ABSTRACT
There has been considerable reform in the Australian public sector to bring it into line with ‘New public management’ (NPM) principles. Implementing such reform successfully requires the use of new management practices. This Australia-wide study identifies the incidence of contemporary management practices in local government which are consistent with NPM, and examines differences which may occur due to the different geographical locations of local government. The results suggest the tyranny of distance impacts on rural and remote councils, which have a lower take up rate of contemporary practices. Further, people management practices are more important to local governments than other more ‘efficiency’ oriented practices.

INTRODUCTION
The adoption of modern management practices in the private sector has been the focus of several recent studies (eg Chenall and Langfield-Smith 1998, Guilding et al 2000). There have to date been no similar studies in the public sector, despite governments world-wide having been subject to significant change as a result of managerialist philosophies (eg Hood 1995, Guthrie and English 1997). These reforms have been part of a shift in the public sector, increasing its similarity to the private sector, exemplified in ‘New Public Management’ [NPM] (Hood 1995). Managerialist public sector reform has been focused on the use of market discipline to improve productivity (Palffreyman 1998). The basic themes of NPM are shifts from policy making to management skills, from process to output, from hierarchies to competition, from fixed to variable pay, and from uniform and inclusive public service to contract provision (Hood 1995). The reforms have resulted in a fundamental shift away from a pre-occupation with program inputs and processes to an emphasis on outputs, outcomes and results (Guthrie and English 1997). There are seven dimensions of change which appear consistently in writings about public sector management reform (Hood 1995, Dixon et al 1998). These are: (1) Disaggregation of public organisations into corporatised, self managed units organised by product (2) More contract-based competitive provision with internal markets (3) Stress on private-sector styles of management (4) More stress on discipline and frugality in resource use (5) More emphasis on visible hands-on top management (6) Explicit formal measurable standards of performance and success (7) Greater emphasis on output controls

The Australian public sector is no exception to these changes. National competition policy, corporatisation, privatisation and competitive tendering are just a few of the reforms that have been implemented. Some assessments have been made of the effectiveness of the reforms at a national level (Guthrie and English 1997). However, the extent to which managerialist changes have impacted on local governments in particular has not been studied on an Australia-wide basis. There are 660 local governments throughout the country of different sizes and with varying levels of management expertise and ability, within seven different state political and legislative frameworks, but as yet there has been no comprehensive study of management practices in this sector. This research has as its objective to identify the incidence of contemporary management practices currently in use, practices which are consistent with the characteristics of NPM. The research aims to assess if NPM has resulted in changes in management practices and processes in Australian local governments.

METHODOLOGY
The data for this study was gathered by questionnaire. A survey was posted to all 666 local government CEOs in Australia. There were 203 replies, of which 195 were useable, for a final response rate of 29%. 42% of those completing the survey were CEOs, 18% were at the level of executive director and the remainder were at the level of senior manager. The survey contained questions relating to management practices reflective of those found under a NPM regime, and drew on questions asked of manufacturing firms by Chenall and Langfield-Smith (1998). Respondents were asked to rate the importance of each practice on a fully anchored Likert-type scale, from no importance (1) to very important (5). The mean importance level for each practice was calculated both overall and by type. The mean values were then ranked to establish the top ten practices for each type. Questions relating to performance evaluation were ranked on a five point scale from no use (1) to high use (5).

RESULTS
Demographics
There have been varying approaches to local government reform across different states, depending on the policies and political circumstances of the various state governments. At the time that Victorian local government has been subject to, arguably, the most far-reaching reform in the Australian public sector (Kloot and Goodwin 1997), Queensland has been subject to much less structural reform, the reflection of a different political environment in that state. It was
therefore considered necessary to ensure that an evenly balanced mix of local governments across the different states was achieved. Responses from each state were approximately in proportion to the number of municipalities in the states. There is a trend in the responses for the importance of each of the management practices measured to reduce in perceived importance in councils as we move across the classification system from urban areas, particularly capital cities, to rural areas and finally remote areas. Is this a reflection of the ‘tyranny of distance’ in Australian local government? Where remote councils are isolated geographically they may have difficulty in sending managers and staff to professional development and networking sessions due to their isolation. This could well contribute to a lower level of understanding and knowledge of new management practices, resulting in a lower importance being placed on them.

