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**Governing the Local: A Case Study of the Use of Markets and
Strategic Performance Measurement Systems in a Local Authority
in New Zealand**

**A Thesis Submitted in Partial Fulfilment of the Requirements
for the Degree of**

DOCTOR OF PHILOSOPHY

in

Accountancy

Massey University

Robert Ochoki Nyamori

2004

This thesis is dedicated to my dear parents

Henry Nyamori Ontita

&

Abigael Nyareso

Who
With pain
Toiled
With little gain
That their eldest son
Could learn



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CANDIDATE'S DECLARATION

This is to certify that the research carried out for my doctoral thesis entitled: *"Governing the Local: A Case Study of the Use of Markets and Strategic Performance Measurement Systems in a Local Authority in New Zealand"* in the School of Accountancy, Massey University, Palmerston North Campus, New Zealand is my own work and that the thesis material has not been used in part or in whole for any other qualification.

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MEMORANDUM

TO: Doctoral Research Committee

FROM: Robert Ochoki Nyamori and Professor Stewart Lawrence

DATE: 17 September 2004

SUBJECT: Supervisor and Candidate Declaration

"Governing the Local: A Case Study of the Use of Markets and Strategic Performance Measurement Systems in a Local Authority in New Zealand"

We verify that:

- i. Reference to work other than that of the candidate, has been appropriately acknowledged;
- ii. Research practice, ethical and genetic technology policies have been complied with as appropriate.

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SUBJECT: Supervisor's Declaration

I confirm that Robert Ochoki Nyamori has pursued the doctoral course in accordance with Massey University's doctoral regulations.

Professor Stewart Lawrence

Parts of Thesis Published

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Abstract

This study seeks to illuminate how markets and private sector managerial practices, especially strategic performance measurement systems (SPMS) have come to be a central part of the government of the local domain and with what effects, following far-reaching reforms to the New Zealand public sector commencing in the mid 1980s. The study uses Michel Foucault's concept of governmentality to interpret the way people are governed through regimes of practice that present certain ways of being as true and others as false, utilising traditional devices of sovereignty and discipline, as well as technologies of the self. Parliamentary bills to reform New Zealand local government were analysed as was the literature on local government reform. These illuminated the rationalities and technologies underpinning the reforms. Literature on strategic planning and management in the public sector were analysed to provide insights into the discursive formation of SPMS as a technology of government. The researcher also interviewed the city manager, managers of all the units, some non-managerial staff, The Mayor and one councillor of Future City Council¹ (FCC), a New Zealand local authority. He also collected and analysed numerous internal documents from the case study. The analysis involved a transcription of all interviews and then identification of common themes from among the interviewees. The individual interviewee's response to a theme were analysed against that of other interviewees and the internal documents so as compare their interpretation of the introduction and effects of markets and SPMS. The results of this analysis were then interpreted employing the concept of governmentality. The aim was to establish the extent to which this concept could explain the changes to local government and their effects.

The reforms to local government in New Zealand were driven by the same rationalities as those of the larger New Zealand public sector, namely, efficiency, effectiveness and accountability. The study found that these rationalities were associated with regimes of practice that sought to constitute citizen and staff as autonomous entities that could govern themselves, while at the same time gazing over each other. These practices included the separation of policy making from management, commercial operations from non-commercial ones, business from non-business departments and the introduction of competition through internal markets. These changes were associated with discourses that promoted citizens as active participants in their communities but who were at the same time autonomous individuals who could take care of themselves and who had the rights of consumers. These dividing practices sought to change the nature of the relationship between staff and citizens, supplanting trust with technologies of mistrust, enabling

¹ This is not its real name. The pseudonym has been adopted for purposes of confidentiality.

government without obvious intrusion hence overcoming the dialectic between control and freedom that is the hallmark of advanced liberal societies.

These rationalities were also associated with SPMS programmes and technologies that sought to reconfigure local spaces into communities bounded by local authorities. Since annual planning and the long-term financial strategy required consultation with their communities, citizens were interpellated into their own government. Consultation and citizen participation enabled the needs and aspirations of these communities to be known to staff of the FCC who would be expected to work towards their fulfilment. These needs and aspirations in turn became the basis for programmes of governing the conduct of the staff and elected representatives of the FCC. SPMS incited citizens to evaluate the FCC and various facets of their lives on the basis of the logic of the economic, which became the vehicle and basis for far-reaching changes to the FCC. These practices enabled FCC individual staff's work to be delineated into objectives, to which they were assigned. This in turn enabled the individual performance of staff to be calculable, measurable and visible hence tying their daily working lives with the rationalities of government. The dreams of reformers however, do not always accord with practice, as was evident at the FCC. The changes while embraced by some were resisted by others, who though subsequently defining the organisation in terms of strategy and markets, do not appear to have been overwhelmed by it.

This study hopefully contributes to accounting research in a number of ways. While the bulk of Foucaultian studies are historical, this study combines both historical and contemporary analysis of the evolution and instantiation of a discourse of markets and private sector managerialism. The study is able to show how the subject constitutes and is constituted by a discourse of community, customer and enterprise, contrary to previous studies that have relied on the study of discourse as an intermediary to the subject. The study extended previous by show how the subject is not a mere pawn of discourse, but is able to appropriate and resist discourses that contradict his or her prior identities. The study also shows the potentially rich insights, which can be gleaned from looking at accounting as part of the larger modalities for governing organisational and social life. It shows how accounting data and personnel are appropriated by staff in various units to develop and interpret strategy and measure its progress within the organisation. Importantly, accounting logic is used to link individual work with the political rationalities of strategic planning. The researcher hopes that a healthy debate would ensue regarding the reasons, means and effects of neo-liberal modes of government in the local sphere.

Acknowledgment

This project is the culmination of a long journey. During this journey, I have benefited immensely from the encouragement of a lot of people, and I thank them all.

I would like to thank the staff and elected representatives of the Future City Council most sincerely for their time and patience and for all the resources they availed to me during the course of my study. For reasons of confidentiality, I cannot disclose their names.

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A project of this magnitude requires a lot of resources, hence I would like to acknowledge all those who contributed to the kitty that made it possible. I thank the New Zealand Ministry of Foreign Affairs and Trade for awarding me the NZODA scholarship, which enabled me to undertake a masters in management studies which facilitated my entry into the PhD programme. University of Waikato initially, then later Massey University funded my studies throughout and in the last year, the latter awarded me a grant, which enabled me to buy time off teaching and complete the PhD.

The challenges of the PhD were made bearable by the patience and understanding of my dear wife Nyaboke and my, initially two, then later three children, Obwocha, Mogotu and Gekonde. My daughter Mogotu loudly wondered why it took her father so long studying while she did her homework in quick time and went out to play with her friends. Numerous friends encouraged me to complete this project through incessant and annoying questions regarding when I would complete. It is partly to discourage further questions that I have endeavoured to bring what was threatening to become a lifestyle, to a much-needed conclusion.

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List of Abbreviations

BSC	Balanced Score Card
CSF	Critical Success Factors
FC	Future City
FCC	Future City Council
FMI	Financial Management Initiative
FMR	Financial Management reforms
KRA	Key Result Areas
LATE(s)	Local Authority Trading Enterprise(s)
LTFS	Long Term Financial Strategy
NPM	New Public Management
NPFM	New Public Financial Management
PPBS	Planning Programming and Budgeting Systems
RAF	Review of Activities and Funding
RDF	Results and Determinants Framework
SA	Strategic Accounting
SMA	Strategic Management Accounting
SOE(s)	State Owned Enterprise(s)
SOLGM	Society of Local Government Managers (New Zealand)
SPMS	Strategic Performance Measurement Systems
SSE(s)	State Sector Enterprise(s)

Chapter One

Introduction

My general theme isn't society but the discourse of true and false, by which I mean the correlative formation of domains and objects and of the verifiable, falsifiable discourses that bear on them; and it is not just their formation that interests me, but the effects in the real to which they are linked (Foucault, 1991b, p. 85)

1.1 Overview of the Thesis

The structure, function and management of local government has been radically transformed following the wide ranging reforms to the New Zealand public sector that commenced in the 1980s (Boston and Pallot, 1997). The number of local authorities has been reduced considerably while their functions have been radically redefined. The internal structure and management of these authorities has been reconfigured with separations between policy and management, regulatory and service delivery, purchasers and suppliers, business and non-business units and trading and non-trading activities. These authorities are now subject to a regime of strategic performance measurement systems (SPMS)¹, which require public consultation.

¹ While the origin of the term SPMS is not clear, Atkinson and McCrindell (1997) and Atkinson, Waterhouse and Wells (1997) employed the term strategic performance measurement to refer to systems which link strategic planning with performance measurement. More recently, Townley (2002a; 2002b; 2001) used the term strategic performance measurement systems (SPMS) to encompass all those mechanisms for managing a sphere by specifying objectives, the programmes and activities to achieve these objectives, the measures to assess the achievement of these objectives and the linkage of these objectives with the allocation and expenditure of resources. These mechanisms have been adopted as part of the wide-ranging reforms of the public sectors of many Western countries that are now described as the New Public Management (NPM). They are associated with numerous attempts to govern domains using programmes of annual planning, long term financial strategies, vision and mission statements, strategic plans and business plans, as will be seen in later chapters.

The reforms were associated with the devolution of ever-greater responsibility to local authorities, who suddenly found themselves facing increasing demands for hitherto state provided services. These authorities could, however, not always deliver these services because their delivery role had somewhat been whittled down, with many services now delivered by corporatised agencies. They found themselves thrust to playing more of a facilitator role which involved identifying the needs of their communities and seeking the means of meeting these (Willis, 1995). Some commentators have called these changes the most radical in New Zealand local government history (Lapsley and Pallot, 2000; Howell, McDermott and Forgie, 1995).

The main pieces of legislation through which these transformations were achieved were the Local Government Amendment Act (No. 3) 1988, the Local Government Amendment Act (No. 2) 1989, the Public Finance Act 1989, and the Local Government Amendment Act (No. 3) 1996². The stated aim of this restructuring was to modernise local government so that it could deliver services to the community in a transparent, accountable, efficient and effective manner³. The state promised that such modernised authorities would enjoy

² The Local Government Amendment Act (No. 3) 1988 assigned the Local Government Commission (LGC) substantial authority to reorganise the size, shape and number of New Zealand local authorities; the Local Government Amendment Act (No. 2) 1989 ushered in the most radical reform of local government, by legislating on the purposes, structure, function and administration of local government. This Act introduced the requirement for local authorities to prepare annual plans; the Public Finance Act 1989 introduced radical changes to the way public entities, which included local authorities, account for their transactions. These changes included the requirement for local authorities to adopt accrual accounting and GAAP; and the Local Government Amendment Act (No. 3) 1996 introduced far-reaching changes to the financial management of local authorities, which included the requirement to prepare the long term financial strategy (LTFS).

³ Community is a discourse, which attained great force during the period of the reforms. It will be argued later that this discourse was an integral part of the ways of governing the local in the advanced liberal democracies of the USA, UK, Canada, Australia and New Zealand. Discourse is used here in a loose sense to mean certain spoken and written ways that are presented as the true and proper ways of living, working and perceiving. Strategy is therefore a discourse as is market. The study seeks to elucidate the way in which discourses such as strategy constitute

greater autonomy so as to be responsive to the needs of their citizens (Lapsley and Pallot, 2000; New Zealand Government, 1988a; 1988b). The reformers privileged economic reasons for these reforms, arguing that the transformation of the New Zealand public sector was necessary to turnaround its worsening economic fortunes relative to other OECD countries (Treasury, 1987). This researcher takes the perspective that these changes are part of the concern of diverse authorities to govern the distant domains of the local without seeming to be overly intrusive, which is in line with government in liberal societies. While liberalism demands greater choice, the state desires to maintain control of local authorities because of the belief that they would otherwise tend to be undemocratic, inefficient and wasteful (cf. Treasury, 1987).

This study examines the way in which diverse authorities sought to govern local populations employing the technologies of markets and SPMS. The study was conducted in two directions. Firstly, an historical analysis of local government reforms in New Zealand was carried out so as to shed light on the present regimes of practice. This phase involved a content analysis of parliamentary discussions of the legislation that brought the changes about and a review of the literature on the reforms. Secondly, interviews were conducted with staff and elected representatives of Future City Council (FCC), a territorial authority in New Zealand, over a period of three years commencing in 2001⁴. Data were collected through study of numerous FCC documents and attendance at a number of FCC public meetings. FCC is one of the 87 local

organisational members as strategic subjects and the way members respond to these discursive effects through resistance. The mechanisms or technologies of strategic planning are viewed as ways of gathering knowledge on organisational members that can be employed in constituting them as objects that can be made subject to power. Economic rationalism has been presented as the truthful way in which local authorities should be organised while traditional ways that emphasised public service and social good are demeaned. This way, discourse is a mechanism through which control over a domain can be exercised. Discourse however, also includes ways in which these truths are challenged through alternative ways of presentation.

⁴ Local authorities in New Zealand comprise of 75 territorial authorities and 12 regional authorities. The territorial authorities comprise of 16 city councils and 59 district councils (including the Chatham Islands).

authorities in New Zealand and has a population of about 70,000 people. The council carries out a range of functions most of which are those mandated by central government legislation. These include refuse collection and disposal, housing, storm water management, library services, parks, recreation facilities, provision of drinking water and local roads. Since 1989, the FCC has scaled down its direct provision of services to citizens considerably. Many services are now provided through autonomous agencies that include local authority trading enterprises (LATEs), companies and trusts. Even where the FCC continues to provide services, it has adopted a blend of mechanisms that include service level agreements and internal business units.

The analysis was conducted utilising the concept of governmentality (Foucault, 1991a). This concept informs the ways in which the behaviour or conduct of a population may be directed through the exercise of individual freedom (cf. Foucault, 1991a). This modality of governing gives centrality to the ways agents simultaneously exercise their choices and ensure the success of specified political rationalities. It encompasses diverse ways through which individuals make choices that are generally in line with the ideals of distant centres, enabling these centres to act on them at a distance in an unobtrusive manner (cf. Latour, 1987). Governmentality widens the agents of conduct to include the state, autonomous agents, active democratic citizens and private agencies. This concept enables an exploration of the ways in which numerous agencies are able to direct the conduct of a distant local domain without obvious intrusion so as to generally achieve specified political ideals.

This study was motivated by concern with the ways in which foreign discourses or truths were mobilised to direct the conduct of local domains in New Zealand and elsewhere, and the related effects⁵. The study sought to gain understanding of the reforms to New Zealand local government as an instance

⁵ The term foreign is used here to mean that these discourses were being “planted” (Llewellyn and Tappin, 2003) in sectors that they were not originally designed for, i.e., they were private sector ways of managing being adopted by the public sector.

of governmentality in an advanced liberal democracy. To this end, the study paid attention to the rationales informing these changes, the programmes of change and the specific technologies that were mobilised in an attempt to effect these changes⁶. The study also sought to make intelligible the effects of these discourses by focusing on the way management structures and incentives, the strategic planning process and accounting were used in attempts to constitute staff and citizens as subjects of power but with the freedom to reconstitute and resist these discourses (cf. Knights and McCabe, 2000; Foucault, 1982; 1977).

This thesis was informed by the desire to study accounting in the context in which it operates, believing that so doing will provide greater intelligibility into its use. It was also responsive to recent suggestions in the literature that the significance of accounting can best be understood if it is studied as a regime of practice (Jones and Dugdale, 2001; see also Townley, 1995). The approach was to focus on how accounting is implicated in organisational practices as part of the mechanism for governing local authorities. This approach was adopted for two reasons. First, it is difficult to study how accounting contributes to the ends in the name of which it is pursued because there is often little linkage between accounting information and rational decision-making (March, 1987; Burchell, Clubb, Hopwood and Hughes, 1980). Second, accounting is not independent of the myriad of mechanisms, which aim to govern economic life (cf. Rose and Miller, 1992). The focus of many recent studies on accounting and accounting data has the potential to miss out the contribution of accounting as part of the overall machinery of governing the public sphere for "An organisation owes its properties, not to the characteristics of any one kind of organisational group but to the functional interrelationships of these groups. What is important is the relationship among units, the dynamics of the system" (Townley, 2002a, p.559).

⁶ Rationalities are the truth claims in the name of which certain modalities of governing are promoted or questioned. Programmes are those schemes proposed for ameliorating perceived deficiencies in ways of governing while technologies are the mechanisms of instantiating these programmes (Rose and Miller, 1992).

The rest of this chapter is organised as follows. The next section discusses the background to the changes that took place in local government in New Zealand while the third elucidates the motivations for this study. The fourth section outlines the research question while the fifth explains the research objectives. The sixth section explains the scope and limitations of this study while the seventh outlines the structure of the entire thesis.

1.2 Background to Local Government Reform in New Zealand

Attempts at major reform⁷ to local government in New Zealand go back to 1946, but these were always resisted (Wallis and Dollery, 2001; Horner, 1989; Bush, 1980). Local government in New Zealand had developed into many small and diverse authorities with many serving small populations and others special domains or issues. These authorities were characterised by boundary overlap in terms of function and geography that drew the analogy of “a plateful of spaghetti” from the Minister of Local Government, The Honorable M. Bassett (New Zealand Government, 1988a; 1988b). By 1984 when the fourth Labour Government came to power and set its reform agenda, there were over 700 local authorities in New Zealand (Wallis and Dollery, 2001). These authorities enjoyed a fair amount of autonomy, though creatures of the Local Government Act 1974, such that many local authorities had come to be highly involved in a diverse range of initiatives deemed of benefit to their communities as much as their resources could allow (Boston, Martin, Pallot and Walsh, 1996).

This situation was all about to change. Following Labour’s electoral victory in 1984, sweeping changes were introduced to the wider public sector. These

⁷ Jansen (1993) traces these efforts to far earlier than 1946. For him, the recent changes do not amount to a reform of local government, but a restructuring since they failed to consider the function and funding of local government. The term reform is used in this thesis in a loose sense to mean change, without implying that things have become better.

changes were rationalised on the back of the worsening economic performance of New Zealand (Treasury, 1984; 1987). This “crisis” ostensibly precipitated a rethinking of public sector management that culminated in the conclusion that government had failed (Treasury, 1987; 1984). This thinking found ready reception in then Minister of Local Government, The Honourable M. Bassett, who interpreted local government issues in the light of government failure and proceeded to replicate these wider public sector changes in local government (Wallis and Dollery, 2001).

The reform of the public sector was conducted on the basis of neo-liberal economic forms of truth, which translated the economic problems facing New Zealand into the pervasive influence of government in New Zealanders’ lives (Treasury, 1987). This thinking culminated into the search for new institutional arrangements that would minimise government influence. The discourse of neo-liberalism and economic rationality came to be characterised by the promotion of market solutions to public problems. The belief in the efficacy of the discourse of markets came to greatly influence the internal structure of local government and especially its mode of service provision. The FCC sought to create a quasi-market by constituting its departments into providers and purchasers, which conduct their transactions at arms length.

Private sector ethos came to be viewed as the panacea to public sector problems, especially by Treasury (1987). Local government reform came to rely on values and practices that were imported from the private sector which were promoted as necessary to achieve transparency, accountability and efficiency. In New Zealand, these practices came to be presented as necessary to solve traditional public sector political problems such as local democracy and accountability (see for example Reid, 1999). The discourse of economic rationalism was characterised by an underlying optimism that better management would solve public sector malaise (Boston, Martin, Pallot and Walsh, 1991; Pollitt, 1990). Many of the local authority chief executives came to

be drawn from the private sector. These changes have elsewhere been labelled as the New Public Management (NPM) (Hood, 1995, 1991).

Reform to local government in New Zealand started in earnest with the passage of the Local Government Amendment Act (No. 2) 1989. Its most visible reform was the reduction in the number of local authorities from over 700 to 86 through amalgamation and disestablishment (Lapsley and Pallot, 2000). The respective roles of the local authorities were clarified (Pallot, 2001). This was meant to achieve the political ideal of efficiency by having fewer authorities and less, but more uniform functions. Fewer, but larger councils could, however, diminish democracy by increasing the distance between the electorate and elected representatives.

Central government therefore devised the statutory consultation procedure following the Local Government Amendment Act (No. 2) 1989. Under this procedure, local authorities were required to prepare an annual plan after consultation with their communities. The Local Government Act (No. 3) 1996 also required local authorities to prepare their long-term financial strategies after similar consultation. They were also required to prepare annual reports against the annual plans. It was hoped that consultation and the reports would contribute towards the achievement of a transparent and accountable local management to complement the search for efficiency and effectiveness.

The perceived failure of public sector institutions was also attributed to the lack of clarity of objectives to be pursued and the conflict emanating when managers got involved in both policy formulation and implementation (Treasury, 1987). The response of local government to this criticism was to privatise the provision of those services considered to be better provided by private arrangements. The purchasing functions were separated from the provision function, ushering in what Almquist (2001) has described as "management by contract". The managers of the purchasing and providing units were to transact business

guided by price and quality set by the market. Technologies of mistrust came to replace relationships based on professionalism and duty to public service (Boston, Martin, Pallot and Walsh, 1991).

The roles of councillors were distinguished from the management of the council with councillors assigned responsibility for policy formulation while management, headed by a newly-created position of chief executive(s), was to be accountable for policy implementation. Local authority chief executives were to be employed on fixed term five-year performance-based contracts. Individual managers, to be employed by the chief executive, were expected to work towards the achievement of very specific outputs, which tied their work with the strategic planning process. Local authorities were generally expected to operate on principles and ethos that are business-like (Dollery and Wallis, 2001; Wallis and Dollery, 2001; Japan Local Government Centre, 1997; Howell, McDermott and Forgie, 1995). Performance came to be viewed not in terms of public service, but in terms of customer satisfaction and the attainment of profit targets.

The legislative requirements of annual planning were associated with an explosion in the adoption of strategic planning methods in New Zealand local authorities (Johnston, 2001; 2000). Strategic planning conveniently provided a mechanism through which a distinct set of local authority objectives could be spelt out after consultations with affected communities. The strategic plan would therefore become "a binding contract" between council and the citizenry. The strategic planning process however, potentially served as a relay and linkage between staff of individual business units and centres of calculation, thereby enabling government of this domain. Through the strategic plans, the citizens and other authorities could interrogate local authorities regarding how they were achieving the political ideals of efficiency, transparency and accountability. Coming on the back of sustained attacks on the form and performance of the public sectors of Western countries (Boston,

Martin, Pallot and Walsh, 1996; McKinlay, 1994), a strategic approach to public sector concerns came to be presented as a solution to many problems facing this sector (Bryson, 1995).

This situation was however, not unique to New Zealand, for the UK public sector came to be characterised by a resurgence of a discourse of strategy (Llewellyn and Tappin, 2003; McHugh, 1997; Flynn and Talbot, 1996; Bryson, 1995; Knights and Morgan, 1991). The discourse of strategy has now come to pervade daily life in the last two decades with both private and public sector organisations and functions and even disciplines⁸ being urged to adopt or reconstitute themselves in the name of strategy (Kluyver, 2000; Knights and Morgan, 1991). Lapsley and Pettigrew (1994) for example urged public sector organisations to adopt strategic management accounting because it provides an opportunity for public sector organisations to become “more sensitive to consumer needs” and to “renew and reinvigorate themselves” (p. 91). Groves, Pendlebury and Stiles (1997) declared that the time for “strategic management thinking, systems and techniques in British universities” (p. 293) had arrived. Senior public sector managers were urged to become strategic in their approach (Parston, 1986) while predictions that public sector firms would need to develop competitive strategies in response to the development of internal quasi-markets were made (Ferlie, 1992).

Public sector organisations have come to adopt systems akin to SPMS to enable them clarify objectives, the programmes to achieve these objectives and the measurement of progress towards these objectives. SPMS require an explication of the implications of the achievement of specified objectives on budgets and expenditure. The use of accounting logic and measures has therefore been the key vehicle and outcome of this transformation (Norman, 1995) in a process that has been dubbed “accountingisation” (Power and

⁸ Here discipline is used in the sense of a subject of study at university and other tertiary institutions, such as strategic human resource management.

Laughlin, 1992) or New Public Financial Management (NPFM) (Guthrie, Olson and Humphrey, 1999; Olson, Guthrie and Humphrey, 1998a; 1998b). NPFM refers to the plethora of “accounting-based, ‘financial management’ techniques” (Guthrie, et al., 1999, p. 210) which inform NPM. NPFM has been identified with changes to five categories, namely, financial reporting systems, introduction of private sector management systems and structures, performance management systems, devolution of budgets and external and internal public sector audits (Guthrie, et al., 1999; Olson, et al., 1998a; 1998b). The influence of accounting has been such that some academics have suggested that without accounting, NPM would have been a less profound project:

Managers, service providers, government officials and the general public, to varying degrees, increasingly find it a necessary part of life to know how to prepare, maintain, respond to, interpret, comply with, or challenge financially oriented information. Financial management as such stands as a language through which new public sector people increasingly have to converse – in a sense, the technical lifeblood of NPM organisational structures (Guthrie, Olson and Humphrey, 1999, p. 211).

Local authorities in New Zealand were required to comply with the Public Finance Act 1989, which transformed accounting for public entities from cash to accrual accounting (see Horner, 1989). This Act was especially important in constituting the conditions of possibility for strategic management in local government. Local authorities found themselves in the thick of some of the most stupendous accounting changes in any public sector, which has won New Zealand accolades worldwide (Chin, 1993). These included the requirements for reporting and audit of both financial and non-financial performance measures (Pallot, 2001). The Public Finance Act 1989 enabled local authorities to report not only on inputs, but also outputs and outcomes, enabling a shift away from the emphasis on budgets, which had become heavily criticised (e.g. Ball, 1994). The adoption of these new forms of accounting promised new and better ways of governing the public sector (Pollitt and Boucaert, 2000) at a distance (cf Kirkham and Loft, 2000). The search for information systems that would relay information to centres regarding the way local authorities were being managed while at the same time enabling control at the local site was

commenced. The combination of SPMS, which clarified the objectives, and accounting, which measured progress towards these objectives, provided just such a modality.

The reform in local government was not limited to the adoption and use of techniques of information, but also to changes in the identities of local authority staff. Within the larger public sector, the state aimed to bring about such an identity change through the strategic use of information and incentives (cf. Ball, 1994). Since many local authority staff were increasingly drawn from the private sector and espoused private sector values, a managerial identity was slowly constituted. These staff in their turn came to prefer employees that espoused similar values. They became vessels through which a discourse of markets and strategy came to pervade the local authorities, seeking to constitute local authority elected representatives and workers as strategic subjects. These staff would accelerate the process of embracing markets and private sector values and practices. Since these staff would have their own prior interpretive schemes regarding how local authorities should be governed, resistance to the reforms would be anticipated and strategies put in place to counter it. The question of subjectivity played a significant part in reconfiguring local authorities in New Zealand. It is this reconfiguration and its effects, which is of concern here.

1.3 Motivation for the Study

This thesis was motivated by a number of factors. The first one is the proliferation of a discourse of strategy in the public and private sectors culminating in calls by Knights and Morgan (1991; 1990) for research into how this discourse has come to occupy such a position of prominence in our daily lives. This discourse has come to great prominence within the context of far-reaching transformations of the public sectors of many Western democracies, which have sought to make them operate in a business-like way. The upshot of

these transformations is that strategy and various other private sector managerial innovations were being utilised to bring about change, in what has come to be known as New Public Management (NPM) (Hood, 1995) or New Public Financial Management (NPFM) (Guthrie, et al., 1999). While the role of accounting in these reforms has been and continues to be researched, SPMS, though quite significant, have received less attention (Boston and Pallot, 1997). This is in spite of claims by Lapsley and Pettigrew (1994) that strategic management accounting was set to play a significant role in the new dispensation, especially providing accounting information in the context of quasi-markets and in managing the boundaries of the organisation as well as bringing about desired transformations.

Second, though the discourse of strategy has generated notable research interest, most of these studies have been conducted in the context of the private sector (save for a few such as Llewellyn and Tappin, 2003; Oakes, Townley and Cooper, 1998; Kearins, 1997). There is therefore need to conduct research directed at the public sector because these two sectors face different challenges, yet, very similar solutions have been recommended to them. While SPMS were promoted to the private sector in order to address the perceived irrelevance of accounting to organisations facing stiff competition (see Johnson and Kaplan, 1987), in the case of the public sector, it was to redress perceived inefficiency and lack of accountability and transparency (Ball, 2001; Carter, et al., 1992). This convergence on a single solution to different problems is problematic because it is not self-evident that SPMS would lead to an improvement in the performance of the adopting organisations. Furthermore, it is not obvious that organisations need a strategy (Knights and Morgan, 1991). The effect of SPMS is also unlikely to be the same between the two spheres.

Third, though SPMS is part of the plethora of techniques classified as NPFM, there is no standard NPFM package, nor has NPFM been experienced in the same way across all countries (Guthrie, Olson and Humphrey, 1999; Olson,

Guthrie and Humphrey, 1998a; 1998b). Yet, the emerging NPFM literature is fairly general and has not addressed how specific NPFM techniques have been applied in practice and how they are associated with various organisational practices and ideas (Guthrie, et al., 1999; Miller, 1996). This lacuna is surprising given the profound role that accounting techniques have played and continue to play in the shaping of meaning and subjectivities in the public sector, and in this case, local government. This study is therefore motivated by the exhortation that “For us, talk about democracy, governance and accountability in public services have (sic) to be conducted alongside a considered analysis of the techniques used to try and secure such service deals” (Guthrie, et al., 1999; p. 212)

Fourth, this study was motivated by concern with the increasing adoption and use of private sector values and practices such as SPMS and the way they affect the conduct of individuals and members of local authorities in the name of political ends. Local government is an unusual site for a rational technology developed in the private sector such as SPMS (Stoney, 1998) because this technique emphasises a rational approach to the solution of problems, yet many local authority problems are political in nature. Mainstream research has however tended to put a premium on a functionalist perspective of SPMS ignoring the potentially dominant power relations that are likely to be associated with its implementation (Kearins, 1997). Rational techniques such as SPMS have the potential to intensify work, create power asymmetry through centralised decision making and increase the divide between winners and losers (Thomas, 1998; Olson, et al., 1998a; 1998b; Stoney, 1998; Dunleavy and Hood, 1994), negating the very claims on the basis of which it was introduced. NPFM techniques privilege instrumental rationality over substantive rationality and emphasise the use of numbers even where the issues at stake are qualitative. These techniques potentially define legitimate public debate and have the potential to shape the conception and provision of public services without the necessary democratic input (Dunleavy and Hood, 1994). Strategy

can serve as an ideological process that conceals contradiction, conflict and sectional interest hence perpetuating organisation-based domination (Roberts, 1990; Shrivastava, 1986).

Fifth, local authorities are the capillary points where political power is exercised. These authorities exist ostensibly for the provision of services needed by their communities. They tend to be closer to the citizens within their jurisdiction than are central government agencies (New Zealand Government, 1988a; 1988b). This distance from the central government and their closer links with their citizens are characterised by a contest between autonomy and control over the local authorities (see for example Reid, 1999). Local authorities therefore provide an interesting site for a study of how the state governs the population of a distant domain without seeming to negate its claim to autonomy.

Sixth, accounting researchers have tended to privilege the study of accounting as separate from other organisational control mechanisms. The emphasis of many studies has been the uniqueness of accounting, not its relatedness with these other mechanisms of control (Townley, 1995). There have been some recent attempts to undertake research into the adoption and use of strategic management in the public sectors of Canada (Oakes, et al., 1998) and the USA (Llewellyn and Tappin, 2003), but these efforts have focused on strategic or business planning without an appreciation of the potential linkages between these technologies and accounting in the overall control of public sector organisations. Yet, changes to the public sector associated with NPM have been characterised by teamwork with a multiplicity of workgroups working on a task from beginning to end and the integration of accounting with other aspects of management, thus blurring functional boundaries (e.g. Lapsley and Pallot, 2000). Operationalising NPM has often required a multidimensional approach to performance measurement, which includes for example the various dimensions of the balanced scorecard (Lapsley and Pallot, 2000). There has

therefore been a linkage between strategic plans and performance measurement (Kaplan and Norton, 1996a; 1996b; Fitzgerald, Johnston, Brignall, Sivestro and Voss, 1991). Traditional accounting functions such as annual reporting are seen, in the context of New Zealand's local government, as requiring much more than accounting expertise and involvement. In addition, accounting is increasingly viewed as playing a significant role in the quantification of the various management practices promulgated under NPM. Accounting personnel and information therefore act as levers of change and transformation in local government (Lapsley and Pallot, 2000). Lord (1996) for example found that strategic management accounting practices in her case study were part of everyday common sense and were developed with little involvement from accountants!

These developments have a number of implications. Challenges from information technology and non-accountants, who are appropriating accounting logic and measures (Lapsley and Pallot, 2000) clearly suggest the need to focus research on other than just accounting practitioners. There is also need to widen the definition of accounting away from its traditional emphasis on the financial (cf. Townley, 1995) and hence refocus NPFM research, not on just accountants, but other non-accounting staff as well. Looking for the accounting in the non-accounting, in this case SPMS may provide new insights into the interrelationships between processes and outcomes to achieve disciplinary regimes (cf. Armstrong, 1994). The thesis focused on SPMS as part of the overall "regime" (see Jones and Dugdale, 2001; Clark, 2001) for the government of local authorities based on the belief that "...decoupling a body of knowledge from those who lay claim to it allows 'different types' of knowledge to be assembled in new and sometimes illuminating ways" (Townley, 1995, p. 560) and that adopting a broader definition of accounting may illuminate potentially interesting relationships between disciplines: "A broader definition of accounting, as the organisation of a calculative order through processes of standardisation and the development of yardsticks

provides a different complexion on the relationship between the two management disciplines" (Townley, 1995, p. 568-569). The focus on SPMS is also necessary since accounting is not an autonomous sphere, but is linked to wider socio-economic political processes (Lawrence and Doolin, 1997; Lawrence, Alam and Lowe, 1994).

Finally, the study was motivated by concerns repeatedly expressed about how little we know about the functioning of accounting in organisations and society (Burchell, et al., 1980; Hopwood, 1979). Accounting is presented from an economic rational perspective where it is viewed as useful to the achievement of certain specified ends. There are some studies, which have however created disquiet about this traditional understanding of accounting. March (1987) for example suggests that it is not enough to study the power of accounting by focusing on its use in rational economic decision-making (March, 1987; Burchell, et al., 1980). This study is therefore concerned not only with the ends in the name of which SPMS is promoted, but also the various types of knowledge and expertise that have rationalised its adoption in the public sector and the effect it has had. These concerns motivated the study to focus on alternative conceptions of accounting that draw on the critical literature especially the work of Michel Foucault (1991a; 1988; 1979; 1977). The study focussed on a specific territorial authority, that is reputedly in the forefront of transforming itself on the basis of principles of markets and SPMS, in the belief that such an in-depth study illuminates the role of accounting in organisations and society both in a local and more general sense.

1.4 Research Question

Given the above context, this study was guided by the question:

How are New Zealand local authorities governed following the reforms of the 1980s?

1.5 Research Objectives

The criticisms of local government and the suggested programmes for remedying these deficiencies based on economic rationalism do not necessarily follow from a superior approach to the solution of these problems. These instead reflect ways in which certain discourses come to occupy positions of dominance such that their way of seeing comes to be seen as the truth (Knights and Morgan, 1991). For example, strategic planning, which is being enthusiastically promoted to the public sector, has hardly merited success in the private sector where it has long been applied (see Mintzberg, 1994). The reforms to local government are therefore viewed as just another modality of governing with its own rationales, programmes and technologies. This study therefore seeks to achieve the following objectives.

The first objective is to provide an understanding of the way in which local government has been problematised as a site for reform, the political rationalities informing it and the programmes and technologies for bringing it about. This objective is motivated by the need to illuminate how the reforms to local government in New Zealand accorded with governmentality in advanced liberal democracies.

The second objective is to illuminate how SPMS have come to occupy such a place of prominence in the public sectors of many Western nations. While Knights and Morgan (1990) illuminate how strategy has come to prominence in the private sector and its discursive effects, they invite us to apply their analysis to other areas including the public sector. The pursuit of this objective is motivated by the belief that SPMS are not the only truth regarding how public service could be provided.

The third objective is to analyse how markets have come to be promoted as *the* approach to the provision of public goods and services. Here the concern is to

illuminate the rationalities that inform this truth, how markets were instantiated at a specific site and their effects on the subjectivity of citizens and members of the FCC.

Mainstream SPMS researchers have emphasised the rational use of strategic management for the control of organisations while management control is increasingly concerned with mind-power and the subjectivity of employees (Oakes, *et al.* 1998; Deetz, 1992). The fourth objective is to conduct a case study of a local authority in New Zealand with a view to illuminating the effects of SPMS as a technology of governing a local authority. In particular, through the case study, the thesis seeks to examine how SPMS were:

- (i) Implicated in efforts to constitute citizens as a community;
- (ii) Deployed to make visible the activities of individual staff and those of their departments;
- (iii) Set out to make operable internal markets and thereby govern local authority members on the basis of market ethos and values;
- (iv) Used to constitute local authority members as subjects whose conduct would be directed from distant centres and how these subjects in turn reconstituted these technologies; and
- (v) Resisted by local authority members and the effect of this resistance.

1.6 Scope and Limitations of the Study

Studies of SPMS practices have emphasised their technicist nature, ignoring not only a problematisation of their conditions of possibility (Miller, 1990) but also their knowledge/power effects in specific organisational contexts. It is unclear why government of populations is being reconstituted around strategy and in spite of the lack of evidence of universal adoption and use in the private sector, these practices should be promoted so enthusiastically in the public sector. Given that the adoption and even usefulness of say strategic management in

the private sector is being questioned (see Mintzberg, 1994; Knights and Morgan, 1991), it would be naïve to assume that its deployment arises from its superiority.

The study includes interviews of staff and elected representatives. The views of these two groups may not be representative of the views of all other members of the FCC such as active and non-active citizens and non-managerial employees. The failure to interview citizens is particularly limiting given that the new modalities of government require that they be consulted, and annual reports are prepared to enable accountability to them. It is however, not intended that the results of this study be definitive in terms of the causes and effects of SPMS, nor generalisable to all other organisations and countries.

This thesis looked at strategy, not as a technique, but as a technology. While techniques are neutral devices for achieving specific ends (as strategy has been treated in the literature) technologies encompass all those “regimes of practice” which not only have prescriptive effects but also codification and veridification ones as well (Foucault, 1991b; Miller, 1991, 1990). Thus the concern of this study was strategy as a “regime of practice” and its introduction as an event that requires problematising (see Castel, 1994). The thesis adopted Foucault’s insights to problematise how an event has come to be what it is by going back to its conditions of possibility. The effects of these technologies in terms of constituting conduct in a local authority in New Zealand were examined. Robson (1992) refers to these as the arenas where strategy has been made thinkable as a technology for the governance of economic life.

The study responds to calls to situate accounting research in the context in which accounting operates by examining markets and SPMS as regimes of practice⁹ in a specific local government site in New Zealand. The study hopes

⁹ Regimes of practice are the organised ways in which conduct is directed and reformed (Foucault, 1991b).

to provide an opportunity to start questioning some of the taken-for-granted assumptions for the rationales and plausibility of the reforms to local government through a problematisation of the present. It is hoped that such a questioning would open a window for imagining configurations that would meet the needs of the local people better.

1.7 Structure of the Thesis

Chapter One: Introduction

This chapter explains the rationale and motivations for the study and argues that the introduction of an apparently rational and apolitical model for the government of the private sector into a public sector site needs to be critically examined from perspectives other than the overarching orthodox ones. It examines the background to local government reform. The chapter outlines the research question and the objectives pursued. The scope and limitations of the study are discussed and a chapter-by-chapter layout of the thesis provided.

Chapter Two: Research Methodology and Methods

The chapter draws on the work of Burrell and Morgan (1979), Hopper and Powell (1985), Chua (1986) and Laughlin (1995) to make research choices on the basis of three criteria: theory, role of the researcher and change. The recommendations of Jönson and Macintosh (1997), Dey (2001) and Doolin (1998) for interpretivist accounting studies that integrate with a critical theory interpretation of data is adopted and explained. The chapter also elaborates on the methods that are used, which include the case study approach, interviews and discourse analysis.

Chapter Three: Governmentality: A Foucaultian Approach to the Analysis of Local Government

This chapter outlines Michel Foucault's concept of governmentality (Foucault, 1991a; 1988; 1979) as the interpretive lens of this study. Foucault, whose work is often cited within critical theory (though separate from the Frankfurt School), differentiates his work from the dominant rationalist approach through his attention to how power is exercised in organisations and society through the constitution of knowledge and the subject. The concept of government seeks to bring together three forms of power, namely, sovereignty, discipline and technologies of the self. This concept represents those forms of human intervention that seek to direct the way oneself or others behave on the basis of certain political rationalities which are presented as the truth. The chapter reviews some of the research that has employed this concept.

Chapter Four: Future City Council: The Case Study Organisation

This chapter describes the FCC, the local authority site where the data collection was conducted. The chapter describes the context, political and management structure, services provided by the FCC and its strategic planning process. The chapter lays the context for the subsequent analyses in chapters seven to ten.

Chapter Five: Governing the Local: Rationalities, Programmes and Technologies of New Zealand Local Government Reform

Chapter five presents the argument that the reforms to local government accord with government in advanced liberal democracies (Rose, 2000; Isin, 2000). The study employs the triptych of rationalities, programmes and technologies (Miller and O'Leary, 1993; Miller, 1990) to make sense of these reforms. The parliamentary debates on the legislation to introduce the reforms are analysed to illuminate the rationalities that informed the changes and the programmes

and technologies to achieve these rationalities. This analysis mobilises the literature on the New Zealand local government reforms to provide intelligibility on the present regimes of practice for governing the local in New Zealand.

Chapter Six: The Discourse of Strategic Performance Measurement Systems and Government of the Public Sphere

This chapter analyses the way SPMS have emerged as the truth for the ordering of public sector life. The SPMS are associated with the Planning Programming and Budgeting Systems (PPBS) in the USA in the 1960s and later in the UK and New Zealand, which sought to govern the public sphere on the basis of a strategic rationality with clearly articulated objectives and programmes. Though unsuccessful, the ideas associated with the PPBS lay latent and remerged in the context of the Financial Management Initiative (FMI) in the UK in the early 1980s. The recent adoption of SPMS techniques reflects optimism that despite the failure of PPBS, a more strategic management of the public sector is still possible. The chapter however echoes the conclusions of chapter five that SPMS have governmental potential as knowledge gathering mechanisms and as discourse for the constitution of identities.

