for local governance.

Local government's main focus will shift more to the 'steering' aspect, with the authority and resources available to local bodies being no more the main variables for local capability. Local capability is not mainly concerned with increasing the local authorities' 'in-house' ability, but with organising dispersed resources at the local level. Administrative reforms that introduce 'contractualism' and the best management practice may improve delivery of services. But an effective 'steering' role is much harder to attain because it is about striking a balance between, on the one hand, new fragmented arrangements where each actor has certain degrees of discretion and, on the other, leadership by local authorities that can be hierarchical. This will make coordination harder to achieve.

Responsiveness

Responsiveness is certainly expected to improve through increasing the functions undertaken by entities outside the core public sector. Yet, community participation has shown different extents of success. Positives are often identified (Luckin and Sharp, 2004), but there remains a possibility that the community has 'only peripheral awareness' (Shirlow and Murtach, 2004, p. 68) in local level participatory schemes.

In the power sharing option, the democratic aspect can be eroded. There is a risk that non-democratically represented bodies cause less transparent administration unless control, input and feedback routes are secured. The risk

inherent in 'quangocracy' is political patronage and the lack of control from either the government or citizens (Bertelli, 2006).[3]

The involvement of an increasing number of non-governmental organisations in public services gives rise to a thorny agenda for local governance. 'Who are they responsible to — citizens or public authorities?' and 'who is responsible for overseeing them (non-governmental organisations)?' These are not simple questions. Certainly, retaining bureaucratic approval or guidance, as is indicated in the Japanese NPO (Non-Profit Organisation) case (Pekkanen, 2000), may be one way to prevent potential problems, but overdoing it would kill the incentive for citizen groups.

Under the power-sharing option, the democratic issue is not only about how effectively citizens can participate in the public sector arrangements, but also, more importantly, about how responsibility and accountability are shared by the public sector and those outside the public sector.

Coordination

With the increased number of players, coordination is not an easy task in the power-sharing environment. Administrative reforms may bring about more efficient administration under the supervision of the public sector, but a coordinating role is much harder to achieve. The distinction between 'arm's length' and 'in-house', for example, is not straightforward, when the balance of control and discretion is observed.

'Why does a government, or why should a government, adopt the AQUA [Autonomous and quasi-autonomous bodies] style of delivering a service to the public rather than more conventional means through ministerial hierarchies?' The reason can be explained from an economic and efficiency point of view, or by reference to political intentions (Bouckaert and Peters, 2004, pp. 45-46). When it comes to coordination, this fundamental question should be considered at central and local levels from a local governance point of view.

Control from the central government is unavoidable; the issue is the extent of control and the way it is exercised. On the one hand, there is a significant risk in diffusing functions if a 'parent' ministry is not capable of controlling its 'offspring' through goal setting, monitoring, necessary intervention and so forth (Pollitt and Talbot eds, 2004; Pollitt *et al*, 2004).[4]   Yet, the Japanese central government

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[3] The Highway Corporations in Japan exemplify the risk of the absence of external control.
[4] Case studies of Denmark by Jørgensen *et al* (1998) also revealed that ministries did not have 'immediate

does not perform in this manner. The challenge in Japan is, put simply, to provide agencies with more incentives to perform better but in a less fettered way.[5] Given that the strong presence of the central government does not much favour local authorities, clearer and more independent arrangements are expected. This does not mean that the central government will lose its control or coordination ability. The current methods of control need to be replaced by a more indirect control: for example; through providing the policy framework and desired-outcome monitoring. The more strictly agencies are controlled by the central government, the more likely it is that the channels through which local authorities approach the centre are virtually closed. This makes attempts at coordination at the local level less flexible.

The local use of non-governmental organisations also depends on the controlling ability of public authorities — local authorities in this case. This directly concerns the degree and effectiveness of coordination in the local sphere. The governance environment requires decision-making not to be one-off from the top, but to include constant interactions, which should be heuristic and capacity building in the local sphere (Innes and Booher 2002). The basic nature of coordination, particularly in the power sharing environment, needs to be iterative decision-making (Peters, 1998a).

One of local government's tasks as an overarching controller is to find a balance among the networking nature of iterative decision-making, traditional hierarchical coordination and the extent of market mechanism (refer to Lowndes and Skelcher, 1998). Attempts at pursuing efficiency and transparency and greater citizens' involvement through non-governmental bodies, therefore, require effective organising and leadership ability from local authorities. The more players involved, the harder coordination will be.