Top ten rated practices
The top eight ranked management processes all relate to people management issues. The number one ranked item across the board was an emphasis on occupational health and safety issues. OHS legislation throughout the country places a high emphasis on OHS issues and penalties for breach of the legislation, or high workers’ compensation payments as a result of workplace accidents can be severe, so the high emphasis is not surprising. Multi-skilling ranked second overall, largely because of its emphasis in smaller and rural councils. It is not as highly ranked in capital city councils, which can be explained in terms of the larger staff pool in these councils. The larger number of staff means that it is more likely that specialist staff will be employed for specific tasks. This is far less likely to be the case in smaller councils, particularly in rural areas. It should be noted that whilst multi-skilling was ranked at 4 for remote councils, it was still considered to be of moderate to high importance, with a mean score only marginally behind the items which ranked 2 and 3, and rated at 4 overall. Training of both managers and employees is rated as being highly important, and this is consistent with promoting change and reform in this sector. Asquith (1998) suggests that senior and executive managers should manage change in an appropriate manner so that internal stakeholders, who are central to the organisation’s activities, are encouraged to internalise changes and change strategies. To effect this, the first step must be in providing adequate training and understanding of the changes to be achieved. The respondents also gave a moderate to high rating to informal networking as a training technique. This is consistent with encouraging the internalisation of change.

Establishing a culture of participation rates highly in urban municipalities, and of moderate importance in the rural areas. This is interesting when compared with other culture related practices such as undertaking staff climate and culture surveys, which are rated as being of low importance. Facilitating team work is another group of management practices which are of moderate to high importance in local government. Empowering employees and work teams, and establishing work based and cross functional teams rated in the top six to ten practices. Again it is interesting to note that team work is not highly rated by any of the rural types, with the exception of cross functional teams in regional cities. This may be another manifestation of the conservatism of rural Australia in adopting new work practices.

Innovation and learning are considered by many writers to be critical to the continued survival of organisations (Kaplan and Norton 1996, Senge 1992). Focussing on new ideas also ranks as being of moderate to high importance in local government, particularly in capital cities. As local governments come to terms with the need to think beyond the immediate concerns of their geographic area if they are to effectively respond to globalisation, they will need to encourage a culture of innovation and learning. Implementing new processes and reorganising existing processes rate as being of moderate to high importance, further highlighting the need for change and new ideas. Process reviews of management policy are also of moderate importance in urban areas, another indication of the focus on new ideas. However, mechanisms to develop new ideas such as awards for new ideas and processes, and service and process reviews, are not highly rated by the managers in this study, except for those located in capital cities. This response reflects the pressure for flexible service delivery options. Urban councils have been subject to greater pressure for competition and testing the market than rural and remote councils. Investing in new infrastructure assets rates as being of moderate importance across all local governments. This response, we believe, reflects the already high standards of council administrative facilities across the country. It may also reflect the inability of some local governments to meet the infrastructure needs of their local communities due to insufficient funding. Establishing enterprise bargaining is of moderate to high performance in urban areas and regional cities, but of lower importance in rural and remote areas. This response highlights, once again, the greater competitive testing faced by urban councils as compared to those in rural and remote settings. In a competitive environment, enterprise bargaining, based on genuine productivity improvements, tested in a competitive market, has more legitimacy than wage and salary adjustments based on more extraneous factors.

Performance evaluation
A focus on performance evaluation is one of the concepts which underpins NPM (Hood 1995). However, prior research on performance measurement has related the difficulties in measuring performance in the government sector as a
whole, and local government in particular. Problems in local government relate to lack of information, poor quality information, badly structured information and late information (Kloot et al 1999). Budget variance analysis, a traditional performance measure based on inputs, has been widely used in the past, and the results of this research suggest it is still widely used in local government. Budget variance analysis is the highest rated measure for all classifications except capital cities. We suspect it is used as a cost control measure in the absence of other measures. Customer surveys, a less traditional performance measure, is the second most widely used measure in urban areas and regional cities, rating as moderately used. The use of customer surveys in these local governments reflects the increasing emphasis on competition and the greater emphasis on output controls (Hood 1995) in these councils. Rural and remote areas use customer surveys much less, perhaps reflecting a lack of skills in using such techniques in small councils with limited numbers of professional staff. In the State of Victoria where NPM is paramount, customer satisfaction surveys of local government services are carried out by consultants on behalf of the State Government.