Chapter Seven: Governing the FCC through Markets and Private Sector Managerial Practices

Chapter seven presents an analysis of the instantiation of markets and policy delivery splits so as to govern the FCC. The chapter illuminates how the FCC was constituted as a market and external suppliers invited to bid for jobs in this market in competition with the internal units. The conversion of a public service organisation into a market based one required that its members be constituted as economic agents. The FCC was divided into policy and delivery arms, with one behaving as a customer and the other as a supplier. The

supplying arm of the council would deliver goods and services to the purchaser units at a quality and price comparable to the market. The purchasing arm on the other hand would be governed by the principles of being a good customer. The separation of purchasers from providers was achieved through a discourse that presented markets as the most efficient form of business organisation and through dividing practices that reclassified its operations into those that pursued business objectives and those that did not.

Chapter Eight: The Discourse of Strategic Performance Measurement Systems and the Government of the FCC

Chapter eight examines the ways in which the conduct of organisational members is achieved through the technologies of SPMS that act as knowledge gathering technologies and technologies of the self. SPMS are implicated in efforts to constitute citizens of FCC as a community through the process of creating the city vision and affirming it through processes that require community participation in the annual plan and the long-term financial strategy. The community becomes the basis for the reconfiguration of the FCC, which seeks to govern all its activities on the basis of a strategic rationality. The FCC adopts a twenty year strategic plan which is hoped to operationalise the city vision, and which forms the basis for the strategic management of other activities of the FCC. Each of the individual units of the FCC is required to prepare a business plan whose objectives are tied with the goals of the strategic plan. The business plans also provide thresholds that act as norms for each of the individual staff, whose contracts are designed to reflect the business plans. The technology of long term financial strategies (LTFS) enables the activities of the FCC to be reconfigured on the basis of a financial rationality with the aid of financial expertise. SPMS therefore provide the mechanisms through which distant conduct is measured and transported enabling the government of time and space.

Chapter Nine: Governing with Markets, Private Sector Managerial Practices and SPMS: Glow Amidst Gloom, and Resistance

Chapter nine continues with the theme of subjectivity, but addresses Foucault's claim that government is ever reflexive, with the installation of one modality of government heralding the start of searches for another. The chapter also examines, in the context of the FCC, Foucault's argument that practice does not often mirror the rationalities in the name of which it is promoted. It addresses an important dimension of Foucault's conception of power, and that is resistance. The policy delivery split and the SPMS are characterised by failure to meet the expectations of the FCC staff and elected representatives, yet they retain the optimism that with better implementation or more strategic rationality, FCC would operate and meet the needs of the community better. The implementation of the policy/delivery splits and the SPMS is also characterised by subtle forms of resistance, even by managers who espouse the reforms. This resistance takes the form of ridicule, derision, dissension and the mobilisation of alternative discourse. The chapter shows that staff are free to choose otherwise, and often do, though appearing to be on the side of managerial power.

Chapter Ten: Summary, Reflection and Conclusion

This chapter summarises the major issues covered and the conclusions arrived at. The chapter recommends lines of research that could be pursued in the future. It concludes with a critical reflection on the contributions of this thesis to accounting praxis in the context of governing the public sphere.

Chapter Two

Research Methodology and Methods

It is one of my targets to show people that a lot of things that are a part of their landscape – that people think are universal – are the result of some very precise historical changes (Foucault interviewed in Martin, Gutman and Hutton, 1988, p. 11).

2.1 Introduction

A number of accounting researchers have pointed out that there is no single research approach that could lead to a comprehensive understanding of the world, and that all empirical research is partial (Laughlin, 1995; Chua, 1986). Any methodology employed provides but only a partial view of the world. The methodology chosen may determine, not only how problems are studied but also what problems are studied in the first instance (Chua, 1986; Hopper and Powell, 1985). Researchers have also explained that there is a close link between ontological assumptions and epistemological and methodological ones. This link inevitably flows to the type of research questions asked and how they are asked and sought to be answered (Covaleski and Dirsmith, 1990; Chua, 1986; Hopper and Powell, 1985; Tomkins and Groves, 1983; Burrell and Morgan, 1979). Some accounting researchers have therefore recommended that those undertaking research make explicit their choice of methodology (Laughlin, 1995). This chapter explains the choices in this thesis regarding theory, methodology and change *a la* Laughlin (1995). The chapter makes explicit the linkages mentioned above, taking cognisance of the partial nature of the discovery process. It builds on the previous chapter by explaining the methodology and methods employed in this thesis.

This chapter is organised as follows. The second section discusses the choices regarding research methodology that confront any researcher. The third section

explains the research choices made in this thesis. The fourth section explains the methods used in this study while the fifth concludes the chapter.

2.2 Choices in Research

The recommendation that researchers make explicit their choice of methodology is however easier said than done, for there are bewildering mazes between the various methodologies one has to navigate through. Accounting researchers have attempted to make this navigation possible by drawing on the work of Burrell and Morgan (1979) (see for example Laughlin and Lowe, 1990; Hopper and Powell, 1985). Burrell and Morgan (1979) argue that the approaches to the study of social theory can be analysed from two dimensions, which are based on a set of assumptions. The first one is based on assumptions about the nature of social science. These include assumptions about ontology (realist v nominalist), human nature (subjective v objective), the nature of society (voluntarist v determinist), epistemology (positivism v anti-positivism) and methodology (nomothetic v ideographic). The second dimension is based on assumptions about the nature of society. This dimension is based on the assumption that one can be positioned on a continuum from a regulation or social order dimension to a radical change dimension. On the basis of these two sets of assumptions, Burrell and Morgan (1979) classified approaches to social theory into four paradigms: functionalist, interpretivist, radical humanist and radical structuralist. Although each of these paradigms shares some common features with the other paradigms regarding the nature of social science and society, the four provide different ways of seeing and studying the world. Each of these paradigms is based on different meta-theoretical assumptions regarding ontology, epistemology and methodology (Burrell and Morgan, 1979).

Burrell and Morgan's schema has been roundly criticised for among other things "creating mutually exclusive dichotomies" between the paradigms

(Chua, 1986, p. 238) and being simplistic (Hopper and Powell, 1985). Instead, Chua (1986) proposed a classification that is based on three assumptions, namely beliefs about knowledge, beliefs about physical and social reality and the relationship between knowledge and the empirical world. Beliefs about knowledge are based on assumptions regarding what counts as knowledge (epistemology), and assumptions regarding the appropriate approach to gathering and making sense of evidence (methodology). Those about physical and social reality (or the object of study) are rooted upon assumptions regarding the essence of the research phenomena (ontology), whether humans are rational beings and engage in purposive action and whether society is stable or in conflict. Beliefs on the relationship between knowledge and the empirical world are based on assumptions regarding the purpose of knowledge, whether it is means-ends or emancipatory. On the basis of these three key assumptions, Chua (1986) came up with three schools of thought in accounting, namely, the mainstream, the interpretive and the critical.

It is however apparent that though Chua has criticised the Burrell and Morgan framework, her own framework draws on various elements or assumptions proposed in their framework. Laughlin (1995) in fact opines that Burrell and Morgan may have identified most of the domains over which research choices have to be made. Proceeding from this position, Laughlin (1995) coalesced Burrell and Morgan's assumptions into three bands or choices a researcher has to make prior to undertaking empirical work. These are choices regarding theory, methodology and change. This scheme provides the basis on which the research choices in this thesis are made.

Theory choices involve taking a position regarding the view of the world (ontology) and what is considered to be valid knowledge (epistemology). The theory dimension involves making a choice between levels of prior theorising that can be brought to the investigation, which in turn indicates the view of the world or ontology. If the study is heavy on theory prior to its commencement,

then it is taking a realist ontology (assumption of a material world independent of observer or subject) while the opposite suggests a nominalist ontology (a non-material world where reality is a projection of the human mind) (Laughlin, 1995).

The methodological dimension involves choices regarding the nature and role of the researcher in the research process (human nature) and the role of theory in the choice of research methods (methodology). If the theoretical definition of the research methods is high, then the role of the researcher in the process is minimal, suggesting an objective role for an observer of reality. The opposite end of the spectrum has the researcher central to the research process. This perspective is akin to the subjective dimension (Burrell and Morgan, 1979). Theory here is seen as an impediment that creates closure and therefore to be avoided (Dey, 2001; Laughlin, 1995).

The change dimension involves two choices. One is whether the researcher thinks the current state of things is satisfactory, and two whether the researcher has a conviction about bringing about change to the status quo. If a researcher believes in high levels of change, then he or she is likely to be disenchanted with the status quo and see it as in need of change. On the other hand, those who believe in low levels of change are likely to be satisfied with the way things are. The purpose of knowledge can be inferred *a la* Chua (1986) to be serving the status quo (means-ends) or emancipation. Laughlin concludes that these three dimensions are interrelated, with the individual choices related to some of the other choices. On the basis of a matrix of these three choices, Laughlin (1995) recommends middle range thinking where a researcher takes a middle position between high and low perspectives on each of the three dimensions, theory, methodology and change. The reason for taking this position is to avoid closure when going to the field, while at the same time recognising the impossibility of going there without some prior theoretical convictions. Laughlin does not however, explicate the question of what counts

as knowledge or how to adjudicate between different truths in his three tier choices. The thesis therefore adopts Chua's (1986) definition of the purpose of knowledge as either serving the status quo or bringing about change. The following sections explain how this study draws on these three perspective choices in addition to those from Chua (1986) to explicate its own choices.

2.3 Choice of Methodology: Towards an Integrative Approach

This dimension requires the researcher to make choices regarding the role of the researcher in the discovery process and to specify the role of theory in the choice of research methods. The classifications of accounting research have by and large resulted in the delineation of three paradigms or research approaches: the mainstream or functionalist or positive, the interpretivist and the critical (Chua, 1986; Hopper and Powell, 1985). These are based on explicit and apparently irreconcilable ontological, epistemological and methodological assumptions that suggest that one occupies a position of either or (Burrell and Morgan, 1979). While the mainstream paradigm reigns supreme in accounting research, interpretivist and critical perspectives have recently risen to prominence as critiques of mainstream or functionalist accounting research (Jönson and Macintosh, 1997; Chua, 1986). These recent alternatives have addressed and continue to address the perceived imbalances of the mainstream positive accounting research programme¹⁰, but they too suffer from a number of limitations of their own.

The interpretivist approach is an amalgam of approaches that include symbolic interactionism, ethnomethodology, ethnography and phenomenology (Chua, 1988). While they differ in various ways, these approaches share some central tenets that justify the umbrella term "interpretivism". Interpretivist approaches

¹⁰ Among these criticisms are that it engenders only one way of seeing, presents accounting as neutral and value-free yet it serves certain powerful interests in society and it reduces everything to the economic ignoring the social (cf. Arrington and Francis, 1993; Chua, 1986; Tinker, 1985; Hopper and Powell, 1985; Cooper, 1983).

share the perspective that there is no material reality before human consciousness; it is people who create reality through interpretation and interaction. The role of the researcher is to interpret the subjective accounts of the researched with its chief concern understanding the meanings actors attribute to action (Dey, 2001; Chua, 1986; Hopper and Powell, 1985). This approach has a number of advantages. First, the interpretivist paradigm enables rich insights into the daily lives of organisational actors. Second, this methodology is a more appropriate and insightful way of understanding how change is accomplished through human agency (Llewelyn, 1993). The approach involves a study of change phenomena over an extended period of time, enabling the struggles over meaning and the production of new meanings and practices to become visible to the researcher. Third, this approach largely relies on the accounts of the researched, and therefore their truth is presented uncontaminated by the researcher's biases though subject to his or her interpretation.

The interpretivist approach, however, suffers from a number of limitations. First, while research is a political act involving value choices which may empower others while disenfranchising the rest (Jermier, 1998; Guba, 1990), interpretivist studies take as their central concern understanding, and hence tend to be uncritical of the status quo. This "may inadvertently provide a political front that favours capital accumulation processes and, at the same time, degrades both the quality and quantity of work" (Tinker, 1998, p. 15). Second, by focussing on what actors articulate, interpretivist studies fail to illuminate what is not articulated or how articulation has been shaped through asymmetrical power relations (Alvesson and Willmott, 1996). Third, it is impossible to interpret phenomena without some prior theoretical encumbrances (Dey, 2001; Tinker, 1998; Jönson and Macintosh, 1997). The interpretation of actors' accounts is bound to be influenced by the researcher's prior experiences and worldview. Some researchers have actually asserted that such a prior theoretical framework is indispensable to unravelling the complex

issues in organisations and society by providing the context and focus (Tinker, 1998).

Given these limitations, some researchers have suggested that critical theory provides a more powerful lens through which researchers can arrive at the truth. Critical theory is concerned with an historical analysis of how societies and institutions have emerged (Laughlin, 1987). Critical theorists see the present as problematic and by questioning the taken-for-granted orthodoxies seek to illuminate socio-economic conditions that produce oppressive structures of control (Jermier, 1998; Alvesson and Willmott, 1996). This approach enables an analysis of the origin of the processes being studied by transcending the subjective accounts of the researched. It enables not only exposure of the underlying contextual meanings and their technical outworkings but also a critique and change in both the technical and underlying cultural factors of accounting systems (Laughlin, 1987). Because they start from a specific theoretical and often political position, critical studies provide a firm theoretical basis for making sense of phenomena, questioning things and changing the status quo.

Critical theories share with the interpretivist approach the search for interpretation and understanding, but their point of departure is that critical theory views this understanding as a precursor for social transformation to achieve a certain conception of a utopian society (Laughlin, 1987; Jermier, 1998). It is therefore a useful vehicle for understanding and changing accounting systems (Laughlin, 1987; Jermier, 1998). This approach may shed light on the imperatives of local government restructuring beyond agency theory, public choice and transaction cost economics (see Boston, Martin, Pallot and Walsh, 1991; Wallis and Dollery, 2001) and the processes through which accounting is implicated in the day-to-day reality creation (Jönson and Macintosh, 1997; Doolin, 1998; Dey, 2001; Morgan, 1988). Critical theory however, suffers from a number of limitations. This approach starts from a particular theoretical

position, which may prejudice the findings, and may also lack the detailed insights provided by interpretivist studies (Dey, 2001; Doolin, 1998; Jönson and Macintosh, 1997; Hines, 1989; Morgan, 1988).

Given the limitations and strengths of these two approaches, there are increasing suggestions to mobilise the theoretical strength of critical theory in undertaking interpretive studies (Dey, 2001; Doolin, 1998; Jönson and Macintosh, 1997). These suggestions have also been made from the perspective that since there is no single methodology that goes under the term interpretivist sociology, researchers should develop an integrated interpretive framework that mobilises elements of critical theory (Chua, 1988). The methodological choices made in this study on theory, methodology and change are in line with these suggestions.

This thesis adopts an integrated interpretivist approach that mobilises elements of critical theory, particularly the work of Michel Foucault on governmentality (Foucault, 1991b; Doolin, 1998). Utilising elements of critical theory enables the study to interrogate the context within which practices such as markets and managerialism are promoted and instantiated and with what effects. This integrative approach provides an avenue through which actors' accounts can be critically examined to unravel how their identities are constituted so that they can take certain subject positions and their connivance or resistance to this process. The theory and change choices associated with this approach are explained in the following sections.

2.4 Choices Regarding Theory

Laughlin (1995) explained that theory involves making choices on three dimensions: ontology, epistemology and the level of prior theorising. In the following section, the choices made on each of these dimensions are explained.

2.4.1 View of the World (Ontology)

The interpretivist methodology is based on the ontology that reality is not out there, but is created and reproduced by people. This approach views human interaction as “endowed with meaning” so that to understand the meaning of action one needs to study the meanings the actors ascribe to this action (Chua, 1986, p. 613). A material world exists to the extent that it represents institutionalised meanings ascribed to phenomena through social interaction (Chua, 1986). This approach assumes a pre-existing subject positioned in history to interpret phenomena and fails to question how the subject is constituted in the first place.

This study takes the position that social reality is socially constituted through discourse. Discourse constitutes and is constituted by subjects (Knights and McCabe, 2000; Fairclough, 1992). Through a discourse of what it means to be a good accountant for example, people are enticed to change who they are hence becoming subjects. While discourse can shape the identity of actors and their role in society, actors play an important role in bringing this about, through technologies of the self¹¹ (Foucault, 1988). Furthermore, individuals have the capacity to subvert and appropriate discourses and thereby fail to take the identity desired by those wishing to conduct their behaviour (see Knights and McCabe, 2000; Fairclough, 1992). Thus while numerous authorities are desirous of producing strategic thinkers, customers and commercial subjects in the local domain, in order to achieve their political rationalities, organisational members are capable of subverting and changing such discourses using various strategies.

¹¹ Technologies of the self refer to a myriad of ways through which individuals act on themselves so as to achieve certain ideals such as being a strategic thinker, manager, or professional. It is through these technologies that individuals constitute themselves as subjects.

2.4.2 What is Valid Knowledge (Epistemology)

The question that is central to any research is how do we know, what we know? The interpretivist approach takes the actor's perspective as a truth and tries to make sense of it without any prior theoretical encumbrances. The critical perspective however tends to look at participants' accounts from the perspective of theory, such that if their accounts differ from theory, then these accounts are considered deficient (Jönson and Macintosh, 1997; Dey, 2001). This thesis takes a middle position in the sense that it interprets the accounts of the researched and reproduces some of these accounts. That way, understanding of the perceptions of the researched can be achieved while others can examine them from alternative lens. This also enables the actors' interpretations to be understood in the light of Michel Foucault's notion of governmentality. This approach was considered necessary to gain background understanding to the issues regarding local government restructuring employing private sector ethos and methods. The hope of using this approach is that the truth effects of the new regime of practice in local government can be unmasked in the possibility of bringing about a new social order.

The critical and interpretivist perspectives are however, still bedeviled with the problem of truth because by promoting a perspectival approach, both approaches may revert to relativism where "anything goes". The interpretivists take meaning as relative to the actor, hence researchers of this bent seek to record and interpret as faithfully as possible what the actors say and mean. Jermier (1998) explains two approaches that critical theorists propound to overcome this limitation. The first one is self-reflexivity, which means owning upfront what perspective one is coming from then subjecting it to critique among researchers in that field. The second approach involves taking the standpoint of some social groups and social situations deemed to enhance objectivity more than others. Many critical researchers for example take the standpoint of those at the margins of society. Once these are chosen, it is the

responsibility of the critical researcher to provide an “insider’s perspective” of these groups (Jermier, 1998). In a nutshell then, critical theory achieves objectivity through self-conscious disclosure of the values and interests that one brings to the research process and subjecting these to critical appraisal (see also Laughlin, 1995).

Foucault’s position is that there are no definitive normative ideals in relation to which the exercise of power is to be assessed and adapted. He offered no normative stance against which the effects of discourse and power can be evaluated. Instead, he emphasised the need to know the historical conditions, which motivate conceptualisation (Foucault, 1982). The researcher would undertake a historical interpretation based on some “socially shared sense” of how things are going and how this situation has arisen (Kearins and Hooper, 2002).

This researcher is of the view that while recent local government restructuring has the potential to improve services to the community and local democracy, it can also centralise control, intensify work, create oppressive work conditions and subvert its claims to enhance local democracy. The local government reforms promote economic rationalism as the panacea to public sector problems thereby subjugating alternative and potentially liberating discourses such as the public good (Lawrence, 1999). The constant changes being undertaken at local authorities, the turnovers of staff, their dissatisfaction and political frictions, all these contribute to a state of disenchantment and a sense of malaise in our society today. The reforms may as well improve service provision and delivery and promote local democracy, but these ought to be debated so that alternative orders could be considered.

2.4.3 Level of Prior Theorising

The ontology of the researcher inevitably influences the level of prior theorising before empirical research is undertaken. The interpretivist approach avowedly starts from a clean slate, the desire being not to prejudice the research process (Dey, 2001). The approach involves conducting the data collection process unencumbered to the extent that is possible by heavy prior theoretical convictions, then interpreting the emerging data. This approach is in line with Foucault's stance against starting with a theory. Theory, Foucault argued, assumed a prior objectification, therefore limiting its ability to act as an analytical framework. Theory or ideology are also in need of explanation, and therefore cannot form the basis for analysis (Foucault, 1982). This position is problematic because in using Foucault to explain social phenomena, might one not be falling into this trap? The approach adopted was to conduct the empirical research with minimal initial theorising, but cognisant of the impossibility of going to the field without some prior theoretical dispositions. After the initial data collection and analysis phase, Foucault's insights were introduced to interrogate the data and to revisit the field to address what were felt to be gaps in understanding of the research issues raised.

Though the study started out with minimal initial theorising, it took the critical theory position that the research process is not neutral and value-free, but is undertaken with a particular purpose in mind. It therefore began with a challenge to the dominant positive research methodology. Critical theory in accounting research challenges the claim of positive accounting research to objectivity by explicating a theory of interests in understanding management theory and practice (Alvesson and Willmott, 1996; Cooper and Hopper, 1989; 1987; Laughlin, Hopper and Miller, 1989). Critical theorists seek to situate accounting research within the everyday practices of organisations and society where the effects of its interestedness eventuate. They question the self-evident and unproblematical "neutrality or virtue" of management as presented by

positive research methodologies (Lodh and Gaffikin, 1997; Alvesson and Willmott, 1996). The study considers problematic the claim that reforming local government was necessary to achieve a better system of service provision to the public¹².

2.5 The Change Dimension

Critical researchers are critical of the status quo and desirous to change it for the better. Foucault has, however, been criticised in the accounting literature of political quietism and lacking a programme of change (Neimark, 1994; 1990). The position taken here is in line with those who argue that though Foucault may lack such a programme, his work informs a process of social and political change (Grey, 1994). Foucault offers a critical method that enables the hidden thoughts and rationales of the present to be unearthed (Foucault, 1980d; Dean, 1999). Through his conception of power as productive, it is possible to imagine ways in which it could lead to the production of desirable values and outcomes. His genealogy of scientific knowledge challenges the totalitarianism of such knowledge to achieve desired outcomes. His conception of the contingency of the present and knowledge enables thinking about alternative living, that things do not have to be the way they are (Grey, 1994).

This thesis takes the perspective that the current state in which rational management techniques such as SPMS are being promoted as the answer to all manner of social problems is unsatisfactory. It takes a critical stance towards the present by questioning how it is that markets and SPMS are the way to go (Foucault, 1991b; cf. Dean, 1996). The view taken here is that SPMS are not neutral and value-free (cf. Kusch, 1991). This way, it is hoped that the discourses behind these ways of governing will be revealed as would their

¹² The private sector, which the public sector was being compelled to model itself on, had, in some instances, similar weaknesses as those found in the public sector (Jansen, 1993). The private sector was, however, not subjected to scrutiny and was surprisingly presented as the ideal.

power effects. Hopefully this would enable the creation of conditions where better discourses can be enacted and new and better identities constituted. This research seeks not only deep insights (Morgan and Smircich, 1980), but also hopes that such an understanding could lead to the creation of better presents by establishing new conditions of truth (Foucault, 1980a).

This thesis illuminates the ways in which political power strategies are installed and how they affect the conduct of organisational members at the FCC. The thesis demonstrates that the subjectivity of organisational members as strategic managers and customers is recently invented and can therefore be reinvented. It reveals how the traditional discourses of public service and community have been subjugated and hopefully lays ground for them to reemerge (cf. Foucault, 1980d)¹³.

Table 1: Research Choices Informing this Thesis

Dimension	Research choices	Thesis choices
Theory	Ontology	Subject constitutes and is constituted by discourse and power
	Epistemology	The truth from actor accounts is partial. These are subjected to critical analysis to enable context and other matters they may not be aware of to emerge.
	Level of prior theorising	Minimal initial theorising. Subsequent heavy theorising using Michel Foucault.
Methodology	Human nature	Discourse shapes subjects and subjects influence discourse.
	Role of theory in method choice	Integrates interpretivism and critical theory.
Change	Status quo or change?	Research is not neutral and value free. Research knowledge should unearth new conditions of truth and identity.

¹³ The concept of subjugated knowledge refers to knowledge, which has been ignored because it is not in line with conventional wisdom. Such knowledge is demeaned as being inadequate or naïve or unscientific, hence enabling social conflicts to be overlooked (Foucault, 1980d). In hoping for the re-emergence of discourses of community and public service, the thesis is not portraying a sense of nostalgia for an idealised past. Rather, instead of burying these discourses, it is calling for a more serious debate on how best the public sphere could be governed.

2.6 Research Methods

2.6.1 Introduction

This thesis employs qualitative methods for both gathering and making sense of data. Qualitative methods are described as “ a number of interpretive techniques directed at describing, translating, analysing, and otherwise inferring the meanings of events or phenomena occurring in the social world” (Covaleski and Dirsmith, 1990, p. 543). These methods are particularly appropriate for studying “how language and meanings evolve and are modified...” (Hopper and Powell, 1985, p. 446). The use of qualitative methods has been especially promoted because of the perceived unsatisfactory way in which natural science methods have been employed in organisational studies (Morgan and Smircich, 1980). These methods are in line with an interpretivist approach which generally entails studying accounting in its organisational context and using case analysis of specific situations in which individuals employ accounting (Boland and Pondy, 1983). The researcher collected data from the FCC through interviews and documents. The data were interpreted employing insights from Michel Foucault’s work and the tenets of interpretive sociology. This is an anti-positivist approach in the sense that it eschewed quantification and the search for generalisable laws (cf. Chua, 1986; Morgan and Smircich, 1980). The methods that were employed are explained below.

2.6.2 Case Study Method

This study employed a case study to make intelligible the effects of new regimes of practice, markets and SPMS. The focus of this thesis was FCC where markets and practices of SPMS had been adopted and exercised. The study considered the local authority to be the point where the power of economic calculation “installs itself and produces its real effects” (Foucault, 1980d, p. 96). It sought to obtain an insightful view of the adoption and effects of markets and SPMS in a specific local authority in New Zealand by negotiating entry into the

FCC and talking to the staff and elected representatives of this organisation. The researcher also attended some of the regular public meetings organised by the local authority to discuss issues of public concern (see Table 1). He also examined a number of internal documents (see references for list of documents) and canvassed a substantial amount of literature. The collection of data from the case study took place over an extended period of more than three years. The FCC is discussed in detail in chapter four.

Table 2: Schedule of Meetings

Date	Nature of Meeting
End of July 2004	Meeting to strategise on coming 2004 local government elections, FC Community Leisure Centre.
19 May 2004	Events, Festivals and Sport Committee extraordinary meeting, Council Chamber.
10 November 2003	The Mayor's presentation of annual report to the community, Convention Centre.
21 November 2002	The Mayor's presentation of annual report to the community, Convention Centre.
29 October 2002	Finance and corporate meeting, Council Chamber.
8 May 2001	Submission to FCC on classification of strategic and non-strategic housing in FC, Council Chamber.

The use of case studies in accounting research has been widely adopted in efforts to redress the perceived gap between accounting theory and practice. Various accounting researchers have expressed what Hopwood (1979) described as our limited understanding of practices in organisations and society (e.g., Burchell, Clubb, Hopwood and Hughes, 1980). This paucity of understanding is blamed on the mainstream approach where "surveys give only a very superficial view of management accounting practice" (Scapens, 1990, p. 259). The potential contribution of researchers to struggle may not

eventuate where the survey method is for example used (Foucault, 1980d). Case studies enable in-depth study of few units through field study approaches and facilitate “understanding of the complex interrelationships of a large number of elements in a single system” (Scapens, 1990, p. 269).

The case study approach in accounting has also been recommended because of the complexity of the managerial accounting function. Hopper, Kirkham, Scapens and Turley (1992) for example argue that to understand the issues paramount in managers’ minds, there is need for “detailed case studies, possibly with participant observation, concentrating on the processes through which managers and accountants’ perception of the information they need are formed” (p. 310). Direct observation of the management accounting and management decision making system is necessary to an understanding of the interface between theory and practice. The study examined ways in which staff deployed strategic processes to direct the conduct of people and processes through interviews which took place mainly in their offices.

This approach was also useful because the study was exploratory in nature and the research question broad and expected to continue evolving (cf. Slagmulder, 1997; Yin, 1984). The way case studies are conducted is dependent on the methodology, thus “...research informed by social theory is likely to make rather different uses of case study methods compared to research informed by traditional economic theory” (Scapens, 1990, p. 260). The case study was conducted dependent on the belief, already expressed, that accounting practices are socially constructed and constructing phenomena. There is therefore need to observe and interpret the actions of the principal actors in their work settings, i.e. organisational context if the way these practices are constructed and constructing is to be understood. Case studies “allow us to study accounting as part of a unified social system” (Scapens, 1990, p. 268).

The case study method is considered to be an appropriate approach to the study of power relations (Kearins, 1996). The problem though is there is no consensus on how such case studies should be undertaken or their results interpreted. This researcher is of the view that though organisations may have similarities, they are not the same and the case study should not be used to seek such uniformity. The case study method was used here not to generalise but to provide deep insights into the way accounting is implicated in organisations and society. It enabled understanding of how markets and SPMS regimes of practice have been instantiated and with what effects. Foucault's insights were used to make sense of the actors' interpretation of events and actions and the "sense-content" (Llewellyn, 1993) of those interpretations and actions.

2.6.3 Interviews

A series of in-depth interviews were conducted with managers of all the units of council. Some organisational members who were not unit managers but who it was thought could shed light on some aspect of the study were also interviewed. These included two business accountants, one pricing coordinator, The Mayor and one councillor. These interviews lasted from between one hour to two hours at a time. The researcher tried to interview the city manager but failed to do so because he resigned shortly after the study commenced. Instead, internal and publicly available documents were used to glean his participation and views on the reconfiguring of the FCC. The researcher was able to interview with the new city manager later on. The greatest frustration the researcher experienced was the high staff turnover, which meant that some of these staff could not be contacted again regarding any emerging issues. The aim of using multiple respondents was to capture different perspectives and collate views in line with triangulation (Slagmulder, 1997).

Consistent with this study's critical-interpretivist posturing, semi-structured questions with open-ended interviews were employed. This open-ended approach made the study flexible, enabling emerging themes to be followed to their logical conclusion and existing issues looked at from a fresh point. This approach also enabled new questions to be posed and new lines of inquiry pursued (Strauss and Corbin, 1990; Ansari and Euske, 1987; Tomkins and Groves, 1983). This approach enabled an inquiry into respondents' accounts and the meanings attached to their actions (Slagmulder, 1997). The FCC is an organisation in transition: new changes were effected with new elected representatives while a new Act was enacted in 2002. This situation was a problem in deciding on the temporal boundaries of the research.

Table 3: Schedule of Interviews

Date	Position
22.03.2001	Support Services Manager
21.05.2001	Manager, City Alive!
19.03.2001	Manager, Strategic Planning
25.05.2001	Manager, Customer Services
18.05.2001	Business Accountant, Arts Council
23.05.2001	Manager, City Library
26.02.2001 15.03.2004	Technical Services Manager, City Enterprises
20.02.2001	General Manager, City Enterprises
02.03.2001	Human Resources Manager
14.02.2001	Financial Accountant, Corporate Policy
13.03.2001	Business Accountant
21.02.2001	Corporate Service Manager, Corporate Policy
14.02.2001	Corporate Accountant, Corporate Policy
22.05.2001	Manager, Services and Facilities
26.04.2001	Pricing Coordinator, City Enterprises
15.10.2002	The Mayor
29.03.2001	Financial Services Manager (Acting), City Enterprises
03.07.2003	The City Manager
18.11.2002 14.02.2003	Chief Financial Officer
9.02.2004	Councillor

2.6.4 Documents and Literature

This study canvassed various sources of evidence in line with a triangulation approach. It canvassed literature on local government reforms, strategy, strategic management and SPMS. The aim was to understand the meaning attached to SPMS in the literature and the rationale for such a technique. The study also canvassed literature on public sector reform, and specifically local government. The aim here was to ascertain some of the rationales in the name of which reform of local authorities was being undertaken. This approach was consistent with the belief in a union of rational and natural perspectives (Boland and Pondy, 1983), with the literature forming the context for understanding how strategy becomes intertwined with accounting and other functions in the organisation.

The Hansard accounts of parliamentary discussions of the various bills brought to reform local and central government were accessed. Through these discursive events, the study sought to illuminate the rationalities, programmes and technologies in the name of which local government change was being promulgated.

The study sought to map the strategic planning process at the case site. It accessed various annual reports, the city vision, the strategic plans, business plans and community development plans covering the period from 1990 to 2004. Some staff also provided the researcher with their employment contracts which spelt out what they were expected to achieve in any one given period¹⁴. During the research, internal memos and other discussions on various policy directions of the council were discussed. These included consultants' reports, discussions regarding review of funding proposals and thinking regarding the direction Council should be moving towards. This discussion was meant to

¹⁴ These were referred to as accountabilities.

achieve a substantiation of findings from the case study and instil confidence in the process.

This approach viewed texts, which included interviews, documents, institutions and observed sequences of action, as monuments with a reality that members related to and probably helped create. Therefore the texts were analysed as a discourse that constantly changes through political struggle (Sorensen and Torfing, 2000). The texts were viewed as chronicles of struggles to replace an old regime of practice with a new one and the effects in terms of behaviour that this engendered.

2.6.5 Interpreting Data

The purpose of this thesis as already explained is two pronged. First, it seeks to explain the emergence of a regime of practice of governing local authorities and second, make intelligible the effects of this new regime. These purposes were achieved by obtaining interview and documentary data.

The researcher downloaded Hansard reports on local government reform bills since 1989 to 1996. These reports were analysed for discourses that would explain the reforms that were being undertaken in New Zealand local government. These data were interpreted again on the basis of the framework of governmentality. Overall, the study's approach was to try and understand from these data, how local government reform came about, how markets and strategy were converged on as a way of governing local government, how it was operationalised and how it affected the identity and power relations of organisational members and their response to it. Some of the more representative parts of the debate were reproduced in the thesis to support the researcher's interpretation.

The researcher also accessed articles from numerous journals and newspapers. The aim here was to get an understanding of the rationalities of the local government reforms, discussions of the way they were implemented and the effects. This review provided an additional lens for looking at the data which were obtained from the case study organisation via interviews and documents. It helped the researcher to interpret the reasons for and conduct of the staff and elected representatives of FCC.

The interviews were transcribed by the researcher and then studied closely to identify the emerging themes. Each of the individual transcripts was then classified into themes, with similar themes from each transcript cut and pasted to a single page. The combined data were then analysed in terms of who was speaking, which position they were speaking from and what they thought or felt about the theme. The combined data were compared against the documentary data from FCC.

The documentary data were analysed for themes that enhanced or contradicted those derived from the interview transcripts and also for context. Some of the reports for example provided the background for some of the discourses informing interviewees' talk and actions. Those responses and documentary data which were considered more representative of emerging themes were reproduced, then reinterpreted using the framework developed in chapter three, and prior theoretical positions emanating from the researcher's life experiences and study.

The interpretation was conducted with a critical eye. The researcher did not assume that governmentality would explain all phenomena. Where this perspective could not explain actors' accounts and documentary data, the researcher sought an alternative explanation for such phenomena. The researcher's reflections on the potential and limits of this framework to explain

the phenomena studied are a major contribution of this thesis and are presented in chapter ten.

2.7 Conclusion

This chapter has outlined the methodological underpinnings of this study. The chapter accedes to the advice of Laughlin (1995) and Chua (1986) that given the plurality of ways of seeing, the theoretical and methodological choices guiding a study need to be explained. The interpretivist and critical approaches though addressing the limitations of the dominant positivist methodology in themselves suffer from some deficiencies. This study therefore adopts the recommendations of some accounting researchers for the use of an integrated framework (Dey, 2001; Jönson and Macintosh, 1997). An integrated approach involves the use of an interpretivist approach that provides the richness of the research site while using critical theory to provide the theoretical interpretation. This research was undertaken in the belief that one can start from “a less encompassing initial position and be still methodologically informed” (Llewellyn, 1993, p. 234).

The study is a response to calls for accounting researchers to use alternative lenses so as to transcend the straight-jacketing emanating from the use of positivistic forms of inquiry. It attempts to illuminate the workings of accounting in organisations and society. The researcher observed and interpreted the rationalities and effects of markets and SPMS in a local authority in New Zealand using qualitative methods of inquiry. Multiple data sources which included interviews, parliamentary recordings, and documents were analysed in line with triangulation.

The methods used sought to address the twin issues of this research: historical and organisational. The historical issues were addressed through problematising claims to reconstitute local government regimes of practice

using markets and private sector managerialism. Foucault's approach was used to query the obviousness, i.e., the circumstances through which markets and strategy became the organising principle for local government. There was no attempt to search for a single cause to explain why local authorities had come to see markets and strategy as necessary. Instead the study sought to explain some of the conditions of possibility for its emergence. The case study was used to study the effect of this scheme of conduct on the subjectivity of organisational members. This methodology hopefully enables us to breach the self-evident claims of the imperative of markets and SPMS in the organisation of our societies.

Chapter Three

Governmentality: A Foucaultian Approach to the Analysis of Local Government

3.1 Introduction

This chapter outlines a framework for understanding how traditional local government practices in New Zealand were supplanted with practices that sought to achieve the state's political ideals of efficiency, effectiveness, accountability and democracy. Through wide-ranging reforms, the central government sought to change local authority members' comportment from traditional, public service, professionals to enterprising, customer-focussed and strategic managers driven by targets relating to return on equity, customer satisfaction and financial probity. The citizens within local authorities were incited to see themselves as active democratic citizens and customers that should demand better services from their authorities, while being responsible members of their communities. This framework draws on Michel Foucault's work on governmentality (Foucault, 1991b).

The concept of governmentality is important in understanding this restructuring because it challenges traditional conceptions of power. These conceptions are informed by the work of Thomas Hobbes and John Locke who view power as a commodity whose exercise is centralised in the organs of the state and which can be transferred from one person or end to the other (Hindess, 1996; Clegg, 1989). Within organisations, this traditional understanding confers power on the position that one holds in the organisational hierarchy. This form of power is negative for it seeks to constrain action. If this understanding of power were to be employed in the analysis of the reforms that have taken place in local government in New

Zealand since the 1980s, then the analysis would focus on the organs of the state and how they are used to control local authorities. This analysis could ignore the multifarious agencies involved in the governing of local populations that include state and non-state ones as well as citizens and the workers of these authorities. The concept of governmentality captures these elements within a framework that illuminates how governing is conducted within advanced liberal democracies¹⁵. Within these democracies, power is exercised to influence the behaviour of a population in a territory so as to achieve social and political ends (Lemke, 2001; Dean, 1999; Rose, 1996a; Foucault, 1991a, 1982; Miller and Rose, 1990). The behaviour of populations is influenced through regimes of practice that target the population as a composite and as made of individuals, *omnes et singulatim* (Foucault, 1994a; 1991a). Through mechanisms that constitute individual choices in line with political ideals, the state is able to act on distant regions.

The work of Michel Foucault on “governmentality” and its elaboration and extension by Peter Miller, Nicholas Rose and Ted O’Leary, among others, provides rich potential for an appreciation not only of the historical and contextual underpinnings of certain management practices like accounting but also their deployment and effects (see Rose and Miller, 1992; Miller and Rose, 1990; Miller, 1990; Miller and O’Leary, 1987). The importance of this concept is evidenced by recent calls to analyse accounting as regimes of practice (Jones and Dugdale, 2001; Hoskin, 1994; Munro, 1993). It offers an alternative means of understanding practices such as markets and strategic performance measurement systems (SPMS) not only in the context of the rationales and technologies within which they have been promoted but also their effects (Miller and O’Leary, 1994; Miller, 1990). It provides potential to respond to

¹⁵ Advanced liberal democracies refer to those, which have adopted modes of government where individual autonomy, minimal state activity and greater visibility of markets in the provision of traditionally provided public goods are in vogue. These include the USA, UK, Australia, New Zealand and Canada where governments have to navigate between control and the observance of individual autonomy.

calls to situate accounting research within its organisational and social practices (Miller, 1990; Hopwood, 1979). Foucault enables an analysis of power relations, which mainstream accounting research has generally tended to ignore, but which are now the subject of increasing interest from critical accounting researchers (Kearins, 1997; 1996). Previous accounting studies on governing have tended to be broad, taking the nation state as the unit of analysis (see for example Miller and O'Leary's (1993) analysis of American competitiveness). The effect of these regimes of government is therefore not very clear. The focus on a single case study, however, enables the effect of modalities of government to be exposed. Such an analysis should enable a reflective critique of the practices of accounting as a technology of government of organisations and society.

This chapter is organised as follows. The following section elaborates on the nature of power, distinguishing between sovereign power and Foucault's conception of power/knowledge. The third section explains the concept of governmentality, especially its definition and components. It explores Foucault's definition of governmentality as a political rationality and as a triangle of sovereignty–discipline–government that enables conduct to be directed on the basis of specified political rationalities. The fourth section examines the implications of governmentality in the study of local government while the fifth analyses the ways through which this form of power should be studied. It illustrates this approach with a review of some of the studies in accounting that have employed the concept of governmentality. The sixth section concludes the chapter.

3.2 Nature of Power

Foucault's concept of governmentality arose as a critique of traditional forms of power represented by sovereignty. Sovereignty occupied the central place in political analysis, but Foucault felt that this perspective did not make

intelligible the ways through which modern society was being governed. Sovereignty was the pre-eminent form of power in the Western world up to the 17th century but became supplanted by more indirect and subtle forms of power. He concluded that “What we need, however, is a political philosophy that isn’t erected around the problems of law and prohibition. We need to cut off the King’s head: in political theory that has still to be done” (Foucault, 1980a, p. 121). The following subsection explains the concept of sovereign power while the one after presents Foucault’s critique of it and his own conception of power. This explanation would provide a foundation for attention to governmentality, a modern form of power.

3.2.1 Sovereign Power

Sovereignty directs conduct through the direct and coercive mechanisms of the state. The notion of Sovereignty and sovereign power is often traced to Hobbes and his classical work *The Leviathan* (Hobbes, 1914). Hindess (1996) views Hobbes’ theory of sovereignty as being at the centre of modern political theory. According to Hindess (1996), Hobbes argued that sovereignty arises when subjects confer consent to the sovereign to act on their behalf. This arrangement confers on the sovereign the mandate to make and apply the force of the law. Power is implied as a right of the sovereign over their subjects. The effect of this is that authority is centralised in the hands of the sovereign. Power is viewed as a quantity: the more you have the more powerful you are.