The ideal balance among political (control; place of responsibility), administrative (efficiency and effectiveness) and democratic aspirations varies. In the Japanese case, relatively strong central political values tend to overshadow the other two. The first step in the view of the observer should be that the local political aspect be given a priority ahead of the central one. After establishing this as a major premise, the balance of coordination, efficiency and citizens' involvement should be discussed.

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incentives to engage in substantial control [to subordinate organisations], nor do they have the resources necessary to keep up professionally' (p. 512).

[5] As weaknesses of *dokuritsu-gyousei-hojin* (Independent Administrative Institutions), limited flexibility of operational management, too many government-background chief executives and the continuing focus on input and process are pointed out (Yamamoto, 2004).

Sustainability

Along with coordination, sustainability is a difficult criterion to satisfy in the sharing-power option. With authorities being dispersed, the decisions influencing long-term prospects inevitably become more interdependent. The prime example is the Auckland case, in which independent consultants provided a crucial input, along with the central agencies and local authorities.

Separation of power is a double-edged sword: it may avoid one dominant institution — commonly the central government — becoming too commanding; but leaves hazy who looks after the long-term vision with a balanced view. The long-term vision involves an economic aspect, local socio-economic and environmental issues, and national interests beyond any one local area. Each institution has a different prime objective, and how these different objectives can be incorporated in the pursuit of long-term sustainability is a key question. In other words, the balance of power-separation (power sharing) and its allocation pattern are worthy of consideration.

There are broadly two directions: one is that a dominant organisation would deal with all the different aspects, so that an inclusive view is possible; the other way is through close interaction among those involved where each has different responsibilities contributing to the long-term outcome, so that the final decision is well balanced. For local authorities as second-tier governmental bodies, it is not plausible to have every tool within their institution. Thus, the arrangements to ensure that different aspects for sustainability are taken into account are critical. In a simple snapshot, 'national interest vs. local interests' is a commonly raised issue, in which securing the local position is a must from the local governance point of view. The pivotal role of local authorities for sustainability is not to hold apparatus for strengthening their own view, but to get proactively and positively involved in the process that will enable decision-making that maintains a certain balance among different perspectives.

Financial/Economic viability

The discussion point is the same as in the first devolved local government option. The key issue is to avoid excessive intervention from the central authorities in exchange for national funds. Securing the necessary assistance from the public sector is one side of the coin; keeping incentives for local authorities and other entities to pursue 'value for money' is the other side.

The emphasis in discussion of financial issues in Japan is on the need for more market-oriented schemes. Many of the public/private joint projects (called the

'third-sector' in Japan) failed because of loose financial controls. Financial dependency on the central government is seen not only in local authorities, but in semi-governmental or private organisations as well.

Utilising organisations outside the public sector in service delivery should be explored from the financial perspective. Use of the market (or quasi-market) is linked not only to the expectation of improved service quality, but also to a more fundamental local governance issue. Relatively standardised local authorities through financial transfer in Japan have created little competition among them. Introducing market mechanisms can spur healthy competition among local authorities (Bailey, 1999). Market mechanisms may strip the 'monopoly position' from local authorities, and wider options of service provider mean more possibility of differentiation among local authorities.[6] Introducing service delivery through market logic also means decreasing intervention from the centre.

Practical challenges
There are practical challenges to enhancing criteria in the process of decentralisation. The level of local capability is one. Human resources (special knowledge or expertise) are not readily available to every municipal-level authority, especially outside the metropolitan areas. The required skills vary across different policy areas. The lack of in-house resources could be supplemented by the private sector or other public authorities.

Each authority will need to consider which policy areas are more appropriate for private-sector involvement or cooperative commitment with other municipalities. An accompanying question concerns the measures designed to improve capability in the areas for which a local public body remains responsible.

Discussion about the optimal number and size of local authorities in theory and reality always exposes a gap between what is desirable and what can be achieved,[7] since sensitive political, administrative and local cultural issues are involved in amalgamation processes. So, there is always a risk of under-performing administration at the local level. In this respect, support for local capability from higher public authorities is required in devolved situations.

Local financing is also a delicate issue in practical terms. Realistically, it is not

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[6] Meanwhile, Boyne (1998) stated that it is not straightforward to find a clear-cut theoretical rationale for or against the use of market (compulsory competitive tendering) at the local level, when factors such as new burdens for public service and transaction-costs are taken into consideration.