Service cost also rates as being of some to moderate use across all classifications. This is consistent with the NPM emphasis on discipline and frugality in resource use. It is also consistent with competitive pressures, and the need to demonstrate that internal tenderers are competitive with external tenderers. The lower emphasis on cost in capital cities reflects the higher level of competition out in these councils. Successful tenderers must be able to demonstrate value for money in the services they provide. In a performance management environment that places greater credence on value for money (Kloot and Martin 2000) qualitative measures are regarded as of some use in local government, especially urban councils. Employee attitude surveys also are rated as being of some use in local government, as this may increasingly be incorporated into senior management performance contracts.

The lack of use of team performance measures appears to be inconsistent with the higher emphasis placed on facilitating team work, discussed above. This also reflects the overall lack of human resource performance information, and the perceived difficulty managers report in developing such measures. Clearly the balanced scorecard concept is only used by a few local governments - mostly capital cities and a few large urban developed councils. Increasingly the balanced scorecard concept is being adopted by local governments around the world (Brisbane City Council and Manakau City Council in NZ are two leading examples). Anecdotal evidence from consultants suggests that there are increasing numbers of local governments using consultants to install standardised balanced scorecard systems. In the context of greater market testing, it is interesting that supplier evaluations are infrequently used as a performance evaluation technique. This possibly reflects the high proportion of in-house service providers. Such evaluations are not considered necessary when the suppliers are well known to the purchasers. Equally, there is a tendency to evaluate external suppliers at the time the contract is let, and not again until the contract is due for a new round of tenders, which may be several years away. This low use of supplier evaluations is also consistent with the low rate of integration of council information with supplier information.

DISCUSSION AND CONCLUDING COMMENTS
This research has explored the take-up rates of new management practices in local government throughout Australia. It has also explored differences in the level of adoption between urban and non-urban local governments. Two general results are evident. First, the adoption of new management practices is highest for those related to human resource management. Managers are quite clearly concerned with issues such as multi-skilling, the effectiveness of training, empowerment and participation. They are less concerned with internal processes such reorganisation, implementing new processes, different forms of information and outsourcing. Is this at odds with the rhetoric of NPM with its focus on efficiency and cost-cutting? The inferences which can be drawn here are, firstly, managers recognise that culture change is a necessary precursor to reform in the public sector, and that process change will come after human resource management change. Second, there is a need to increase the skill base of local government managers and employees before other practices can be introduced.

The second general result is that urban local governments have higher levels of adoption of contemporary management practices than rural and remote local governments. There are a number of reasons why this may have occurred, relating to dependence on state governments, the ability to learn about new practices because of the relative closeness of neighbouring councils, and the fact that councils in urban areas have greater numbers of professional staff able to implement such practices. Remote and rural authorities are more reliant on, and accountable to, state governments (Kloot and Martin 2000). Rural local governments are more likely to adopt state government directives in terms of administrative and management policies due to the reliance on this funding. State funding tends to be tied to specific purposes and programs, so that local governments with a higher proportion of state funding have less discretionary funds to spend on other areas such as training and purchasing of new systems. Rural councils may effectively become an arm of state government, implementing state government policy with little ability to undertake innovative programs in their own areas.

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The geographic isolation of rural and remote local governments is a further factor which may contribute to the lower adoption of new management practices – a reflection of the tyranny of distance referred to earlier in this paper. Geographic isolation is an impediment to both formal and informal networking which facilitates the diffusion of new ideas. Local government managers in urban areas have ready access to formal training by industry bodies such as the Institute of Municipal Management, and to the informal networking during training breaks which often accompanies formal training. This is less accessible to isolated communities, resulting in a lack of expertise by managers. The cost of travel to formal training, having managers and employees unavailable in a small council with no access to replacement for the duration of training and lack of funds all contribute to the isolation of rural councils. Local government is an essential component in a democratic state. For it to be efficiently and effectively managed to achieve outcomes important to local communities, the sector needs to adopt modern management practices. Such practices should not be applied in imitation of the private sector, but adapted and modified to suit the needs of local communities and local management. Sound management practices are being diffused through urban local governments, but rural communities are in danger of being left behind. In the interests of social equity, state and federal bodies may need to consider innovative ways to assist rural and remote local governments to adopt contemporary management practices.

REFERENCES