Some contemporary thinkers have however expressed unease with Hobbes’ notion of sovereignty, especially with the fact that individuals authorise the sovereign to act on their behalf, therefore creating obligations to the sovereign, while the sovereign owes them no obligation. This view of power creates asymmetrical power relations where the sovereign is not answerable to the subjects (Hindess, 1996). Locke in his *Second Treatise on Government* (1956) therefore sought to place the sovereign as having very definite obligations to

the subjects (Hindess, 1996). He viewed the role of the sovereign as making laws and administering them for the public good, the implication here being that if the sovereign did not act in the public interest, then the subjects could reject such a sovereign as illegitimate. The individual within such a political community would be a rational, autonomous agent, free to make their own choices with exceptions such as in the case of children requiring parental care. The focus of political analysis still remains the state with the role of other agencies excluded (Hindess, 1996). Both of these perspectives on power assume a pre-existing subject who is able to authorise the sovereign to act on his or her behalf.

This characterisation of the state by Hobbes and Locke has informed political analysis with sovereignty and its modern extension the state viewed as consisting of a number of features, namely, the ability to employ coercion or physical force, within a territory. The state enjoys a monopoly of making laws and enforcing them. The sovereign derives his or her legitimacy from the consent of his or her subjects (Hoffman, 1995). The state is viewed as the centre of power and the key agent through which sovereign power is exercised. Sovereignty is associated with a view of power as a constraint (Hindess, 1996; Clegg, 1989; Miller and O'Leary, 1987; Foucault, 1980c). The conduct of individuals is carried out through direct and coercive means.

Parallels can be drawn between the state and the organisation regarding the exercise of sovereign power. Within organisations, sovereign power is exercised through hierarchical structures where power is associated with the position one occupies. It involves direct and coercive mechanisms directed at those lower in the hierarchy so that they can conduct themselves in line with the goals of the organisation. Within such a context, resistance would also be direct, manifested by strikes and sit-ins with the sovereign managers acting to crush such resistance through sackings, the police and other forms of repression. Following Foucault, numerous researchers argue that modern

organisations have shifted away from this direct, coercive and brutal forms of power (Jermier, 1998; Deetz, 1998; 1992).

This form of power was criticised by Foucault who proposed governmentality as an alternative (Foucault, 1991a). Foucault poured scorn on Hobbes' notion that sovereignty is constituted by the consent of free individuals, instead asserting that the way the subject was constituted itself was central to governing and required to be studied (Foucault, 1980b). The focus on power as an objective commodity that can be owned and transferred ignored attention to the diverse ways it is constructed as part of everyday practice. This form of analysis is narrower, for it excludes the rich and diverse ways through which control over people is achieved in modern society. This does not mean that the state is not important, but that it has embraced other modalities that make it more indirect but pervasive (Foucault, 1991a). The following section expounds Foucault's conception of power.

3.2.2 Foucault's Concept of Power

Foucault's concept of power is a critique of sovereign forms of power and seeks to present an alternative understanding of the way power is constituted and exercised and its effects in daily social and working life. Power is a socially constructed practice that cannot be studied as an objective reality (Knights and Vurdubakis, 1994; Foucault, 1982). Foucault argued that central to the constitution of power is knowledge with which it is intertwined in what he termed power/knowledge. Knowledge is implicated in the constitution of power through discourse. Discourse formulates what it means to be the better human being and entices people to effect changes to their identities so as to live in accordance with this truth (Foucault, 1982; 1980d). Discursive formations of strategy for example entice workers to work on themselves so as to behave in line with the truth of being a strategist (Knights and Morgan, 1991). This is not

a one-way relationship for power constitutes truth through for example, institutionalising this way of seeing:

What I mean is this: in a society such as ours, but basically in any society, there are manifold relations of power which permeate, characterise and constitute the social body, and these relations of power cannot themselves be established, consolidated nor implemented without the production, accumulation, circulation and functioning of a discourse. There can be no possible exercise of power without a certain economy of discourses of truth which operates through and on the basis of this association. We are subjected to the production of truth through power and we cannot exercise power except through the production of truth (Foucault, 1980d, p. 93).

The nexus between power and knowledge constitutes a discursive power that leads to changes in people's identity on the basis of what is presented as the truth. It constitutes subjects by representing current identities as deficient and offering truer modes of being on the basis of which people get enticed to act upon others and themselves. This form of power also offers them techniques for transforming themselves on the basis of these truths (Foucault, 1980d; Kusch, 1991). Discursive power links people's identities and conduct to the conduct of government so that "In the end, we are judged, condemned, classified, determined in our undertakings, destined to a certain mode of living or dying, as a function of the true discourses which are the bearers of the specific effects of power" (Foucault, 1980d, p. 94).

While people may end up behaving in ways they are unaware of, often they play an important part in bringing about the new identity. This is not a deterministic process, for people play a strategic part in choosing one form of truth over another. They also have the potential to effect change to a truth by contesting it or offering alternative interpretations (see Knights and McCabe, 2000). Foucault argues that resistance is intertwined with power relations, that where power is exercised, there resistance resides (Knights and Vurdubakis, 1994; Foucault, 1982). Discourses of power that constitute the subject are imbued with discourses of resistance, or rather power relations within themselves create conditions for resistance (Knights and Vurdubakis, 1994). This would suggest that to study resistance, one needs to study power

relations, their conditions of possibility and their installation at specific sites. This negates claims that attempts to humanise the workplace have eliminated resistance and fosters those that focus on the myriad ways, many overt and less vocal through which employees continue to resist power today. These forms of resistance are characterised by behaviour that seems to suggest conformity, while in fact, subverting the system (Fleming and Sewell, 2002; Knights and McCabe, 2000; Kondo, 1990).

Since power is ubiquitous, so is resistance. It does not reside only in one person or centre. Power and therefore resistance are not centred on the state but on the multiplicities of agencies that seek to govern conduct on the basis of certain ideals. Furthermore, because power is positive, resistance does not have to be negative. It can take the form of discourses that may seem to bolster new regimes while actually enabling the achievement of different power relations:

The elimination of resistance, in other words, is not a necessary feature of the exercise of power. Nor does resistance deprive relations of power of their opportunities to reconstruct themselves; indeed, it may stimulate technologies of power to reorganise, adapt and multiply (Knights and Vurdubakis, 1994, p. 179).

Sovereign power works through domination, but while Foucault recognised the existence of domination, he emphasised the primacy of an individual free to choose. He argued that power is most pervasive where individuals cooperate and connive in their subjection to it. The counterpart of power is therefore freedom (Foucault, 1994b; 1977; Hoskin and Macve, 1986). Power only exists where there is potential for resistance, otherwise it is force: "There is no power without potential refusal or revolt" (Foucault, 1994a, p. 324). Foucault saw resistance to current forms of subjectivity as central to his analysis:

Maybe the most certain of all philosophical problems is the problem of the present time, and of what we are, in this very moment. Maybe the target nowadays is not to discover what we are, but to refuse what we are. We have to imagine and to build up what we could be to get rid of this kind of political "double bind" which is the simultaneous individualisation and totalisation of modern power structures (Foucault, 1982, p. 216).

Resistance is therefore a form of power exercised by workers in the workplace. Foucault suggests an analysis that eschews the dichotomisation of resistance and power: resistance can and does co-exist with consent (Collinson, 1994). Collinson (1994) for example demonstrated how strategies of worker resistance to a new corporate culture were co-existent with their consent to the hierarchical nature of the organisation and the right of management to manage. This conceptualisation may recast in new light the concomitant acceptance and opposition to financial logic by General Practitioners (GPs) and schools in the UK that has been interpreted as absorption (Broadbent, Jacobs and Laughlin, 2001; Broadbent, and Laughlin, 1997). Absorption however implies an end to resistance because so long as no new challenge to the core comes along, stability will reign.

While the traditional understanding of power emphasised its negative and repressive character, Foucault conceived it as positive. A positive power is one, which does not just prohibit, but enables action. Repression or suppression as such are not power, but force:

It is a total structure of actions brought to bear upon possible actions; it incites, it induces, it seduces, it makes easier or more deficient; in the extreme it constrains or forbids absolutely, it is nevertheless always a way of acting upon an acting subject or acting subjects by virtue of their acting or being capable of action. A set of actions upon other actions (Foucault, 1982, p. 220).

Power is not a substance which one can possess while the other does not. It is not a quantity where some would have more than would others. While some people can direct and control others, this capacity is always within a limit for those so directed have the potential to refuse (Foucault, 1994b).

Since power and resistance are intertwined, it is difficult to study one and not the other. The rules for studying one apply to the other. Foucault proposed a number of methodological precautions or concerns in the study of power. Firstly, he suggested a study of power that avoided the over-concern with sovereignty and the "regulated and legitimate forms of power in their central

locations" (Foucault, 1980d, p. 96) and instead emphasised power at its extremities:

On the contrary, it should be concerned with power at its extremities, in its ultimate destinations, with those points where it becomes capillary, that is, in its more regional and local forms and institutions. Its paramount concern, in fact, should be with the point where power surmounts the rules of right which organise and delimit it and extends itself beyond them, invests itself in institutions, becomes embodied in techniques, and equips itself with instruments and eventually even violent means of material intervention (Foucault, 1980d, p. 96).

Secondly power should be analysed at the point where "it installs itself and produces its real effects" (Foucault, 1980d, p. 96). Put differently, power should be studied at the point of interaction with its objects or targets or at the point where it is exercised:

Let us not, therefore, ask why certain people want to dominate, what they seek, what is their overall strategy. Let us ask, instead, how things work at the level of ongoing subjugation, at the level of those continuous and uninterrupted processes which subject our bodies, govern our gestures, dictate our behaviours, etc. In other words, rather than ask ourselves how the sovereign appears to us in his lofty isolation, we should try to discover how it is that subjects are gradually, progressively, really and materially constituted through a multiplicity of organisms, forces, energies, materials, desires, thoughts etc. We should try to grasp subjection in its material instance as a constitution of subjects (Foucault, 1980d, p. 97).

Thirdly, power should not be analysed as a capacity possessed by one person or group who then lord it over the others. Instead power is ubiquitous, with everyone exercising it and subject to its exercise. Individuals are not just victims of power but are the medium through which power is exercised. Put differently, power constitutes the individual who in turn articulates or transmits it (Foucault uses the expression vehicle):

Power must be analysed as something which circulates, or rather as something which only functions in the form of a chain. It is never localised here nor there, never in anybody's hands, never appropriated as a commodity or piece of wealth. Power is employed and exercised through a net-like organisation. And not only do individuals circulate between its threads; they are always in the position of simultaneously undergoing and exercising this power. They are not only its inert or consenting target; they are always also the elements of its articulation (Foucault, 1980d, p. 98).

Fourthly, the analysis of power should not start from the centre, going downwards to its application at various bases to the most molecular elements of society. Instead, analysis must begin from the most molecular elements of society, upwards to the global level:

One must rather conduct an *ascending analysis* of power, starting, that is, from its infinitesimal mechanisms, which each have their own history, their own trajectory, their own techniques and tactics, and then see how these mechanisms of power have been – and continue to be – invested, colonised, utilised, involuted, transformed, displaced, extended etc., by ever more general mechanisms and by forms of global domination (Foucault, 1980d, p. 99).

Foucault argued that an historical analysis of power must begin from the lowest level to analysis of how mechanisms of power function:

I believe that the manner in which the phenomena, the techniques and the procedures of power enter into play at the most basic levels must be analysed, that the way in which these procedures are displaced, extended and altered must certainly be demonstrated; but above all what must be shown is the manner in which they are invested and annexed by more global phenomena and the subtle fashion in which more general powers of economic interests are able to engage with these technologies that are at once both relatively autonomous of power and act as its infinitesimal elements (Foucault, 1980d, p. 99).

Fifthly, he argued against the analysis of the state and ideology, for he thought that power and its mechanisms went beyond ideology. Furthermore, as already explained in chapter two, ideology and theory are not prior to discourse and therefore cannot provide an analytical framework. Foucault therefore suggested that power should be analysed as “apparatuses of knowledge” and not as ideological constructs. Such an analysis should focus on the techniques and tactics of domination, not juridical sovereignty and state institutions.

Foucault also pointed out the various issues that such a research agenda should focus on and some indications on how this could be done. He argued for a focus on the mechanisms through which power is exercised or the “tactics of government” that define what the state can and cannot do (Foucault 1991a, p. 103). Foucault decried the inordinate lack of interest in the mechanisms of power (Foucault, 1980e).

Foucault's conception of resistance is problematic for many scholars. When individuals resist power, what are they trying to achieve? (Kearins, 1996; Armstrong, 1994; Neimark, 1990). This question is pertinent because for Foucault, one order of power relations replaces another. This perpetual succession of power relations has tended to expose his work to charges of being nihilistic and numbing critique. The aim of resistance however, appears to be the replacement of dominant power relations with less dominant ones. Recognising the tendency of systems to create asymmetrical power relations, Foucault suggests resistance as a form of perpetual vigilance for such an occurrence. This way, Foucault does not have a programme of universal social transformation. His approach however seeks to ensure that whatever system is put in place does not end up subjugating those it is meant to serve.

His refusal to analyse who has power and who does not and why apparently ignores the material conditions, which empower others while disenfranchising the rest. These criticisms are normally directed by Marxist scholars who view Foucault's lack of attention to the capitalist system as acquiescing at best to the interests of capital over labour (e.g. Neimark, 1994; 1990). Some of these scholars wonder for whom discipline is creating docile bodies. Since Foucault refuses to take a normative stance on truth, he is criticised as blunting critique and of offering no programme of social change. Because his genealogy draws on the work of Nietzsche, he is viewed as a philosopher of despair (Armstrong, 1994; Neimark, 1994; 1990). These criticisms notwithstanding, Foucault provides an important approach and insights to understanding the present through attention to history and to the mechanisms through which populations and individuals are made subject to power.

To summarise, this section has illuminated the way Foucault distinguished his conception of power from that of sovereignty. The section has also made it clear that under sovereignty, the subject existed before power, but conferred power on the sovereign who made the individual subject. The direct and

coercive mechanisms of the state were the mechanisms through which the subjectification of individuals was achieved. Foucault on the other hand conceived power as a relation between individuals and groups, which was not centred in any one person or place. Contrary to the sovereign notion, the subject in Foucault's conceptualisation was constituted through power, using indirect and seductive forms of power. Table 4 summarises the chief characteristics of the sovereign and Foucaultian conceptions of power while the following section focuses on one form of Foucaultian power, governmentality.

Table 4: Foucaultian and Sovereign Conceptions of Power

Modality of power	Foucault's Power	Sovereign Power
Nature of power	Power is exercised	Power is a right
	Power is productive	Power is repressive
	Power relations	Power is a quantity
	Power is positive	Power is negative
Centre of power	State, non-state agencies and social authorities	The state/ state agencies
	Power is ubiquitous, is everywhere, by everyone	Power is localised
Means	Disciplinary techniques and population regulations Technologies of the self	Power is exercised through force, police, prison, army
	Relies on knowledge of Individuals and populations	Relies on law
Ends	Individual and population	Territory
Constitution	Subjects do not exist prior to the state	Subjects exist prior to the state and confer consent

(Adapted from Sørensen and Torfing, 2000)

3.3 Governmentality

The above section has elaborated Foucault's wide ranging discussion of power. This section focuses on one modality or form of power, governmentality. Foucault used the concept of governmentality in two senses (Lemke, 2001; Burchell, 1996; Gordon, 1991). He used it in a narrower sense to refer to the reflexivity of government, the thinking about what government consisted of (or

its rationality), and in a wider sense to mean the way in which the conduct of people could be influenced on the basis of this thinking: “To govern in this sense is to structure the field of action of others” (Foucault, 1994a, p. 341; 1991b; 1982). The following subsection elaborates on the two elements or perspectives of governmentality.

3.3.1 Governmentality as Political Rationality

Governmentality is a reflexive activity through which the political rationalities that inform conduct are subjected to constant scrutiny (Foucault, 1994a). Foucault was concerned that though the Enlightenment had ushered in reason, rationality had become associated with some of the worst excesses of human history such as the concentration camps. He raised the question: should we try reason? His response was that this was an unfruitful endeavour. Instead, he proposed a vigilant attention to the rationalities which link political power to conduct and their effects on our daily existence (Foucault, 1994b; 1982):

I think the central issue of philosophy and critical thought since the 18th century has always been, still is, and will, I hope, remain the question: What is this reason that we use? What are its historical effects? What are its limits, and what are its dangers? How can we exist as rational beings, fortunately committed to practising a rationality that is unfortunately crisscrossed by intrinsic changes? One should remain as close to this question as possible, keeping in mind that it is both central and extremely difficult to resolve (Foucault, 1984, p. 249)

Foucault outlined two doctrines that formed the basis of political rationality. One was the reason of the state, the other police¹⁶. The doctrine of reason of the state referred to the principles and methods of governing the state and how these differ from other ways of governing. This doctrine addressed the principles and mechanisms guiding an actual government. It represented government as an art, a technique that is based on knowledge, not only of the state, but other states as well. Statistics and arithmetic came to be the mechanisms through which this knowledge was obtained (Foucault, 1991b;

¹⁶Foucault was not using the term “police” in the common, English sense of the word as law enforcement.

Miller and Rose, 1990). While the doctrine of reason focused on populations that inhabit a territory, that of police was concerned with the way in which the well-being of the individual could be obtained as the means of serving the population. It was based on the premise that if you improve the individual's well being, that of the population would also be enhanced. The state is therefore both individualising and totalising, *omnes et singulatim* (Foucault, 1994a; 1991a; Foucault, 1982).

These doctrines do not however constitute ideal forms of rationality in the Weberian sense (Foucault, 1982). While particular ways of governing may be promoted, the resulting governmental practices may be at variance with this ideal. This does not however mean that the resulting practices are irrational but represent different forms of rationality. Foucault therefore suggested that to understand this rationality, one needed to pay attention to very specific practices (Foucault, 1991b). Such attention should illuminate not only the rationalities or teleologies in the name of which these practices are promoted but other rationalities that inform them and the agencies and forms of expertise that have been implicated in bringing them about. Such practices should not be analysed so as to establish how they differ from an ideal rationality but in terms of the rationalities that inform them (Foucault, 1991b).

This perspective suggests that rationality be analysed from an "instrumental and relative meaning" (Foucault, 1991b, p. 79). This approach involves analysing rationalities as programmes made up of "sets of calculated, reasoned prescriptions in terms of which institutions are meant to be reorganised, spaces arranged, behaviours regulated" (Foucault, 1991a, p. 80). Such programmes have prescriptive, codifying and discursive effects (Foucault, 1991a). Programmes have prescriptive effects when they define the ends or "what is to be done" (Foucault, 1991b, p. 80). They have codification effects when they define what is to be known or the rules, procedures and means employed to obtain certain ends (Foucault, 1991b). Finally, programmes have discursive

effects when they are involved in the formulation of certain means and ends as being the truth (Foucault, 1991b). It is through programmes that the ideals for representing social reality and the schemes for changing this reality on the basis of these ideals are articulated. Programmes constitute “the wider discursive field in which conceptions of the proper ends and means of government are articulated” (Miller and Rose, 1990, p. 3). Rationality should therefore be analysed in terms of how it constitutes these ends and means as the truth towards which conduct should be directed. This would suggest that attention be paid to discourse (Rose and Miller, 1992).

These three effects, prescriptive, codification and discursive would be found in any programme for transforming social reality. Programmes are the proposals or “designs” put forward by diverse authorities who promote new ways of acting upon a problem, suggest ways of overcoming existing deficiencies and create a new social and organisational reality (Miller and O’Leary, 1993; Miller, 1991; Miller and Rose, 1990). They represent the reflexivity of government with its incessant search for newer and better ways of doing things (Miller and Rose, 1990). Rose and Miller (1992) suggest that political rationalities are characterised by moral, epistemological and idiomatic features. The moral dimension specifies the ideals or principles of government while the epistemological one specifies “the nature of the objects governed” (Rose and Miller, 1992, p. 179). Political rationalities are also idiomatic in the sense that they seek to make a domain “thinkable in such a way that it is amenable to political deliberations” (Rose and Miller, 1992, p. 179), here underlining the importance of language in rendering social reality thinkable and actionable and translates political rationalities to programmes of action (Miller and Rose, 1990):

The programmatic is the realm of designs put forward by philosophers, political economists, physiocrats and philanthropists, government reports, committees of inquiry, white papers, proposals and counterproposals by organisations of business, labour, finance, charities and professionals, that seek to configure specific locales and relations in ways thought desirable (Rose and Miller, 1992, p. 181).

Knowledge as already indicated is intertwined with power, therefore, programmes are based on a claim to a certain knowledge or expertise on the basis of which a domain gets constructed as in need of reform. This involves mobilising theories or knowledge from a diverse range of disciplines as “intellectual machinery” that enables such a domain to be thought of in new ways to achieve certain political ideals. Programmes also represent a space where problems are articulated and contests over solutions played out and resolved (Miller and O’Leary, 1987).

Political rationalities are therefore linked to programmes through a process of problematisation (Rose and Miller, 1992). Issues get problematised when they become associated with certain means and ends and with problems beyond the specific organisation. This problematisation then becomes associated with certain technologies as the way to solving this problem not only in respect to the specific domain, but wider problems (Miller, 1991). The process of problematisation fabricates issues by making them visible, knowable and in need of reform or change (cf. Latour, 1987). Through problematisation “objects, actions and techniques” are made visible and worth of attention and issues linked together in such a way that there is a convergence on the problem and its solution (Miller and O’Leary, 1993, p.198). There is however no necessary perfect fit between problematisations and the programmes and technologies deployed in their name (Burchell, 1996; Rose and Miller, 1992; Foucault, 1991b).

As is often the case with his work, Foucault’s discussions of a concept are interwoven with suggestions on how that phenomenon could be studied. Foucault therefore suggested a number of approaches to the fruitful study of reason (Foucault, 1994a; 1994b). He suggested that instead of emphasising a global approach, e.g., the rationalisation of society or culture, rationality should be analysed in several locales where it has been attempted. He was therefore opposed to a focus on the Enlightenment, preferring analysis of much remote processes that could enable a fuller understanding of our history (Foucault,

1994a; 1994b). This approach suggests the use of contextual studies, hence this one. The following section analyses the way political rationalities are linked to the conduct of individuals and populations.

3.3.2 Governmentality as the Conduct of Conduct

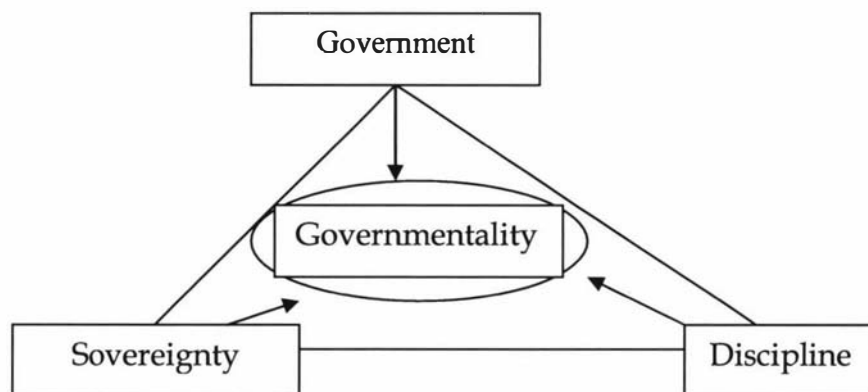
Governmentality achieves the conduct of individuals and populations through modalities that constitute them as subjects. Foucault used the term subject in two senses: as being at the control of someone else or oneself. It is these modalities that have been central to Foucault's work (Foucault, 1982). He identified three ways through which the individual is brought under the control of himself or herself or someone else. These are modes of inquiry, dividing practices and technologies of the self. Each of these modes may be associated with three different forms of power, namely sovereignty, discipline and government. Sovereign power has already been analysed in section 3.2.1 above and refers to the ways individuals are made subject to power through direct and coercive means. These ways would include the mechanisms of the law and traditional hierarchical forms of control in organisations. Foucault suggested that these forms of conduct are in themselves not very important because of developments that have elevated individual freedom to the centre of Western society (Foucault, 1982; 1980d). Discipline is a subtle but coercive form of power that constitutes individuals as subjects to power through mechanisms of surveillance and information gathering (Foucault, 1982, 1977; Dreyfus and Rabinow, 1982). Government on the other hand refers to the ways individuals themselves appropriate technologies of the self so as to constitute themselves as subject to power (Foucault, 1988; 1979).

Foucault first studied sovereignty then discipline and suggested the latter had supplanted the former (Foucault, 1977). He then later turned to governmentality (Foucault, 1988; 1979). There is a danger of assuming that sovereignty and discipline are no longer relevant as modalities of governing

just because Foucault dealt with these three in a sequential manner. On the contrary, Foucault argued that governmentality occurs at the point of intersection between technologies of power or domination and technologies of the self (Foucault, 1988; Rabinow, 1984) and that governmentality is integrated in “a triangle” of “sovereignty–discipline–government”. This triangle may be illustrated in Figure 1 which shows how these three forms of power intersect to form governmentality. This would seem to suggest that to make governmentality intelligible, one would need to see how these three forms of power interplay to affect the conduct of individuals and populations:

Accordingly, we need to see things not in terms of the replacement of a society of sovereignty by a disciplinary society and the subsequent replacement of a disciplinary society by a society of government; in reality, one has a triangle, sovereignty - discipline - government, which has as its primary target the population and as its essential mechanism the apparatuses of security (Foucault, 1991a, p. 102).

Figure 1: Triangle of Governmentality



Since governmentality is an interplay between sovereignty, discipline and government, it is not reducible to any one of them. This interconnection produces a modality of government with its own unique features and complexities. The objective of government is no longer to guard the territory of the sovereign against competing interests, as illustrated in the advice of Nicollo Machiavelli to the *Prince* (Foucault, 1991a). Instead, governmentality is directed

at the diverse needs and interests of the population and how best to meet them. It is based on the principle that to meet the needs of the population, the governmental mechanisms must pay attention to the characteristics of the individuals that comprise this population, *omnes et singulatim* (Foucault, 1994a). The subjectification of the population is based on the political rationalities of what is the desired way of organising individuals and populations and meeting their needs:

The population now represents more the end of the government than the power of the sovereign; the population is the subject of needs, of aspirations, but it is also the object in the hands of government, aware, vis-à-vis the government, of what it wants, but ignorant of what is being done to it. Interest at the level of consciousness of each individual who goes to make up the population, and interest considered as the interest of the population regardless of what the particular interests and aspirations may be of the individuals who compose it, this is the new target and the fundamental instrument of the government of the population: the birth of a new art, or at any rate of a range of absolutely new tactics and techniques (Foucault, 1991a, 100).

The attention to the specific characteristics of the individual as a means of governing the population multiplies the behaviour to be governed and the desired purposes or effects (Dean, 1999). This development has multiplied the capacity of the state to make people its subjects and ought to be resisted:

The conclusion would be that the political, ethical, social, philosophical problem of our days is not to try and liberate the individual from the state, and from the state's institutions, but to liberate us both from the state and from the type of individualisation which is linked to the state. We have to promote new forms of subjectivity through the refusal of this kind of individuality, which has been imposed on us for several centuries (Foucault, 1982, p. 216).

The attention to these diverse individual needs is enabled not by the monolithic efforts of the state, but through diverse social agencies that focus on the individual as the site for changing behaviour so as to achieve certain ideals or principles (Burchell, 1996; Rose and Miller, 1992; Foucault, 1991a; Gordon, 1991). This reorientation of the objectives and apparatuses of the state is what Foucault called the governmentalisation of the state: "May be what is really important for our modernity - that is, for our present - is not so much the *étatisation* of society, as the 'governmentalisation' of the state" (Foucault, 1991a,

p. 103). The governmentalisation of the state has intensified its reach through the deployment of state and non-state agencies that include community organisations, the church, schools and even the family. These agencies exercise a more pervasive and ubiquitous form of power at “a much more minute and everyday level” (Foucault, 1980b, p. 60) compared to the state. Governmentality therefore represents a shift from single, state centred analysis to the multiplicity of ‘centres’ of government where the political agenda are articulated and mechanisms for their realisation dreamed and deployed (Rose and Miller, 1992; Foucault, 1982). The entry of non-elected members to the government of populations however, raises questions as to whether it enhances or subverts participatory democracy (Kearns, 1995).

These agencies are allied to or appeal to certain forms of knowledge and expertise (Dean, 1996; 1994; Foucault, 1991b). Expertise refers to the esteem accorded to agents because of the belief that they possess specialised truths, powers and neutrality which enables them to achieve certain ends (Rose, 1996a; Rose and Miller, 1992; Miller and Rose, 1990). This privileged status enables experts to seek to direct the daily social and working life of people on the basis of socio-political objectives. Experts are able to represent people’s daily worries into problems that can be solved and then offering them technologies through which, they can attain individual autonomy and self-fulfilment (Miller and Rose, 1990). They are able to offer managers solutions not only to their technical problems, but also problems to do with the personal capacities of their employees in order to achieve organisational goals (Miller and Rose, 1990). Through expertise, governments recast old and new issues as capable of being calculated and solved:

Experts hold out the hope that problems of regulation can remove themselves from the disputed terrain of politics and relocate onto the tranquil yet seductive territory of truth. By means of expertise, self-regulatory techniques can be installed in citizens that will align their personal choices with the ends of government (Rose and Miller, 1992, p. 188).

The thrust of governmentality is not to force individuals, though domination still remains, but to entice them to act in a certain way that is in line with the specified ideals. Central to this mode of government is that individuals' actions are linked to specified political rationalities through their exercise of choices:

Government is any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape conduct by working through our desires, aspirations, interests and beliefs, for definite but shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes (Dean, 1999, p. 11).

The conclusion that emerges from this discussion is that sovereign power has lost its centrality in the government of populations. This diminution does not mean that the state no longer uses the force of arms or the law to enforce its will, far from it. What this position suggests is that beside the direct and coercive mechanisms of the law and force, the state deploys indirect and less coercive mechanisms a lot more in the pursuit of its objectives (Neu and Heincke, 2004). These other mechanisms still draw on the state's resources. Through its intent as expressed in policy documents or legislation, the state remains at the centre of dreams to govern territory and population as suggested by Foucault: "It is certain that in contemporary societies the state is not simply one of the forms or specific situations of the exercise of power - even if it is the most important - but that in a certain way all other forms of power relations must refer to it" (Foucault, 1982, p. 224). What has changed are the means through which the will of the state is achieved and focus on the state is bound to miss these:

...the studies of governmentality reveal that the neo-liberal forms of government do not simply lead to a shift in the capacity to act away from the state and onto the level of society, to a reduction in state or its limitation to some basic functions. On the contrary, the state in the neo-liberal model not only retains its traditional functions, but also takes on new tasks and functions. The neo-liberal forms of government feature not only direct intervention by means of empowered and specialised state apparatuses, but also characteristically develop indirect techniques for leading and controlling individuals without at the same time being responsible for them (Lemke, 2001, p. 201).

The use of direct, authoritarian forms of control within modern organisations has not disappeared. Especially within the knowledge industries, newer and subtler forms of power that focus on the subjectivity of the worker are in vogue (Deetz, 1998). These forms of power combine traditional hierarchical relationships with programmes that aim to “humanise” the work place. The state has metamorphosed by adopting forms of power whose objects and modalities are different from sovereign power. The adoption of older forms of power have made the state a lot more powerful and pervasive, making modern government very complex:

The forms and the specific situations of the government of men by one another in a given society are multiple; they are superimposed, they cross, impose their limits, sometimes cancel one another out, sometimes reinforce one another. It is certain that in contemporary societies the state is not simply one of the forms or specific situations of the exercise of power – even if it is the most important – but that in a certain way all other forms of power relations must refer to it. But this is not because they are derived from it; it is rather because power relations have come more and more under state control (although this state control has not taken the same form in pedagogical, judicial, economic, or family systems). In referring here to the restricted sense of the word *government*, one could say that power relations have been progressively governmentalised, that is to say, elaborated, rationalised, and centralised in the form of, or under the auspices of, state institutions (Foucault, 1982, p. 224).

Foucault’s ideas on how sovereignty, discipline and government contribute to governmentality in the sense of conduct of conduct are discussed in the following subsections.

3.3.2.1 *Sovereignty and Governmentality*

The nature of sovereign power is captured in Foucault’s famous book *Discipline and Punish* (1977) where punishment to a regicide is public, direct and involves physical punishment to the body. Conduct is enforced through the threat of brutal punishment from the sovereign or the organs of the state. The sovereign is concerned to control their territories through the threat of use of force to enforce public order. While this form of conduct still remains, its importance has been watered down considerably by the state’s adoption of other forms of

conduct in what Foucault characterises as the governmentalisation of the state (Foucault, 1991a). The sovereign form of power has already been discussed above. This is the oldest form of power, and according to Foucault, was supplanted by, first discipline, then later governmentality. These other forms of power are discussed next.

3.3.2.2 *Discipline and Governmentality*

Like sovereignty, discipline is not the main modality through which populations are conducted in modern society. Nevertheless, its value in the service of governmentality has been multiplied. Discipline, far from diminishing has become an effective weapon of governmentality by providing in-depth knowledge of the individual, enabling them to be conducted on the basis of this knowledge. This is because, though discipline is a technology that is effective in micro-institutions such as schools, hospitals, etc, knowledge at the microlevel is central to the conduct of populations:

As for discipline, this is not eliminated either; clearly its modes of organisation, all the institutions within which it had developed in the 17th and 18th centuries – schools, manufactories, armies, etc. – all these can only be understood on the basis of the development of the great administrative monarchies, but nevertheless, *discipline was never more important or more valorised than at the moment when it became important to manage a population;* (emphasis added) the managing of a population not only concerns the collective mass of phenomena, the level of its aggregate effects, it also implies the management of population in its depths and its details (Foucault, 1991a, p. 101-102).

Discipline is a form of power exercised over one or more individuals in order to provide them with particular qualities so that they can act and behave in certain desired ways. It seeks to govern people through indirect mechanisms that centre on the body of the subject (Foucault, 1977). The aim of the disciplinary technology is to forge “a docile body that may be subjected, used, transformed and improved” (Foucault, 1977, p. 198). Disciplinary power seeks to obtain or extract time and labour from individuals by influencing their bodies, their acts, attitudes and modes of everyday behaviour (Foucault, 1980a; 1977). As already explained, questions have been raised as to the purpose and principal for

whom docility is being produced or who is authorising power in the form of surveillance.

Discipline occurs through knowledge gathering of the individual who becomes an object that is made the subject of power. This knowledge gathering is exemplified by Jeremy Bentham's Panopticon (Foucault, 1977), which relies on surveillance or the gaze. The Panopticon enables the prisoner to be seen from any angle by the guard sitting at the central tower. The prisoner in expectation that he or she is always under the gaze of the guard internalises the power to discipline himself or herself. The impossibility to escape the disciplinary gaze of the all-seeing (but unseen) observer in the tower engenders a realisation in the occupants of the surrounding cells that they are always subject to surveillance. The occupant becomes his or her own guardian. The apparatus of power continuously and anonymously operates even in the absence of the supervisor, constituting a new, internalised, discipline of norms and behaviour.

The concept of discipline has been extended outside carceral institutions (see Macintosh, 1994; Hopper and Macintosh, 1993). Within these institutions, discipline is achieved through discursive formations, which define the individual, their role and the practices for making their activities visible and ensuring their conduct. These practices form the basis for their evaluation and normalisation (Miller and O'Leary, 1987). The fact that the subject can be permanently observed creates knowledge of the subject and enables power to be exercised over him or her on the basis of this knowledge. Knowledge of the individual is then complemented with expert discourses that seek to direct the conduct of the individual on the basis of truth (Covaleski, Dirsmith, Heian and Samuel, 1998; Foucault, 1977). These discourses seek to work on that part of the human person that is amenable to government on the basis of the "truth" of who he or she is and what he or she could be:

If, on the contrary, power is strong this is because, as we are beginning to realise, it produces effects at the level of desire – and also at the level of knowledge. Far from preventing knowledge, power produces it. If it has been possible to

constitute a knowledge of the body, this has been by way of an ensemble of military and educational disciplines. It was on the basis of power over the body that a physiological, organic knowledge of it became possible (Foucault, 1980b, p. 59).

The knowledge obtained on the individual enables them to be subjected to the penalty of the norm (Covaleski, et al., 1998; Foucault, 1977). Normalisation enables individual action to be located within a larger whole that provides a framework for ordering his or her action in relation to a standard. This norm or standard specifies the minimum hurdle, the average against which an individual is to be compared and an optimum towards which the individual should work. This provides a basis for comparing and differentiating between individuals. The individuals are ranked on a scale, objectifying individual differences and putting a value on these differences on the basis of the norm. The norm also specifies the corrective steps individuals need to take to be normal, hence making them subjects of normalisation (Covaleski, et al., 1998; Foucault, 1977). Those categorised as abnormal are incited to become normal which brings more and more areas of life within the action of the norm.

Disciplinary conduct is also enabled by the use of training techniques which induce certain behaviour. It proceeds through the spatial distribution of individuals, control of activities, organisation of segments or stages of training, and general coordination of all elementary parts (McHoul and Grace, 1993; Dreyfus and Rabinow, 1982; Foucault, 1977). Through these procedures and mechanisms, disciplinary power is able to penetrate into the very web of social life. Discipline becomes an important cog in governmentality by enabling a gaze into the nooks and crannies of individuals' lives hence enabling the conduct of the population. No longer centred in carceral institutions, discipline potentially enables the government of whole populations.

Discipline presents a ubiquitous form of power distinct from that of sovereignty. Sovereign power proceeds from the supervisor to the supervised, with the subject required to give an account of themselves to the supervisor,

and not the other way round. Discipline however goes beyond this one way surveillance by suggesting that even the supervised can exercise power over the supervisor through reverse surveillance and through resistance. The supervisors themselves are under surveillance, for they are visible to those higher up (Foucault, 1980b). Discipline reaches its zenith when those who judge, themselves become the subject of the norm (Foucault, 1977). Foucault therefore suggests that there are different levels of discipline, with perfection being attained when there is virtual visibility with the observer being observed (Foucault, 1980b; 1977). The conduct of individuals is therefore achieved through internalising discipline in the knowledge of being under constant surveillance.

Modern day organisations may not achieve the unceasing surveillance that was envisioned in the Panopticon. For example, because the accounting regime relies on quarterly or annual reporting, questions have been raised about its disciplinary potential (Armstrong, 1994). Disciplinary technologies however constitute one, among a myriad of technologies through which the individual in the modern organisation is governed. The disciplinary technologies therefore complement other regimes of practice that intensify the individual's conduct towards the goals espoused by the organisation. Furthermore, disciplinary technologies represent human beings as mere objects of power hence denying human agency. It is following these criticisms that Foucault came up with the notion of governmentality (Triantafillou and Nielsen, 2001). The key regimes are the technologies of the self to which the discussion now turns.

3.3.2.3 Government and Governmentality

The analysis in the preceding two subsections shows that governmentality employs the mechanism of sovereignty and discipline to direct the conduct of populations through attention to individuals. This section deals with the

remaining part of the triangle, government. Foucault defined the word government in very broad terms to mean the multifarious ways in which conduct is directed using a multiplicity of agencies:

This word must be allowed the very broad meaning, which it had in the 16th Century. "Government" did not refer only to political structures or to the management of states; rather it designated the way in which the conduct of individuals or of groups might be directed: the government of children, of souls, of communities, of families, of the sick (Foucault, 1982, p. 221).

Government is achieved where technologies of power or domination intersected with technologies of the self (Foucault, 1988; 82). Technologies of domination refer to those external mechanisms of power through which the individual is made a subject. These include discipline, which constitutes individuals into objects, which can be made subjects of power and sovereignty. Technologies of domination work through discourses of right or truth:

Moreover, in speaking of domination I do not have in mind that solid and global kind of domination that one person exercises over others, or one group over another, but the manifold forms of domination that can be exercised over society. Not the domination of the King in his central position, therefore, but that of his subjects in their mutual relations: not the uniform edifice of sovereignty, but the multiple forms of subjugation that have a place and function within the social organism (Foucault, 1980d, p. 96).

The government dimension in the triangle of governmentality therefore introduces a circular relationship into the discussion, because it includes sovereignty and discipline, both of which have been discussed. The conclusion would appear to be that this dimension is concerned with ways in which individual conduct is influenced through technologies of the self. These are the focus of this section.

Technologies of the self are those mechanisms through which individuals turn themselves into subjects in pursuit of various political ideals (Foucault, 1988). Technologies of the self consist of the procedures, which are proposed to individuals so as to (re)form their identities in the name of certain ideals through a mastery of the self by the self or a knowledge of the self by the self (Foucault, 1988; 1979). While disciplinary techniques require surveillance,

technologies of the self operate on self-autonomy through which an individual turns himself or herself into a subject (Covaleski, et al., 1998; McHoul and Grace, 1993). These technologies can be instruments in the pursuit of political, social and economic goals and a means of resistance to other forms of government (Dean, 1999; Foucault, 1988). Techniques of the self help governmentality to be extended even to the souls of the citizen (Rose, 1996a).

This form of power is based on the tenets of the liberal rationality of government that its long-term objectives are achieved through the free actions of individuals without diminishing the scale of government involvement (Hindess, 1996). Technologies of the self operate on the conception of power as intimately linked with freedom. Since individuals are free to choose otherwise, power aims to influence their choices. The success of government programmes is therefore dependent on those technologies of the self, which seem to confer autonomy yet enable the government to remain in control (Burchell, 1996). Since this power is not visible to the subjects, it neutralises resistance (Foucault, 1979).

These technologies proceed through regimes of confessions before a father figure or expert who prescribes the form, words and rituals of the confession. This figure counsels the subject who feels compelled to confess their inner truths about themselves, on the basis of which they are known and made subjects. The individual comes to know himself or herself on the basis of this inner truth and the judgement of the expert. The expert listens to the individual and compels him or her to act on himself or herself on the basis of the spoken truth and expert knowledge (Covaleski, et al., 1998; Cruikshank, 1996; Foucault, 1979).

These technologies represent mechanisms through which human beings have been urged to become ethical beings that define and regulate themselves according to a moral code. They go through certain modes of subjectification,

which involve the monitoring, testing, and improving of the self so as to live as an ethical subject (Rose, 1990). This modality of government is potent because it is realised through the active connivance of the individual. When combined with sovereign and disciplinary forms of power, the individual would find himself or herself enfolded in complex power relations that require equally more subtle forms of engagement to resist. The following section analyses governmentality in the context of local government.

3.4 Governmentality and the Local in Advanced Liberal Democracies

Foucault did not pay specific attention to local government, but his work has direct relevance to this sphere (Isin, 2000). The government of the local in the advanced liberal democracies of UK, USA, Australia and New Zealand is characterised by a dialectic of the need to govern while at the same time not seeming to subvert individual freedom (Flint, 2003; Rose, 2000; 1996a; 1996b; 1993; Isin, 2000). This dialectic is resolved through constituting individuals as active agents who desire to be free and responsible for their own lives. While enjoying their freedom, these individuals are able to conduct themselves in line with the political rationalities of the state (Foucault, 1991a; Flint, 2003; Rose, 2000; Isin, 2000).