[7] For example, see the gap (in the early part of this chapter) between the targeted number and the reality in the number of municipalities in the latest amalgamation move in Japan.

possible for every local authority to collect the revenue necessary to fund its activities. Variables such as population and types of area (urban or industrial, rural or farming) do not support the idea of giving all local authorities unrestricted taxing power. Discussion should be focused on taxes for specific purposes, or a part of the general-purpose tax. A key question is, therefore, whether a fund raising scheme is locally viable in each different situation (e.g. tolling for local roads) How realistic is it to finance locally for policy areas that local authorities undertake? Any discussion of the feasibility of devolution reveals potential problems, and therefore suggests the need for a case-by-case approach.

Obviously, resource-rich local authorities are more ready for devolved administration. Under-resourced authorities, on the other hand, face a hard task to increase capability, and are required to develop cooperative arrangements beyond their institutional boundaries (Power-sharing vision). Devolved local government or power-sharing are more likely to take place in the policy areas in which goal setting, monitoring and feedback are easier thorough more tangible outputs (or even outcomes).

Any change, however, whether towards devolved local government or power sharing, confronts political and administrative vested interests. Most criteria, therefore, are considered challenging. It is possible to say that the controversy surrounding decentralisation attempts so far in Japan has concerned choices between devolution and delegation. True devolution processes have failed to win support because of their likely extensive political and administrative repercussions and have been superseded by delegation without fundamental changes. The course of devolution has not been helped by lack of local capability and the range of local diversity.

Despite the gloomy record of past devolution attempts in Japan, promising paths forward can be discerned. As has been discussed, wholesale devolution is not to be attempted, and instead a policy-by-policy, area-by-area approach is proposed in an attempt to identify promising areas for gradual reform.

The political orientation of public administration in Japan is a key impediment that has to be removed if better local governance is to be achieved. New Zealand experienced the 'managerialisation of politics' and its 'technocratic approach depoliticised much activity' (Halligan, 2001, p.167). Gregory (1997) also identified that managerialism in the New Zealand context is less political than in other jurisdictions. It is not easy to speculate whether a similar managerialist approach can find a place in Japanese government, but the

political will to challenge vested political interests has not been completely absent as is seen in a recent privatisation attempt by the Koizumi government. At the local level, initiatives to promote the power sharing option may be adversely affected by unions in the local public sector, which strongly oppose such a move. Mutual dependency between politicians and civil servants makes it harder to outsource functions with political will alone; Hayakawa and Simard (2001) show that 'union density' has a significant impact on the level of outsourcing in Japan.

In reviewing discussion points in respect of each criterion under the two paths towards better local governance, it has become very evident that the aspects of function, structure, finance, and democracy are all interrelated. Bailey is right to say that the importance of 'profound multidirectional interdependencies between *structure*, *functions* and *finance*… cannot be overstated' (Bailey, 2004, p. 223, emphasis in original). In the next section, central issues surrounding the four dimensions are considered with respect to the three analytical units (CG, LG and LC), regardless of the two paths of devolved local government and power sharing. Attention is given to the directions of future change and interrelations among the three units in each dimension.

Table 7. 2: Four dimensions of local governance

	CG	LG	LC
Functions (roles)	Changing roles (standardisation vs. differentiation)	Local leadership; 'steering'	Public sector and society
Structure	New philosophy? (Central ministries reform: agencification; contractualism)	Blurring existing boundaries	Sharing responsibility and accountability
Financing	Equity and 'fairness'	Different values in different places	Choice; balance of service and burden
Democracy	An element for successful policy	Focal point to develop social capital?	Participation or incorporated democratic value

Functions

When functional rearrangements are considered (especially in the areas in which different tiers of government are involved), the fundamental issue is about the changing roles of CG, LG and LC. The often-antagonistic values of securing the national standard while leaving room for local differentiation pose choices for

CG; this issue also highlights the issue of balance between administrative efficiency and local democracy. At the centre of this discussion is the role of the CG. Central government in Japan has been effectively a controller (Niikawa, 1993; Hill and Fujita, 2000), implying that the value of local differentiation has not been a priority. Local authorities have certainly been given more authority and discretion in some areas such as aged-care. Yet, so long as central government interests are expressed in the role of the controller, the emphasis at the local level will be more implementation-oriented (i.e. ensuring that policy determined at the national level is efficiently delivered).

Despite the strong presence of CG, however, gradual changes in the public sector provide LG or LC with an opportunity to build a leading role at the local level. A local emphasis has been a discernible trend in recent reform attempts and a more fragmented public sector brings about a situation where local authorities are more likely to become more than a central 'delegatee'. This, in turn, especially under consensual relations, will have an impact on the current CG's roles.

Changes of roles in CG and LG lead inevitably to a fundamental question about the public sector's position in the society. As was observed, relations between controller and agent are complicated, and the interdependency blurs the boundary between the public sector and the others. The label of 'small' or 'big' government has become less clear in a world where many functions are devolved or delegated outside the public sector. A question of 'whether functions are public in nature or not' is more meaningful. 'Who ultimately rules (controls)?' is a question to be considered, although the answer may be elusive. Under the pure unilateral imposed relationship, it would be easy to point out the controller – commonly CG. Yet, increased bilateral or multilateral interaction does not allow for a straightforward answer. The move to a consensual relationship brings about more dynamic, and therefore hard-to-capture, phenomena in terms of functions.

Structure
The shift from the traditional style of administration also arises from changes in the structure of government in Japan. At the CG level, restructuring of ministries (and the use of more detached public entities) will be the main departures from the traditional system. However, the relatively limited structural change in Japan is attributable to the strength of traditional bureaucratic interests. Introduction of new values or philosophy would provide a much-needed encouragement for a breakthrough. The proliferation around the world of 'agencification' and

contractualism, for example, is partly the result of doubt about the efficacy of traditional hierarchy and a preference for market mechanisms.

Yet, structural changes can take place in a traditional environment even where a philosophy of reform is absent. Yamamoto (2004) analyses the recent agencification process in Japan from the perspective of the 'window of opportunity' (Kingdon, 1984). While the emphasis was on organisational change, reform of public management was lacking: 'a bureaucratic culture still predominates and is slow to change' (Yamamoto, 2004, p. 226). This indicates the possibility of the departure from the existing administration pattern, even if the impetus for reform is not strengthened by new values. New structures — whatever the reason for their creation — can provide an opening for some impact on the hierarchical administration. Nonetheless, the lack of strong philosophical challenge to the traditional hierarchy remains a weakness in the prospect of the central government reform in Japan.

At the LG level, any strengthened structure is expected to match functions that local authorities undertake. As functional allocation has become more dispersed, making sure that organisational structures and their functions are aligned is a critical element for success. Yet, at the local level, it is not easy. The need to rely on the central agencies because of limited local skills or expertise tends to erode functional independence of local authorities, despite structural independence. Also, the increase in the number of institutions outside local authorities, such as local boards, may not always help the structural and functional adjustment.

The structure for public administration — the structure of each institution and arrangements among institutions — has become more complex, and so have the boundaries among 'governing' bodies. The necessary coordination or steering role of the local authorities should be supported by structural endorsement, but overseeing the whole structural aspect is beyond local authorities' capacity as institutional setting is normally led by the centre.

This leads to a question of how responsibility and accountability are shared structurally among public authorities and others. The way forward is clear. All of the administrative guidance, *amakudari*, the central power of licensing and approval, which add up to 'informal enforcement', penetrate structural independence. What is needed are more visible and transparent arrangements based on the premise of institutional independence. Measures introduced internationally under the colours of managerialism and contractualism in the NPM-reform context should be revisited in order to achieve better local

governance in Japan. What should be recalled is that the implications of using agencies or community organisations may go in either a positive and negative way, as it can lessen unwelcome political interference but can create a newly institutionalised power base for the limited quarters. The historical paths need to be paid careful attention.

Financing

One significant point of public financing is about the balance between those who gain and those who contribute. The CG has a responsibility to consider the issues of equity and fairness among local authorities. These are value judgements open to change in the search for an acceptable balance among administrative efficiency, central control, necessary support and financial burden.

What makes this a sensitive issue is the variety among local authorities. Differences in population size and economic capacity provide different standpoints among localities. Given the necessity of financing transfers from the centre to localities, radical change is unlikely, but initial steps can take place through deregulation such as allowing for wider local taxing power, which would be exploited by relatively big local administrative units.

Alongside the administrative issue, this also concerns the political dynamics. Less urban, notably farming areas, have been LDP's traditional strongholds and the recipients of substantial subsidies and assistances. Changes in the central political scene will certainly influence the balance of judgement about the arrangements for transfer of funds between the centre and local authorities.