The alignment of individual choices with political rationalities achieves government without direct intervention hence observing the individual's need for autonomy. The individual becomes an active agent of power who exercises government over themselves. The reforms in the advanced liberal democracies that have become encapsulated under the rubric of NPM therefore intensify government contrary to claims that they will reduce government. Advanced liberalism is not about less government, but shifting the techniques, focus and priorities of government so as to achieve "government without government" while the state remains as strong as ever (Isin, 2000). This contradiction has been summarised by Isin (2000):

There has been a paradoxical double movement where, on the one hand, central governments have increased their control over local authorities via new techniques and technologies, such as auditing, monitoring, appointing, measuring and regulating, and where, on the other hand, they have increasingly devolved, downloaded, contractualised, marketised and entrepreneurialised local government functions via a plethora of agencies, quangos and partnerships (p. 150).

These technologies of government are bound up with newer forms of expertise that supplant old established ones. Isin (2000) asserts that "If the modes of circulation of knowledges that animated liberal technologies of power were verity, validity, reliability, the new modes of circulation are enumeration, calculation, monitoring and evaluation" (p. 155). This is akin to the audit explosion that Power (1997) describes as being associated with the emergence of NPM. These expertise are characterised by a concern to make visible the conduct of individuals on the basis of established standards, which form the basis for their subjectification. Managers have increasingly come to occupy influential positions in power relations within local authorities in New Zealand, yet they are invisible to the gaze of citizens (Kearins, 1997).

This indicates that rule within advanced liberal democracies is not undertaken solely by the state but by a plethora of state and non-state agencies. These include local authorities, autonomous individuals, volunteers and privatised entities. These multiple actors annex powers and responsibilities formerly vested in the state (Isin, 2000). This suggests that local government is not just those functions and services performed by a local authority that is delineated by a specific jurisdiction, but the multiplicity of authorities and agencies that seek to direct conduct within territories (Isin, 2000).

The role of diverse agencies in government is evident in their concerted efforts to bring about this motif of community. The technologies of self-government in advanced liberal democracies increasingly involve constituting citizens as members of communities through such agencies. Communities in this sense suggest not only a certain space to be governed but also a site where subjects

are to conduct themselves actively and responsibly not only to themselves but to others in the “community”. The responsible citizen is to be responsible to themselves as consumers, workers and residents who are also members of their communities (Flint, 2003; Rose, 1996a):

From the point of view of this new conception of community, the subject is addressed as a moral individual with bonds of obligation and responsibilities for conducts that are assembled in a way that traverses and criss-crosses fixed territorial boundaries, including those of cities (Isin, 2000, p. 157).

This quote suggests that communities exist within bounded spaces. Though community is perceived as existing naturally, it would have to be constituted and this is done through discourse. The individual citizen is to be constituted as a communal subject through a discourse of what it means to be a responsible citizen in a community:

Community here is construed as natural: unlike “society”, it is not a political fabrication. But community must also be built, must be made real, must be brought into being by campaigns of consciousness raising, by pressure groups and community activists, and increasingly by acts of political government themselves (Rose, 2000, p. 98).

The change in technologies of governing in the advanced liberal democracies certainly implies the reform of the way government institutions provide goods and services. The welfare system is getting reconstructed such that economic rationalities and not social ones underpin decision-making. There has been a marked preference for market or quasi-market provision and the use of private sector methods of management of what was the public sphere with the boundaries between the private and public sphere becoming blurred (Flint, 2003; Townley, 2002a; Carter, Klein and Day, 1992; Pollitt, 1990). In the UK for example, housing provision is increasingly being channelled to private hands with local authorities governing this process at a distance (Flint, 2003). Some commentators have suggested that these changes herald the “death of the social” and its supplanting by community (Rose, 1996a; 1996b; 1993) while others see them as heralding the emergence of a “post-welfarist regime” where “the social is reconfigured within the frame of reflexive government” (Flint, 2003, p. 613, citing Dean, 1999).

The welfare system now seems to be anchored in the responsible citizen who is committed to his or her community. This individual is above all a citizen by virtue of his or her conduct as a consumer of goods and services. Since consumption requires resources, the good citizen is constituted as that who works to improve his or her ability to consume. This includes employing technologies of the self such as training to improve their labour productivity: "Governmental technologies therefore seek to develop personal capacities of subjects through making the individuals dependent upon their ability constantly to work upon themselves as entrepreneurs of the self" (Flint, 2003, p. 614).

The improvement of labour productivity is tied with their contribution to the community. The community citizen does not however engage in all forms of consumption. Instead, his or her conduct is channelled towards sanctioned forms of consumption through a discourse of the good life. This discourse normalises these forms of consumption while acting to exclude those with different patterns of consumptions. For example in the UK, housing ownership is promoted while residential housing is demeaned, creating tensions between these two categories. On the basis of this categorisation, expertise is deployed to normalise the 'deviants' (Flint, 2003).

The advanced liberal democracies are associated with constituting the local as an economic subject (Rose, 2000). The citizen is enticed to become loyal and committed to his or her city or local space by participating actively in fostering its economic development. The local citizen is therefore an enterprising subject that is actively involved in efforts to reconfigure his or her space so as to make it attractive relative to other spaces. The individual is also represented as an economic subject that would evaluate his or her place of residence against other cities on the basis of how attractive they are. The local authorities are therefore challenged to ensure that their locales are prosperous and attractive so as to retain and attract more people (Rose, 2000).

To summarise, the government of the local in advanced liberal democracies seeks to achieve the political rationalities of the state through constituting individuals as active and responsible subjects. Through technologies of the self, individuals act on themselves so as to achieve their wants and desires which are in line with these political rationalities. Government of these democracies is characterised less by institutions and more by strategies and technologies that seek to change the identity of individuals and groups so as to make their conduct governable at a distance. A key technology is that of constituting individuals as consumers responsible to themselves and also to their communities. This double bind is however bound to create tension, for the pursuit of individual goals may not necessarily cohere with communal goals (Flint, 2003; Isin, 2000; Rose, 2000). This may therefore constitute a site for resisting these forms of government. The thesis analyses the way in which the discursive formations of post-1984 local government reforms in New Zealand accord with the problematics of governing the local in advanced liberal democracies. The following section wraps up the discussion of governmentality through attention to the way it has been empirically researched within the context of accounting.

3.5 Governmentality and Accounting Research

The concept of governmentality has been appropriated by a number of accounting researchers, namely, Rose, Miller and O'Leary. These researchers have employed interpretive analytics (Dean, 1996; Dreyfus and Rabinow, 1982; Foucault, 1980e; 1979), which is an approach that takes the concept of practice as central to an understanding of how state aspirations are linked with the conduct of individuals and populations (Dean, 1996; 1994; Foucault, 1991b). This is because a focus on practices, and not institutions, theories or ideologies can illuminate the way in which a multiplicity of authorities are implicated in constituting individuals as subjects. Furthermore, practices possess "up to a point their own specific regularities, logic, strategy, self-evidence and 'reason'

(Foucault, 1991b, p. 75). Foucault defined practices as “places where what is said and what is done, rules imposed and reasons given, the planned and the taken for granted meet and interconnect” (Foucault, 1991b, p. 75). His analysis was not on general practices as such, but “regimes of practices” which he defined as the coherent, organised ways of doing, thinking about, reforming and practicing certain things (Foucault, 1991b; Dean, 1999). Regimes of practices are made up of heterogeneous elements that have diverse origins. They are formed on the basis of specific rationalities or forms of knowledge and expertise that define their aims and objectives, the ways in which these should be achieved, and the position to be occupied by various agents (Dean, 1996; Foucault, 1991b).

These researchers have analysed regimes of practices in terms of how they can enable action at a distance (cf. Latour, 1987). The concept of action at a distance is appropriated on the understanding that regulating the conduct of a population requires knowledge of distant domains (Latour, 1987; Miller and Rose, 1990; Rose and Miller, 1992). The conduct of actors at distant domains is achieved through the creation of “centres of calculation” (Latour, 1987) where power over events, processes and activities that are far off is exercised (Miller, 1991). Such centres are able to act on distant domains because events, processes, and activities that are far away are inscribed and transported to a central locale where they are discussed and acted upon (Robson, 1992; 1991; Rose, 1991). The process of measurement and inscription is not a value free process, but involves fabrication through which a domain is represented in a certain way amenable to a certain form of intervention. This concept suggests that disciplinary techniques provide information about a distant domain, which is then inscribed and transported to centres where it forms the basis for action on this domain¹⁷. Technologies of the self can be used to constitute individuals

¹⁷ Centres of calculation are analogous to Giddens (1985) power containers which he defines as “circumscribed arenas for the generation of administrative power” (p. 13). Here, material and administrative resources can be concentrated and combined so that they might be used and multiplied for various ends (Dean, 1994).

at the distant sites as allies of the centre. These technologies enable action at a distance through the self-regulating bodies of subjects who are enrolled to the cause of governmentality (Rose and Miller, 1992).

Practices, as already indicated, can be made intelligible through interpretive analytics. This is a critical approach to the analysis of power that eschews theory and institutions and emphasises analysis of practices (Dean, 1996; Dreyfus and Rabinow, 1982; Foucault, 1980e, 1979). This approach makes regimes of practice intelligible through attention to the triptych of rationalities, programmes and technologies (Miller and O'Leary, 1993). The focus on this triptych enables the forms of thought which are implicated in such practices to be illuminated (Dean, 1999; Grey, 1994; Dreyfus and Rabinow, 1982) as are the specific conditions under which these practices emerge, operate and change (Dean, 1999, p.20).

These researchers (Miller, O'Leary and Rose) have analysed regimes of accounting practice in the context of the interconnectedness between political rationalities, programmes and technologies of accounting in attempts to govern populations. Miller and Rose (1990) analysed developments of systems of national accounting in post-war France and the emergence of discounted cash flow (DCF) techniques in the UK in the 1960s (See also Miller, 1991). Miller (1990) examined the innovations in regulation of private enterprise accounting in France during the reign of King Louis XIV in the 17th century. The implication of accounting in the loss of American competitiveness against the Japanese was analysed by Miller and O'Leary (1994; 1993) while Miller and O'Leary (1987) analysed developments of standard costing and budgeting in the USA.

The studies demonstrate that the accounting practices in question were already in existence but their significance improved in the context of problematisations of prevailing modes of governance that were associated with undesirable social

and economic states. These practices were implicated in these problematisations and in the programmes for the reform of these sectors. In the process, their prevailing states were also problematised and linked with the problem at hand, with its solution seen as requiring changes to accounting technology. The studies demonstrate how various discourses coalesce around certain rationalities as the basis for social and economic change and how these rationalities inform the adoption and adaptation of accounting practice.

The system of national accounting in France emerged through the adoption of pastoral forms of power where the state became concerned with meeting the well-being of each and every one of its citizens instead of just extracting a surplus from them (Miller and Rose, 1990). The regulation of private enterprise accounting during the reign of King Louis XIV were associated with similar developments (Miller, 1990). The adoption of these new objectives were linked with problematisations of prevailing social and economic order. There emerged a convergence on the need for the economic reconstruction and modernisation of France informed by a discourse of growth, progress, solidarity (Miller and Rose, 1990) and order (Miller, 1990). These discourses constituted the rationalities and programmes for achieving a modernised France (Miller and Rose, 1990; Miller, 1990), UK (Miller and Rose, 1990) and USA (Miller and O'Leary, 1994; 1993; 1987).

The DCF techniques had been in existence for long, but attained new significance in the context of problematisations of the prevailing social and economic order in the UK. There emerged a convergence that the UK needed to modernise if it was to obtain better economic and social conditions. Modernisation was seen as the rationality with growth and investment the programmes that would bring this rationality about (Miller and Rose, 1990). Standard costing and budgeting emerged within the context of problematisations of the economic and social order of the USA coalescing on efficiency to address these issues (Miller and O'Leary, 1987). The loss of USA

national entrepreneurship was associated with faulty management education that alienated management from actual production resulting into a product that could not compete with the Japanese. The factory and the product were identified as the domains that would need to be improved so as to make America competitive again (Miller and O'Leary, 1994, 1993).

Once the economic and social had been presented as wanting reform, accounting practices were mobilised as technologies of enabling these reforms. The system of national accounting in France emerged to provide new concepts and apparatus for making the economy knowable and actionable so as to bring about growth, progress and solidarity. Accounting became a technology through which the economic could be calculated and recorded, enabling the identification of domains that were productive and unproductive. It promised to make various domains and the individuals therein governable on the basis of a visibility of who is productive and unproductive (Miller and Rose, 1990). The formal systems of keeping books of accounts in certain specified ways and the emergence of a system of instructing merchants on the same were tied with installations of local administrators in the provinces. These relays and linkages enabled the recording and calculation of information on the provinces and its flow to centres of calculation, rendering France governable on the basis of a rationality of order (Miller, 1990). DCF techniques were deployed as a technology that would change the behaviour of individual agents towards investment. Managers were able to govern the future through discounting techniques that brought future cash flows to the present (Miller and Rose, 1990). This programme would avoid direct state intervention in individual private enterprise investment decisions.

The political rationalities of competitiveness were translated to actual interventions at the level of the factory, product and individual through accounting practices that would render the factory and the individual visible to centres of calculation (Miller and O'Leary, 1994; 1993). Accounting would

make the needs of the customer knowable to the worker and would enable the latter to be constituted as an economic citizen whose daily work and fulfilment were linked with the needs of the customer and through which America would recover its competitiveness (Miller and O'Leary, 1994; 1993). Standard costing and budgeting would make the activities of individuals and their enterprises visible and governable so as to achieve national efficiency (Miller and O'Leary, 1987).

The study by Miller and O'Leary (1994) has been subjected to a lot of criticism. Just like other studies that have employed Foucault, it has been criticised for ignoring the material conditions of the workers at the Decatur Plant in the USA. Their account failed to capture the struggles between workers and management that bedevilled these plants during and after their study (Arnold, 1998). Miller and O'Leary's focus on management discourse, lack of detailed attention to empirical data and lack of theory led Froud, Williams, Haslam, Johal and Williams (1998) to conclude that it could not radically question the actions of management. This is tantamount to the charges of Neimark (1990) that Foucaultian analysis is neo-conservative and effectively serves the status quo, which is oppressive. The study is however among few attempts to apply Foucaultian theorising to a detailed contemporaneous analysis of a specific organisation.

The above studies emphasise the role of discourse in representing domains and in promoting certain ways of intervening so as to achieve the specified political rationalities. These interventions include those that are aimed at the individual so as to constitute him or her as a subject in the pursuit of the political rationalities of growth, efficiency and order. The individual's conduct is therefore bound with distant political objectives. The studies show the way in which sovereign forms of power are intertwined with more recent forms of power that focus on the subjectivity of the worker. They also illustrate how micro-practices of discipline are linked to the government of populations

through the establishment of relays and linkages that make enterprise activities visible to centres while individuals' conduct is directed to meeting the needs of distant customers through self-regulating behaviour.

3.6 Conclusion

This chapter analyses Foucault's ideas on governmentality and their elaboration by Anglo-Foucaultians, especially Peter Miller, Nicholas Rose and Ted O'Leary. Foucault presents governmentality as those schemes, which seek to direct, and control people's lives through diverse indirect mechanisms, some which draw on the state and most that do not. This form of power does not replace older forms of power such as sovereignty and discipline, but adopts them, in the process changing its objectives and taking on new problems and techniques. Specifically, this form of power seeks to direct the conduct of populations through attention to meticulous detail of the individual's daily life and work. This individual knowledge coupled with discursive knowledge, enables individuals to be constituted as subjects of power. The individual is however an important agent in efforts to constitute himself or herself as such a subject through technologies of the self.

Governmentality therefore represents that form of power through which the state or other agencies can exercise power over distant domains without seeming to interfere with individual freedom for this exercise is an important aspect of governmentality. Researching this form of power requires attention to two key concepts, regimes of practice and action at a distance. Attention to the former involves an analysis of the rationalities, programmes, technologies and expertise associated with the emergence of certain organised ways of governing a domain. This necessarily involves an ascending analysis, where attention begins from the practices at the local level to their rationalities at various levels. Since this form of government takes place at a distance, the ways in which knowledge about distant domains is obtained and used at

distant centres to make their operations visible is an important aspect of governmentality. This concept provides a rich potential for understanding how states in modern societies govern their regions without seeming to interfere with the autonomy of these regions.

Chapter Four

Future City Council: The Case Study Organisation

4.1 Introduction

This study was conducted at the Future City Council (FCC) in New Zealand. The FCC is one of the local authorities, which emerged as a result of the reorganisation of local government following the Local Government Amendment Act (No. 3) 1989. This authority occupies an area of 32,594 hectares and is populated by 75,000 people, comprising of one provincial city and surrounding rural towns and homes. It has a capital of \$4.8 billion with the value of land standing at \$1.7 billion. The FCC is made up of six electoral units called wards, each represented by elected councillors. This chapter presents the structure and function of the FCC. The FCC provides a site where the various dreams of governing the local are played out and where centres, to govern a distant domain, deploy various rationalities, programmes and technologies.

This chapter is organised as follows. The second section describes the functions of the FCC. The third section explains the way in which these functions are carried out. The section discusses both the political and management structures of the FCC. The fourth section explains the way in which services were commissioned and delivered. The fifth section outlines the practices of SPMS at the FCC and specifically the documents associated with long term planning. The sixth section concludes the chapter.

4.2 Functions of the FCC

The council is responsible for the provision of a diverse range of services that include:

- Water supply, treatment and distribution;
- Collection, treatment and disposal of sewage and industrial waste;
- Disposal of storm water;
- Roads, streets, bridges, footpaths and car parking facilities;
- Refuse collection, disposal and recycling;
- Parks, reserves, sports fields, aquatic facilities, cemeteries and crematorium, and other community and recreational facilities;
- Community, older persons and special needs housing;
- Cultural facilities including libraries, art gallery, science centre and museum;
- City development and marketing;
- Regulatory services relating to building, resource management, environmental health, liquor licensing, animal control, parking, general by-laws and the storage and handling of hazardous substances; and
- Civil defence.

The FCC provides these services using a variety of approaches, which are discussed in a later section. In addition to the above, the FCC provides transport, electricity and airport facilities through its shareholdings in corporatised entities.

4.3 Structure of the FCC

The structure of the FCC reflects the attempts at the separation of policy from implementation in the public sector generally and local government in particular. While the political arm deals with the formulation and monitoring

of policy, the implementation arm deals with its operationalisation. This section describes this dual structure.

4.3.1 Political Structure

The FCC is a statutory body under the provisions of the Local Government Act 1974. Its political structure is made up of an elected council, which is in turn made up of a number of committees, subcommittees, working parties and advisory groups.

The council is made up of The Mayor and fifteen elected councillors. The Mayor, who is its political head, and the councillors are elected every three years. The council has the ultimate responsibility for all of the FCC's activities. It defines the broad outcomes that the council should pursue and delegates the achievement of these outcomes to the city manager, who is appointed on a five-year contract.

The city manager is in charge of the day-to-day running of the council and decides which services and activities would be undertaken and how they would be undertaken and by whom. The city manager also decides how performance towards the provision of these activities and services would be measured and what rewards and sanctions would accrue to those responsible. The council is therefore decoupled from the day-to-day management of the organisation, which is vested in the city manager.

The council forms various committees to assist it to achieve its purposes. Its role then becomes considering and adopting decisions made by these committees during the relevant period. The council may also consider matters, which do not come through committees, under special sessions. It makes its decisions in formal meetings, which are held at designated dates on a regular

basis at the Council Chambers. These meetings are open to the public, except in some cases where they may be held behind closed doors to protect privacy. This situation applies to all other meetings.

As indicated, committees play an important role in the government of local authorities generally and in FCC in particular. Each of these is assigned specific functions of the council, which are often linked with the objectives of the council. Each of the committees is headed by an elected representative, and not all councillors sit on all the committees. At the time of the study¹⁸, these committees consisted of city development, community affairs, regulatory and resource management, finance and review/audit, committee of Council and Future District/Future City Joint Committee. Each of these committees is expected to deliberate on the specific function assigned to it and guide the council deliberations on the same. Each committee deals with issues brought to it that relate to that committee and maintains a work in progress, which it reviews on a regular basis. These committees ensure that the council governs on the basis of its articulated political objectives.

The Committee of Council, which meets once every six weeks, discusses any matters prior to the establishment of other committees. During its meeting, the council can deliberate on any issue that is beyond the mandate of any one committee. All councillors attend the meetings of this committee, with the City manager attending as a servant of the committee. The Mayor is normally the chairperson of this committee though he or she may appoint another person to chair.

Beside committees based on function, the council is also assisted by committees that are formed specifically for each ward. Ward committees seek to represent the interests of their communities to the council. It is through these committees that the council is informed about how its policies and activities affect specific

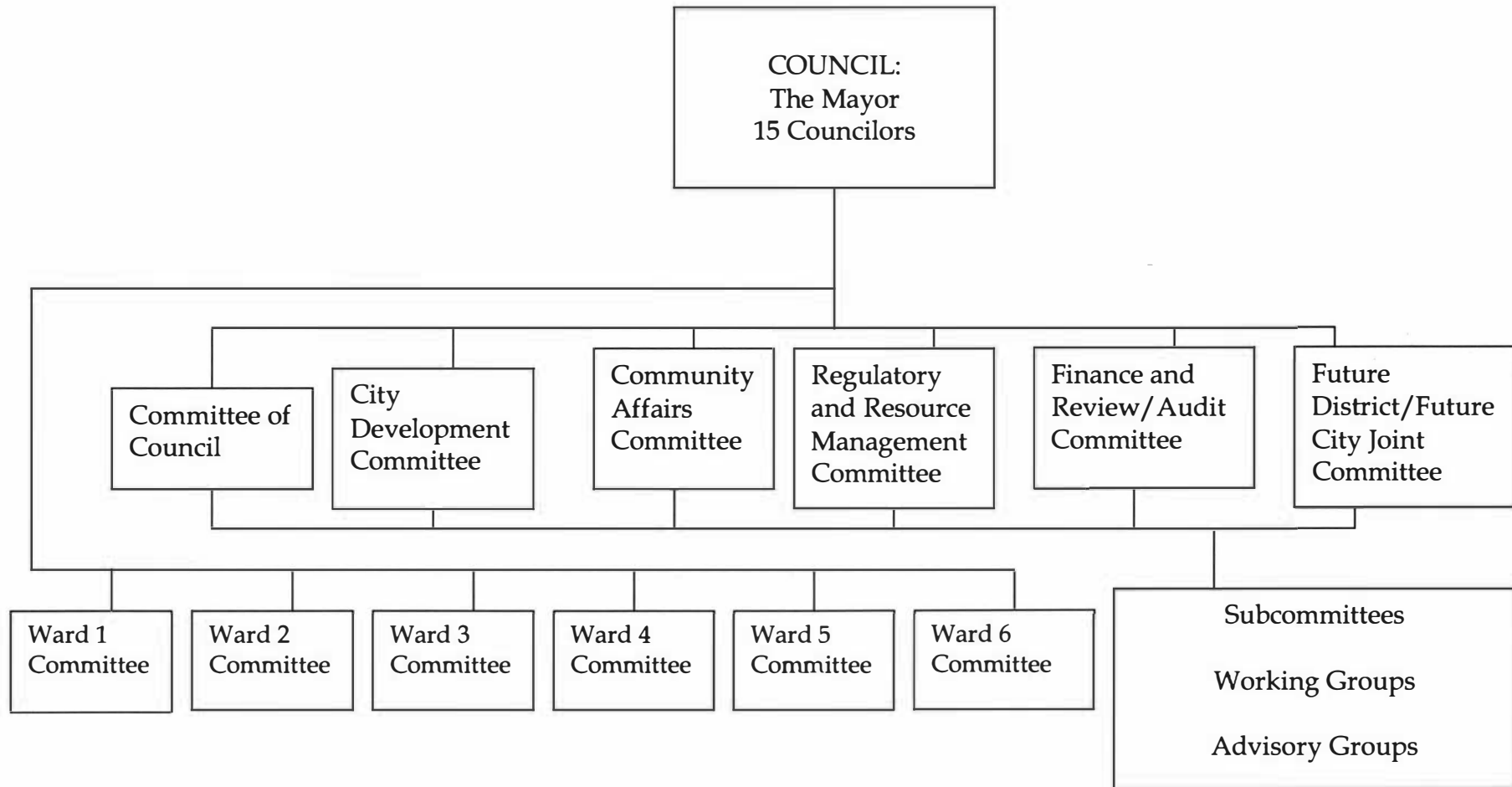
¹⁸ This refers to 2001 when the case study commenced.

wards. These committees also advise the council what it would cost to meet the needs of the wards. This information forms the basis for the annual plans and strategic plans.

The council is also assisted by a number of sub-committees. These include the audit sub-committee, business units board sub-committee, city manager's performance appraisal sub-committee, consultative subcommittee for arts and culture, consultative subcommittee for recreation and sport, low income sub-committee and recreational leisure and cultural subcommittee. As can be gleaned from their names, these subcommittees deal with specific functions, which the committees may consider deserve separate and special attention.

The committees may constitute any number of special working parties or advisory groups to assist them in their work. At the time of the study, there were working parties for an all weather athletic park, annual plan review, convention centre, millennium working party, recreational lake and waste water 2006 project steering group. In addition the following advisory groups were in existence: bicultural, civil defence, community development plan, walkways, waste management, waste water 2006, community liaison group, civil honours selection panel and cycle advisory group. Figure 2 illustrates the political structure of FCC.

Figure 2: Political Structure of FCC



4.3.2 Management Structure

The council as already indicated, decides which outcomes the FCC should achieve. These are generally drawn from the promises made to the electorate during elections and from depositions made by the public. The council then hires a city manager to whom it provides resources and delegates the actual achievement of these outcomes. The city manager is the chief executive of the FCC and enters into a contract with the council to achieve its outcomes. While the elected representatives are answerable to the electorate, the city manager is accountable to the council for the management of all its activities.

The functions of the city manager are defined in the Local Government Act 1974, s119D. These include:

1. Implementing the decisions of the local authority;
2. Advising members of the local authority and any community boards regarding policy;
3. Ensuring that all functions delegated or imposed by law to him or her and any other person are properly performed or exercised; and
4. Ensuring effective, efficient and economic management of the activities and planning of the local authority.

The city manager appoints a management team to help him or her achieve the outcomes delegated to him or her. The management comprises of the managers of the various units of the council. He or she then decides on how the FCC should be structured so as to achieve these outcomes. The city manager decides on the functional organisation of the FCC and the managers of the functional units that carry out the daily activities of the council. These managers are employed on the basis of contracts, which specify the goals they should pursue and the activities they should be engaged in to achieve these goals. Their reward or sanction is based on perceived effort towards the achievement of these goals. These goals and activities are geared to the

achievement of the delegated outcomes. The following section describes the role of the various functional units of the council, which are summarised in Figure 3.

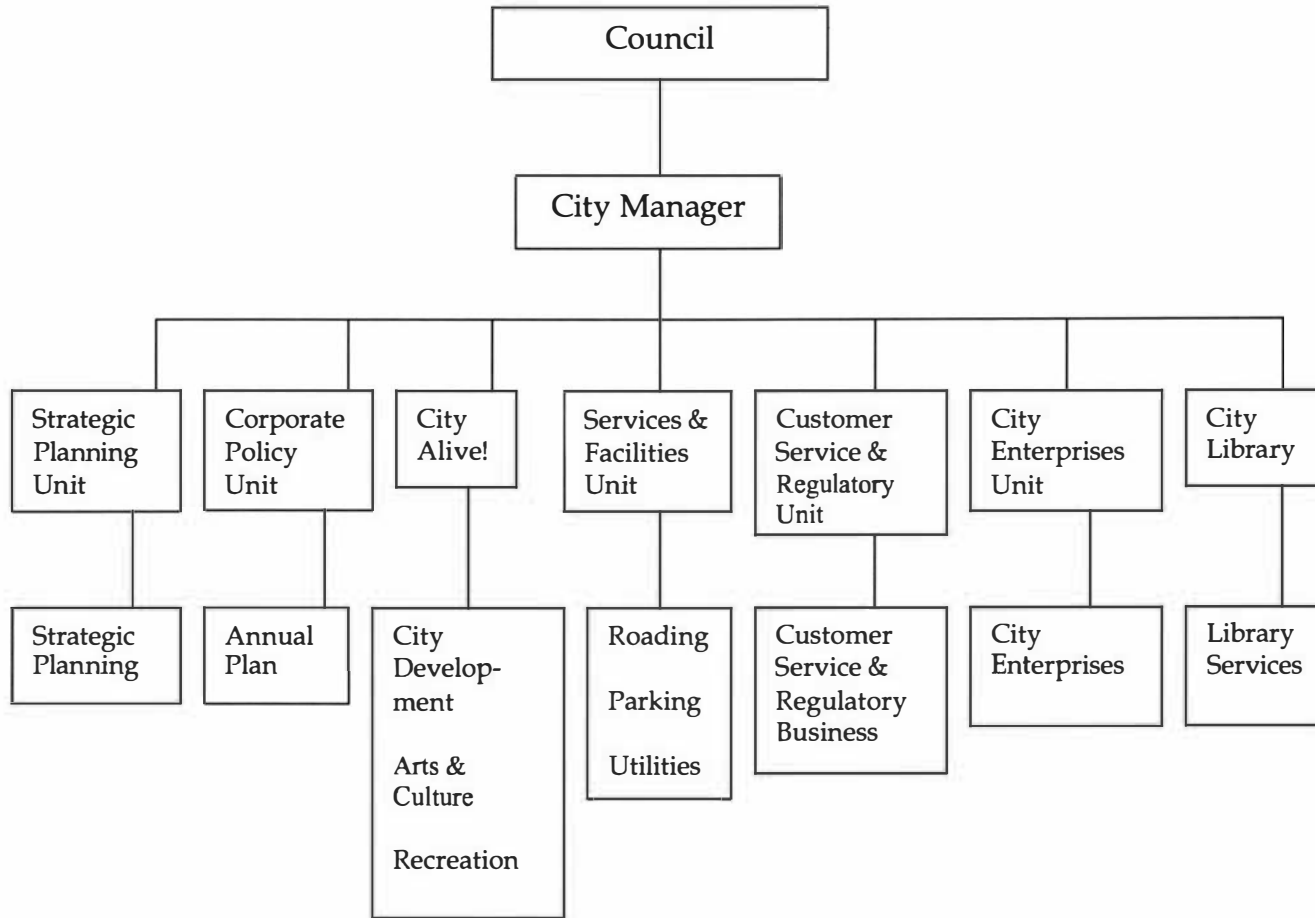
Strategic Planning Unit

This unit is required to study developments likely to impact on the FCC and translate these into a coherent policy for the council. At the time of the study, this unit comprised twenty strategic planning officers and a policy analyst. The role of the officers is to continually review the strategic policy of the various units regarding economic development, recreation and community development, or developing new policy on the basis of what the community wants or is thought to want. This unit is responsible for the city vision, the strategic plan, the district plan, and the civil defence plan. It is also charged with policy development in economic, social and environmental and community development areas in addition to compliance of the council with the Treaty of Waitangi provisions.

The Corporate Policy Unit

This unit is responsible for planning and support services, which include financial, human resources and information technology policy of the council. Its functions include collection and processing of rates, treasury management, financial accounting, budgets, the annual plan and report, training, industrial relations, personnel policy and special projects. This unit, unlike the other units employs accountants who provide services to it in addition to the other units of council. The corporate policy unit also provides administrative and advisory services to the council and its various committees and groups. This unit is also in charge of governance, ensuring that democratic processes are aligned with legal and community expectations. It also organises civic functions.

Figure 3: Management Structure



Services and Facilities Unit

This unit deals with water, waste management and roads. It provides waste management services, which includes advice, recycling facilities, refuse collection and disposal. It is also responsible for the provision of land transport facilities, which includes roads, car parking and footpaths. The unit is charged with recreational assets, such as the maintenance, replacement and development of the city's recreational assets such as parks, pavilions, aquatic facilities, community houses, cemeteries and crematorium, public toilets, show grounds and car parks.

The services and facilities unit includes City Water business unit, which owns the infrastructural assets of the council and is responsible for water supply and the collection, treatment and disposal of sewage and stormwater. The operations and maintenance staff for the City Water business unit are provided by City Enterprises through an internal contract.

City Alive!

This unit is charged with the council's recreation, cultural planning and coordination, events and marketing, community development, economic activity and city design.

City Enterprises

This is an in-house business unit, which provides services to other units of the council. It undertakes a number of programmes, which include the vehicle pool programme, facilities management, service development, accounting and computing, property management, laboratories, civil defence and software services. It is expected to raise its income mainly from the sale of products and services on a market-comparable basis, quality and price wise. This unit is allowed to undertake external work where it has an excess of resources in the

short term. City Enterprise accountants provide services, on the basis of contract, not only to Corporate Policy, but to other units of the council as well. The unit is expected to conduct itself in a business-like manner, but while this is the case, it cannot divest from an activity without consulting the management team. This unit does not own the infrastructural assets.

Customer Service and Regulatory Unit

This unit provides a customer service centre and a telephone call centre. This centre is the first point of contact with the council and deals with all queries regarding the services provided by the council.

City Library

This unit provides the library and runs the mobile library services. The purpose of the library is stated as “to inspire people to explore the pathways to the world – *Te ara whanui o te ao*”. It provides a venue and resources for reading and accessing information, which includes books, audiovisual items and the Internet, among others. The City Library is also required to provide and maintain city and community archives. These services are offered from the central library in FC and three rural towns. The following section explains the ways through which goods and services are provided at the FCC.

4.5 Provision of Goods and Services

The management structure of FCC reflects a separation of commissioning from service delivery. The commissioning arm specifies the goods and services to be provided so as to meet the council’s outcomes. The commissioning side also specifies who is to provide these services. This arm consists of the council’s planning framework and includes policy, asset ownership and the stewardship functions. The commissioning units include strategic planning and corporate

policy. The commissioning side drives the other council units by specifying the policies and outcomes that should underpin their activities.

The council has adopted a model that does not privilege internal providers over other providers. Instead, this model puts a premium on cost-efficiency as the criteria for the mode of delivery. The model seeks to ensure that services are provided on a competitive basis price and quality-wise. Thus it provides services either as a department within the council, a business unit of council, a council owned company, a short or long term external contract or as a company. The internal service delivery consists of a number of business units, which include City Enterprises, City Water, Customer Service and Regulatory unit, and the Property unit and non-business ones that include City Library, City Alive!, and Services and Facilities Unit. The service delivery arm provides services to the commissioning side on the basis of a series of contracts. The commissioners may also contract external service providers in preference to units within the council. The following section outlines the strategic planning process.

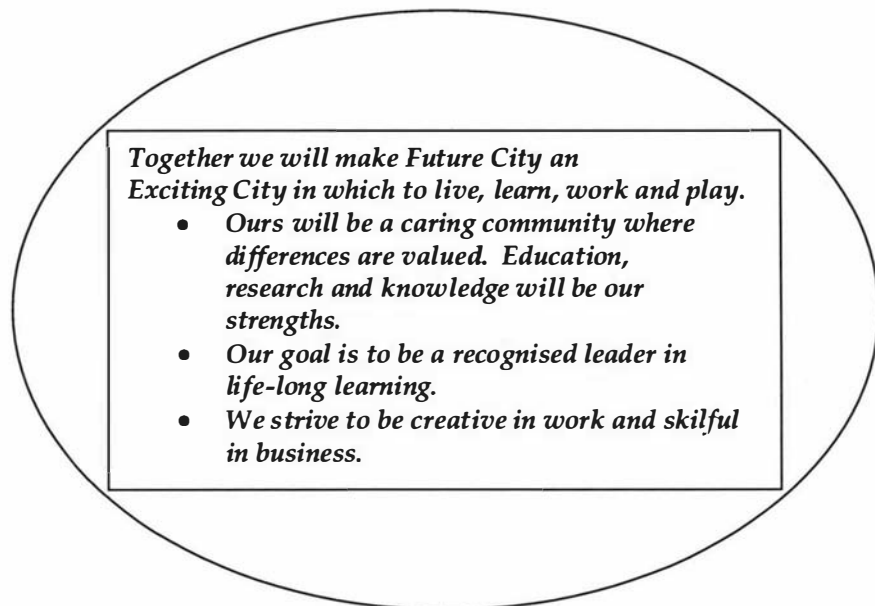
4.5 Strategic Planning

While there is a department that goes under the name the Strategic Planning Unit, it may be viewed as consisting of a web that encompasses statutory and non-statutory processes and documents. The former include the long-term financial strategy, the annual plan and district plan, while the latter include the city vision, the strategic plan, the business plans, environmental plans, the community development plans and numerous asset management plans. Each of these documents is examined in their turn.

4.5.1 The City Vision

Strategic planning in the FCC is based on the city vision. The City Vision apparently provides the direction the city wants to go over the next twenty years. It reflects the kind of city the people of FC apparently want. The city vision for 1995-2015 is here reproduced (Figure 4). Strictly, the city vision is not an FCC document, but that of the citizens of FC, but FCC is the main facilitator of the process that leads to its adoption and implementation.

Figure 4: City Vision



(Source: FCC, 1996)

4.5.2 The Strategic Plan

The strategic plan is the response of the FC organisation to the city vision and spells out how it will contribute to realising the dreams of the city as spelt out in the city vision. This document attempts to chart the direction of the FCC for the next ten years. It outlines the organisation mission, the activities to achieve this mission and the resource implications.

4.5.3 Business Plans

Each unit is required to prepare a business unit strategy that specifies how it will meet the objectives of the strategic plan and hence the city vision. Through the business plans, unit managers spell out their objectives, the programs to achieve these objectives and the financial implications of achieving these objectives.

4.5.4 The Community Development Plan

The community development plan outlines how FCC seeks to promote the social well-being of the most disadvantaged members of its community. This plan identifies the needs of the specific community and the resource implications of meeting these needs. The plan is a part of the FCC community development mission, which is “assisting groups, neighbourhoods and communities within FC to help themselves, to achieve community well-being and to alleviate disadvantage on the basis of equity”. The plan’s areas of focus include employment, education, health, education and community centres.

4.5.5 The Annual Plan and Report

The Local Government Act (No. 2) 1989, s223D requires every local authority to prepare an “annual report to public concerning plans” after consulting members of its community. The plans should include the local authority and any other organisation under its control. The plan should outline all the intended significant policies and activities for the next three years in detail for the forthcoming year and in general terms for the following two years. It should disclose in total and for each of the significant activities, the indicative costs and the sources of funds, the borrowing needs, the programmes and proposals for the payment of interest and the repayment of capital. It should

disclose the performance targets and other measures by which performance may be judged in relation to these policies and objectives.

The report should also contain forecast financial statements for the year including actual and forecast statements of financial position, operating statement and cash flows. The plan should also explain any departure from previous policy. The local authorities are required to prepare the annual plan through a special consultative procedure. This procedure requires local authorities to give adequate public notice of any proposal and allow for at least one month for public submissions to be made regarding the proposal. They should then give a hearing to subcommittees, meet in public to hear and deliberate on submissions and make final decisions on the basis of proposals. Section 223E of this Act requires the local authority to prepare an annual report on the progress towards the annual plan and the cost implications of achieving this plan.

4.5.6 The Long Term Financial Strategy

The Local Government Act (No. 3) 1996, s122k requires every local authority to prepare a long term financial strategy (LTFS), funding policy and investment strategy after every three years. The LTFS should span a period of at least ten years and should be adopted after a special consultative procedure. The LTFS is required to show the services and facilities to be provided to the community, why they are being provided, the costs and benefits of providing these and the sources of funding for them. The aim is to demonstrate that appropriate financial provisions have been made for the services and facilities the community expects over a ten-year period. Proposals in the LTFS come from consultation on what are perceived to be community priorities.

The Local Government Amendment Act (No. 3) 1996, s223D also requires local authorities to include the LTFS in their annual plans. Section 223E requires

these authorities to prepare an annual report that demonstrates progress on, among others, the elements of the LTFS.

4.5.7 Asset Management Plans

These plans examine the life cycle of infrastructural assets to ensure that the level of service designed for is delivered. They also disclose capital expenditure implications and are central to the preparation of the LTFS. These plans enable strategic plans to be made operable by demonstrating the way resources are allocated and expended.

4.5.8 The District Plan

This plan is prepared in line with the requirements of the Resource Management Act 1991. It spells out the objectives, programmes and activities of the FCC that are aimed to meet the purpose of Section 5 of this Act, which is to “promote the sustainable management of natural and physical resources”. The plan is prepared so as to operationalise national and regional policies regarding sustainable management of natural and physical resources. The district plan is also linked with the other plans of the FCC such as the annual plans and strategic plan.

4.6 Conclusion

This chapter has described the case study organisation, FCC. FCC is a local authority established under the Local Government Act 1974 to provide a range of services which include the provision of physical facilities to cultural ones, water, roading, civil defence etc. that meet the needs of the inhabitants within the jurisdiction of the local authority. These facilities and services are provided

within a governance framework that separates the policy arm from the implementing arm. While the council specifies the policy that governs the council, the statute provides for an executive manager who is in charge of the day-to-day running of the council organisation. The internal management of the council also reflects this philosophy of separating policy from delivery, with some functions of the council charged with commissioning services while others provide these services. It is however, not only the internal units, which provide services, but external ones as well. In addition, council has adopted a range of ways of delivering services which include the establishment of local authority trading enterprises (LATEs), companies, and trusts. Guiding the efforts to provide these services is a process of strategic planning, which provides the objectives that the council should pursue. This process is codified in various documents, which include the city vision, the strategic plans, the business plans, the community plans and the district plans. The following chapters examine the way this process is mobilised.

Chapter Five

Governing the Local: Rationalities, Programmes and Technologies of New Zealand Local Government Reform

5.1 Introduction

Local government in New Zealand prior to 1989 was characterised by a large number of ad hoc and special purpose bodies and many diverse local authorities, with overlapping functions each providing a narrow range of local infrastructural services (McKinlay, 1994). These services and purposes included housing, civil defence, environment, roads, pests, floods, harbours, electricity and water, to name but a few. This arrangement reflected the welfarist concern of New Zealand government to provide goods and services to all its citizens in the belief that no one else could (Campbell, 2001; McKinlay, 1990). It also reflected the haphazard way in which local government had developed so as to meet the perceived needs of the dispersed communities of New Zealand. The Royal Commission to Inquire into and Report on Social Security (New Zealand Government, 1970) underscored the centrality of the social as an objective of local and central government when it defined the government's role as ensuring that the individual enjoys a standard of living similar to everyone else in the community and feels that he or she belongs to, and participates in the community.