Whether administratively or politically motivated, value judgements need to be adjusted to the changing social situation. In the longer-term, for instance, demographic decline in rural areas may increase the gap between metropolitan areas and the others, and the centrally-collected and locally-spent arrangements will be under constant scrutiny. Central funding transfers will remain one integral measure to fill the gap, but further functional and structural differentiation according to local financial power is the way ahead too.

In a more stringent fiscal environment, choice — the balance between desirable service available and its financial burden — takes on a more significant meaning for local citizens. This, in contrast to negative scenarios such as curtailment of services, may have a positive impact on local financial management. It has been pointed out that waste at the local level is sometimes attributable to the external financing system, which does not encourage a sense of value-for-money. While

funding flows from central to local government are likely to remain, the pressure to perform well according to each differentiated functional and financial capacity can be one building block to attain better financial management.

Democracy

As a general trend, the democratic aspect of public administration has been emphasised in most OECD countries. Along with voting, customer-oriented service and consultation process are the notable features; participatory initiatives have been at the centre of attention. Yet these do not always ensure stronger local 'democracy'. As a potentially adverse factor, it is always hard to quantify how much input from local public participation is weighed in decision-making (Lowndes, Pratchett and Stoker, 2001; also see Chapter 5). Also, as a practical drawback, the decision-making process is often slowed down by the additional administrative procedures. Tensions between citizens' expectations to see the impact of participation and representative democracy (which citizens may see overly dictating the decision-making process) would not disappear.[8] The key, therefore, is how such ongoing tensions are treated, having to do with more perceptive nature — such as trust and sense of inclusiveness, rather than visible results that are often difficult to display or are simply inadequate (Sanderson, 1998; Cheyne, 1999). If 'public organizations seek to achieve legitimacy through the satisfaction of users' (Jørgensen *et al*, 1998, p. 514), efforts for enhanced democracy need to recognise intangible aspects as a vital component.

The quality of local democracy will not improve by itself, since it is closely linked to culture and society, and largely depends on changes in other dimensions. 'Social capital', despite having no simple definition, is a useful concept to hold together the ubiquitous expressions of democracy. Discussion over the possible trade-off between democracy (democratic costs) and administrative efficiency, for example, can be seen in terms of the longer-term impact on social capital. Trade-offs could diminish if the consensual relations path were followed. (see Innes, 1996). The impact for democracy (and for the social capital[9]) is hard to measure, and so may not be given a high pecking order. Yet, it is possible to note that a 'successful' policy includes elements for nurturing social capital: for example, schemes that allow agents to have enough room for discretion, so that

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[8] For instance, Cousins (1999, p. 234) observed, concerning Wellington City Council's use of a citizens' jury, that 'despite the fact that from the outset it was made clear that their citizens' jury had an educative and consultation role only, public expectations of the jury's view being incorporated in the final decision were raised by the council to an unrealistic level given that the council retained the final decision-making power. As a result, once it reached its decision the council found itself in a 'no win' situation'.

[9] For example, trust and value (norms), commonly used terms in the context of social capital, are difficult to define clearly.

meaningful interaction is induced; and active citizen-involvement in early policy stages may reduce the risk of backlash in the implementation stage. Central government can greatly contribute to enhancing social capital, directly or indirectly, through collaboration schemes, legislation and so forth (Blakeley and Suggate, 1997).

Local authorities also offer forums for increasing social capital (see Reid, 1997). Their easier accessibility and role as an implementer of various functions of the public services provide a crucial position for local authorities. In contrast, the mere formality of democratic participation in the Japanese case studies clearly had an adverse effect on trust. The difficulty is that social capital is normally recognised only through certain tangible indicators, rather than strategically aimed at, as it is a relatively blurred notion of trust or shared value. Thus, with this as an immediate target, it is a must to establish necessary mechanisms for democratic participation, but in the longer-term, more importantly, the notion of trust or shared values ought to be clearly recognised and embedded into administrative programmes.

So, this is not only about participatory democracy, but about how democratic values (or notions of social capital) are incorporated into the system as well. From formal institutions (public organisations) to informal local groups (non-public entities), the social capital (or the sense of participatory democracy) thrives in many forms (see Spellerberg, 1997), reconfirming that the values are highly cultural. The democratic values are surely long-standing, which have significant implications for policy choices as one of the available paths (Mckay, 1996). Nonetheless, this does not necessarily mean that the democratic values cannot be altered. More consensual relations, replacing imposed attitudes, are required among those involved (among the three analytical units and among those in each level). The public authorities can trigger long-term cultural change.

Summary and conclusions

This comparative study of local governance in Japan and New Zealand has provided useful insights into the way forward for the reform of local government and governance in Japan. Based on the presumption that more localised administration is desirable in Japan, the study has compared the roles of institutions — public and in civil society — at the central and local level. But rather than a parallel comparison, this cross-national study was directed toward learning lessons from New Zealand that could be applied in Japan.

Chapter One outlined the nature of the study, identifying its purpose and

significance of the comparative examination. *Chapter Two* set the scene for the study, explaining the political and administrative environment in Japan and New Zealand, and the different historical and cultural contexts. The nature of controls from the centre, for example, is markedly different in each country and problems stemming from the Japanese emphasis on centralisation were identified. It was also established that the two countries are located at different stages of the process of administrative reform.

Chapter Three reviewed the international literature about local governance and inevitably related issues. Perspectives were broadened beyond central-local government relations to encompass community relationships with government institutions. This review provided an understanding of the changing public sector, the complexity of intergovernmental relations and the emerging government environment characterised as 'governance'. This broad concept proved to be relevant in exploring the way forward: significant changes in the style of public administration would be achieved not simply through organisational modification within the public sector but also through shifts in the relationship between the public sector and society – institutions in a broad sense.

The discussion in *Chapter Three* suggested the need to pay heed to the implications of political and administrative arrangements that are accompanied by vested interests contributing to different preferences among the actors. These in turn are reflected in preferences manifested when possible reforms are mooted. As well as institutional arrangements (in a narrow sense), less formal relationships, such as networks across the formal institutions, may have a significant impact on governance. Questions can be raised, for instance, about the relative decline of influence on the part of traditional public authorities. This chapter does not, of course, provide a complete picture of the complex relationships among structures and individuals that constitute the dynamics of change. But the discussion of institutional constraints and orientations and incentives for agents contributes to the later consideration (Chapters Six and Seven) of the way forward for Japan.

Chapter Four establishes the analytical framework in which the later focused comparisons (Chapter Five) are situated. Three analytical units — Central Government (CG), Local Government (LG) and Local Community (LC) — are introduced. The power balance among them is considered at a very high (meta) level. Although the relative power balance is observable through the behaviour of actors and the decisions taken, the sources of power are not always easily identified. They may include the imbalance of skills, knowledge and financial

resources or potential future sanctions such as a budgetary cutback by higher authorities when 'guidance' is not accepted by lower authorities. By the use of the notions of *Consensual* and *Imposed* relations among the three units, eight possible governance settings are identified. This very broad categorisation of the power balance among the three units is complemented by the introduction of five specific criteria. Governance in each focused comparison can then be assessed and ranked against the five criteria: *Local capacity*; *Responsiveness*; *Coordination*; *Sustainability*; and *Financial/Economic viability*.

Chapter Five reported on six focused comparisons — the same three policy areas in each country — selected to provide material from which lessons could be drawn about the systems of local government in Japan and New Zealand. Although the individual gradings (and their explanations) vary among the case studies, assessments against the five criteria discussed in Chapter Four give higher ratings to the New Zealand cases — implying that local governance in New Zealand is stronger than in Japan. From the discussion, it is clear that this relative ranking is attributable to the more centralised nature of administration in Japan and suggests that a more decentralised local governance system has merit and is worthy of further consideration. The hierarchical power imbalance was obvious as there is a plenty of room for rearranging roles and resource allocation patterns to improve performance in Japan. Also evident was the significance of political interests — in the form of both party politics and the influence of political intervention in the implementation of administrative programmes. The absence of meaningful local governance in Japanese cases is largely explained by the extent of political influence — loosely characterised as 'politicisation'.

Chapters Six built on the focused comparisons (Chapter Five) to analyse different results against the criteria, which confirmed the direction for future reforms in Japan. *Chapter Seven* presented two broad approaches to reform of Japanese local governance that could shift power and authority from the centre with parallel strengthening of local authorities and community organisations — these have been labelled: *devolved local government*; and *sharing power*.