The major decisions and the allocation of resources for the government of local and regional space were undertaken from Wellington (Bassett, 1996; Martin, 1991). Local authorities received most of their funding from the central government in Wellington to achieve purposes spelt out in statute and others perceived to meet the needs of the local citizens. The central government exercised control over local authorities through accountability for these funds based on the budget. Other than this input-based form of control, central

government avoided getting too involved in the affairs of local authorities. It has been suggested that this aloofness was partly because local government was not accorded a lot of importance by central government where the government of the local was concerned. Central government instead preferred to set up central government agencies to achieve its objectives in the regions (Boston, Martin, Pallot and Walsh, 1996). This state of affairs is aptly articulated by McKinlay (1990):

This was a pattern in which effective governmental power vested in central government, and sub-national units were weak, fragmented, and with little governmental overview in their respective areas. The implication of this was that, as the role of public provision expanded, it was public provision for the centre rather than public provision through locally accountable structures which inevitably dominated developments (p. 9).

Local authorities therefore existed to carry out a number of functions, enjoyed relative autonomy and resisted successive government attempts to restructure them (Bassett, 1996; Bush, 1992; Welch, 1989), leading Bush (1992) to state that “Governments of whatever political hue have always generally refrained from interfering in the formulating of local bodies policies or from pinpricking regulating of their behaviour” (p. 104). The authorities conducted their affairs with the knowledge that as long as they were within the limits set by statute, they would not be interfered with. They tended to elect representatives who sought to achieve the political rationalities expressed in statute. The government of the local in New Zealand prior to 1989 therefore in large measure is somewhat consistent with Foucault’s sovereign forms of power where state-centred apparatuses were the main agencies through which political power was exercised (see Foucault, 1991a). This situation was about to change in very subtle but fundamental ways with the election of the Labour Government in 1984.

The local came to assume great importance in the national lexicon. Following the reforms¹⁷ to the whole of the public sector in New Zealand, local authorities saw fundamental change to their structure and role. The number of local authorities was reduced with a concomitant increase in their size through amalgamation. These larger units were vested with greater responsibility and control but without concomitant increases in funding. Many services formally provided by local authorities were now provided by other agencies, such as power and transport companies. Private sector management practices were embraced. These transformations were carried out on the basis of political rationalities that glorified economic logic over social, market provision over public and private sector managerialism over public service. The individual local authorities were incited to restructure their organisations along this logic while the citizens were enticed to be actively involved in the affairs of their communities (Hucker, 1997; Crozier, 1997). The discourse of community was mobilised as a modality of governing local spaces. It is argued in this chapter that the reform to local government accords with transformations in local government in advanced liberal societies *a la* Foucault (see Flint, 2003; Rose 2000; 1996b; 1993; Isin, 2000; Foucault, 1991a). This new modality of government entails the conduct of oneself or others through the regulated exercise of individual freedom, enabling localities that “govern themselves” (Isin, 2000; Rose, 2000).

The chapter seeks to make these forms of government intelligible through attention to the triptych of rationalities, programmes and technologies (Rose, 1996a; 1996b; 1993; Rose and Miller, 1992) that accord with governing in advanced liberal democracies (Flint, 2003; Isin, 2000; Rose, 2000; 1996b). It analyses the nature of the changes to the government of local spaces, the rationalities and programmes informing them and the technologies for making them operable. The chapter is a response to Foucault’s exhortation that to

¹⁹ Reform is used here to refer to the wide-ranging changes to the public sector in New Zealand following the victory of the Labour Government of 1984. It is not used to suggest that the changes necessarily improved public service.

avoid the recurrence of the excesses of rationality in our time, we should be vigilant to its history through a critical ontology of the present (Foucault, 1991a; 1982).

This chapter is organised as follows. The second section analyses how the regimes of practice of local government in New Zealand were problematised as a site for reform and the political rationalities that would form the basis of such a reform. The third section discusses the numerous programmes and ways in which the government of local spaces was reconfigured to achieve the specified political rationalities in New Zealand. The reconfiguration of the government of the local employed the technologies of accounting and SPMS, which are discussed in section four. The way these changes were contested is addressed in section five while section six concludes the chapter.

5.2 Political Rationalities of New Zealand Local Government Reform

The structure and function of New Zealand local government had remained fairly unchanged since the abolition of the provinces in 1876 (Wallis and Dollery, 2001; Bassett, 1996; Welch, 1989). Though there were many efforts to reconfigure the government of the local in New Zealand, these efforts had ended in failure (see Jansen, 1993). Some have attributed this state of affairs to lack of political will, inter-party rivalries and the strength of local vested interests (e.g. Bassett, 1996; 1989; Welch, 1989; Horner, 1989). The fourth Labour Government was however, to embark on reforms to local government that had eluded previous generations.

The efforts at reform were rationalised on the basis of plummeting economic fortunes. The reform of local government was therefore hoped to secure greater efficiency in administration (Wallis and Dollery, 2001; Bassett, 1996; 1989; Martin, 1991). The energy shocks of the 1970s and the dissolution of the preferential trade agreements with the UK precipitated yet another economic

crisis, but this time of sufficient magnitude to sustain wholesale transformations to the public sector (Campbell, 2001). Many commentators argue that by this time, the New Zealand economy, suffering from two decades of poor performance, had descended towards the bottom among the OECD countries and was quite depressing as witnessed by massive emigration to Australia (see Ormsby, 1998). The incoming Labour Government of 1984 seized on this crisis to institute the most radical reforms on local government of any country in the developed world (McKinlay, 1994). The researcher is of the view that this "crisis" created conditions of possibility for a change to new modes of governing that came to characterise the public sectors of many Western countries (see Humphries, 1996).

The government asserted that "certainly the principles that underlie the functions of local government, and their allocation, have never been the subject of searching scrutiny, but the Government intends to make that scrutiny" (The Honourable M. Bassett, Hansard, March 1988). This searching scrutiny was coming hot on the heels of a critical debate on the role and form of the public sector precipitated by two key discursive events, the release of *Economic Management* (Treasury, 1984) and *Government Management* (Treasury, 1987; Horner, 1989). These two documents were to become manifestos (Pallot, 2003) for the subsequent reforms to the New Zealand public sector generally and local government in particular. The documents defined public sector problems in the light of "government failure" and local authorities' problems came to be defined in the same way thus justifying similar solutions (Wallis and Dollery, 2001; Ormsby, 1998). The reforms were based on the political rationality that too much government in the economy was responsible for these economic misfortunes and therefore sought to reverse government expansion into areas where it was perceived to have led to declining economic fortunes (Treasury, 1987).

This concerted criticism of public service was sustained through a constellation of forces that included social policy analysts, economists, accountants and politicians, here and elsewhere. This campaign was marked by a translation of New Zealand problems with those of other countries such as Japan (Humphries, 1996). New Zealand public sector issues were linked with concerns about efficiency and quality, just like in Japan. Quality and efficiency came to be seen as the sites where the public sector could be improved so as to achieve international competitiveness (Humphries, 1996).

The local government sector could not escape this radical scrutiny (Horner, 1989). The discourse of quality and efficiency was extended as the lens for an evaluation of local government, which was found wanting. It needs to be pointed out though that this view of local government had prevailed for sometime before the reforms and only attained its zenith during this period (Kearins, 1997). Local government was viewed as inefficient, leading a chief executive of Auckland City Council to opine that “when it came to efficiency, the average local body was seen as ponderous, unresponsive and inefficient” (Anderson, 1993, p. 65). There were 705 local authorities in New Zealand, and these were considered to be too many. While these represented different “communities of interest” (Smith, 1999), they were considered to be irrelevant to modern realities of government.

The diversity of authorities apparently made it difficult to coordinate and they often duplicated their functions. The democratic process was suffering because local authorities rarely provided opportunities for citizen input while some of these authorities were not directly elected. Territorial local authorities were criticised for not having a clear distinction between councillors and staff, which was seen as impairing accountability. Since local authorities delivered services while carrying out regulatory functions, these apparently impaired transparency for they were “players and referees” at the same time. These authorities were considered to be out of touch with the dynamic needs of their

communities (Smith, 1999). These problematisations were informed by a liberal agenda that drew on theories such as public choice theory, agency theory and transaction cost economics (Boston, et al., 1991). It would therefore not be enough to view the changes as emanating from the efforts of the state alone.

These problematisations and transformations to local government were inscribed in the Local Government Amendment Act (No. 2) 1989 which ushered in far reaching transformations to the New Zealand local government scene. This Act heralded reforms to local government which continued with the Local Government Act (No. 3) 1996 and more recently the Local Government Act 2002. The principles that would guide the reform of local authorities were outlined by The Minister for Local Government, The Honourable M. Bassett:

The Government has announced a set of principles to guide the reform. In summary, those principles are: first, that functions should be allocated to local or regional agencies that represent the appropriate community of interest—that will strengthen democracy; secondly, that operational efficiencies are desirable; thirdly, that local authorities should have clear, non-conflicting objectives and, in particular, that institutional arrangements should separate service delivery from regulatory functions; fourthly, that trade-offs between objectives should be made in an explicit and transparent manner; and, finally, that there should be clear, strong accountability (The Honourable M. Bassett, Hansard, March 1988).

Since these principles inform the rationalities of local government reform, it is important to analyse each one of them carefully. The first principle which required that functions be allocated to agencies representing “a community of interest” underlined the centrality of the motif of community in government efforts to govern the local. This motif spelt the end of ad hoc authorities which had been formed to govern specific aspects such as pests, floods etc. Instead, government would focus on communities and would seek to “strengthen democracy”, suggesting a concern to constitute members of such communities as active citizens in their own government. The reforms were therefore espousing government through community, or self-regulating communities.

Community was being articulated as a new modality of governing, giving it greater force and potentially extending its power effects (cf. Foucault, 1980d).

The discourse of community was however tied with another ostensibly contradictory objective, fairness, "...in that those who benefit from the service, whether individually or collectively, should pay, and fairness in that those who are affected by a decision should be able to influence it" (The Honourable M. Bassett, Hansard, March 1988). This position is double-edged, for it suggests that individuals and groups are required to take responsibility for whatever services they consume (user pays) and should be consulted regarding decisions that affect them as individuals, yet it is expected that they will be members of a collective. The sum here is that the communities would form the focus of government and would be constituted of individuals who are responsible for their upkeep but who are actively involved as members of their communities. User pays represents a departure from the collective provision of goods and services. The local authorities were to be modernised so as to be "responsive" to the needs of these communities of consumers. The possibility that community and individualism could contradict each other seems to have been of little concern to the reformers (see Clarke and Newman, 1997), but is consistent with government in advanced liberal democracies.

The second principle reflected the basis on which the reforms had been premised, which was the deteriorating economy. It underlined the concern of the government to turn around its fortunes through prudent management of public affairs, hence a concern with efficiency. The local authorities were to be efficient "...in the sense that the structure and functions should be clearly defined and relevant to the issues to be addressed, and that organisations should be geared to the optimum outcome in terms of people's needs, and wants" (The Honourable M. Bassett, Hansard, March 1988). This outcome would be achieved at minimum cost.

The second principle was to inform the third and form the basis for the fourth. Efficiency was to be achieved through two measures, the separation of service from regulatory functions and the assignment to each of very clear objectives. This move was based on the thinking informed by public choice theory that in the absence of clearly delineated objectives, individuals would pursue their own utility (Boston, et al., 1991). This principle was consistent with similar measures in the State Sector Act (1988) where the role of ministers was separated from that of heads or managers of departments with each assigned specific objectives (Horner, 1989). The assignment of objectives is tied with the fourth principle which is the requirement for transparency and accountability. People would be held accountable for their objectives which should be reported so as to achieve transparency. Transparency would also be achieved through processes where issues and conflict are resolved in an open manner. This would in turn achieve a more efficient use of resources.

The achievement of efficiency, effectiveness and accountability came to rest on the mobilisation of numerous private sector technologies, key of which were accounting and SPMS, constituting what Clarke and Newman (1997) have called the managerialist state. These technologies were not only for the reconfiguring of the public sphere so as to install private sector values, but also in making visible progress towards the attainment of these values (see Perera, Velayutham and Rahman, 2001). The pursuit of the principles of efficiency, effectiveness and accountability also negated any necessary commitment to the direct delivery of goods and services by local bodies (cf. New Zealand Government, 1988). The desired mode of delivery would be that that would achieve the principles of efficiency, effectiveness and accountability. The government was therefore willing to explore alternative ways of delivering services to the regions as long as it was more efficient than local government. The Treasury (1987, p. 63) stated that "As a fundamental principle it is agreed that local or regional government should be selected only where the net benefits of such an option exceed all other institutional arrangements". This

position suggested a preference for market solutions. Local authorities therefore came to be criticised for providing all their services in house. Such internal provision was seen as engendering inefficiency because it was presumably difficult to say, in the absence of market information, how well they were doing.

The reform of local government was part of a wider agenda of reforming the public sector generally (Horner, 1989). It needs to be pointed out that New Zealand was also following the path of liberalism that had been trodden by other Western democracies. The Minister of Local Government made it clear that:

Members will recognise those principles as being similar to those that are driving the Government's reform of the public sector, including the establishment of the State-owned enterprises, the reorganisation of the Government's environmental responsibilities, the continuing reviews of the structures of Government departments, and the various reviews of social policy. All those measures are aimed at better efficiency, enhanced democracy, a greater capacity to respond to local needs, and a more rational allocation of functions (The Honourable M. Bassett, Hansard, March 1988).

One M.P. suggested that the local authorities were to become the site for seeking to achieve government that could assist in restoring New Zealand's economic fortunes (J. Elder, M.P., Hansard, March 1988). He posed the reform to the local in economic terms, raising possibilities on how local authorities could contribute to the economic wellbeing of their territories and its inhabitants better than other authorities were doing (see Rose, 1996b; 2000). He portrayed the local authorities as central to the national goals of economic development. There was a translation taking place here, linking local government problems with central government ones hence showing what is wrong with local authorities in terms of the central and creating a sense of inevitability in local government change. During the debate on the Local Government Bill 1988, J. Elder, M.P., Labour Party, argued that:

The reform of local government falls into two general categories from the point of view of need. One of them has to do with the general economic reform undertaken by the government, and its about making the country more efficient. It is very easy to sit back and say that a certain part of the economy

does not need to be reformed because it does not affect everyone. We all know that local government affects industry from all points of view, not just in relation to rates....We know that inefficient local government stifles development. If industries were asked what is the primary factor when determining the location of an industry, the answer does not have a huge amount to (do) with rates, ..It has more to do with the kind of treatment they receive from local authorities ...in other words, will they be held up in getting town planning permission, and will all kinds of other pettifoggery, with other bureaucratic procedures, stop them from getting on with the job of producing for New Zealand and providing jobs for people? They do not want that. They want more efficient local government (J. Elder, M.P., Hansard, March 1988).

This quote shows that one MP considered the local as an important site for the achievement of national political ideals, but that the achievement of these ideals would require structural and functional changes to the practices for governing local authorities. The new practices would be guided by the principles and objectives of efficiency, effectiveness and accountability. The old practices were therefore problematised as being an impediment to the success of the national economy through “all forms of pettifoggery” as quoted above. The quote demeans current local government practices as being bureaucratic and an impediment to investment and sets the pace for the embrace of alternatives, which in this case became managerialism (see Clarke and Newman, 1997).

The suggestion then is that local government was to be only part of the mechanism through which the state sought to govern local spaces. Where retained, local authorities were to operate so as achieve certain economic values, namely, efficiency and effectiveness and non-economic ones such as accountability and democracy (cf. Sanderson, 2001). The reforms were therefore characterised by the search for new forms of organisational control (cf. Hoggett, 1996; 1991) which would maximise these values. These forms of government drew on a discourse of customer and community that appeared contradictory (Hucker, 1997) but is characteristic of government in advanced liberal democracies.

The political rationalities for reform articulated often contradicting theories and knowledge then prevailing regarding how local needs should be provided for (see Clarke and Newman, 1997). These theories and knowledge were actively promoted so that they came to attain the status of truth in New Zealand at the time (Humphries, 1996). The principles of general appeal were that local authorities needed autonomy to undertake tasks previously undertaken by central government. Since local authorities were closer to the people, then they would understand their needs better and would make decisions that match these needs. Autonomy was viewed as central to the attainment of participatory democracy, for it would enable the local people to be involved in decisions that affect their lives (Maharey, 1996). The principle of autonomy is however, potentially contradictory to that of efficiency, which requires strong centralised control. Roger Kerr, the executive director of the influential Business Roundtable argued that local government should focus on “its important core role of ensuring the provision of local public goods and administering local regulations” (Kerr, 1999, p. 33). This reflects a minimalist position that potentially contradicts that of meeting the needs and wants of local people. A facilitator, and not a provider role was emphasised for local authorities, which suggested a multiplication of the agencies that would govern the local, which could lead to duplication. Individualism on the other hand contradicts community, for it suggests that one cares only for himself or herself, and not a collective. The mobilisation of such contradictory discourses suggests governmental attempts to appeal to everyone by being ambiguous. It is on the basis of these rationalities that the programmes discussed next were articulated.

5.3 Programming the Government of the Local

The achievement of the political rationalities spelt-out above was programmed to rest on different modalities of government. The key one was the conferring of autonomy on the specific bodies or centres of governing the local.

Autonomy was also to be extended to the individuals working within these bodies and to the citizens of the particular domains. The constitution of autonomous authorities and individuals is central to government in advanced liberal democracies. Markets and private sector managerial practices were to play an important role in bringing this autonomy about. The constitution of autonomy multiplied the agencies involved in local government away from the state to numerous local agencies that included LATEs, corporations, district health boards and harbour boards, each pursuing its delegated objectives. The achievement of these political rationalities also rested on changing the focus of local government from ad hoc entities to self-regulating communities. Mechanisms for unobtrusive centralised surveillance were strengthened through legislation. The way local government was reconfigured is discussed in the following subsections.

5.3.1 Making of Community

The discourse of community plays a pivotal in the government of local spaces in advanced liberal democracies (Isin, 2000; Rose, 2000; Flint, 2003) partly because it promises different things to different people (Schofield, 2002). For some, it is a geographical space while for others it means membership of this geographical space. The discourse of community implies the population of a geographically determined area who share common forms of moral conduct, destiny and perspective. Following the local government reforms, the membership of these communities was to be guided by active and responsible individuals. These individuals would be actively involved in the affairs of their communities as democratic citizens. The contradiction between individualism and community inherent in this discourse has already been explained.

The key technology through which the community was to be constituted was legislation especially the Local Government Amendment Acts (No. 2) 1988, 1989 and 1996. The Minister of Local Government when discussing the Local

Government Amendment Bill 1988 claimed that local people were not participating in local authority performance as manifested in poor voter turnout for elections. The turnout for election was interpreted as evidence that local authorities were not accountable to their electorate. He surmised that the reform would “aim to stimulate greater citizen interest in local authority performance...”. This reform was considered necessary to attain local democracy while at the same time achieving the political rationalities of the state: “Moreover, community control, far from being inimical to governmental honesty, procedural justice, careful planning and efficient administration, is instead a necessary condition for the realisation of these values” (Boston, 1988, p. 53). The introduction of a democratic citizen enables an assemblage of technologies through which citizens can engage in their own government through choice. The membership of the community would be predicated on active and responsible citizens who will participate in local decision making. The legislation of compulsory consultation through local authority annual planning and long term financial strategy sought to constitute democratic subjects who would be able to overcome the distance of larger amalgamated units (Wallis and Dollery, 2001).

The Local Government Act (No. 2) 1989 therefore contained very express provisions that defined the purpose of local government in terms of community. Section 37K of this Act required local government to provide, among other things,

- (a) Recognition of the existence of different communities in New Zealand;
- (b) Recognition of the identities and values of these communities;
- (c) Definition and enforcement of appropriate rights within those communities;
- (d) Scope for communities to make choices between different kinds of local public facilities and services;
- (e) Recognition of communities of interest; and
- (f) For the effective participation of local persons in local government.

The role of local authorities was seen to be that of looking after the long-term well-being of their communities because they were closer to them (MacDonald, 1995). The technology for achieving this role was legislation which mandated the Local Government Commission (LGC) to define the boundaries of each territorial authority (New Zealand Government, 1988a; 1988b) on the basis of communities. While the LGC could consult the affected local authority regarding the space it would occupy, the LGC had the prerogative to accept or reject any proposal put forward by a local authority. The LGC rejected polling, therefore blunting resistance to the proposed reforms (Welch, 1989). The government through the above Act sought to delineate a communal space through the amalgamation of the many local authorities into a few relatively homogenous ones (see Rose, 1996b; 1993). The new units would be closer because of common ties of geography and possibly history. Such units would ostensibly have common interests or commitments with efficiency achieved through people working together towards common ends (see Rose, 1996b).

There were concerns that amalgamation would see smaller existing communities being ignored or dominated by the larger ones. The legislation forestalled such an eventuality by legislating that smaller communities would not be trampled by larger ones and that community aspirations could still be met (Anderson, 1993; Horner, 1989). The protection of smaller communities would be achieved through community boards which would provide a forum through which local communities could express themselves. This measure was governmental for it introduced another layer of government into the operations of the local authorities. They would henceforth be evaluated on whether they were meeting community needs. Tension has therefore arisen between community boards and local authorities with the latter claiming that community boards block direct contact between the councils and the people and do not appreciate the bigger issues facing the local authority (New Zealand Local Government, 2003). This interplay of power relations is bound to intensify with the passage of the Local Government Act 2002 which entrenches

the community boards into local government by requiring them to represent and act as an advocate for and in the interests of their communities while maintaining an overview of the services provided by the local authorities.

This distance notwithstanding, local authorities, it was argued, were better placed to respond to individual choices through a local and better knowledge of their needs or wants (Boston, Martin, Pallot and Walsh, 1991). The notion of responsiveness echoed that of local people as customers with wants that needed to be met as quickly as they arose. The citizen would be a customer who would actively conduct his or her life on the basis of a capacity to make choices as a member of his or her community. He or she in turn would be able to pay for any consumption traceable to him or her through user pays. This reconfigurations create complex power relations between autonomised consumers and communities and professionals charged with meeting their needs (cf. Rose, 1996b). Labour Party MP Jill White commenting on the Local Government Amendment Act (No. 3) 1996 considered that this would dilute the idea of community through promotion of individualism:

The ideological peat fire manifested in this Bill was seen in the attempt to diminish the importance of the concept of community and the elevation of the concept of the individual. The pursuit of individualism is part of the religion of the market-place, of course, and the market's overemphasis on competition and user-pays. I say "overemphasis". They are not necessarily themselves harmful, but if they are overemphasised they certainly are corrosive in society (J. White, M.P., 28 March, 1996).

The twin pursuit of customer and community goals may have sounded contradictory to the M.P., but contradictory discourses are often mobilised to achieve government as happened in this case (Rose, 1996b, 1993). The reforms therefore reflect the heterogeneous nature of the devices mobilised to achieve government. The customer would participate actively in a local community as a subject with rights and responsibilities to his or her community. Once so constituted, these subjects would then supposedly exert pressure on local authorities to deliver desired goods and services. Through the customer, central government would exert pressure on local authorities to meet objectives

such as efficiency without seeming to intrude into the daily affairs of these authorities for "... 'consumerism' has sought to provide users of services with more choice and more influence on decisions about policies and services as a spur to improved quality and value for money" (Sanderson, 2001, p. 299). There is a real possibility that citizens may come to see local authorities as service-providing bureaux, and not the community they are articulated to be.

The active and responsible members of the community would compel local authorities to meet their needs through economic development initiatives and effective financial management. Local authorities would be enticed to make their communities attractive in competition with other communities so that they do not lose their citizens. The local space was seen as an economically advantageous unit of governmentality with the potential to provide goods and services more efficiently than centralised delivery (see Rose, 2000). The local authorities were constituted as mechanisms for the provision of goods and services needed by their "consumers". It would be easier to hold them to account for these, instead of local democracy (Hucker, 1997). The discourse of devolution would be the means through which the excessive powers of the state could be counteracted by conferring on individuals the right to make their own choices. The devolution of responsibility would constitute self-regulating communities through enhancing personal and individual values, attributes that are important to democracy (Boston, et al., 1991).

The discourse of community and customer ran strong in the discursive formations associated with the Local Government Amendment Act (No. 3) 1989 and 1996 and in reforms to local government generally. Local authorities were to serve their communities and promote local democracy. The community was to be characterised by citizens who are actively involved in the democratic process. Such citizens would be actively involved in decisions affecting their lives. The government of such communities was to be guided by the wider ambitions of cutting central expenditures but at the same time enrol local

citizens to be actively involved in achieving these efficiencies. The individuals were therefore to pay for any services whose consumption could be traced to them. The activities of local authorities would be visible to the centre through expertise that measure and transport over distance and time, enabling evaluation of how local authorities were meeting local needs (see Robson, 1992).

5.3.2 Spatial Reorganisation of Local Government

The structure of local government was problematised as being archaic and inefficient. The state argued that the functions of local government were highly differentiated, with different local authorities performing sometimes the same, sometimes different functions in different parts of the country. The Minister of Local Government, The Honourable M. Bassett argued that there were too many different classes of local authorities which were out of tune with demographics and resource availability. The conclusion was that the current structure was cost inefficient because it set up a huge infrastructure to serve a small number of people:

Many of those single-purpose local authorities are absurdly small in population size and resource. Several territorial authorities have less than 1000 citizens within their boundaries, yet they are responsible for a raft of functions...from planning, roading, water supply, sewage and refuse disposal, through to parks, libraries, recreational facilities, community facilities, dog registration, and the general responsibility for promoting the interests and welfare of their inhabitants. Some authorities spend as much as 10 percent of their total rate take on the town or county clerk's salary; in other words, the authority exists...to a large extent...to service itself. Many special-purpose authorities are even smaller. Some pest destruction boards and land drainage boards cover half a dozen farms. With such a resource base it is no wonder that they have difficulty in attracting suitable staff, as the member for Bay of Islands can testify (The Honourable M. Bassett, Hansard, March 1988).

This quote suggests that these authorities lacked the ability to attract the resources to run efficiently. Size was problematised, suggesting a need to amalgamate them to pool resources. Central government was experiencing resource constraints and no longer desired propping up local authorities.

These resource problems could not be resolved without resolving the “confused structural and functional base” (The Honourable M. Bassett, Hansard, March 1988).

The structural and functional base needed to be reformed not just because of funding but because local government practices had apparently not kept pace with changes over time. The patterns of settlement had changed since 1876, from a rural to an urbanised society, hence issues, needs and technology had also changed. Local government had however, remained the same. The conclusion was that local government was archaic and needed to be “modernised” so that it could become relevant to the dynamic needs of local communities. This modernisation was an attempt to governmentalise local government by making it practical (see Rose, 1996b; 1993). Though the Minister suggested that the problem was lack of an assessment by local authorities of their suitability, he left no doubt what the outcome of such an assessment would be:

The present system of local government is what applied in the years immediately after the abolition of the provinces in 1876. Local government has developed higgledy-piggledy, with no rational pattern, since that time. At no point has there been integrated assessment of whether it is relevant to modern conditions (The Honourable M. Bassett, Hansard, March 1988).

This quote contains a language of progress and dynamism that is characteristic of reforming discourses (Clarke and Newman, 1997). The Minister was perplexed as to why local government remained the same in spite of the dynamics of the surrounding environment:

Why, when the world around them changes, do our units of local government more often than not stay the same? Often they duplicate facilities and services, adding costs that small communities can ill afford. Why have we let that continue? If members look at a map of New Zealand with the boundaries of all of the different classes of special-purpose authorities superimposed on the boundaries of territorial authorities, they will see lines that look like a plateful of spaghetti—they follow no consistent pattern. That position confuses people's understanding of the way in which local government works, and it impedes the effective interrelationship between different local services (The Honourable M. Bassett, Hansard, March 1988).

The rhetorical questions posed above and the use of the pronoun we, all suggest efforts at mobilising action to reform local authorities so that they can better meet the dynamic needs of their communities. The government was emphasising its commitment to rationalise local authority structure and functions so as to eradicate confusion in people's understanding of the way local government works and foster efficient functioning of local authorities. The government was therefore seeking to constitute autonomous authorities which would be able to respond to the needs of their communities. Such authorities would mobilise resources within their boundaries and adopt a rational approach to solving their common problems such as traffic. Some of these problems had continued to exist because "there has not been a common purpose in solving the problems" (J. Elder, M.P., Hansard, March 1988).

In summary, the varied and overlapping boundaries of local government were not cost effective, created confusion in the minds of the electorate and stood in the way of modern approaches to solving problems facing local communities. This structure was also ineffective because authorities could not mobilise the resources they required within their areas. The authorities, it was considered, had also failed to move with the times hence were unresponsive to the needs of their communities. The government's approach was to constitute modern authorities that would efficiently respond to the dynamic needs of their communities. The government was therefore inciting local authority members to constitute new identities where efficiency, modernism and a rational approach to problems would constitute the good local authority member.

The government went about this reconfiguration in two ways. Firstly, the number of local authorities was to be reduced through a process of amalgamation. Regional councils were to be reduced from 22 to 13 and territorial authorities (which were to comprise of both district and city councils) reduced from 200 to 74. The latter previously included boroughs and counties. Since fewer local authorities would presumably consume less resources

through economies of scale and function, amalgamating local authorities would be in line with the principle of efficiency. The local authorities were to be reformed on the basis of a discourse of being lean, which is consistent with the managerialist state (Clarke and Newman, 1997).

Secondly, local spaces were reorganised into regional councils and territorial authorities with each of these spaces assigned specific roles and functions. Regional councils were assigned regulatory roles in line with the Resource Management Act 1991 while continuing to carry out the functions spelt out in the Soil Conservation and Rivers Act 1941. Their functions included the management of the effects of use of freshwater, coastal waters and land; biosecurity control of regional plant and animal pests; river management, flood control and mitigation of erosion; regional land transport planning and contracting of passenger services; harbour navigation and safety, marine pollution and oil spills; and regional civil defence preparedness (see Wallis and Dollery, 2001). Territorial authorities were on the other hand vested with broad functions of contributing to the social, economic and infrastructure development of their communities (Wallis and Dollery, 2001). These structural and functional changes would however need to be complemented with reforms to the way local authorities were run.

5.3.3 Constituting Self-Regulating Authorities

The constitution of self-governing authorities is central to government of the local in advanced liberal democracies (Isin, 2000). These authorities would exercise their freedom without overt interference from the centre. This was undertaken through a problematisation of the pervasive role of government in peoples' lives. Large state bureaucracies were criticised as inefficient, unmanageable and unresponsive to the needs of their clients (Palmer, 1988; Treasury, 1987). The existing regimes of practice characterised by a plethora of local authorities with heterogeneous functions were condemned as inefficient

and out of control. A system which had been deemed necessary for the well-being of New Zealanders was now portrayed as problematic (McKinlay, 1990; Treasury, 1987). This problematisation laid the foundation for reconfiguring the welfare state through adopting newer forms of governing the local.

There emerged a convergence on the need to move away from a highly centralised form of government to one where authority was devolved. The discourses of decentralisation and devolution were mobilised as the appropriate form of ensuring the well-being of the regions. While the meaning of these two terms are problematic, devolution implies a transfer of power, authority and responsibility from a national to a sub-national level, while decentralisation includes the first two elements but excludes the third, responsibility (Boston, et al., 1996; Martin, 1991). The ambiguity of devolution made this discourse governmental because it potentially appeals to all people. This ambiguity mutes resistance and enrolls people to their own government in the belief that their desires are being fulfilled (cf. Power, 1997).

The governmental ambitions associated with the discourse of devolution followed from the State Owned Enterprises Act 1986. This legislation was based on the rationale that government hardly had control over the large state bureaucracies which had become unmanageable, unresponsive and inefficient as well. Devolution promised a way of managing these bureaucracies so that they would be responsive to client needs and be efficient yet amenable to control by the state (Palmer, 1988). This arrangement entails a balancing between freedom and control that was to characterise the local government reforms in New Zealand:

First, where government money is involved, it is necessary to have adequate checks and balances so that one can be sure that money was actually expended on the purposes for which it was appropriated. There is therefore a need to have sufficient audit trails to allow for such monitoring and a need for sufficient accountability mechanisms within the structures to which the power is devolved to ensure that they can be held accountable for what they have done and to enable us to know who they are. In my judgment, this does mean clear statutory lines of authority and control because, in the end, in a society which is

functioning under the rule of law, it is necessary for the protection of us all to ensure that the law is clear about who can do what to whom and under what conditions (Palmer, 1988, p. 4)

There however appears to be little difference between the position espoused by Palmer (1988) above and the regimes of practice of local government prior to the reforms. Both regimes represent a central government keen to retain control over local authorities. This state of affairs is evidenced by the way Bush (1980) described the relationship between central and local government:

Probably the foremost compendious principle is that local bodies, being subordinate partners in government, and also statutory creations, must bend to the will of parliament. This, in effect, is central government. Local bodies are in no sense puppets of the state: the paramountcy of Parliament means first, an absolute right to bestow and resume powers, and secondly, the right to exercise various measures of surveillance. Thus the relationship between local government and the fount of authority is one of dependence and conditional accountability. Local bodies exist by virtue of acts of Parliament which also specify in what activities they may permissibly indulge (Bush, 1980, p. 233)

The difference between these two positions lies in the discourse that accompanies the post-1984 reforms. This discourse espoused local authorities that exercise their autonomy and through which they are brought into the nexus of power relations with the state. The reforms to local government therefore reflected the dialectic of advanced liberal democracies: that while government would wish to see the regions exercise their freedom, there was need for control especially “where taxpayers’ money was concerned”. Central government would however, not want to appear to be too intrusive. This distinction was to be achieved through active agents subject to the expertise of audit, monitoring, accountability and legislation. The reformed authorities would however enjoy high levels of regulated freedom while under the previous regimes, central control over local authorities was more direct and overt. As will be shown later, this distinction would prove to be problematic and would excite continued clamours for absolute autonomy. The Labour Party spokesman for employment and labour relations was to lament that “in spite of the reforms, “the level of control through the centre is as high today as

ever. Given the amount of form filling that goes on, it may be even higher" (Maharey, 1996).

The intentions of the government on the devolution of powers was nowhere clearer than in the discursive formations associated with the Local Government Amendment Act (No. 2) 1989. While opposition members argued that local authorities should be left alone to decide what reforms they should undertake and had in fact done so already, the government interpretation was that local authorities instituted these reforms because of the threat of legislation. The central government maintained that autonomy is conditional on local authorities conducting themselves as desired by central government:

It stands out, because the local authorities concerned have been absolutely clear about what the Government intended to do. The local authorities have known that the Government would do it for them unless they cleaned up their act. That is another good aspect of the kind of pressure the Government has put them under. They have responded to the challenge and reformed themselves, and some of them have done it quite well. However, as with all forms of reform, there are some that need more than just the threat of legislation. There are some that need the legislation to ensure that they change (J. Elder, M.P., Hansard June 28, 1988).

The local would be governed through autonomous agencies who would meet the principles set by the central government while exercising their choice. The Local Government Act (No. 2) 1989 following similar developments in the public sector set out to constitute such units. The reforms magnified the field (Dimaggio and Powell, 1983) of local authorities, potentially intensifying their surveillance. The constitution of autonomous authorities multiplied the agencies involved in the government of the local in New Zealand. These came to include not only regulatory agencies (see Hood, James and Scott, 2000; Hood, James, Scott, and Travers, 1998) but voluntary agencies, businesses, citizens, communities and consumers (see Hoggett, 1996). Local government came to denote more than functions and services by a body limited by boundaries, but the multiple agencies and technologies for directing the conduct of people delineated by geography (see Flint, 2003; Rose, 2000; Isin, 2000). This autonomisation took the form of structural changes to the local

authorities, specification of objectives and separation of functions based on this specification, and the establishment of markets within local authorities.

5.3.4 Making of Autonomous Agents

The previous section has analysed attempts by the state to constitute autonomous and modern local authorities that would meet the needs of their communities. Their regimes were therefore problematised as causing confusion between policy and implementation, a conflict of roles between the political representatives and the administrators of the local authorities. Councillors were seen as being distracted by the day-to-day management of the council, ignoring what should be their principal role, listening to the electorate and designing policy. Their dapppling in both policy and its implementation apparently made it difficult to assess their performance. Drawing on public choice theory, agency theory and transaction cost economics (Pallo, 2003; Wallis and Dollery, 2001; Boston, et al., 1991), prevailing institutional arrangements were problematised as encouraging self-seeking behaviour by not specifying clearly the objectives of managers and their departments. The carrying out of both policy functions and their implementation by the same department and person was no longer “truth”.

The truth lay in a different arrangement where these functions were identified and separated with each assigned very specific objectives. The aim was to constitute autonomous agents each pursuing clearly specified objectives. The seeds for constituting such identities had been laid before the election of the fourth Labour Government by the Shailes Report which criticised the lack of a clear delineation of objectives in the running of government (Office of the Controller and Auditor General, 1978; Pallo, 2003). Gair (1982) for example argued that: “But all the talent in the world would not achieve a great deal if it lacks specific objectives, and the big difference between the private and public sectors is that in the private sector the objectives are much more clearly set and

understood by everyone" (p., 166). These sentiments were to take greater force with the election of the Labour Government in 1984. Where objectives were not specified and clear lines of accountability established, individuals apparently pursued their own self interest thereby undermining performance of the public sector (Treasury, 1987). This distinction apparently explained why the private sector outperformed the public one. The truth of this claim was not contested.

The local authorities were therefore required to clearly separate their trading from their non-trading activities. Certain activities such as the provision of transport services, airports, seaports etc. were to be corporatised. One recommended form of corporatisation was the formation of LATEs which were basically companies undertaking former local authority trading activities such as transport and airports, and owned by the local authority. This separation was supposed to ensure that trading activities are carried out with commercial objectives in mind by being required to respond to the dictates of the market. While political interference would be brooked under non-commercial objectives, it would not be under commercial objectives. Each of these two would be conferred autonomy to pursue assigned objectives and would be governed as such. These objectives would be pursued by managers with a commercial orientation who would seek to constitute employees to pursue commercial goals using methods from the private sector. Hoggett however warns that markets have been associated with the creation of bodies (such as LATEs) which cite privacy as a way of competing thereby militating against democratic accountability (see Pallot, 2003; Farrell and Morris, 2003). The creation of markets removes community as a possible point of gaze (Hucker, 1997).

The management of local authorities would be restructured to reflect a separation of policy (purview of politicians) from its implementation (purview of managers). Section 119C of the Local Government Act 1974 empowers local authorities to appoint a chief executive or a group of senior managers who

would be responsible to the authority for employing staff and negotiating their terms of service. These executive(s) would be responsible to the local authority for implementing its decisions, providing advice to the local authority and any community boards, ensuring that all functions, duties and powers delegated to him or her or any employee of the local authority are performed. In addition, they would be responsible for the effective and efficient economic management of the activities and planning of local authorities. These executives would be employed on five year contracts and be accountable for specific objectives.

The elected members would on the other hand be removed from the day to day activities of their local authority, but be responsible for designing its policy. This arrangement would enhance accountability by ensuring that elected representatives are accountable for policy while managers are accountable for its implementation (Reid, 1999). This separation does not however, appear to have been achieved with suggestions that managers have captured the policy-making process in addition to their mandate of implementation (Hucker, 1997; Kearins, 1997). The private sector origins of some of these managers suggest a preference for a form of identity which privileges business logic over the traditional public sector ethic. These managers would act as agents *in situ* to constitute members as business oriented subjects.

The separation of departments within local authorities into autonomous units each pursuing their clearly spelt out objectives constituted managers with responsibility to manage their budgets and achieve the objectives assigned to them. This would lead to competition between producer and purchaser units, with the former focussing on ways of beating their competitors so as to win the right to supply the purchaser. The purchaser could be another local authority department or an external entity. This technology confers freedom on the producer units to produce so much of whatever product or service only regulated by the market. Purchasers are encouraged to search for producers who can provide goods and services at the least cost and of the desired quality.

Competition fosters a tendency towards the search for efficiency which includes intensifying labour as units seek to outpace the competition so as to win contracts (Hoggett, 1996).

The technologies of competition enable individuals to conduct themselves as producers and purchasers only fettered by the market. The incentives for managers of these units were to be restructured so that they could be held responsible for the efficient use of resources as compared with the market (McKinlay, 1994). Citizens were to conduct themselves on the basis of material incentives and not the traditional service to the public ethic. The subjugation (Foucault 1980d) of a discourse of public service privileges a private sector approach to the government of public affairs. Their conduct was however to be tied to distant centres through a corresponding intensification of rules and procedures (cf. Hoggett, 1996). The relationship between units is increasingly specified in the form of contracts. This specification would suggest that points of gaze increase with purchasers and producers being joined by other centres such as the central government and citizens. It is however bound to be a gaze based on outputs only, these being more easily measurable and therefore reported compared to outcomes. The promotion of a market ethic may become associated with a different sort of identity with managers who espouse market values creating fiefdoms away from other units (cf. Hoggett, 1996).

The specification of objectives would serve a governmental purpose: it would provide a point of focus, a gaze. It forms the basis for calculating individual effort and provides a standard or norm against which one's behaviour can be normalised. The setting of objectives and targets and the delineation of responsibilities incites individual autonomous conduct to achieve a threshold and to compare their performance with that of others (cf. Foucault, 1977). This specification also reflects a way in which the totality of governmentality becomes practical by bringing professionals within the web of calculation and into the gaze of citizens now constituted as communities (Rose, 1993). Each

space would be governed on the basis of the specific objectives assigned to it while seeming to enjoy autonomy:

...one of the paradoxes of contemporary management is that it both liberates and enslaves. Whilst operational managers may be given real control over the resources necessary to do the job right the centre (of the firm or the government) retains control over key strategic decisions such as the allocation of resources to operational units and the framework of financial and personnel rules and performance targets within which devolution over operational matters is allowed to occur (Hoggett, 1991) (Hoggett, 1996, p. 18).

5.4 Mobilising Private Sector Management Technologies

The previous section discussed the constitution of autonomous authorities and individuals to undertake the government of the local so as to achieve the political rationalities of efficiency, effectiveness and democracy. The technologies of autonomisation had a paradoxical effect: they conferred autonomy, yet the government desired to maintain control, ostensibly because "it was dealing with the taxpayers money" (Palmer, 1988). Such control would be ensured through knowledge of distant domains and through the interpellation of citizens to the governmental cause. The use of mechanisms of disclosure and surveillance came to supplant overt intervention. These mechanisms in turn multiplied the agencies of local government, who came to include accountants and their professional bodies (Perera, et al., 2001).

The local authorities were criticised as not being accountable to the public. Reporting by local authorities that operate both trading and non-commercial activities did not show the relative benefits and costs of each activity and "in those circumstances accountability suffers" (The Honourable M. Bassett, Hansard 1988). Accounting expertise became the basis not only for the problematisation of local government, but also its reconfiguration. The cash based accounting systems then in use were criticised for ignoring the depreciation of non-cash assets. Costs were not allocated to those people or activities that consumed those costs thereby denying the opportunity to know what resources were being used and by whom. This system aggregated costs

into meaningless cost pools that would not form a basis for performance measurement. Faulty accounting principles which based performance measurement on inputs and not on outcomes made it difficult to measure the performance of local authorities. The use of a cash based form of accounting had meant that the conduct of individual members was directed towards the control of inputs. Generally, the conclusion was that it was difficult to measure the performance of the public sector because the cash based accounting system did not provide reliable and up to date information (Ball, 1994; Caygill, 1989).

These problematisations had been echoed long before the advent of the reforms: "One of the handicaps the public service faces is that its financial accounting system is outmoded to the extent that it is designed to the criteria needed to respond to vote "supply" rather than to enable managers to manage" (Gair, 1982, p. 166; see also Pallot, 2003; Office of Controller and Auditor General, 1978;). It is the convergence of the twin issues of accounting and accountability as integral to local government reform in pursuit of the wider rationalities of efficiency, effectiveness and democracy that is of concern here. Low turnout of voters was cited as evidence of lack of accountability. It ostensibly suggested scanty interest of the members of the community in the affairs of the local authorities emanating from failure on the part of the local authorities to involve people in matters affecting them. This problematisation can be linked to the discourse of constituting citizens as active and responsible members of their communities. The verdict appears to have been that accounting reforms and SPMS would address the rationalities of efficiency, effectiveness and accountability. These reforms would enable managers to manage while making their activities visible to centres. The following subsections discuss the technologies of accounting and SPMS.

5.4.1 Accounting Technologies

The accounting systems were to be restructured from a cash basis to an accrual basis following the Public Finance Act 1989. The new accounting systems were to be consistent with GAAP as recognised by the New Zealand accountancy profession (Pallot, 2003; Reid, 1999; Boston, et al., 1996; McKinlay, 1990). They were to be similar to those used by private sector enterprises (Perera, et al., 2001). This adoption would blur the boundaries between private and public sectors, constituting the latter as governable employing the methods of the former. The accrual accounting system would provide a gaze into the separate activities of a local domain making them knowable in financial terms. This system would incite the interest of governmental authorities to the benefits and expenditure aspects of local authorities. Local authorities would henceforth be concerned with “where the money is coming from and where it is going” or value for money (cf. Jacobs, 1998).

The accrual system enabled local authorities to make an allowance for depreciation for their fixed assets. This change implied the keeping of an asset register and the measurement of annual resource use. This change would direct conduct to the monitoring of fixed assets over their entire life, and not when they are bought. This monitoring was tied with the other governmental programmes of making individual conduct visible therefore governable, for individuals would be evaluated in terms of their management of the fixed assets assigned to them. The programme was also associated with the discourse of intergenerational equity, where need for communities to care for themselves without compromising future generations was articulated (Pallot, 2001). Thus a caring community would be one which also cared about future generations. The community would be able to govern the future through the expertise of accounting.

The local authorities were required to make an allowance for a return on capital. This had governmental ambitions in the sense that it would direct conduct into thinking about alternative uses of capital. This thinking would engender a business mentality where local authorities would be governed by market imperatives of seeking the highest return. Business solutions would come to guide the conduct of local authority members, transferring control from public sector professionals to managers with accounting expertise. This development would however introduce another authority to the web of government relations, that of citizens who would henceforth demand an account for any rate increases drawing on the language of return on capital. Accounting expertise therefore enrolls both accounting professionals and citizens to their own government, multiplying the governmental agencies at the local.

The Act distinguished between inputs, outputs and outcomes (Pallot, 2003; Boston, et al., 1996). While inputs represented the resources to be consumed to produce outputs, outcomes were the achievement of broader societal goals such as crime prevention and literacy. Outputs on the other hand would represent such measures as number of crimes prosecuted, while a secure neighbourhood would represent an outcome. Two government ambitions are represented by these changes. Firstly, outcomes would represent a threshold to be attained, though they tend to be ambiguous. Conduct would therefore be directed towards this goal and individual and collective control measured in terms of effort towards this standard. Individual behaviour would become normalised towards an outcome or outcomes. Secondly, individual spaces would be delineated and they would be assigned discrete outputs to produce. By focussing on these outputs and making them calculable, individual conduct would be visible to distant centres of control:

There has been a major shift in emphasis from controls over inputs to control over outputs. As a result, both politicians and departments themselves have begun asking serious questions about their activities, why they do them, and whether they should continue doing them or whether they should be doing something else (Boston, et al., 1996, p. 268).

The assignment of outputs to individuals would incite them to give more of their time and labour, which is consistent with the productive nature of power in Foucault's work (Foucault, 1980d). The Minister of State Owned Enterprises, The Honourable D. Caygill asserted that outputs should be measured and assigned to each individual chief executive of a public agency, instead of to the department he or she headed (Caygill, 1989). This measurement and assignment would bring about the government of a population through attention to knowledge of the individuals within these departments. He wondered whether "in searching for alternative approaches we must be clear about who we wish to reward and why. Are we rewarding departments as such or managers and other employees who have devised, or otherwise contributed to, productivity or improvements?" (Caygill, 1989, p. 13). This question castigated previous regimes that laid emphasis on assigning targets to departments and measuring departmental, instead of managerial performance.

Public entities would report on both their financial and non-financial activities, enabling a gaze into the activities they were engaged in. This in turn multiplied the number of activities brought within the gaze of titular powers. The introduction of accrual accounting and non-financial reporting had led to improvements in accountability in local and central government (MacDonald, 1995). Pallot (2003) however, argues that focus on outputs emphasises managerial and not constitutional accountability and skews attention away from the immeasurable to outputs. She further argues that since the latter are likely to be uninteresting, such a focus negates the rationale of democracy in the name of which these reforms were promoted. This would direct attention away from those fuzzy activities that cannot be captured within a regime of economic calculation (see Smith, 1993).

The mobilisation of accounting expertise multiplied the agencies of local government to include the accounting profession and the Office of the Controller and Auditor General. The profession set up standards that became

the basis for problematising public sector administration and for providing solutions to it. Through their standards, market and private sector values came to be imbibed by the local authorities and the wider public sector (Perera, et al., 2001). The profession's control of its members working in local authorities would ensure that private sector values would be imbibed.

The governmental possibilities of accounting were given effect through the Office of the Controller and Auditor General. The Office of the Controller and Auditor General was to play a pivotal role in the government of local authorities. This office was mandated to audit local authorities and report to parliament whether they had kept adequate accountability arrangements, and whether entities were conducting their affairs effectively, efficiently, lawfully and with probity. It would also report to a wide range of stakeholders that included select committees, ministers, governing bodies, and chief executives. Members of the general public dissatisfied with the work of a local authority would also seek the opinion of this office (Pallot, 2003; Boston, et al., 1996). Thus though required to report to the House of Representatives once a year, the Office of the Controller and Auditor General provided an important surveillance point over the distant domains of local authorities by also being required to answer to the complaints of citizens. This office provided expertise that would audit all manner of functions concerned with establishing whether local authorities were providing value for money.

The Office of the Controller and Auditor General would also give impetus to the coercive effects of sovereignty. It would multiply the activities under the gaze of power through the audit of both financial and non-financial activities. Required to audit the annual plans and the long term financial strategy to provide assurance about the long term financial position of local authorities, the Office of the Controller and Auditor General for example concluded that it was unable to provide this assurance because it lacked knowledge of the condition of local authority infrastructural assets, which had a long life cycle.

The office opined that only if local authorities adopted strategic plans would the effects of decisions made today and service requirements of these assets in the long term be known. The Office of the Controller and Auditor General also asserted that councils need a strategy to link with the LTFS (Office of the controller and Auditor General, 2000). Through this discourse, the Office of the Controller and Auditor General incited local authorities to govern on the basis of a discourse of strategy:

Local authorities must have in place the means to determine future demands on their resources from repairing or replacing existing assets and long term plans or strategies to indicate the nature regarding the scope of activities they expect to be involved in (Office of the Controller and Auditor General, 1993, p. 41).

The accrual accounting system therefore became a condition of possibility for the technology of SPMS in two ways. Firstly, through the Office of the Controller and Auditor General, as indicated, the local authorities were incited to pursue strategic planning to enable the incorporation of the future into the management of especially long term assets. Secondly, accrual accounting enabled reality to be measured and presented in a certain way enabling certain forms of action. The accrual accounting system enabled SPMS to shift from ex-post (input) to ex-ante (output) control (cf. Hoggett, 1996) and ostensibly outcomes. It enabled surveillance through internal systems which measure and report individual performance and evaluation. The following section discusses the codification of SPMS in New Zealand local government.

5.4.2 SPMS Technologies

SPMS had been promoted since the 1960s for the control of the public sectors of many western governments especially the USA and the UK (Carter, Klein and Day, 1992). The position here is that SPMS were mobilised as a technology of government in the context of a liberal thinking which promotes individual freedom with the state not wanting to appear too intrusive though desiring control. The mechanisms of SPMS would provide a technology which would confer autonomy on local authorities while at the same time maintaining

control over their affairs. SPMS would do so by delineating objectives and activities to achieve these objectives, assigning them to specific individuals and authorities and enabling surveillance of these bodies on the basis of their achievement of these objectives. The SPMS would become the mechanism through which centres prescribe performance targets and offer incentives and sanctions for meeting the targets. Outcome funding therefore becomes a powerful influence on conduct (Hoggett, 1996). SPMS would bring intergenerational concerns to be governed in the present time. It would form the basis for deciding on activities and programmes by bridging the gap with budgets and expenditure. The strategic approach came to be viewed as an attribute that managers need to possess to ensure the long term well-being of their communities (MacDonald, 1995).

SPMS in local government in New Zealand were codified through the Local Government Amendment Act (No. 2) 1989 and the Local Government Amendment Act (No. 3) 1996 (cf. Pallot, 2001) and more recently 2002. These two initial pieces of legislation, as explained in chapter four, required local authorities to prepare an annual plan and a long term financial strategy, respectively. These two discursive events would incite rational planning within local authority administration, bringing local authorities within the calculus of diverse centres by seeking to make their actions efficient, transparent and accountable (Reid, 1999). The annual plan and the long term financial strategies would be disciplinary technologies through which the conduct of members of local authorities would be directed (Kearins, 1997).

Through the long term financial strategy (LTFS), local authorities are required to articulate and justify their role in meeting community needs over a period of ten years. The LTFS requires local authorities to reflect on their long term vision, goals and objectives, what activities they want to carry out and how these activities would be carried out and by whom. The LTFS through the funding strategy also requires the councils to disclose how they propose to

fund the activities they wish to carry out. The long term financial strategy therefore links the annual plans to the financial aspects of these plans over a period of ten years. The annual plan on the other hand expresses how these long term plans are going to be achieved over a smaller time space, in this case one year. The annual report is a report card of the progress made in one year towards the achievement of the ten year long term strategic plans.

The governmental potential of the annual plans and the long term financial strategy lay in their minute specification of the objectives particular local authorities are to pursue, the activities to achieve these objectives and the attachment of financial numbers to indicate what the cost of these activities is and whether the objectives have been achieved. These technologies make it possible to assign an objective to a person or group of persons who would then be monitored over their achievement of this objective. They also represent attempts to govern the future by bringing the consequences of future actions to the present so that these can be controlled and directed to desired political ideals. The annual planning process was therefore meant to serve governmental goals, for “Arguably, the visibility of a local authority’s activities generated by the annual planning exercise and the statutory requirement to consult serves to stimulate people’s interest in their local community” (Reid, 1999, p. 220).

The SPMS would also direct the conduct of local authority members by encouraging citizens to become actively involved in their communities. The annual plan and the long term financial strategies were therefore to arise after a special consultative procedure where members of the public expressed their views regarding what was in the plan. Councils were required to give adequate public notice of any annual plan proposal and the long term financial strategy, allow for at least one month for public submissions to be made in writing or in person, give a hearing to subcommittees, meet in public to hear and deliberate on submissions and make final decisions on the basis of

proposals. Through the discourse of consultation citizens would actively participate in the financial management of their local authorities as customers and as members of their communities.

These subjects would form a web of governmentality by being able to gaze into the activities of the local councils and judge them on the basis of the ideals of economy, efficiency, effectiveness, transparency and financial probity. They would be able to do this as customers who would judge the services provided by local councils on quality and price and as members of the community with a stake in the local authority. The annual plan and the LTFS would be the technologies that would make the activities of the local authorities visible to the customers and the community:

At the end of the day, local governments will continue to make funding decisions as they consider appropriate in the light of their local circumstances and their local communities. The provisions will greatly improve local government transparency. They will greatly improve local government accountability, and will deliver services much better to communities in the knowledge that every ratepayer will have an open door to the management plans, the financial plans, the 10-year plans, all the accountability, and all the responsibility (The Honourable J. Banks, The Minister of Local Government, 19 December 1995).

The annual report chronicles the budgeted and actual performance of the local authorities making visible the operations of local authorities and how they are working towards achieving the desired outcomes. The actively constituted citizen would then be able to discipline such local authorities by exercising their democratic right to vote, while central government would not be very visible. The reforms conferred local councils authority to make financial and infrastructure provision for their communities' long term needs. While the reforms provided greater autonomy in the making of these decisions, the authorities were less autonomous with rigorous disclosure requirements and public participation whose articulated ideal was efficiency:

By improving citizens' awareness of the performance of local services, the ORPI (outcome related performance indicators) schemes – it might be claimed – will increase the political pressure placed on elected and appointed representatives on governing boards, thereby enhancing both managerial and allocative efficiency in the public sector. The increased sensitivity of representatives to

popular preferences will then permeate the organisation, leading to many of the subsidiary stimuli to improved managerial control...(Smith, 1993, p. 137).

The long term financial strategy would represent the technology through which local authorities would exercise their autonomy in terms of source and use of funding, while at the same time their autonomy would be regulated by the ideals of the centre. The authorities could choose whichever funding mechanism they deemed fit to meet the needs of their communities, but the Act sought to make local authorities accountable for their selection by compelling them to explain how they chose their mechanisms. The Local Government Amendment Act (No. 3) 1996 also gave local authorities autonomy to choose ways for allocating costs and funding their expenditure needs. While the Act conferred freedom its twin aim is control and freedom: "This Bill is riddled throughout with the way in which local authorities are not trusted to choose the most effective ways they should pay for their activities" (R. Northey, M.P., 28 March, 1996).

The Act spelt out the principles that were to guide the funding of expenditure needs. These principles specified that the costs of any expenditure would be recovered when the benefits of that expenditure accrue, i.e. cost-benefit. Where the costs of expenditure benefits the general public, such costs were to be allocated to the beneficiaries on the basis of economic efficiency and the nature and distribution of benefits generated. Where the expenditure benefits an identifiable group of people, it would be recovered from them on a user-pays basis. The Act introduced a caveat that the local authority should act in the best interest of its residents and ratepayers and allocate costs fairly and equitably. The authorities were thus required to identify and measure the costs and benefits of their various activities and to justify cost allocation on the basis of cost-benefit analysis, user pays and fairness and equity. This way, the long term financial strategy and the funding policy enticed local authority managers to judge every decision on the basis of economic rationale. Financial

management decisions were to be made on the basis of economic principles with a minor place for non-economic issues (see Salter, 1997).

The SPMS would be the technology for an integrated approach to the government of local space and populations. The Local Government Amendment Act (No. 3) 1996 required that the LTFS and the other plans be produced in conjunction with the annual plans, hence leading to well-integrated coherent short and long term plans. After the 1996 Amendment, the annual plan was required to disclose the LTFS. The annual plan became an "action plan" which outlines how council will undertake and resource the objectives spelt out in their strategic plans. The annual plan provides details of the specific activities, functions and initiatives of the first three years of the LTFS. National space and population were to be governed on the basis of principles drawn from private sector strategic financial management to achieve the political ideals of democracy, accountability and transparency. The Local Government Act 2002 widens the sphere to be governed to include the social, cultural and environmental under a new process, the long term council community plan (LTCCP).

5.5 Contesting Fettered Autonomy

The exercise of power is tied with resistance (Foucault, 1980d). The ambiguity of the discourse of devolution far from muting resistance actually catalysed resistance with calls for central government to confer unfettered autonomy on local government. The main opposition arose from two sources, the local authorities themselves represented by the New Zealand Local Government Association and the National Party, then in opposition. The two were opposed to local authorities acting as agents of the state to deliver services mandated by the centre with accountability and responsibility residing in the centre. The reforms vested responsibility on central government to define the outcomes and policy agenda while local authorities would be adjudged on the

achievement of these (Reid, 1999; Hoggett, 1991). Citing Hoggett (1991), Reid (1999) unfavourably described this relationship as a case of “decentralisation of production and centralisation of command”. This form of government was resisted because it reflected a lack of trust in local government (Reid, 1999). The lack of trust however, is a characteristic of government in advanced liberal democracies where trust is limited to the ability to self-regulate in the pursuit of distant political ideals (Rose, 1996).

The existing local authorities acknowledged the need for reform to certain aspects of their regimes of practice through their membership of the New Zealand Local Government Association (see New Zealand Local Government Association, 1988), but sought reforms that would confer autonomy. Local government would be a government in its own right that derives its legitimacy from meeting the aspirations and needs of its local populations (Reid, 1999). This mode of governing would be made operable through a power of competence where local authorities could engage in virtually any activity they deemed fit without being fettered by central government (Boston, et al., 1996; New Zealand Local Government Association, 1988). Such authorities would engage in fostering local identity, advocacy, planning for local needs, development of local spaces and regulation, in addition to providing for local community cultural, recreational, physical and social needs (New Zealand Local Government Association, 1988). The power of general competency was to be conferred via the Local Government Act 2002.

The contestations between these discourses were played out in the debate on the Local Government Amendment Act (No. 2) 1989. While the government members presented local government reform as necessary and geared to making local government more efficient, opposition members of parliament saw them as part of government attempts to control local authorities. They were especially opposed to the Bill empowering the Local Government Commission (LGC) to determine the boundaries and functions of local

authorities. Though the LGC was obligated to consult with local authorities when reform was being considered, its role was viewed as usurping the autonomy of local authorities. Seeing this Bill as geared towards substantially limiting local authority autonomy, the opposition wondered: "One has to ask – does the minister not trust local government? Does he not think that local government can get on with the job?". The reorganisation schemes, as already indicated avoided polling, thereby neutralising immediate resistance as had been the case with previous attempts at reform (Smith, 1999).

The opposition members and the Local Government Association envisioned a government where the local people would choose their own government and decide their own boundaries:

The principle of the Opposition is that local people should choose their own local government. The Bill does not include that provision. Local people should be able to vote for amalgamation, but that right is done away with. People in an area should have a say, but that right is done away with. The Minister said that one of the great features of the Bill is its accountability. Is the Local Government Commission accountable when its members are appointed by the Government, but not according to any criteria? Anyone can be appointed. Who is accountable? (J. Carter, M.P., National Party MP, Hansard June 28, 1988)

The state's discourse of reform therefore generated a counter discourse from local authorities of "we can do it on our own". It is notable that local authorities were not opposed to reform as such but sought to be more actively involved in their own government. Representing the local authorities, the New Zealand Local Government Association expressed the position that local government is capable of reforming if given a free hand. The Association sought more comprehensive reforms that would include a definition of the function of local government and its funding. The members argued that local authorities had already demonstrated their ability to self-regulate, with a number of local authorities already undertaking substantial reforms even before this Bill was enacted:

It does not like forced amalgamation. Local authorities will get on with the job if they are given the opportunity to do so. They do not want to be ramrodded, or railroaded, or have amalgamation thrust on them. They will get on with the job

themselves, and do it well, because they have the ability to do so (J. Carter, M.P., Hansard June 28, 1988)

The argument for autonomy was that such a local government would meet the needs of their local communities better. Such authorities would be able to know if they needed to carry out reforms and undertake such reforms themselves without being dictated by the central government through the LGC:

As the opposition spokesman on local government I want local government to be stronger in the future, and to be able to determine its own issues. Reform should be brought about by local government itself. Local government should be able to decide what is best for itself in its own area; it should not have to do what the Government suggests in the terms of reference of the Local government Commission. Reform should be about making local government carry out its true function---looking after the interests of people in a local capacity (S. Lee, M.P., National Party MP, Hansard June 28, 1988).

Resistance also took the form of questioning whether amalgamation would lead to bureaucracy and inefficiency: "I question the principle that "bigger is better" in relation to amalgamation" (J. Kemp, M.P., Hansard, March 1988) and "It has not been proved that it is efficient to force the kind of amalgamation envisaged by the Government" (W. Kyd, M.P., Hansard, March 1988). It was expected that amalgamation would create distance between citizens and the centre therefore negating the democracy in the name of which it was being promoted.

There were some who saw the government as using the reforms to direct local authorities into conduct consistent with being a business. These felt that the reforms were part of the central government agenda of privatising local authorities. Responding to the Local Government Amendment Bill (No. 5) years later when out of government, a Labour MP made the following comment:

It does not seem to me that this is all about accountability at all. I think it is about the normal kind of pressure that this government has wanted to place on local government in general to move towards not a businesslike model, but a business model (S. Maharey, M.P., 18 July 1996).

The central government was constrained to underplay the sovereign part of its intention to govern local authorities through these reforms. It instead sought to convey a conciliatory tone that would appease those seeing the danger of autonomy being eroded. The Minister of Local Government, The Honourable M. Bassett decided to lace his criticisms of the current form of local government, with praise of how important local authorities were to providing local needs and being closer to local people than central government. He explained that the aim of reform was not the control of local authorities but merely enhancing local authority ability to provide responsive and effective service. The Honourable P. Woollaston, then Associate Minister assisting the Prime Minister asserted that this reform was a case of central government acceding to the wishes of local authorities for a long time (Hansard, 23 June 1988). R. Northey, M.P., saw these reforms as necessary to “enable local authorities to be strong enough and effective enough to take over additional functions on behalf of their communities in a more effective way than at present” (June 23, 1988). The Minister stressed that the reform of local government was necessary:

Many have been worried that the present reform would lessen the role and importance of local government in this country. I assure the house that that is not the opinion of the government, which sees the need for the overall well-being of their citizens in a more effective, efficient, and responsive manner ...If there is a theme running through what I have said it is that the effectiveness and responsiveness of local government will not be improved unless reform is tackled simultaneously across several fronts. During the past 3[1/2] years the Government has set about making public sector institutions more efficient and more responsive to today's needs. The reform of local government is in keeping with those directions (The Honourable M. Bassett, Hansard, March 1988).

The Minister of Local Government emphasised that members of local authorities would be consulted on matters affecting local government. As already indicated, the LGC was not obliged to consider this advice. Consultation however, has governmental designs, for it is also a way of knowing, and knowledge is central to governmentality. It seduces members to feel they exercised their freedom to choose, hence enrolling them in their own governmentality (Rose, 1996a; 1996b, 1993; Rose and Miller, 1992). By

promising continuing consultation this bill sought to enrol local authority members, so that when the reforms were underway, resistance would have been muted. Consultation enables central government to seek to control a distant domain, but by convincing populations of this domain that their input is valued, hence enrolling them to the process of their own governmentality.

The opposition to the new regime of practices of local government has been paralleled by reflection on this modality of governing within central and local government. Governmentality is reflexive government with the adoption of one modality of governing the culmination of its condemnation and the search for newer and better ones (Rose, 1996a; Rose and Miller 1992; Miller, 1991, 1990). The Controller and Auditor General has been critical of public sector financial management reporting based on outputs and instead suggested one based on outcomes as have the managers of the various local authorities (Pallot, 2003). Research commissioned by the government concluded that the long term financial strategy and the funding policy have led to improvements in financial reporting, management and financial transparency. Strategic planning however, did not change the behaviour of local authorities or improve local democracy (Johnston, 2000). Nash however concludes that “While they (strategic plans) have not produced a strong participatory democratic process, they have enhanced accountability and public understanding of local government decision-making” (Nash, 1998, p. 7). The march towards strategic performance management in local government continues with recent legislative changes that have imposed a regime of quadruple bottom line reporting on them through the Local Government Act 2002.

5.6 Conclusion

This chapter has analysed the local government reforms in New Zealand within the context of government in advanced liberal democracies (Flint, 2003;

Rose, 2000; 1996b; Isin, 2000). It analyses the rationalities, programmes and technologies (see Rose and Miller, 1992) underpinning these changes. The chapter shows that intertwined with sovereign mechanisms were others which sought to direct the conduct of population by enticing its members to exercise their freedom as customers but responsible to their communities. The exercise of their freedom through active involvement as democratic citizens and members of communities would achieve the political ideals of economy, efficiency, effectiveness and transparency. Since community does not exist in space, it had to be constituted through boundary rationalisation and through a moral discourse of community service and democratic citizenship.

Though conferred with autonomy, local authorities were subject to central controls. This control was enabled through regimes of accrual accounting and SPMS which enable local authority freedom without the state appearing to be too intrusive, thereby achieving control at a distance. The technologies of annual planning and LTFS were deployed to address perceived deficiencies in the government of local spaces. Through the technologies of legislation, the state was able to create a spiral of a rationalising or in their terms, modernising approach to the administration of local government.

The discourse around the reforming legislation of local government point to the contention of this thesis that the reforms were concerned with introducing a new mode of governing local authorities where government appeared to confer autonomy on local authorities, but was actually in control. This approach created an harmonious relationship where local authorities pursued their own governmentality while meeting specified political objectives. While Foucault sought to downplay the importance of the state in government, this thesis argues that the state is central, though not the only agent, to the government of local spaces. The calls for reform of local government did not emanate from the consumer but from the central government technocrats and technopols (Mayston, 1993, p. 86). The discourse of leaner, enterprising and more

innovative local authorities was in line with a neo-liberal agenda (cf. Clarke and Newman, 1997).

There are indications that there is little linkage between the programmes and action of SPMS, but then Foucaultians argue that this is endemic to governmentality (Rose and Miller, 1992; Miller, 1991; 1990). The concern here is therefore not with “what was promised and what was delivered” (McKinlay, 1994), but with the way in which political authorities in New Zealand sought to govern territory and population using certain rationalities and technologies. To this end, this study is cognisant that the strategisation of local government is ongoing, and that our understanding of it will continue to evolve. The next chapter examines the discursive formation of SPMS.

Chapter Six

The Discourse of Strategic Performance Measurement Systems and Government of the Public Sphere

6.1 Introduction

The previous chapter explained how technologies of accounting and SPMS were promoted as mechanisms for implicating the local domain in New Zealand within the power relations of numerous centres. This chapter seeks to discuss how SPMS emerged as the “truth” for governing the public sphere in the advanced liberal democracies (cf. Knights and Morgan, 1991; 1990). SPMS were promoted as a rational and instrumental solution to uncertainty, the external environment and the future. This formation happened within the context of the new modalities of governing which emphasise the exercise of individual autonomy and membership of community as the most efficient approach to governing a sphere in a neo-liberal society. This analysis accords with Knights and Morgan’s (1991) exhortation to researchers to examine ways in which strategy has come to occupy such a self-evident position of importance in diverse contexts including the public sphere. The chapter reviews the literature in an attempt to illuminate how strategy came to be linked with performance management systems in the public sector and attained the status of truth.

This chapter is organised as follows. The second section analyses the way performance measurement in the public sector has developed culminating in calls for its integration with strategic planning to form SPMS. The section examines SPMS within the context of the public sector in New Zealand and the UK. The third section describes some of the prominent SPMS adapted in public

sector organisations. This section notes that SPMS assume the existence of strategy, without attention to how this comes about. The section therefore attends to the development of strategic planning and management in the public sector. The fourth section provides an alternative reading of strategy that questions its self-evident usefulness and rationality. This section lays the foundation for the following chapters, which seek to illuminate how SPMS have been implicated within the triangle of governmentality as disciplinary technologies for the conduct of members²⁰ of Future City Council. The fifth section concludes the chapter.

6.2 Discursive Formation of SPMS

The adoption of SPMS in the public sector may be associated with the wide-ranging reforms to the public sectors of many advanced liberal societies encapsulated under the Financial Management Initiative (FMI) in the UK (Pollit, 1986) and Financial Management Reforms (FMR) in New Zealand (Lawrence, Alam, Northcott and Lowe, 1997; Boston, Martin, Pallot and Walsh, 1996). The reforms emphasised new relationships based on the nexus of power and knowledge. Technologies of assigning measurable targets to individuals and making their activities knowable to power came to play a central role. Such knowledge would illuminate how individual persons and departments were contributing towards the rationalities of efficiency and effectiveness. This individual effort was to be made transparent as part of regimes of accountability on the basis of these rationalities. Put differently, the individual would not only engage in activities that could achieve efficiency and effectiveness, but these would also be visible to power. The emergence of SPMS may therefore be characterised as a discursive formation.

²⁰ The term member is used to refer to not only the staff and elected representatives of the case local authority but also its citizens.

Macintosh (1995) defines a discursive formation as certain asserted truths about an individual on the basis of which he or she can be known and controlled. SPMS are based on certain beliefs about the individual. He or she is a rational, selfish individual who looks after his or her own best interests at the expense of his or her employers. There is therefore need to install a regime of surveillance so as to align the individual interest with those of their employers or principals. This surveillance should enable the individual to be known in both financial and non-financial terms.

The individual's daily working life was also to be made visible on the basis of clearly defined objectives assigned to him or her. The clear definition of objectives and their assignment to specific entities and persons against which their performance should be evaluated would ostensibly lead to improvements in planning and control in the public sector, hence performance (Jackson, 1988; Carley, 1988). The specification of objectives would apparently set priorities to be pursued, clarify the relationship within the whole organisation, motivate individual employees and enable rational resource allocation (Jackson, 1988; Carley, 1988). These objectives would lead to the development of performance systems so that each unit or individual is measured in terms of how they achieve specific objectives, thus improving accountability. Such performance indicators would enable comparison between departments and councils on the basis of set targets (Jackson, 1988; Carley, 1988). The objectives would provide a threshold over which individual effort would be directed and on the basis of which they would be normalised (cf. Foucault, 1977).

The traditional reliance on the budget was therefore problematised as an inadequate technology for measuring progress towards the wider goals of efficiency and effectiveness (Boston and Pallot, 1997; see also Atkinson and McCrindell, 1997). These systems where performance was measured in terms of how actual expenditure differed from the budget were motivated by the need to satisfy the central government, which provided the bulk of financial

support (Flynn and Talbott, 1996; Cochrane, 1993; Gray and Jenkins, 1986). The traditional performance systems directed conduct on the basis of efficiency with behaviour motivated to meet budget targets (Boston and Pallot, 1997). Finance professionals acted as surveillance guards over expenditure to ensure local authorities undertook their delegated tasks at the least cost (cf. Cochrane, 1993).

The budgetary one-dimensional performance emphasis on financial data could not enable judgement regarding how well individuals and agencies were doing towards wider societal or organisational goals (Atkinson and McCrindell, 1997; Atkinson, Waterhouse and Wells, 1997). These goals were not all financial or quantitative. Technologies for measuring individual outputs and assessing how well the units and the individuals who headed them were meeting these objectives were sought (Boston, Martin, Pallot and Walsh, 1996; 1991; Pollit, 1986; Treasury, 1987; 1984). The reforms have therefore seen many public sector agencies being pressed to provide information that can enable the public to judge their performance on the basis of efficiency and effectiveness (Guthrie and English, 1997; Hood, 1995; Ghobadian and Ashworth, 1994; Palmer, 1993; Carter, Klein and Day, 1992; Jackson, 1988; Carley, 1988). These changes required measures that would show what the public is getting for the money that is "poured" to this sector (Lawrence, Alam, Northcott and Lowe, 1997; Carter, Klein and Day, 1992). The conclusion emerged that such systems lay in integrating performance measurement systems with the strategy of the organisation (Sanderson, 2001; Atkinson and McCrindell, 1997; Atkinson, Waterhouse and Wells, 1997; Jackson, 1993a; 1993b).

6.2.1 SPMS: UK Experience

One of the earliest attempts to integrate strategy with performance systems was the Programme Planning and Budgeting Systems (PPBS) in the USA in the early 1960s. The PPBS was pioneered by the US government to enable it to assert control over the use of resources especially by the military, but later

became a requirement of all civilian agencies of the federal government (Carter, Klein and Day, 1992). PPBS is a practice through which organisations would define the objectives of their policies, define the programmes for achieving these objectives and measure expenditure and the use of resources to achieve these objectives. It also involved the measurement of the output of programmes so as to assess their effectiveness. This measurement would engender a consideration of alternative ways of achieving objectives on the basis of least cost (Carter, et al., 1992). This programme was viewed as a technology for conducting government more rationally, efficiently and effectively thereby circumventing political uncertainty (Carter, et al., 1992). The PPBS generally ended in failure but it appears to have planted an ongoing interest in a rational approach to the conduct of public affairs.

The need to hold individuals and units responsible for their performance on the basis of clearly specified objectives was a recurring theme throughout the 1960s and part of the 1970s but re-emerged with renewed energy after the election of the Thatcher Government (Carter, et al., 1992). The election of the Thatcher government saw the enactment of the Financial Management Initiative (FMI) that was associated with wide ranging reforms to the public sector in the UK. The FMI emphasised the measurement and reporting of individual and unit performance on the basis of clearly articulated objectives (Pollit, 1986). These reforms were accompanied by the development and experimentation with numerous performance measures by public sector entities, leading some researchers to conclude that the public sector leads the private one in terms of the development of performance systems (Atkinson and McKindell, 1997). The widespread adoption of performance measurement systems in the public sectors of many countries did not however, result in the expected improvements in performance (Atkinson and McKindell, 1997). This lack of improvement has been attributed to the complexity of performance measurement, which means that only those easily measurable aspects get measured (Jackson, 1988). Palmer (1993) who undertook an empirical study of

performance indicators in a local authority in England found that the performance indicators emphasised efficiency and economy to the exclusion of effectiveness because the latter is not easily measurable (see also Atkinson and McKindell, 1997; Ghobadian and Ashworth, 1994). Where outcome related performance measures had been developed, they had the potential to engender dysfunctional behaviour (Smith, 1993). The performance indicators focused on past performance because of central government pressure to cap costs and increase productivity (Kloot and Martin, 2000).

The concern with financial inputs and results meant that performance measures remained largely trapped within the traditional one-dimensional model. This therefore did not address the perceived shortcomings of the traditional performance systems for it could not show whether and to what extent the aims for which the money was spent had been achieved (Brignall and Modell, 2000; Ghobadian and Ashworth, 1994). This dissatisfaction with performance measurement coincided with similar dissatisfaction in the private sector where it was felt that financial control bore no relation to the needs of local clients or customers (Johnson and Kaplan, 1987; Eccles, 1991). Within the context of the public sector, this reliance on single measures may drive out other important dimensions of organisational performance besides ignoring the overlapping and sometimes divergent interests of various public sector stakeholders (Ballantine, Brignall and Modell, 1998). Furthermore, the introduction of new forms of public management based on markets, contracts and consumerism represented in the 'citizen's charter' and management necessitates new performance measurement systems (Sanderson, 2001).

The inadequacy of these performance measurement systems has been attributed to lack of a framework for defining objectives and even the resulting performance measurement system (Gray and Jenkins, 1986; Hoskyns, 1984). The performance indicators were not developed in response to any overarching strategy (Palmer, 1993). There is no agreement among stakeholders as to what

are the objectives, what constitutes performance and how it should be measured (Boyne, et al., 2002). The task of measuring performance indicators is also difficult because the outputs of public agencies are often intangible and ill defined (Ghobadian and Ashworth, 1994). The performance systems had failed to integrate with budgetary and management processes hence proved useless in the strategic management of the public sector (McKevitt and Lawton, 1996). Thus these pioneering efforts notwithstanding, questions have continued to be raised regarding the ability of this system to enable the performance of individuals and entities to be evaluated (see Jackson, 1993a).

Some researchers have therefore called for performance measurement systems to be guided by the strategy of the organisation (Brignall and Modell, 2000; Kloot and Martin, 2000; Jackson, 1993a). Strategy would define the performance measurement systems to be used in the public sector. The strategy would define the objectives and the way these would be achieved while the performance system would measure the achievement of these objectives on a host of measures, which are not only financial but non-financial as well (Atkinson, Waterhouse and Wells, 1997; Simons, 1999; 1995; Kaplan and Norton, 1996a; 1996b; 1993; 1992). Linking performance measurement to strategy would enhance the ability of the organisation to engage in planning and control of its activities and achieve organisational learning by enabling any plan or set of targets to be compared against its outcomes and explaining any resulting variances (Jackson, 1993a). The complexity of the public sector may suggest that planning and control would be better served by linking strategy with operations (Ballantine, Brignall and Modell, 1998). A strategic focus is recommended as a way through which the complexity of the public sector can be taken into account without sacrificing its values (Jackson, 1993a).

The victory of the Labour Government in the UK in 1997 led to a new discourse of “modernising” local government management using ‘best value’ (BV) where performance measurement was seen as key to driving the improvement of

performance in local government management (Sanderson, 2001). Local authorities would be required to prepare local performance plans outlining current performance and plans for improvement. BV installed regimes of audit and evaluation with the state reserving the right to intervene where local authorities were not achieving the required improvements in performance (Sanderson, 2001). Through the annual performance plan, local authorities would plan and publicise their performance as well as how they intend to improve their performance. BV requires that local authorities “undertake systematic performance review of all their services and demonstrate significant year-on improvements” (p. 299). The thrust of the Labour government’s reforms were that: “policy making is more forward looking, joined up and strategic; secondly, making public services more responsive to the needs of users; and, thirdly, delivering high quality and efficient services” (p. 306). The requirements of BV are that local authorities seek to secure continuous improvement on efficiency, effectiveness and economy in its functions. The local authorities have to review the performance of their services every five years so as to challenge what they are doing and how they are doing it. This reflexivity would be conducted in the context of benchmarking, the needs of stakeholders and a national framework of performance measures and standards (Sanderson, 2001). The requirements of BV echo recent innovation in the private sector such as kaizen management that put a premium on continuous improvement.

It can be surmised that since the 1960s, governments have sought to direct the public sector using a range of technologies, one of which was performance measurement (Carter, Klein and Day, 1992; Pollit, 1986). As already indicated above, performance measurement systems became problematised as mechanisms for the conduct of public government. Especially, this approach was criticised for lacking a strategy on the basis of which the objectives of government would be clarified and their achievement measured. The 1990s have seen concerted attempts to resurrect performance measurement systems

in the context of a linkage with strategy. These changes have elevated strategic performance measurement to a position of prominence in external and internal accountability. Its adoption has been associated with improved communications to external parties, who include the central government, voluntary agencies and local businesses, how well the organisation is doing (Boyne, et al., 2002). This communication multiplies the agencies involved in government. Performance measures also hold individuals and units within local authorities accountable for outputs and outcomes (Boyne, Gould-Williams, Law and Walker, 2002; Sanderson, 2001). It has therefore culminated into a system that ties individual conduct with the unit, organisation and the state on the basis of objectives, targets and performance measures (Townley, 2002a). This again accords with liberal forms of government as discussed in the previous chapter.

6.2.2 SPMS in the New Zealand Public Sector

The New Zealand public sector has often relied on input based performance measures, which drive the priorities of government (Pallot, 2003; Boston and Pallot, 1997). These have often been criticised. As part of its efforts to move from input to objective led performance management, the New Zealand Government tried to adopt the PPBS in the 1960s, but these efforts failed to “integrate strategic, budgetary, and performance management systems” (Boston and Pallot, 1997, p. 384; Boston, Martin, Pallot and Walsh, 1996). Just like elsewhere in the advanced liberal democracies, the traditional model of performance measurement that was driven by inputs came under immense criticism during the late 1970s and early 1980s. A significant part of this criticism came from the Office of the Controller and Auditor General (1978; see also Pallot, 2003; Jacobs, 1998). This system of measurement was criticised as incapable of highlighting individual and unit effort towards set goals. These criticisms were echoed with the incoming Labour Government of 1984 that blamed public sector performance on individual pursuit of their own utility

and the conflict emanating from lack of clear objectives for each unit and individual (Treasury, 1987; 1984). Following the State Owned Enterprises Act 1986 and the State Sector Act 1988, concerted efforts were made to separate policy functions from their implementation and to assign clear objectives to each on the basis of which their performance were to be evaluated. The reforms underscored the search for a system that would measure and report performance on the basis of not only traditional efficiency, but effectiveness as well.

The Public Finance Act 1989 enabled performance to be assessed both on financial and non-financial terms by introducing three key technologies. First, the accounting system was to be changed from cash to an accrual system. Secondly, the Act required entities to report on three dimensions, inputs, outputs and outcomes, which basically traversed the rationalities of efficiency and effectiveness. Thirdly, the Act required entities to report on both financial and non-financial activities, the latter through a statement of service performance. These reforms witnessed an explosion of performance measures in the public sector. Just like in the case of the UK, these measures were said to be confusing and did not translate to the expected improvement in performance and its measurement in the New Zealand public sector (Boston and Pallot, 1997). Furthermore, these structural changes have been blamed for leading to a fragmented public service with little interagency coordination and cooperation (Boston and Pallot, 1997). This has been attributed to the failure to base performance measurement objectives and measures on an overarching strategy (Boston and Pallot, 1997). The reforms to the New Zealand public sector have led Pallot (2001) to surmise that accounting and financial reform would be successful if it is linked with wider strategic and management issues.

The recent attempts to revive strategic planning in the public sector in New Zealand may therefore be viewed as part of attempts to coordinate the efforts of the various public sector agencies (cf. Boston and Pallot, 1997) and a response to

the limits of principal agency classifications associated with the 1980s and early 1990s reforms (Campbell, 2001). They however fundamentally reflect the continued search for new and ever rational ways of directing the conduct of public sector staff. This search has seen the New Zealand government developing a vision statement, which outlines the direction the government wants the country to go in the long term. The cabinet then decides on a limited number of objectives, called strategic result areas (SRAs) that the government wants to pursue for the next three to five years. More recent attempts have seen moves to link individual departmental manager performances with the SRAs. Individual departmental chief executives are assigned key result areas (KRAs), which are basically objectives that they are meant to achieve in any one year, as part of their contribution to the SRA. These chief executives enter into these agreements with the State Services Commission. The result of these changes is that the budget process is now developed from the clear priorities that are spelt out in the vision and the SRAs (Campbell, 2001; Boston and Pallot, 1997).