Depoliticisation of the administrative process and the introduction of more transparent systems are deemed by the observer to constitute the underpinning of a possible reform package. The New Zealand reform experience, based on the principles of the New Institutional Economics, notably the separation of purchaser and provider and policy and delivery, provides some pointers to possible institutional change. The case studies (particularly the roading case) do,

however, draw attention to some drawbacks in the New Zealand style, at least in respect of local governance.

The two final discussion chapters suggest that in the view of this observer the way for Japan to improve its under-performing local governance in reality is not to adopt wholesale a drive to decentralisation. The appropriate question is rather: to what extent should the current system be changed; and even more important, how such change could be put in place?

The two broad paths by which local governance could be strengthened in Japan are not competitive with one another. Both can be adopted simultaneously. There is scope to decentralise the machinery of central government and at the same time for the public sector to share power with the private sector and civil society. New Zealand has moved along both paths since the 1980s. The structures and roles of central and local government have been transformed (Boston *et al*, 1996; G. Scott, 2001), most recently under the Local Government Act 2002 with its general empowerment of local authorities to meet the needs of their communities — often referred to as a 'power of general competence'. The statute also emphasises local planning and community involvement (Institute of Policy Studies, 2006). This study is, in brief, an attempt to establish whether lessons can be drawn from an 'advanced' localised system such as New Zealand) to Japan — that is awaiting further reform.

The non-exclusive nature of the two pathways should not obscure that the short and long term implications of each course are different, as demonstrated by analysis presented. A key consideration is the overall power-balance among the three units: Central Government [CG], Local Government [LG] and the Local Community [LC].

The first pathway targets the power and authority of the agencies at the centre of government in Japan. On the face of it, change at this level could be achieved in a relatively short time. But the long centralised tradition makes reform a daunting task. The power balance can be broken down into its constituents such as political party connections, strong ministerial influence, financial management, administrative guidance (*gyosei shido*) or human resource management (e.g. *amakudari*). These systems and customs may influence decentralisation only indirectly; in practice, however, they may contain the impediments to reform. This is because of the presence of vested interests that can thwart the intentions of governments as previous reform experience has shown. To overcome such impediments to change in local governance it is necessary to tackle customs

that have much wider implications. *Amakudari*, for example, continues to be supported by the officials who benefit (or expect to benefit) from it.

The strength of such vested interests explains why political parties that in an election campaign express their intention to undertake a bold administrative reform (including decentralisation) cannot achieve anything significant when they assume office. This condition is often captured by the Japanese phrase describing political or administrative disputes: '*Souron Sansei, Kaikuron Hantai*' — 'being supportive to the general point, but against it when going into the details'. Once narrow vested interests are threatened, the overall prospect of reform becomes suddenly bleak. Also, under the existing governance environment, leaders may prefer taking a 'more modest and concealed 'incremental' approach' because of interdependency inherent in a more consensual system (Toonen, 2001).

Despite this likely hindrance, the first pathway offers the promise of early gains if political will is shown. The exercise of political choice is often the product of the current party political situation in Japan (see, for example, Nakano, 1998b; Noble, 2005). There are also external pressures: globalisation, urbanisation and citizens' demand for participation (Denters and Rose, 2005) to opt for more decentralised administration. The fact remains, however, that without a commitment to political impetus any new initiative could again produce limited results. In essence, 'the decision to decentralise a polity, administratively and/or politically, is an inherently political process', as Hutchcroft notes (2001, p. 42). Wilsford suggested a possibility of a big policy shift in centralised administration, which may often be seen as a challenging environment to pursue decentralisation; 'Centralized hierarchies may be better at leveraging new policy paths *once they decide to do so*. But they may not decide to do so' (Wilsford, 1994, p. 279, emphasis in original).

Compared with the first pathway, the second option — power sharing — envisages a much longer period before the desired outcomes are realised. That is because much larger changes in the role of government in society are involved and because the process of change is less tangible. Despite the deficiencies in Japanese governance to which the focused comparisons drew attention, there is in context a rationale behind each current arrangement. Wholesale changes do not happen readily because of such historical and social factors as the tradition of a strong public sector, the generally passive attitude of citizens towards the public sector (*okami ishiki*), and the national temperament. The accumulation of history and its long-term effect on governance is not

confined to Japan as discussions of path dependency clearly indicate.[10] When traditions are taken for granted, problems may not be recognised. Despite these considerations, there are ways to break through the inertia of tradition and history. While a power-sharing culture would be new in Japan the introduction of a more fragmented style of administration and greater reliance on contract would inevitably bring about change over time.