The adoption of SPMS in the New Zealand public sector was codified through the Fiscal Responsibility Act 1994. The Act requires the government to disclose its objectives over a period of time and to regularly report progress against these objectives while disclosing any departures. Of great significance is the fiscal strategy component of the Act, which requires the government to provide projections of total revenue, expenditure, debt and net worth for at least ten years. The fiscal strategy also requires a disclosure of whether the trends and updates are in line with the budget policy statement, which are the objectives spelt out. The Fiscal Responsibility Act 1994 is therefore an important attempt to integrate government strategy-making with budgets, processes and performance systems (Pallot, 2001; Boston and Pallot, 1997).

The governmental aims of the Fiscal Responsibility Act can be obtained from debates on it. The Act was expected to “enforce on New Zealand governments

an unprecedented level of openness and honesty about public finances” (The Honourable R. Richardson, The Minister of Finance, Hansard, September, 1993). The Minister of Finance argued that past governments had kept the public in the dark regarding the fiscal implications of their decisions. This was associated with the short-termism of political expedience and ills such as crippling public debt. The Fiscal Responsibility Act sought the publication of a full economic and fiscal update prior to each general election. The voters would therefore be empowered to evaluate election promises, hopefully forcing politicians to make realistic promises. It was through this Act that the foundation for long term financial planning in the public sector was laid:

In this year’s budget we provided for the first time “progress outlooks”, which looked at the track of the fiscal position beyond the usual three years span, and looked out to the turn of the century...Governments will be much more accountable to the public for their decisions, and the focus of fiscal policy will become much more balanced between short and long term objectives (The Honourable R. Richardson, The Minister of Finance, Hansard, September, 1993)

The Act reflects government efforts to govern temporal distance. It codified long term financial planning in the fiscal strategy which required government to clearly state its fiscal objectives, report annually to parliament its long term objectives and the progress so far on these objectives regarding revenues, expenses etc. over ten years, at budget time. Generally the aim was to encourage government to “take a long term perspective to fiscal management”. It would also enable New Zealanders to assess the consistency of a government’s policy settings with its stated fiscal objectives. The Act sought to link knowledge with government:

The Bill will require future Governments to continue to take a long-term approach to fiscal management, as has this Government. Too often in the past a short-term focus has been to our long-term cost. One need only look at the accumulation of debt in the 1970s and 1980s or the state of the health sector balance sheets. Experience shows that the future needs a voice. In this Bill we are giving the future that voice. The Bill brings more openness, better information, and better accountability. It broadens the focus of fiscal policy and it provides better incentives to all Governments for responsible fiscal behaviour (Ruth Richardson, Hansard, 16th September 1993).

This legislation was to be followed by the Local Government Amendment Act (No. 2) 1996 which ushered in long term financial planning in local government and which has been discussed in chapter five. In sum, the Local Government Amendment Act (No. 3) 1996 introduced the long-term financial strategy and a funding policy both of which have been incorporated as part of the strategic planning process and clearly seek to link local authority strategy with its financial management. These changes have also sought to link local authority strategy and financial management decisions with governance and transparency through provision of information and consultation (Pallot, 2001). The methods suggested for achieving the integration of strategy with performance measurement are discussed in the next section.

There is an emerging belief that political leadership should be guided by the tenets of strategy. The same pressures facing the private sector that necessitated the promotion of strategic thinking (cf. Johnson and Kaplan, 1987) are now attributed to the public sector. It has been suggested that “in the rapidly changing technological, societal and economic environment, political leadership based on strategic management is required increasingly...public sector service delivery requires innovative thinking driven by strategic management” (Anderson, 1993, p. 67).

6.3 Discursive Practices of SPMS

There has been a convergence that linking the organisation’s strategic plans to its performance system to form a strategic performance measurement system (SPMS) would greatly enhance planning and control (Atkinson, Waterhouse and Wells, 1997). This wisdom has been promoted to both the public and private sectors. The SPMS would enable the organisation to be “modelled into a well-conceived layer of measures and targets cascading throughout the organisation, linking individual, unit and organisational objectives” (Townley, 2002a, p. 562). The linkage of objectives to measures of achievement of these

objectives would not be limited to financial measurements, but would include measures for all activities deemed essential to the achievement of the organisation's strategy. Looked at in the perspective of the perceived limitations of traditional systems, SPMS provide the solution that would enable organisations to achieve the rationalities of not only efficiency but effectiveness as well. There are however three issues that arise with the proposed systems. First, there is the question of how the dreams espoused under SPMS could be achieved. Second, SPMS assume that public sector organisations have strategies or strategic plans, which traditionally has not been the case. Finally, the SPMS present a rational instrumental approach as the truth to governing the public sector, but fails to illuminate its potential to create asymmetrical power relations (Stoney, 1998). Each of these questions is addressed next.

6.3.1 SPMS Techniques

The public sector reformers have turned to the private sector for techniques that would ostensibly enable the public sector to achieve its dreams of an efficient and effective sphere. While there are many approaches proposed, the prominent ones include the balanced scorecard (BSC), the Results and Determinants Framework and the stakeholder approaches. These approaches all promise improved performance through linking strategy with the performance systems in the public sector (Brignall and Modell, 2000).

The balanced scorecard (BSC) is developed from the perspective that traditional financial measures of performance are inadequate in today's organisations whose value is mostly driven by intangible assets (Kaplan and Norton, 2001a; 2001b; 1996a; 1996b; 1993; 1992; see also Atkinson, Waterhouse and Wells, 1997). Financial measures report outcomes from past actions and reliance on them promotes conduct which sacrifices long-term value creation for short-term performance (Kaplan and Norton, 2001a; 2001b; 1996a; 1996b; 1993; 1992). The BSC therefore supplements traditional financial measures with a system of

performance measurement on four perspectives: financial, customers, internal process and learning and growth. The organisation can however, adapt its perspectives to its specific circumstances. The BSC develops goals for each perspective and measures, which indicate progress towards the achievement of these goals (Kaplan and Norton, 2001a).

This technique enables the development of an SPMS that links the organisation strategy with its performance system in a cause and effect manner (Kaplan and Norton, 2001a). The critical elements of each of the four perspectives can be specified and their linkage with the organisation's strategy mapped (Kaplan and Norton, 2001a). The BSC enables an evaluation of whether departments and individuals have met expectations and ties it with their rewards. Through the BSC, departments can engage in business planning where they can use the BSC goals to allocate resources and set priorities. This enables them to undertake and coordinate only those activities that move them towards their strategic goals. Finally, the BSC enables strategic learning through the monitoring of short-term results from the four perspectives. The BSC is claimed to lead to the improvement of performance measurement systems by providing both lag indicators and lead indicators of performance. It brings together all the elements of an organisation that are central to its success. The BSC also compels managers to consider all the important operational measures together, enabling them to judge whether all areas are improving in tandem (Kaplan and Norton, 2001a; 2001b).

The BSC has been promoted to the public sector with modifications to some of its four perspectives (Kaplan and Norton, 2001a). Since public sector organisations do not have financial objectives as their primary objective (Kaplan and Norton, 2001a; Kloot and Martin, 2000), Kaplan and Norton (2001a) suggest that such organisations should define their mission and place it at the top of their balanced scorecard. The other perspectives can then be examined in relation to how they achieve the mission. Kaplan and Norton

suggest that public sector scorecards should have three high-level perspectives. First, cost incurred: such organisations should aim to reduce the direct and social costs of achieving their mission. Second, value created: the BSC should enable the outputs (benefits) being created by the agency to be measured. Third, legitimising support: the BSC should identify who is providing the funding, what their objectives are and how these are being met. The BSC then identifies the objectives of the internal processes and learning and growth perspectives that enable objectives in the three high level perspectives to be achieved. Kloot and Martin (2000) suggested that shareholders in the finance perspective should be replaced with stakeholders and customer with community because local authority decisions affect not just those who use the services, but the wider community and stakeholders.

The results and determinants framework (RDF) shares with the BSC some common features. The two approaches emphasise both financial and non-financial measures, and also measurement of performance on a range of dimensions. Again both the BSC and RDF promote a linkage of the performance system with the strategy as a way of ensuring planning and control. The RDF however measures performance on two dimensions, determinants and results (Ballantine, Brignall and Modell, 1998; Brignall, 1993; Fitzgerald, Johnston, Brignall, Silvestro and Voss, 1991). Determinants include quality of service, flexibility, resource utilisation and innovation while results are constituted by competitive performance and financial performance. The RDF model premises that quality of service, flexibility, resource utilisation and innovation determine success as measured by competition and finance. The RDF model is contingent, for the kind of performance measured is determined by the strategy of the business. These performance measures include feed forward control through plans, budgets, standards and targets and feedback control through the analysis of variances and the use of performance measures, which are both competitor and customer focussed, along the entire value chain (Ballantine, Brignall and Modell, 1998; Brignall, 1993; Fitzgerald et al., 1991).

Within the context of local government, Brignall (1993) suggested that local authorities should identify their strategic business units then conduct a RDF based on these units. Like the BSC, the RDF assumes an existing strategy within the organisation.

The other approach which has been promoted for the public sector is one which privileges stakeholders as the beginning for determining the objectives to be pursued by the organisation and hence the performance system. The strategic plan is mobilised to make the objectives of each of the stakeholders knowable and linked with the performance system (Atkinson, Waterhouse and Wells, 1997). The stakeholders are able to define their objectives because they are in a contractual relation with the organisation: they oblige and are obliged to the organisation. The nature of these obligations is defined in terms of objectives. This approach identifies the stakeholders of the organisation as customers, owners, the community, employees and suppliers. The owners define the primary objectives, or what it is the organisation seeks to achieve. It is the primary objectives, which define the nature and focus of the relations an organisation has with its other stakeholders. The other stakeholders define the secondary objectives, which are basically the ways in which the stakeholders would contribute to the achievement of the primary objectives (Atkinson, et al., 1997).

The performance system under this approach should be designed to monitor the achievement of the secondary objectives. The foci of the performance system are the processes related to achieving the secondary objectives which members need to manage in order to achieve the primary objectives. The performance system therefore helps monitor whether strategic plans are successful and how they can be improved. The SPMS should enable the organisation to ascertain whether it is receiving expected contributions from its stakeholders, and whether they are receiving what they expect from the organisation. Atkinson, et al., (1997) suggested that the stakeholder approach

could be applied equally well to government by assigning a finite number of objectives to departments and assigning its performance against the achievement of these objectives. Instead of customers, the stakeholders in the public sector are citizens, and parliamentarians and taxpayers instead of owners. The government agencies should therefore develop their objectives and principles in respect to their key stakeholders and disclose these (Atkinson and McCrindell, 1997). This approach just like the other approaches above, assumes an existing strategy. The way strategy is to be made in the public sector is discussed next.

6.3.2 Strategic Planning in the Public Sector

Strategic planning brings together two concepts, strategy and planning (Mintzberg, 1994). Strategy is an elusive concept but is said to be concerned with the broad issues, which affect the organisation as a whole in the long term. Planning on the other hand is a rational process that seeks to guide future action. Planning anticipates changes, explores alternatives and identifies priorities so as to tame the future. The two concepts together refer to a rational approach to the wider issues affecting entities in the long term through consideration of alternatives and the choice of priorities (Caulfield and Shultz, 1989). Strategic planning is viewed as one of the techniques of strategic management (Caulfield and Shultz, 1989) with the latter considered a broader approach to management that requires strategic thinking, leadership and organisation (Caulfield and Shultz, 1989). The concern here is not with the finer distinctions between the two, but all those approaches, which promise rational solutions to public sector problems through the search for a strategy and its linkage with their performance.

Strategic planning has its roots in the military (Stoney, 1998; Knights and Morgan, 1991; 1990) but came to prominence in the mid 1960s as a way in which senior administration in the public sector sought to direct the conduct of

those lower in the hierarchy. During these early years, strategic planning was associated with elaborate plans of the organisation's future direction, which was expected to guide the allocation of its resources. It however came to be criticised as inflexible and unsuitable for organisations in a dynamic environment. Its anticipated integration with the budget never materialised, hence it lost its appeal after a decade (Boyne, 2001; Flynn and Talbott, 1996; Mintzberg, 1994; Caulfield and Schultz, 1989; Pollitt, 1986). Some researchers have concluded that it was replaced by the performance measurement revolution (Gray and Jenkins, 1986).

The discourse of strategy however now occupies a central place in recent attempts to reconfigure and direct the conduct of public life (see Townley, 2002a, 2002b; Lapsley and Pallot, 2000). This discourse is one among other management discourses, which have come to be referred to as the New Public Financial Management (NPFM) (Guthrie, Olson and Humphrey, 1999). Many local authorities in the USA (Berry and Wechsler, 1995), UK (Stoney, 1998) and New Zealand (Johnston, 2000) have for example, adopted one form of strategic planning or other. What is important for this thesis is that strategic planning is now back in vogue but within the context of its integration with performance measurement systems that together constitute SPMS. The rationale for its triumphant return and the methods for its fruition all reflect an acceptance of private sector managerial techniques as the solution to otherwise political problems. These hopes rest on the conception that public life should be governed on the basis of an instrumental rationality (see Townley, 2002a; 2002b).

The conditions of possibility of strategic planning in the UK can be sited within the raft of public sector changes in the advanced liberal democracies that have come to be described as NPM. These changes came ostensibly on the back of immense fiscal pressures on the public sectors of many advanced liberal democracies. The fiscal pressure had led to reductions in central government

allocations, including to local authorities. There have also been claims that the nature of competition, the consumer and the external environment had changed justifying a rational mechanism to enable the organisation respond to these. These pressures have been associated with escalated strategic planning in local authorities in the form of strategic plans, community plans and annual plans (Flynn and Talbot, 1996).

Strategic planning promises to be the solution to many of the issues facing the public sector. Since it promotes strategic thought and action it is expected to enable public service organisations to improve decision-making and performance and become responsive to the public clientele (Flynn and Talbot, 1996; Bryson, 1995; Nutt and Backoff, 1993). Strategic planning has been presented as the way through which local government can face up to the challenges of legislation and societal change (Caulfield and Shultz, 1989). These changes are characterised by competitive pressures emanating from the establishment of quasi-markets in local authorities with areas formerly bracketed as the domain of local government now opened up to competition (Caulfield and Shultz, 1989). A strategic approach enables them to decide which services will be delivered, how they will be delivered and how costs can be reduced to remain competitive. The strategic approach is seen as enabling governments to quickly respond to crisis and risks and take advantage of opportunities for the benefit of its citizens (Scott, 2001; McHugh, 1997; Bryson, 1995; Nutt and Backoff, 1993) by changing the ways these organisations have to make and implement decisions (Nutt and Backoff, 1993).

Strategic planning promises to provide a framework for a measurement system that overcomes the limitations of the traditional input system. Such systems could only provide data on inputs, which is not sufficient to the achievement of economy, efficiency and effectiveness in the public sector as advocated by NPM (Flynn and Talbot, 1996; Gray and Jenkins, 1986). Strategic management has therefore been promoted as the way through which a more comprehensive

approach that considers economy, efficiency and effectiveness can be considered (Flynn and Talbot, 1996). It is also a strategy for attracting funding from agencies other than the central government (Llewellyn and Tappin, 2003). Strategic planning is hoped to lead to the empowerment of local people through participation, meet customer needs and enable strategic alliances (Stoney, 1998). It has come to be presented as a rational approach to achieving accountability in public sector organisations (Scott, 2001; Stoney, 1998; Kearns, 1996). Strategic planning promises all things to all people, thereby representing those contradictory discourses on the basis of which the public sectors of many Western countries have come to be governed.

Strategic planning has also re-emerged in the context of perceived negative consequences emanating from the changes associated with NPM in the early 1980s, which have been associated with a fragmented public sector (Flynn and Talbot, 1996). The UK Labour Government has come up with the "Third Way" which calls for a rational approach to "joined-up government" that involves the coordination of different agencies (Boyne, 2001). This approach would integrate public services that have been fragmented into various forms some of which are quasi-commercial while others remain public (Boston and Pallot, 1997; Gray and Jenkins, 1993). It is hoped to lead to improved performance in the public sector though Boyne (2001) questions whether there is an established link between strategic planning and efficiency and effectiveness. This approach would enable organisations attain comparative advantage (as opposed to private sector competitive advantage) (Kearns, 1996) through which they would develop strategies and standards of accountability so as to discharge their responsibilities to the public:

(Strategic management is) direction and scope over the long term, which assists it (government) to raise the welfare of the citizens by configuring activities and resources to meet their expectations. This would involve concerns for the role of government, efficiency, effectiveness, good governance, transparency, accountability and participation of citizens (Scott, 2001, p. 318).

The differences between the challenges facing the public and private sectors have not stopped the former from relying heavily on models developed in the private sector (Berry and Wechsler, 1995; Bryson, 1988). Just like in the private sector, senior managers in government have the responsibility for strategy-making (Jackson, 1993a). These managers are expected to set the strategic direction, implement and manage the process and ensure continuous improvement of operational performance on the basis of the chosen strategy (Jackson, 1993a). In doing so, these managers are expected to evaluate the external and internal environments, which then enables them to set the mission, values, objectives, direction, structure, reward, information systems and performance measures. These then form the basis for defining business plans, activities, outputs, outcomes and implementation, which feeds back to the strategic management process enabling learning to take place. The senior managers are then expected to develop an appropriate performance measurement system and the performance indicators to show whether the organisation is moving towards meeting its short and long-term goals as spelt out in the strategy. Jackson (1993a; 1993b) also opines that for the strategy to be successful, there is a need to involve those at the operational level in designing the system. The strategic plan may also be linked with the budgets and enable resource allocation (Berry and Wechsler, 1995). The plans however tend to be of shorter-term duration compared to the private sector in recognition of electoral cycles (Berry and Wechsler, 1995).

The assignment of strategy-making to senior managers in the public sector reflects the increasing dominance of managers in public life in what Clarke and Newman (1997) have described as the managerial state. It is therefore not surprising that they are now in charge of strategy, which is concerned with issues of a political nature (Jackson, 1993a), suggesting that strategy-making should ordinarily be in the hands of politicians. Since managers are ill-equipped to deal with strategy because they often deal with operational issues not governance (Jackson, 1993a), the vesting of strategy on them arises because

it takes away the question of how well the politicians are doing from public scrutiny (Jackson, 1993a) and depoliticises issues of allocation by translating them into technical problems (cf. Townely, 2002b). This regime of truth is legitimated by its claim to be neutral, objective and value free (Macintosh, 1994). The power relations inherent in the delineation of responsibility for policy and its implementation was explained briefly in the last chapter and is explored in the next.

The strategic planning models promoted for the public sector come from the rational planning perspective. They are based on the assumption that change is planned and linear, following from decision to action. The making of strategy in the public sector however raises a number of questions (See Jackson, 1993a). While private sector organisations may have more unified goals that can inform strategy, the public sector has multiple goals. Is the goal of government for example to eradicate poverty, illiteracy, environmental degradation, distribute wealth, or what? Coupled with this lack of unity of goals is the fact that the government is a huge operation with many departments and programmes. Should there be a programme for the whole of the government or for each of its departments or programmes? If the decision is to have a strategic plan for the whole of the government, how is it to be linked to the conduct of each individual in the state? Who should make strategy, politicians or managers? There is also the question of who is to judge how effective public organisations are (Jackson, 1993a). The following section however presents an alternative reading of strategic planning and performance measurement in the public sector that emphasises how power/knowledge relations are constituted so as to govern domains (cf. Foucault, 1991a).

6.4 SPMS as a Technology of Governmentality

The literature analysed above by and large assumes that SPMS is a technique that exists autonomously, and which can be employed rationally to achieve certain ends. SPMS have been presented as self-evident approaches that would lead to improved performance in efficiency, economy and effectiveness in the public sector. The way in which SPMS are constituted as the workable solutions to prevailing problems is hardly touched by the above literature. They also constitute the problems whose solutions they are meant to solve. While these studies view strategy as a rational tool, it is also a technology through which power relations are established and maintained (Knights and Morgan, 1991; 1990). Strategy is a regime of truth that represents the focus on the future, the competition and the rational as the truth, inviting organisational members to constitute themselves on the basis of this truth. Members are invited to view themselves as autonomous, pursuing objectives against which they will be measured. SPMS are therefore implicated in efforts to govern the conduct of populations in their individual and composite forms.

This view sites the conditions of possibility of strategy within the conduct of war and developments in business organisations that emphasise markets over other forms of business organisation (Stoney, 1998; Knights and Morgan, 1991; 1990). The rise of strategy can be understood in the context of changes in organisations where control over workers is exercised through constituting them as subjects. Through work on their identities, the workers' conduct is directed by securing their interests with those of the organisation (Knights and Morgan, 1991; 1990). This way the constitution and maintenance of asymmetrical power relations in organisations and society is enabled. This event coincides with the rise of a managerial state where consumerism, individualism and entrepreneurship have been elevated (see Clarke and Newman, 1997).

SPMS are important to the change of identity of not only the individuals within the organisation but that of the organisation as well. This significance is captured in Oakes, et al., (1998) where business planning enabled the identity of the museums and cultural sites of Alberta, Canada, to be changed into business units and that of the workers from being curators to business oriented individuals (Oakes, et al., 1998). The Cultural Facilities and Resources Division (CFHR) was initially a field of "restricted production" where cultural and historical capital dominated other forms of capital such as economic capital. Museums therefore existed to "collect, to conserve, to study, to interpret and to exhibit" (p. 267). Their purpose and performance was defined intrinsically as the preservation and generation of cultural capital. Business planning acted as a pedagogic device that changed the identity of the organisation and its members in ways in which they were unaware but were complicit through language and the construction and use of knowledge. Introduced in 1993 as a way to "control spending and introduce "accountability" into provincial operations" (p. 258), business planning introduced a "a vocabulary and method of managing alien to a sector that understood its main rationale as the preservation and interpretation of the province's historical resources" (p. 258).

The change in identity was achieved through organisational members' involvement in the planning process that took them away from their museum activities. Through its ability to name and categorise, business planning came to define what was important and what was not. It supplanted social and cultural capital with economic capital by defining performance of the museums in terms of visitor attendance and revenue generation while excluding museum activities. The discourse of being enterprising, business-like, revenue generating, efficient, etc. was celebrated while that of being a curator was excluded. Business planning promoted a vision of the museum as a business subject to instrumental reasoning. Cultural sites came to be likened to businesses with the history of the museum recast as that of small businesses ventures. Business planning therefore changed the museums from fields of

restricted production to large production with the agenda increasingly set by external actors who provided funding (Oakes, et al., 1998).

It is apparent from Oakes et al. (1998) that strategy enables the government of distant domains by providing knowledge on the domain. Strategic cost analysis for example enabled workers on the shop floor of the Decatur Plant in the USA to know not only the needs of the customer, but also the costs of their competitors (Miller and O'Leary, 1994). It acted as a linkage and relay between the productive aspirations of the workers and management and the needs of customers by enabling product development and manufacture that beats the competition. Strategic cost analysis linked the conduct of workers and managers to a range of local and global discourses and agenda. This conduct was achieved through constituting workers as new economic citizens who derived their wellbeing by providing services to the customer. This way, the worker's conduct was governed at a distance on the basis of the customer's needs and the discourse of improving national competitiveness (Miller and O'Leary, 1994).

The use of Foucault can potentially illuminate how strategy can be used to achieve short-term ends that are inimical to the long-term health of the organisation. Roberts (1990) for example found that accounting was used as a public relations tool, to convince the shareholders and the world generally how successful its strategy of acquisition and management or sale of profitable businesses was. Through the presentation of an "external image of "success" (Roberts, 1990, p. 124), accounting helped conceal the problems bedevilling the company. This way, accounting subverted a critical look at the business, which could probably have brought about a strategy more in line with the realities of the marketplace. Roberts (1990) also found that the head office used accounting reports to monitor the achievement of its strategy of high volume production by the business units although seeming to grant them autonomy in strategy

formulation and implementation. The units were able to govern themselves in the belief that they are autonomous while actually subject to head office control.

The above studies of strategy however show that subjects are not helpless victims in the hands of power: on the contrary, they play an active role in the constitution of their own identity while reconstituting the discourse as well. Roberts (1990) for example found that accountants played dual and often contradictory roles, where they helped achieve the business unit's new decentralised strategy, which sought internal efficiencies, yet serving ultimately to meet the short-term strategy of the corporate group. Accountants also held meetings and conferences with other members of the business units, creating greater involvement, understanding and consensus of strategy at the business unit level, but Roberts viewed this as yet another way in which the unit was sucked into achieving the corporate group's financial strategy based on return on capital employed (ROCE). He surmised that, "vertically, the conformity with central concerns that such a form of accountability secures can cut senior management off from knowledge of changes in its markets" (p. 125). These contradictions reflect how accountants are implicated in the government of the business units and themselves.

The role of strategic planning in government at a distance is evident in recent central government attempts to devolve responsibility to local domains so as to circumvent its financial constraints (Llewellyn and Tappin, 2003). Strategic planning also seems to be aimed at deflecting attention from the politicians, to the managers. It becomes the mechanism through which public organisations convince other funding agencies to meet any shortfalls in funding from the government. This solicitation for funding however opens the door for multiple agencies to be involved in the government of the local. Since they provide funding, they can also dictate the agenda that local authorities pursue. The devolution of responsibility however, in no way suggests that the central government wishes to cede control over to local authorities. On the contrary,

strategic planning enables central government to direct these organisations to pursue certain priorities and achieve certain outcomes with their funding tied to evidence of how they will achieve governmental outcomes. Strategic planning therefore enables central government to have greater control over the delivery of services through determining the scope of public services which led Llewellyn and Tappin (2003) to assert that “Responsibility without control is not an attractive option. The desirability of politicians of ‘more control with less responsibility’ drove the political realignment of the public sector that replaced ‘administrators’ with ‘managers’ and ‘policies’ with ‘strategy’” (Llewellyn and Tappin, 2003, p. 959).

Strategic planning also enables the central government to retain some control over professionals and public servants, which traditionally had eluded it. The activities of professionals and public servants would now be costed and measured more closely, employing accounting techniques:

Once these managers with their organisational ‘strategies’ were in place – the politicians would be relieved of some responsibility, irresolvable public sector issues would be addressed, and the professionals would be brought into line – or that seems to have been the plan (Llewellyn and Tappin, 2003, p 961).

Llewellyn and Tappin (2003) show that strategic planning has been adopted not just for rational functional reasons alone, but for social and political ones as well and that a number of issues of interest have arisen as a result. The potency of SPMS however lay in their discourse, which sought to constitute organisational members as strategic subjects. The discourse of strategy and the strategic self therefore occupies a prominent place in modern everyday lexicon. Like the soldier in “Discipline and Punish”, the strategist is attributed a number of admirable qualities, which can be constituted. The strategist is a person of great talent who demonstrates an “intuitive grasp of the basic elements of strategy” (Ohmae, 1998, p. 93).

A strategic individual has an idiosyncratic mode of thinking in which company, customers, and competition emerge in a dynamic interaction out of which a

comprehensive set of objectives and plans for action eventually crystallises” (Ohmae, 1998, p. 93). Strategists have a creative insight and are invested with the “drive and will of the mind” that produce plans with an extraordinary impact, which do not make sense to today’s planners. Equating business to war, the strategist requires “intellectual elasticity or flexibility to adapt to changing situations and not linear thinking”. It is this extraordinary persona that the success of Japanese companies, which have no formal strategic departments, owe to (Ohmae, 1998). In the context of the public sector, a new identity, that of the “strategic manager” is being constituted to provide leadership for their organisations (Llewelyn and Tappin, 2003). It has been suggested that managers need strategic skills so as to undertake care of the long-term needs of their communities and to keep pace with changes in local government (MacDonald, 1995). Such subjects would act as agents in situ, deflecting attention and blame away from politicians while giving them control over local administration “at a distance”:

Requiring ‘managers’ to articulate ‘strategies’ to meet objectives set for localised units in the public sector deflects criticism from the political centre. Its aims are set at a delegated level and strategies are required to achieve them, responsibility for outcomes passes from politicians to accountable managers...(Llewelyn and Tappin, 2003, p 961).

6.5 Conclusion

In this chapter, the literature on strategic planning and performance measurement in the public sector has been reviewed. The concern has been to illuminate how the present regimes of practice of SPMS have emerged and taken such a place of prominence in the public sector. Strategic planning was popularly taken up by governments in the 1960s as a mechanism through which senior administrators could direct the conduct of those lower in the hierarchy. This technology was supplanted by performance measurement, which had been experimented with in the form of the PPBS but abandoned in the 1960s. Performance measurement came to be promoted in the context of the

FMI, which had as an articulated aim the linkage of performance to specific objectives.

Recent developments in the public sector suggest a return of strategic planning in the context of a linkage with performance measurement systems. SPMS have come on the back of multiple problematisations of earlier efforts at performance measurement. Such systems have been criticised as providing a lopsided picture of public sector operations through a focus on financial measures, which may not show how effective these services are. The traditional systems have ostensibly encouraged a regime where budgets drive the priorities of the organisation, leading to an emphasis on inputs to the exclusion of outputs and outcomes. This emphasis is in spite of a public sector managerial revolution that promised to show what the public got for the money it provided into this sector. SPMS on the other hand promise a rational approach to public sector issues through the mobilisation of a plethora of private sector practices such as the BSC that place strategy at their centre.

This researcher however argues that the problematisation of performance measurement and the programming of SPMS is part of the search for new forms of governing the public sector. While strategic planning promises to make the desired outcomes of centres known to local authority members, performance systems would make the members' conduct towards the achievement of these outcomes measurable and thereby governable. The reliance on the budget would not enable control to be exercised in a regime where the distance between centres and local domains had been intensified through programmes such as devolution, decentralisation, and the constitution of self-regulating autonomous units through the separation of policy and implementation and service and regulatory functions in the local sphere. This modality of government multiplied the agents of local government and would require a mechanism to enable them to gaze into the affairs of local authorities. As indicated in chapter five, local government was to be achieved through,

inter alia, citizens who are actively involved in their communities but who are at the same time responsible for their own lives. SPMS would be the technology through which such an identity would be achieved. It would therefore enable local government by bringing distant domains within the gaze of not only the central government but also customers, communities and other voluntary agencies. Strategic planning, which had become demeaned (see Mintzberg, 1994; Caulfield and Schultz, 1989) was resurrected in the context of a marriage with performance systems as SPMS (Atkinson and McCrindell, 1997; Atkinson, Waterhouse and Wells, 1997). The way in which these regimes of practice were instantiated at a specific site, the FCC, is explored in the subsequent chapters.

Chapter Seven

Governing the FCC through Markets and Private Sector Managerial Practices

Contestability has reduced the level of activity of local government in terms of delivery. Accountability has had the effect, however, of widening the scope of local government (Former City Manager, FCC)

7.1 Introduction

The local government reforms in New Zealand, as indicated in chapter five, sought to govern the local through the installation of self-regulating entities. The key technologies for bringing about this self-regulated government were the introduction of markets and private sector managerial practices, key of which were the separation of policy determination from its service delivery, the creation of internal business units and separation of purchasers from providers. The introduction of markets incited staff at the FCC to see themselves as economic agents, and citizens as customers. The separation of delivery from policy enticed staff to constitute themselves as managers with the independence to manage the day-to-day activities of the FCC away from the direct gaze of elected representatives and citizens. These forms of subjectivity were achieved through the intersection of technologies of domination (Foucault, 1988; 1982; 1980d) with technologies of the self in what Foucault referred to as the triangle of governmentality (cf. Foucault, 1991a). This chapter analyses the way in which these technologies intersected to constitute entities that would govern themselves, hence enabling action at a distance.

This chapter is organised into four parts as follows. The second part analyses the discursive formation of the separation of policy from delivery in the context of the FCC while the third examines the instantiation of competitive practices and markets at the FCC. Section four explores the multiplicity of technologies through which the separation of the purchaser from the provider enabled the

subjectification of individuals at the FCC. The way in which staff were enticed to imbibe values associated with market behaviour through technologies of the self is explained in chapter five. The sixth section discusses the intersection between the technologies of domination and the technologies of the self, and concludes the chapter.

7.2 Discursive Formation of the Policy Delivery Separation

The discourse of separation of policy from service delivery emerged within the context of the intersection of sovereign practices and the discourses surrounding the proper way in which government should be organised. In the context of the local, this discourse had its conditions of possibility in reforms to the wider public sector. The prevailing situation where the same managers were responsible for policy advice, its implementation and even the management of commercial operations was problematised as creating conflict and being responsible for poor public service management (Treasury, 1987). Following the State Owned Enterprises Act (1986) and the State Sector Act (1988), ministers were constituted as policy-makers and heads of government departments as deliverers or implementers. Public entities were required to separate those units providing the service or good on behalf of the government from those purchasing or commissioning it. This separation was accompanied by spelling out clear objectives for both the policy or commissioning units and the provider ones and the establishment of clear lines of accountability (Boston, et al., 1996; 1991).

The reconfiguration of the public sector drew on social science knowledge of how people behave under a specified set of conditions and how this behaviour could be influenced so as to achieve specified political ideals. The reasoning for this separation was that the purchaser would know what the public needs and commission the provider to deliver services to meet these needs. The purchaser would specify the objectives, services and performance targets to be

met by the provider. If the provider also purchased the services, then the public would suffer because the provider would pursue their own interests. The provider's role would be to meet the needs of the public as spelt out in the service level contracts. He or she would be expected to behave in a business-like manner without political interference. Incentives would be provided to both the purchaser and provider to bring this form of comportment about. These would include subjecting the providers to competition, benchmarking them against other providers and requiring them to disclose the nature of the services they were providing and at what price (Stewart, 1999; Stewart, 1996). The subjection of providers to competition was the most prominent incentive at the FCC and deserves further discussion.

There was no obligation on the purchase arm to purchase services from internal providers and if it did, these would have to be comparable to the market. The separation of policy from delivery became the route through which markets were introduced into the public sector. The providers were required to match the market on price and quality. Treasury argued that the market would enable the government to measure the efficiency of purchase and provision. The suggestion here is that the market was considered a superior indicator of performance and efficiency than the public sector institutions. The market would serve twin purposes: it would enable the government to compare how the public sector performed *vis-à-vis* the private sector, and also act as a motivator or benchmark for public sector services to improve. This information would also enable the government to be an "intelligent customer" in future by being aware of the prices private sector firms charge *vis-à-vis* the public one (Treasury, 1987).

The governmental aims of the purchaser provider split lay on the understanding that efficiency would be achieved through the purchaser compelling the provider to deliver goods and services, which are comparable to the market in terms of price and quality. The purchaser would retain the

right to buy their goods and services from alternative sources if they were dissatisfied with the current provider (see Fischbacher and Francis, 1998). This right would force providers to innovate to achieve efficiency (Fuller and Smith, 1991). These practices drew on discourses of the customer as enterprising, aware, and forceful, and therefore able to force producers to meet his or her quality needs. Within these discourses, producers were presented as knowledgeable and able to meet consumer needs efficiently and compel other suppliers to be efficient (cf. Abercrombie, 1991). The discourse of the customer came to occupy an important place in the daily life of workers, tying their aspirations with meeting customer needs (Miller and O'Leary, 1994; 1993).

The potential pitfalls of this approach to the provision of public services have not merited much mention. That the producer may influence the customer (Keat and Abercrombie, 1991) does not appear to have bothered proponents of this view. The creation of a purchaser provider split may for example erode the common public interest as each side jostles for advantage (Stewart, 1996). It is based on the view of the human person as untrustworthy who can only work towards the common good because of the force of sanctions and incentives. The separation takes a very simplistic view of how policy and implementation actually work in practice, for the boundaries between the two often get blurred (Stewart, 1996) and necessarily so (Schick, 1996). It is also bound to create confusion in terms of political and managerial accountability as was illustrated in the case of Cave Creek in New Zealand where neither minister nor chief executive was ready to accept responsibility for a major national disaster (Gregory, 1998). These dividing practices (Foucault, 1982) create organisations that are separate from the other and accountable on the basis of, not democratic ideals, but commercial logic, their being funded by the public notwithstanding. These limitations notwithstanding, separation has become the dogma of our times (Stewart, 1996), embraced by the FCC among many local authorities in New Zealand. The separation of functions, accountability and contestability were thought to be the three philosophical

principles underpinning the New Zealand local government reforms following the Local Government Amendment Act (No. 3) 1989 (Willis, 1995).

The reforms to local government therefore came against the background of the separation of policy from delivery as the truth for organising the delivery of services in local government (cf. Stewart, 1996). Though the reforms to the wider public sector had seen explicit requirements for splitting the functions of ministers from the heads of departments, the local government legislation did not specifically require such separation. Instead, the Local Government Act (No. 2) 1989 required that each local authority appoint a person or persons to manage it on behalf of the council. These person(s) would exercise a delegated authority hence would be answerable to Council. This separation however incited local authority senior staff at the FCC to seek independence to operate the council on the basis of private sector managerial practices.

The embrace of the separation of policy from delivery is apparent in discussions about the change of the structure of the FCC following the 1989 reforms. The city manager was critical of the prevailing structure for, *inter alia*, lacking “a clear distinction between policy making and service delivery. Policy-making is diffused and uncoordinated”. While the managers of the FCC appear to have embraced the discourse of separation from delivery, the corporate policy manager called for greater manager involvement in policy making during the review of the corporate planning process. This separation was to become a site for contestation between elected representatives and senior staff at the FCC (Kearins, 1997).

The FCC divided its units into policy and service delivery arms. Each of these units was assigned very specific objectives for which they were to be accountable. The policy arm of the FCC was Council, which consisted of The Mayor and elected councillors. This arm specified the broad policy that would apply to all the units of the council and defined what outcomes should be

achieved. It defined the services that were to be provided to both internal and external “customers” and purchased these services on behalf of these customers. Council formed the corporate policy unit, which was assigned this role:

This whole council is based on policy-led, outcome driven philosophical issues. So, there is this distinction between who is responsible for policy and who is responsible for service delivery. If you take that whole spectrum, we are the policy, responsible for the organisation’s health, financial position, democratic process, everything (Corporate Services Manager).

The policy arm was important in the government of the FCC through its intermediary position between management and the citizens who were also the electors. It was through the policy arm that the needs of the citizens would be known and inscribed in the form of outcomes. The service delivery arm was contracted by the policy arm to deliver these services to the customers. The delivery arm consisted of either internal units or external providers. The caveat was that services provided by the internal providers were to be comparable to the market in terms of price and quality. The aim of this separation accorded with the aims of local government reform:

I set three principles that we would work on, when we are doing the separation, there is this issue of accountability, transparency, contestability, and the social critical mass...By accountability I mean an organisation structure function must provide for clear definitions of functions and objectives...What I am saying is what you have is a very clear definition of why did we separate, my definition of transparency is setting clear functions and objectives. It must be clear to them and between functions, who wants the services...who is paying for it...who is providing it and at what cost and what is the priority. So what we are saying is we have to have that commercial separation in here and then the next part of that was contestability, that is that the price and quality of our services should be contestable. What I mean there is we got to have some competitiveness into it and when you use an internal unit you could say its not fully contestable because we give it to them because we believe it is market comparable and I think what we are actually saying now is we have got to get a bit more solid information to know whether it is competitive and the only way you can do that is go out to the market and test it...And then this issue of critical mass and in some areas we have to be pragmatic regarding what critical mass means. So what we are saying is sometimes even though you have contestabilities, it sometimes may not make sense...if at any stage there needs to be any compromises made, you don’t make them in the commissioning ownership side of it because that is where you have to be strong you have to absolutely do that. Well you cannot fail because that’s what your

accountabilities back to the customers and back to your council are (Services and Facilities Manager).

This manager identified the definition of functions and objectives, contestability and outcomes as the principles guiding the separation of policy from delivery, as did a former city manager. The clear definition of objectives was seen as important to meeting the twin rationales of accountability and transparency. The separation was meant to make visible who wanted the service, what activities were being undertaken to deliver this service, at what cost and to whom. It is based on an outcome-output-input model. The separation was also to enable these services to be provided efficiently, here meaning market comparable. The separation therefore constituted people at the FCC as either purchasers or providers and enabled judgment to be made as to whether or not they were efficient (through market comparison). The separation reflects the now almost universal belief that the use of market and private sector management methods is the solution to public sector problems. A former city manager of the FCC concluded that "...there is a policy/service delivery continuum in the organisation beginning at the corporate and strategic end, which is very much concerned with policy, running through to the service delivery end which delivers market comparable services".

These mechanisms enabled the staff at the FCC to comport themselves as policy-makers and others as managers. This conduct must not be read to mean that these individuals were helpless or that they fully imbibed these subjectivities. On the contrary, various individuals actively participated in bringing about these subjectivities while others resisted these changes. Even some of those who embraced these changes continued to exhibit subtle forms of resisting, as is discussed in chapter nine, reflecting the co-existence of power and resistance (Foucault, 1982). The next section explains the way in which markets were introduced into the delivery of services at the FCC.

7.3 Introducing Markets

The service delivery arm as already indicated was to provide services to the community and to other units of the council on the basis of outcomes defined by the policy arm. The provision of these services was to be done in an efficient manner, which came to mean comparable to the market. The markets however had to be constructed since traditionally no such practice existed within local government. The FCC approached this through first the creation of internal business units, then the requirement for all units of the council to embrace market values. These technologies enticed staff at the FCC to view themselves as customers that were regulated by price and quality in a market arena. The following section explains how all units of council were constituted so as to compete among themselves as well as with private sector providers in the market.

7.3.1 Constitution of Internal Providers

The conditions of possibility for the multiplication of providers was laid by section 37K of the Local Government Amendment Act (No. 3) 1989 which required local authorities to provide scope for local communities to make *choices* between different kinds of local public services and facilities. This requirement laid to rest the assumption that only local authorities could provide local government services and necessitated the facilitation of competition to provide “better and cheaper services” (Willis, 1995, p. 225). The Act further required that local authority commercial undertakings be operated on “a competitively neutral basis” (p. 226) suggesting that they should enjoy no advantage or disadvantage when competing against private providers for the provision of local goods and services. The FCC management came to be unconcerned with who delivered the services and instead focussed on the alternative ways in which defined outcomes could be achieved.

This thinking was reflected in proposals for the restructuring of the FCC tabled by the former city manager to Council. He argued for “a structure that is able to meet an increasingly competitive-based approach” in the expectation that council would be facing “increasing competitive pressures”. This position is in line with the discourse of markets (cf. Clarke and Newman, 1997). These proposals became associated with the formation of the Corporatisation Working Party (CWP), which recommended a corporate structure for the FCC with a number of in-house business units. The claimed aim of this new management structure was to minimise duplication, achieve economies of scale and provide specialist services. The introduction of business units effectively created an internal market that would compete with the external one while at the same time illuminating the path towards market behaviour for the non-business units. The business units were however, to operate not as a business, but in a business-like manner, and were not to compete with the private sector unless their costs were recovered at market rates.