Contracting out and the splitting of functions at the centre are somewhat alien to the traditional Japanese bureaucracy and political culture. The prevailing 'in-house' style characterised by negotiation among a limited number of actors needs to change. To be sure, the introduction of NPM approaches would not be a panacea and the strength of the traditional bureaucracy cannot be downplayed. But there are strong reasons, traversed by both Japanese and international observers (for example, OECD 2005; Nagata, 1998), why there needs to be commitment to a reform process in which the basic logic of the Japanese public sector will be changed from 'informal enforcement' to more transparent systems; from in-house arrangements to functional splits; and from enforcing to enabling. Japan is not in a position to be worried about the possible negative effects resulting from 'excessive' reform, which were, for instance, observed in the Auckland roading case. The public sector in Japan lags behind other OECD countries in achieving a more streamlined and citizen-oriented system.

In the long term, a smaller public sector (especially at the central level) is the route to be followed. This may even see the public sector play a greater leadership role and confirm the importance of public authorities in providing coordination and a sense of direction both at national and local levels. But this would be in the context of a role for the state that is fundamentally different from the current developmental state in Japan (see Johnson, 1982; 1995). Indeed, local authorities should become a 'critical countervailing force against the developmental authority at the centre' (Nakamura, 1992, p. 194), as they are situated in an ideal position to connect directly to the local community. There is no 'right' point at which the optimal balance between 'centralisation' and 'decentralisation' is struck. It depends on how priority is assigned to competing values.

Some would place more weight on democratic values and flexible and proactive local administration. Others may attach more significance to ensuring high

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[10] For example, Kickert (2003) indicates in the context of the Netherlands that the pragmatic and consensual style of Dutch governance (the 'polder' style) is ascribed to age-old traditions. Also, see Christensen, 2003.

standards of administration. The targeted balance should be flexible, depending on policy areas and local circumstances. Reform attempts would face political and bureaucratic opposition, which is sometimes interwoven with a 'developmental' system that is not easy to reform (see, for example, Park, 2004). Nonetheless, despite each policy area's peculiarity, the basic orientation should be towards the bottom-up, subsidiarity principle.

A changing society, and one that is aging, reveals disparities among local regions and districts. The balance between national leadership and the need for more localised administration will remain a contentious issue. Yet, this study underlines the importance of active local level administration and a greater degree of involvement by citizens at the local level. Changes in the social environment are more directly perceived through local administration; and public entities at the local level are required to be more sensitive to social currents.

Further research agenda

The broad notion of 'power balance' has underpinned this study. This has been a useful platform from which to examine the functioning of local governance in Japan by comparison with New Zealand and to propose the directions in which it could be improved. The framework highlighting imposed and consensual governance styles was strengthened by the introduction of more tangible assessment criteria. Such an approach, for example, helped to explain the failure of past reform attempts: despite some positive ratings under the criteria, the power balance did not shift.

But there are further questions to which this cross-national comparison has not provided answers. For instance, there are pending issues about the nature of power in the public sector. This study has treated power only in the context of observable *ex post* power balance. Power is not based simply on the attributes of an actor; it also depends on the actor's relationships with the other parties involved. The consensual and imposed axis employed in this study simplified these relationships. Under the imposed classification, for instance, superior actors are assumed to have a significant impact on those in a subordinate role. This simplified view bracketed the complexity of the power balance and numerous ways power is generated and stored.

The notion of power (and power balance) can be subdivided into many facets as potential power components. The recognised (im)balance, for instance, between central and local government, can be explained through various arrangements such as legal enforcement, informal guidance and influential individuals. As

opposed to the overarching power notion in this study, an alternative approach to a comparative study of the power balance would be to employ a much narrower framework (or in-depth analysis) focusing on a specific facet of administrative mechanisms such as human resource management and 'administrative guidance'. Under a more 'controlled experiment' the implications for power of a particular aspect of the system would be clarified.

Certainly, the epistemological issue in comparative study is always present, and each constituent of power cannot alone fully explain the nature of power. Resource allocation, for example, cannot be isolated from its particular context. Context alters the way resources are treated — or even whether they are perceived as power. Nevertheless, a more targeted comparison would be able to make more specific recommendations in terms of future power balance, whilst the essence of this study has been to compare different systems and to indicate overall directions for stronger local governance. Such an exercise would be a valuable complement to the broad conceptual perspective of the present study.

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