The business units were to derive their revenue from the sale of products and services to internal clients and not through budgetary allocation from FCC. The first business unit, City Enterprises, was established in 1994 and was charged with providing accounting, Geographical Information Systems (GIS), IT, car pool and property management services to the other FCC units and to external customers. It was followed by the establishment of City Water in July 1998 to manage water supply, wastewater and storm water. City Property was established as a business unit in 1999 to manage council property while Customer Services and Regulatory was established as a business unit to provide call centre and regulatory services.

The staff of City Enterprises began to see themselves as managers of a business-like enterprise. The general manager and technical services manager of City Enterprises explained that they desired to achieve the goals of revenue generation, customer service and business best practice. So successful was City

Enterprises as a business that it caused alarm among elected representatives who did not see the role of the FCC as the pursuit of business goals. It became a site of struggle between the new discourse and previous ones regarding how local spaces should be governed. There were some who saw the business units as an opportunity to run part of the FCC as a business.

The FCC therefore set up a board in 1995 to look at the benefits of in-house sourcing compared to outsourcing in view of the fact that “The concept of a business unit requires understanding of the difference between “being a business” and “being business-like”. The board consisted of two FCC officers, two elected members and two external members. It sought to reconcile the business units with other units who were not pursuing business goals and aimed to prepare a statement of intent regarding the overall management and direction of City Enterprises. The board acknowledged that there were a number of benefits of internal delivery, which included the retention of institutional knowledge, savings from efficient service delivery, better control of FCC services and facilities and the increasing efficiencies in service delivery. Nevertheless, the board concluded that this mode of provision could only be justified if it was more economic than contracting out, the market was not providing an effective competitive service, the work was most effectively and efficiently managed compared to contract supervision and there were specific benefits to the community. The board concluded that FCC should compete with the private sector only where the cost of its services was based on market rates, entrenching the truth of the market into the daily working lives of FCC managers.

This form of truth was codified through the formulation of a procurement of services policy, which stipulated that all jobs be defined so as to enable comparison with the market. While this policy stipulated that the FCC consider the availability and competitiveness of internal resources before external ones, it did not confer any advantage on internal resources. On the

contrary, these resources were to be used to carry out the job only where they were comparable price and quality wise with the market. Where the job could be done at a lower cost and at better quality by the market then the job would be tendered to an external provider. This policy further recommended that the FCC consider winding up any activity, where it did not enjoy comparative advantage quality and price wise over the market. It also stipulated external provision where the City Enterprises upon receipt of an urgent request found itself fully committed. While the FCC business units were subjected to market competition for provision of services to other units of council, they were not permitted to compete with outside organisations for the supply of services to external customers.

There is little doubt that opening up the internal market to competition while denying internal units access to external markets would intensify pressure on internal units. It was expected by public sector reformers that such pressure would lead to improvements in efficiency. The expressed reason for refusing internal units access to the external purchasers was that the private sector was uncomfortable with council using rates paid by businesses to fund business units that were then competing against the ratepayers. These external businesses were however more than happy to have a share of business funded by the public. The constraining of FCC business units to tendering only for internal businesses also had governmental aims, for the external providers would be able to exert more pressure on the internal units in their only market, leading them to either surrender their business to the private sector or become efficient. This strategy was therefore in line with the aims of governing the local, not necessarily through local authorities, but through a multiplicity of agencies that include private sector enterprises:

So...in local government an internal unit is not allowed to bid for work on the open market so this as far as our competition is concerned, you got to be careful. You do that very carefully because if you start testing against the market with your internal unit and they don't win every job, they are going to lose some jobs, so a normal competitive situation is if you don't win a contest you go out and compete for other work, whereas with an internal unit they are only able to do work for their own organisation so if you do a series of rolling and rolling

competitive tendering and it is inevitable they are not going to get everything so its just an idea of five thousand bucks. So you have to be really careful when you think of all the organisation, but there has to be more contestability in this organisation (Services and Facilities Manager).

A former city manager was candid about the intentions of this legislation, which he saw as aiming at reducing the role of government in commercial and quasi-commercial activities. While decrying this obviously lopsided advantage conferred to private businesses, and the dangers associated with it, the Services and Facilities Manager however asserted that "there has to be more contestability" underlining an ideological commitment to markets as the way to governing public sector organisations. Instead of seeking to roll back these changes, the managers clamoured for more markets, arguing that there was insufficient contestability with the current order. The managers had therefore become powerful agents for the penetration of markets to local authorities, underlining the positive nature of the power of markets. This arrangement also created conditions for privatisation without reference to the democratic process (cf. Lawrence and Doolin, 1994).

The procurement policy effectively opened up the FCC to market forces with the FCC required to price its products and services so as to be able to compete with other market players. The FCC appointed a coordinator who works with an approved City Enterprises price coordinator to determine a preliminary price that reflected what the market could pay for the final contract. This price formed the basis for determining the budgeted cost for the job, which was the net of the price and the contribution margin. The FCC spelt out different contribution targets for different types of work in the unit business plans. The procurement policy required that the price to be charged should usually be in the lower quartile of the market. The final price however depended on the FCC's price and the outcome of negotiations with the client.

The FCC developed innovative ways for gathering market price information. These "basket of tools" for making market comparisons included comparing

the job with other recent market work engaged or employing independent professional advice regarding market rates. Alternatively, FCC could tender part of the work or use published or advertised market rates. This form of strategic management accounting was the technology through which the customer needs would become knowable to the FCC staff. Once the customer had expressed his or her price preference, the staff would be required to ensure that this price was achieved without compromising the contribution margin of the FCC.

The procurement policy achieved “its goal of producing a bias in favor of the use of City Enterprises as the preferred service deliverer”. Governmentality is however, a reflexive activity, with the implementation of one modality of governing heralding the start of the search for another (Rose and Miller, 1992; Miller and Rose, 1990). Consistent with this position, the FCC commissioned an inquiry in 1998 into the procurement of services policy. This inquiry was based on the argument that though the policy had procured immense benefits, “the time has come for a reconsideration of whether or not a continuation of this approach will still produce the “‘best value’ approach”. The review of the procurement policy was undertaken because of the need to review service delivery methods in line with the long-term financial strategy (LTFS), the creation of additional business units and increasing demand for the introduction of contestability for service delivery:

Efficiency is not an end point, but a process. Management needs to be constantly looking at ways of being more efficient. That means in turn, the need for a regular questioning of how we do things, and having an open mind on other options. A simple reliance on the tried and tested, or complacency in the achievements of the past and present is anathema to good management practice.

The procurement policy had laid the foundation for the introduction of markets at the FCC while the subsequent review was to consolidate markets. This dividing practice constituted some members of the FCC as business, with others as non-business. This constitution inevitably entailed different behavioural expectations, with the business class pursuing market norms. This

change in behaviour was, however, not a deterministic process, for staff exercised their choice in embracing these practices or resisting them. The government of the local on the basis of markets was however incomplete as long as other units of council pursued goals other than those of the market. The following section explains the attempts to govern the entire FCC on the basis of a market ethic.

7.3.2 Unleashing the Markets

The review of the procurement policy sought to entrench market values further by recommending a regime of greater contestability. It argued that though the dominance of City Enterprises as the deliverer of services had “provided a healthy challenge to operating procedures in the rest of the organisation”, greater efficiency could be achieved by subjecting services provided by the whole of the FCC to greater competition. Greater competition it was surmised, would achieve best value for money by providing better services at lower cost. This report drew its rationale from Section 247D of the Local Government Act 1974 which requires that local authorities consider different options when deciding to carry out work, which was interpreted to mean subjecting most services to market forces.

This review recommended that FCC subjects its services to competition where: there existed “a mature and robust market” for that product or service; the risk consequences of competition are manageable; the activities are difficult to specify or measure; the markets provided a higher quality product at a lower cost than the FCC; where it is cheaper to engage than employ expertise. The report however suggested that though a job may fulfil these criteria, it could still be delivered internally particularly where the FCC may want to protect the public interest or retain institutional knowledge. Whether the FCC chose to outsource or provide the service internally, all the units were expected to

provide their services on the basis of a market norm in terms of price and quality.

The report recommended that where an FCC unit chose internal delivery, it could deliver its own services or purchase the same from other internal providers. These units were nevertheless encouraged to partially contract out their work either to the business units or outside contractors. The decision as to whether the work should be undertaken by the FCC's own business unit or by outside suppliers was to be guided by market norms.

The report considered some of the potential consequences for the FCC adopting a competition policy. Firstly, it recognised the possibility for FCC to lose some or most of the contracts to outside suppliers. Though this could lower the direct costs for the internal units, it could result in a concomitant increase in downsizing costs and corporate overheads that would be spread over a narrower base. Secondly, the FCC units could retain a significant portion of any work tendered. This would lead to lower costs for the client unit and higher returns or "dividends" to the corporate treasury. The report presented the problem as one that would be ameliorated through careful management of competition. This solution would include having a clear competition policy; ensuring staff understood and applied this policy and a requirement that the units not subject their services to competition all at once.

The report recommended that the City Enterprises be accorded the flexibility to manage its capacity though it underscored the need to retain "a service delivery capacity, in whole or in part for any given services", in anticipation that the market could fail to provide such a service. The report recommended that the FCC ensure that no significant capital investments are made in activities likely to be divested from. The customer services manager however felt that since the business units were disadvantaged by not competing in the

external market, they should be allowed to do so instead of having to suffer the problems associated with downsizing:

So for example if a unit has to downsize because it is not getting work because we have been tendering it there is a corporate cost to that, there is redundancies and what to plan and that sort of thing and if you believe that they are not delivering, they are not contestable, because the market can deliver better perhaps the best way is by putting out the contract and specifying the input and requiring them to take staff on and take liabilities for staff (Services and Facilities Manager).

The policy recognised that FCC units might already be providing services at a cost lower than was in the market, yet the push towards a market approach went on nevertheless. The report pointed out that the impact on the community would be negligible given that there will be little difference in the quality of goods and services provided, but surmised that “there will be higher levels of comfort that all options are being considered before the one offering best value for money is being selected”. The document emphasised the responsibility of managers to ensure that this policy would be for the maximum benefit of the FCC by minimising its cost impacts. This policy served as a call for the FCC to subject its services to contestability as the way through which efficiency and effectiveness could be achieved:

It is an appropriate time to develop new ways of thinking to ensure that the FCC is getting best value for money from the services it “purchases” from the organisation. The proposed competition policy will provide a vital tool for ensuring that best value for money is obtained.

The FCC had therefore embraced the market as the way to delivering services so as to obtain best value at the lowest cost, leading a former city manager to label it as “one example of accountability and contestability in practice”. This practice had seen the gradual dwindling of local public services and concomitantly local public employees. The FCC was no longer involved in large construction projects instead concentrating on maintenance, the former having been contracted out. The gas department, bus services, airport and electricity had all been corporatised as council owned companies. One of the councillors recounted how most of the employees responsible for organising

major events such as the Festival of Cultures were retrenched. Bids for organising these events were advertised in a local newspaper. The FCC has therefore come to epitomise this new form of governmentality where local government no longer means government by a local authority (see Flint, 2003; Rose, 2000; Isin, 2000). The customer services manager spoke approvingly of this unique form of local government:

Councils are not known of being commercially focused and out there competing is very unusual. Most councils still don't do it, they may put off some of their businesses as a LATE or sell it off but not many have the model we have down here where we have an internal business unit, it is very unusual (Manager, Customer Service).

The separation of policy from delivery became associated with the gradual unleashing of markets as the truth for the delivery of services and the regulation of people's working lives. It reconfigured the FCC into autonomous units that were governed on the basis of a market discourse. This discourse ensnared many individuals who started viewing themselves and each other as customers governed by price and quality. These changes were not a product of sovereign requirements but emanated from the efforts of individual managers within the FCC who drew on the possibilities offered by legislation and the wider discourse of public sector reform that promoted markets as the truth. The following section discusses the practices and technologies associated with this separation and entry of markets.

7.4 Markets and Subjectivity

The separation of purchaser from provider was promoted on the basis of optimism that competition between units would make the FCC perform more efficiently. The process and outcome of this reconfiguration was to constitute staff either as providers or purchasers who related to each other on the basis of "a commercial tension". These staff would actively behave as individuals with needs and obligations to which they are enjoined, hence actively governing their own behaviour. The separation also enabled surveillance points to be

established, with each staff gazing at the others' service on the basis of a quality and price norm. This gaze would ensure self-governmentality without overt external intervention in Foucault's terms: henceforth, the provider units would strive to provide service to their customers that were comparable to the market price and quality-wise. Customer staff would seek service only from the providers of high quality and low price. This situation removes the need for direct central control, achieving market conduct without seeming to infringe on professional and local government autonomy. Here, disciplinary and sovereign power intersect, directing the conduct of organisational members towards the pursuit of the political objectives of efficiency:

And we are essentially a specifying commissioning unit, we don't do any service delivery ourselves, we contract that from external contractors and also our internal business unit. The internal business unit, which is part of council, has got a commercial tension, which our contracts would have to be delivered against. The corporate interest side requires that we consider our business unit first provided they can demonstrate market comparable prices and you may well ask how do we know that, in some cases without testing with the market. If they can demonstrate that they can manage to deliver in quality and price we are required to consider them first but essentially there is a commercial tension there so we don't deliver ourselves we just commission the work (Services and Facilities Manager).

The definition of outcomes by the policy unit and their delivery by another at the FCC, installed a hierarchical gaze (Foucault, 1977). The community would gaze into the activities of the council in terms of how it was meeting its promised outcomes, which the citizens had expressed during the statutory consultation process. The customer services manager explained that "The thing that the community wants from the council is to deliver outcomes, like the sewage system so the stain on the toilet goes away, the rubbish is collected, the roads are in good order, now that is what the council wants". The FCC would also gaze into the activities of the service delivery units. Since the separation constituted relationships of accountability, purchase and provider managers would gaze at each other's effort towards meeting the spelt outcomes.

The FCC was not concerned so much with who delivered the service, but whether the service delivered would meet the desired outcomes, hence the commissioners could pick those providers who would meet their outcomes at the best quality and price. The government of these units was therefore more effectively achieved through self-regulation. Though the procurement policy required that internal providers be considered first, the technical services manager lamented that many purchaser units preferred external providers in the belief that a market price and quality could not be obtained otherwise. The separation was therefore important in governing the FCC by establishing a standard, an outcome towards which the purchaser and provider was to work. The separation assigned the two a norm (Foucault, 1977), which became the basis for their evaluation and normalisation:

There is transparency, clear accountability, it gives the purchaser a very important aspect of not blurring the distinction between service delivery and policy-making role. So it gives a transparency of accounts, accountability of outputs...so that we are not driven by inputs we are driven by outcomes (Corporate Services Manager).

The above quote underlines that a key aim of the separation between the commissioning unit and the service deliverer was to install surveillance agents through a clear separation of objectives with providers accountable to purchasers who were in turn accountable to the citizens for outcomes. The separation sought to direct the conduct of internal business unit agents towards meeting the purchaser's outcomes by introducing another norm, a commercial norm. The provider units were to conduct themselves in a business-like manner. This conduct was to be monitored through their being accountable to a "commercial board":

With the internal unit we would have to make the people that deliver those internal services not to report to me on the organisation structure, they are quite separate. We are just going to strengthen that separation, we have just done reorganisation at the moment so that the internal business unit who deliver those services are actually reporting to a commercially oriented board rather than through the management team, to council. The accountability is back to councilors and the commissioners as the managers who report to council (Services and Facilities Manager).

The commercial board was to act as a guard to ensure internal providers conducted themselves on the basis of sound commercial principles. This surveillance point was in accord with creating commercial tension, which was intensified, as already indicated, through opening up the delivery of services to both internal and market providers. The FCC was concerned less with means, and more with outcomes. As long as defined outcomes were met in an efficient and effective manner, the location of the provider on the public private divide was not important. This situation shows how private sector managerialism had pervaded thinking at the FCC:

Whoever delivers it is immaterial to some extent since the accountability is to our annual plan and to the community through units like myself. So there is a commercial tension, when I say commercial tension, it is not the old sort of traditional 30 years ago arrangement where the engineer that specified the works also had a line up of command like the last person digging up the trenches to put the pipes in. Now this is a separate service delivery and commissioning or purchasing unit whatever you will like to call it (Services and Facilities Manager).

The fragmentation of the FCC into policy and business units appears to have constituted staff into hard-nosed business decision-making subjects. The City Enterprise for example could only provide a service as long as it made “financial sense”. This approach means that though a service may have been demanded by the public, but external providers considered it unprofitable, City Enterprise could only provide it if there was a market for it. There is however a hint in this quote that the reality may be a bit different:

We are policy led in this organisation or are supposed to be. Strategy is like in City Enterprises where to make decisions sometimes about staying in a particular activity we base most of our decisions on the business case. If there is a reason beyond financial reasons why the council wants to continue being in an activity and wants City Enterprises to provide that then we do that with funding from a commissioner (Support Services Manager).

This actor emphasised the primacy of managerial outcomes over political outcomes. This preference suggests that local authorities were being governed on the basis of managerial logic while political issues became centralised somewhere else. The emphasis on managerial outcomes constituted an environment that is auditable therefore visible to distant centres (see Power,

1997). These outcomes were to be achieved through business-like conduct, with economic rationality guiding decisions regarding which activities to engage in and how to do them. The separation sought to constitute the FCC employees as *homo economicus* driven by a discourse of quality and price, which was to become the basis for any rational decision-making regarding choice between competing providers. This separation was not something that existed in reality, but had to be constituted and “strengthened”:

The separation is real alright, now I suppose the service delivery units have got customers, they are not corporate customers, we are required to consider them for corporate reasons but we have to be convinced that they can deliver in quality and price that is exactly what we do with external contractors. They have to deliver on quality and price through our contract we do exactly the same for example with City Enterprises who are a delivery unit. If City Enterprises couldn't do or would not do the work through whatever reason, may be expertise or their workload did not allow them to do it at the time, on most occasions we could simply take the contract specification and request for services documentations and to simply put it out to the open market tender, so the separation is real (Services and Facilities Manager).

The sale of the FCC's prime asset, City Building, reflected this business thinking. On the basis of NPV calculations, the council decided that if it leased the building to business developers and rented another site for its daily operations, then it would be able to achieve its long-term financial strategy. This deal however fell through and is associated with a number of political upheavals that culminated in the electoral defeats for The Mayor and a number of councillors and the exit of the city manager and a number of top managers. The deal is an instance of where business thinking took precedence over the democratic process, for key pieces of information were not availed or were misrepresented to the electoral representatives and the public, probably on the basis of commercial confidentiality. It is also possible to read in this case the naïveté of public managers lured by business thinking. Though coming long after the damage had been done, it is gratifying that public debate and the democratic process found expression.

The reforms in local government were associated with increasingly private sector personnel coming to occupy positions of electoral and managerial

influence in local authorities (cf. Lawrence and Doolin, 1997; Lawrence et al., 1994). These people espoused their knowledge of finance and numbers as providing the cutting edge in their assessment of the needs and challenges of a local government. They argued that it is private sector experience that prepares one to appreciate this. These managers espoused the logic of numbers as better placed to guide decisions of contestation in local government:

My life in the private sector has provided me with a grounding in understanding what numbers mean. The Council and the public is largely personal opinion mixed with facts. Figures tell another story, they provide a picture of the state of the organisation. They have no bias, no opinion, they are objective. If you understand them, you can draw conclusions on the state, the health and effectiveness of the Council...The Council is the reference point where decisions are made, public understanding measured, activities commenced and ceased. There is lots of lobbying for projects, for support, against a limited pool of money. The Council is a property business, therefore one needs a clear understanding of issues of accounting of property (The Mayor).

The Mayor elevated financial numbers to a mythical status, ignoring the socially constructed nature of financial information (see Hines, 1989). His position however indicates the position that accounting had come to occupy in the new regime of governing the local. The changes outlined had a dramatic effect on the power relations at the FCC. The discourse shifted from the traditional emphasis on the budget and efficiency with the reins held by accountants to business type managers who combined their business acumen with knowledge of business operations. These managers were not mere objects of this new philosophy but actively participated in bringing the changes about and making them work:

We were three managers in a team and we were known as CEMT (City Enterprises Management Team) and every year CEMT would go for a retreat after the main management team retreat to reflect on what they were doing and how they were going to go forward. How were we positioning the business units and I can recall early on we had the city manager attend the first retreat and I remember him saying that we were after one year perceived to be dominating the new way of doing things. We were strong in service delivery we knew what was in service agreements and sometimes our internal clients felt intimidated by us and the city manager advised us to take our foot off the accelerator a little bit and create a relaxed environment (Technical Service Manager).

Staff were committed to this philosophy, some having had some prior private sector experience and also as a result of exposure to the larger public sector discourse. One of the councillors asserted that many of these managers represented a unique set of people with unique skills who have since left Future City and brought about similar changes wherever they have gone. This councillor proudly recounted how Future City was contributing to changing other local authorities. He recounted a recent encounter with one of these protagonists where he joked that his new station owed Future City for its success.

The senior staff of local authorities have come to play an active role in multiplying managerial practices in their local authorities through membership of the Society of Local Government Managers (SOLGM). SOLGM organises training for new councillors on matters of governance. The chief executives of local authorities do the same for their councillors (Smith, 1993). Through regular conferences and their newsletter, SOLGM has been pushing for more and more reform of local government in New Zealand. For example, it has been promoting change of the contracts of chief executives so that they are based on performance and not limited to five years. It is not surprising that some commentators have commended SOLGM for the speedy adoption of financial reforms in local government (Chin, 1993). The concern though is that this group is coming to have such great influence and yet is not under the gaze of the democratic process (Kearins, 1997).

7.4.1 Reconfiguration of Work

The separation changed the nature of the employment relationship. Though attached to one functional unit, employees were assigned to different departments on the basis of these departments' demand for their services. A business accountant described this relationship as equivalent to that of a chartered accountant and client. This relationship was defined in terms of a

discrete contract, not in terms of a service to a common employer in the pursuit of the public interest. The staff became consultants contracted for a specific task. This way the FCC workplace was an important site for battles over the identity of labour (cf. Miller and Rose, 1995). This kind of relationship, it is suggested, made it easy to intensify labour through the threat of awarding the contract to someone else from outside the council:

I mean in the original model you would probably say, you want accounting services, you employ an accountant and this person will deliver accounting services, but now all of them are employees within the council, but artificially you can actually say, you are a different unit (Services and Facilities Manager).

The city manager argued that though this approach had begun with the blue-collar workers, his reign was seeking to extend it to the white-collar workers. He explained how the workers had been shocked when he told them that their work could easily be contracted. His stated aim was to goad them to greater effort through the instilling of fear about security of their jobs. Security of work has been the casualty in this reconfiguration and may probably explain the high turnover narrated by some of the staff. One councillor narrated how employees in events management had been retrenched with their work contracted out.

The nature of the workers' relationship was reconstituted so that they undertook only those tasks which the client could pay for (cf. Du Gay and Salman, 1992). Unit managers were to specify when they needed work to be done, how much work was to be done and at what price. It mattered not that the same council employed the workers. Managers of purchasing units could only tender only for those jobs they could afford, while supplying managers, those they were paid for. The relationship of worker to the council employer was equated to that between council and external contractors. Efficiency became the governing device for both the purchasing and the delivery managers with the services and facilities manager asserting that "our internal units only get the work we are convinced":

And I think the City Enterprise had the biggest change in their working environment. Examples like we have mowers mowing every week, the client says I can't afford you to mow every week, come once every two weeks, because you are conscious of cost, then the mower who takes pride in his work says I want to mow every week, and the external contract would not come to mow it every week if he is being paid only once every two weeks. Those sort of issues were really really big things for us (Technical Services Manager)

This quote indicates a fundamental change in worker identity. Some of the employees now work for pay, not for their love of work. Traditional values like pride for work were supplanted with efficiency. A former grounds manager narrated how the flower gardens had become degraded since her being retrenched because the new managers did not understand the values associated with the management of grounds. In pursuit of cost efficiency, they had employed a casual workforce that had little appreciation of the care that was needed when tending to flowers, other than just weeding. Since relationships were of a customer-client nature, meeting the stated needs of the customer became the new norm. The internal providers were to meet the needs of "customers", but these were not external clients who seek service from the FCC but were internal managers from what were now the purchaser units:

I was there as a third level manager accountable to the General Manager City Enterprises and we had a big task ahead of setting up City Enterprise to make it responsive to the needs of internal clients or purchasing units who were mainly managers from roading, utilities, water, laboratory services, strategic planning, emergency services for civil defence and service facilities and city library for property and or building maintenance (General Manager, City Enterprises).

The search for innovative and enterprising ways of government has been the hallmark of recent developments in the public sector. The City Enterprise managers for example sought innovative ways of reorganising work, motivated by the need to be prepared to compete against the private sector. They believed that traditional methods of managing at the FCC penalised performance and focused on spending as opposed to generating revenue. One such innovation was a model for organising labour:

We do not run in a conventional sense. We are unique, operating on a model developed by ourselves called the flower model. We realised early on that because we had to compete against the private sector, the traditional structure

had no chance of success, it was moribund. The traditional structure rewarded non-performance and emphasis on spending the budget and was accountant driven. The emphasis of the traditional structure was to keep the bucket empty and to fulfil external legal requirements. Our approach which has since been used in City Enterprises in Sydney is quite rewarding (General Manager, City Enterprises).

The staff were to gear their efforts towards meeting the needs of the customer. The FCC constituted the City Enterprises Management Team (CEMT) to define how the work was to be done to maximise performance and ensure the job met customer needs. Its role was to oversee these teams and provide another level of surveillance. This model moved from “a human resource management perspective to a job management perspective”, a model unique to the FCC:

City Enterprises moved from human resource management perspective as opposed to job management perspective what we wanted was to draw resources from a business unit and get the best resources that could do the job. We built a model to do that (Technical Services Manager).

These targets and behaviour required the creation of functional sites (Foucault, 1977), which would enable the bodies carrying out the tasks to be known in terms of skill, strength and promptness and to be compared with other individuals on the basis of a standard. This would in turn be related to the individual task or contribution, creating what Foucault calls “ordered multiplicities” (Foucault, 1977, p. 148). The workforce was therefore organised into job teams on the basis of staff competence to undertake various jobs. These job teams were headed by a job coordinator. The team members were however flexible, moving between teams depending on the nature of the job. Employees were divided into groups on the basis of their expertise with each group headed by a supervisor. It was from these groups that team members were drawn:

The workforce comprised of job teams, which was staff selected from various areas with competence to get specific jobs done. The job teams were headed by a job co-ordinator. These teams were malleable, changing with change in jobs and individual members could be in different teams at the same time. These teams were drawn from a pool of base groups which were skill-based and headed by supervisors. Each group was homogenous in terms of its skill base (General Manager, City Enterprises).

The search for a lean, nimble and skilled workforce is the hallmark of government in advanced liberal democracies. The most remarkable change however, was the supplanting of the trust, which comes with working for a common cause, with technologies of mistrust. No longer were employees to provide service to each other for “free” but for pay. The formal contract came to define the nature of the relationship between employees in the FCC. The following section explains how the formal contract came to occupy such a place of prominence.

7.4.2 Contractualisation of Local Relationships

The relationship between provider and purchaser units was regulated through a series of service level contracts, which specified what the contractor should supply, when and at what price. The business units entered into management contracts with other business units and the purchase units for the provision of services. This arrangement was a formal way of enforcing conduct through mistrust. The corporate accountant was keen to emphasise that this arrangement reflected a proper business relationship, which bound the parties to do according to the terms spelt out in the contracts:

But again a lot of the work we do is done under contract to other providers within the council itself or external providers from the community. For instance we contract City Enterprises to do most of our parks and sports grounds maintenance we contract City Enterprises again to do our public rental housing administration, renting, and maintenance so a lot of work we do is done through management contracts (Manager, City Alive!).

The use of contracts blurred the distinction between council and private sector entities, so that it came to be governed through autonomous units that operated on market principles. The relationship between the internal supplier and purchaser units was not any different from what they had with external providers or purchasers. The FCC applied the same contract devices on the outside contractors as the inside ones. The pressure was on the providers and purchasers to conduct themselves normally, which meant being like the private sector:

Well, we look for the same types of quantity, quality, timeliness and cost outcomes that we would from any organisation. In economic development we contract Vision Future to do our economic development delivery and Destination Future to provide visitor industry outcomes. The contracts that we have with these organisations are structured to take account of the same types of performance certainties that we would have if we were contracting to City Enterprises so while the activities may be different the contracts are a proper business relationship, they constitute a proper contractual relationship between City Enterprises and ourselves. They are performance based by and large and we need to be assured that the delivery of those services by City Enterprises is transparent at a level of quality, quantity, cost and timeliness that we will get from contracting it to an outside organisation. So there is no automatic assumption that City Enterprises simply provide us with what they are going to deliver at their own determination. It is a negotiated agreement, we do expect that they will deliver services equivalent to or better than we could obtain in the market place. When we are not satisfied that they can then we will certainly put contracts to an open tender process to test the market and I guess an example of that will be coming out later this year when we put out the swimming pool contracts for open tender. Up until now they have been provided by City Enterprises but we will be testing the market later on this year with those contracts (Manager, City Alive!).

He was emphatic that where an internal provider failed to provide goods or services comparable to the market, then they would be replaced. The contracts formed the basis for discipline, they provided a norm that would enable visibility to be established as to whether one has conducted himself or herself according to contract or not. Above all, suddenly, people who were working as colleagues had to start seeing each other as customer and provider. They had to get used to working according to formal contracts and not on the basis of trust or a shared sense of belonging to the same organisation. The corporate accountant explained that contracts enabled the FCC to demonstrate to the community that internal units provided services as efficiently as the private sector:

It is difficult because we have created a model that does create a tension between the client and the provider and that was deliberate. It was quite a shift in thinking for the council and staff that worked within those departments. It is fair to say that the model after some six to seven years of operation is now running reasonably well, we finally have a situation where certainly there is no doubt on the part of the service provider City Enterprises that as to their behaviour, they are a contractor, they know the pitfalls of maintaining a relationship with their client that goes beyond that of a purely commercial relationship. I think they have found that they have been drawn to the trap of doing things because we are all part of the council, then suffering down the track because they haven't totally

recovered their costs or they have eroded their margins and it is now become a lot clearer to both parts of the organisation that having a healthy separation in terms of roles does provide for a totally transparent means of demonstrating to the community that the business unit is not getting work by unfair advantage over the outside sector. So we realise that for this to work you have to be able to demonstrate to the public and in particular the contractors out there that they are not being disadvantaged by this process (Manager, City Alive!).

Contractualisation has been extended to the employment of the chief executive of the FCC. This executive was employed on a five-year contract. The contract as already indicated directs conduct to certain things and not others, so he was governed by his contract with the FCC. He lamented that unlike the private sector, chief executives were employed on a finite contract, which took their attention away from the job in the final years of the contract as they polished their CVs searching for new destinations. He instead recommended that they be employed on performance-based contracts with no fixed time span. This contractualisation has not eradicated the confusion of responsibility between the chief executive and the policy-makers. There is a continued tussle regarding what the chief executive can and should do and what he actually does. Recently, he decided to privatise the organisation of major cultural events. When asked to explain this decision by Council, he maintained that he was exercising delegated powers. One of the councillors wondered when this power was delegated to him, and expressed a sense of helplessness among councillors opposed to it in dealing with him.

The contractualisation of local government relationships became the door through which a multiplicity of agencies came to govern the local (cf Rose, 1996a; 1993; Rose and Miller, 1992). The contracts enabled entities outside the council to judge the FCC on the basis of market information. As the manager, City Alive! above indicates, the council had to continually demonstrate to the public but especially to contractors that it was behaving in a market way. The public would be able to make judgment on the FCC in terms of the quality and price of its services. The metaphor of "tension" could be read to suggest the heightened state of awareness of members of council to the needs of both

internal and external agencies. With such tension, need the central government get involved overtly? The contractualisation of the FCC therefore provided the conditions of possibility for the installation of expertise to enable these multiple agencies to see what the internal business units were doing and pass judgment as to whether this conduct was consistent with market behaviour. Though there were limitations with the writing of contracts, as will be shown in chapter nine, these did not diminish the faith managers had in their efficacy. The following section examines the nature of this expertise.

7.4.3 Pricing Services

The City Enterprise managers sought to obtain market information through a number of ways that could be described as strategic management accounting (SMA), which is in line with the predictions of Lapsley and Pettigrew (1994). The FCC analysed the competition through attention to the work of external providers, accessing publicly available information on the rates for jobs, and partial tendering. Similar procedures have been reported in the UK under compulsory competitive tendering (cf. Seal, 1999). The FCC sought information that would enable more competitive pricing in future:

We sat down together, looked at previous work by external providers. It doesn't mean we were going to do the same work. We accessed published rates e.g. institute of engineers, accountants etc. We recognised that a large part of the work could be put to tender and City Enterprises could be left to do part of the work and when those other tenders came in you could use that for comparison or benchmarking (Technical Services Manager).

The way we achieve that is that a certain amount of our work goes out to the open market so we have got some idea of the rates, things like pipelines, road resealing and things like that. So we check to see whether the prices we are getting from our internal units are comparable, there are also some activities, which are unique to local government operating systems, and things like that we have got benchmarking information, which we purchase (Services and Facilities Manager)

SMA appears to have engendered some organisational learning at the FCC, which is in line with the admonitions of Coad (1996). The FCC therefore

analysed both successful and failed bids so as to price more competitively in future:

So we monitor the market for each time the jobs are going in, if we miss the job we can reanalyse where we stood among the set of tenderers from the lowest to the highest so as to have an idea roughly where the price was, but we can also check where we were had we done the job for nothing and we can see whether somebody is doing the job perhaps more efficiently than us or may be they made a mistake in the tender (Pricing Manager).

The FCC targeted customers to find out how other providers charged for their services. The City Enterprise workers were encouraged to develop intelligence networks through which the price to be charged will be known:

We also asked our staff when engaging with clients to ensure that the work was packaged up in a similar way as would happen in the market place and try to respond accordingly. One example is emergency services, a lot of their work is training with volunteers, school children, we approached these groups. We tried to get to other providers and how they charge for their services (Technical Services Manager).

The market became the model which organisational members were encouraged to imbibe. The price was to codify the market in the activities of FCC as was the way services were packaged. Henceforth, the organisation sought to package its services and work just like other market providers. The business units took measures towards pricing their products and services on the basis of market principles. They appointed a pricing manager who would ensure the codification of market forces into the pricing decisions of the business units. They sought to develop a pricing model that bases its price on what the customers were willing to pay. This model is akin to target pricing and provided the mechanism through which customers came to dictate the daily working life of the FCC:

We sought to provide what was on the market range, recognising that the market is not a precise thing. We wanted to pitch ourselves to the lower end of the market. In a strategic sense, the approach was to get people to move away from cost then price and instead look at price then cost (Technical Services Manager).

This pricing model was inscribed into a manual for constant reference by staff and to give clients a reference point. Such an inscription would be a constant

reminder of the need to imbibe the market discipline. This was bolstered by a price coordinator who ensured that this model was applied to price all jobs. The price was to communicate to the world an apparent organisational reality, that the FCC was efficient:

The pricing model was done by the CEMT team, we tried to put our pricing into a manual for staff, produce win-win situations to give clients the confidence that a fair market price has been achieved. We talked about giving the contractor the confidence that they can provide the quality of work required by the client. The role of a job coordinator, he was the person responsible for the job and the price to be placed on that job. The price coordinator took responsibility for the costs, margins and the price of the job (Technical Services Manager).

It can be surmised that the business unit members have been brought within the web of calculation of markets through their discourse on price and competition. The governance potential of markets lay not in an accurate number but the practices of seeking efficiencies against competitors. The managers of the provider units therefore sought, through various methods, market data to enable the setting of a competitive price. As will be discussed in chapter nine, it was not always possible to obtain such data.

7.4.4 Novel Performance Thresholds

The adoption of markets and managerialist practices at the FCC was associated with the introduction of thresholds that managers were to cross. The establishment of thresholds is central to government (Foucault, 1977) and their establishment was aimed at directing conduct towards some things and not others. Traditionally, local authority performance emphasised the search for input based efficiency and the delivery of public service, but the reforms have changed the conception of the successful local authority to profit and customer satisfaction. The customer services manager explained that:

Well the main one is financial results this is a business unit so I have to make a profit every year so one of my main accountabilities is financial results which is profit. In addition, we survey customers to measure customer service satisfaction (Customer Services Manager).

The maximisation of return on equity (ROE) became a key measure of success for the business units. For example, the ROE target for the year 2001 for City Enterprises was 10.5% (City Enterprises Business Plan). The general manager, City Enterprises explained that City Enterprise had no right to exist except to maximise profitability. Return on equity became the norm with City Enterprise seeking to improve those of its operations that will enable them to earn the required return and make a profit. The managers' conduct became directed by the logic of economic calculation with the pursuit of profit and customer satisfaction. Those who fail to meet these targets would be normalised towards meeting them while those achieving them will be considered normal thereby get rewarded. Establishing targets or norms leads to a behaviour change for discipline becomes internalised (Miller and O'Leary, 1987; Foucault, 1977).

Discipline is achieved through spatial organisation that constitutes functional sites (Macintosh, 1994; Foucault, 1977). Profit was codified as a threshold through the constitution of City Enterprise into profit centres. The City Enterprise divided its operations into three profit divisions, technical services, financial support and operational services. These units were to be responsible for managing their costs and investment and generating an adequate return. Subsequently, managers of these divisions would be expected to conduct themselves so as to achieve each of these three measures. These divisions created an "analytical space" through which managers and their units would become known and knowable in terms of revenue, costs and investment, hence capable of being used and mastered (Foucault, 1977, p. 143). The services and facilities manager explained how performance is measured:

In FCC where you get the separation we believe there are efficiencies in there. And you know other things, there all sorts of measures here as you can see there are financial measures, we have the customer, that is customer satisfaction surveys and then we have got financial measures based on dollars per unit water all that, cents per cubic meter, you see then we have got City Water operating as a business unit so the actual operation is done through a business unit which is required to show some sort of return and some operating surpluses. That is one of the major measures and then sort of customers satisfaction is analysed well what are the number of complaints? So we got non-financial standard performances we call them, so we have got bad aspects as well, so that's the

other way we test it, we test it through our own knowledge and through actual tendering our selves with some aspects of our work (Services and Facilities Manager).

The financial return was not the only measure of the successful local authority. Customer satisfaction was introduced as one of the key measures of success for individual units and managers. The disciplinary potential of customers lies in the nature of service production and delivery where the customer influences the production of services through the feedback that they provide while at the same time being the recipients of the services. The unique position of customers would compel the producers to seek to know what customers want and then to respond to these wants (cf. Fountain, 2001).

The City Enterprises business plan for example specified that City Enterprises was required to meet a customer satisfaction target of 98% in 2001. The numbers are meant to provide knowledge about the customer, in essence enabling the customer to exercise power relations over suppliers. Knowing that the customer would provide their response in twelve months internalises expectations of surveillance and may lead to disciplined conduct. The general manager of City Enterprises is evaluated on the basis of the actual performance of the unit and targets are built into individual staff performance purposes. The numbers provide meticulousness, which is central to discipline and enable the managers to be known as either normal or not and action to be taken to normalise them. This multiplies the agents of government (Foucault, 1991a).

The accurate costing of activities was installed as central to the achievement of markets at the FCC. The former city manager indicated that once the issue of what should or should not be marketised is resolved, cost information would be central to the achievement of this contestability:

Linked to that, there has been considerable debate over the issue of what is and what is not contestable. And indeed, the whole notion of accurately costing activities is dependent to a large extent on the extent to which those activities will remain contestable or not. For example, if we say that certain services will remain comparable, then quite clearly a high degree of information is required to

establish the cost of those activities and then to measure those costs against what can be obtained elsewhere (Former City Manager)

The performance thresholds were not to be limited to the FCC but were to be extended to enable comparison against other local authorities in New Zealand and elsewhere. The local authorities were incited to continually work towards being the best managed not only in New Zealand but the world. They were to compare their performance against other councils on the basis of benchmarks as a norm. This information acts as a normalising device for FCC to conduct their affairs in a way that meets the average. The Christchurch City Council had recently won the Bertelsmann Foundation's award as the best managed council and the FCC managers were keen to see their Council attain similar recognition:

Here (looking at report) is benchmarking on water supply, we get benchmarked against the unit costs, different aspects of our activities, so we can compare ourselves with the rest of New Zealand units of similar councils. So we can say look the number of customers we have got are about 26 000 we can look at the band of the councils in that sort of area, that are with similar sorts of population. You know you got to be careful of benchmarks, you know, different topography, and different types of population, different intensity, but you know you look at this chart here we can see all sorts of things like water charges for larger domestic consumers, the average, then you could say we are about 30 percent below the average, say we deliver water to our customers about 30% below our peer group at \$149 per customer so we can deliver water for less than 50c a day whereas in some others its \$400 and that is large. Its not just on our efficiencies and the reasons we are able to keep that down below the average...(Services and Facilities Manager).

The benchmark incites interest to act like the best council continuously. This standard derives its power from the expectation that it is not constant and members must work towards constantly improving themselves to beat the new standard. The discipline is towards not a particular standard as such but the discipline of a standard. While this standard may not always be attained, the fact that members derive their satisfaction or lack of it from its attainment shows how they have been invested with discursive power:

We do networking with other councils to see what is best practice, and there are different methods and sources that we employ. We are not doing things as per best practice. Sometimes we are behind their goal. I am not saying that best practice is driving us. What I am saying is we have to do it like best practice but

in some cases we are not doing it like in best practice because of lack of resources or whatever. Look at web page, see what is the cheapest way people have done things, what is the most effective way, but sometimes we seem to be doing better than other councils so there are different combinations of models that you look at. I am not saying we have an answer because we are still struggling. No one can have the answer, it is a constant change in standards every time (Corporate Services Manager).

The managers do not use these benchmarks blindly for they are aware of their limitations. The question is however, why do they keep on using them? It is suggested that these members have been constituted as managers who derive their legitimacy from engaging in practices of managing. Through this pursuit, they can be governed on the basis of a managerial rationality. Many of these managers had private sector origins and are strong adherents to the market as the approach to the government of local authorities. They were champions of private sector management ethos and saw any questioning of this approach as unacceptable. The chief executives have become very powerful supervisors of the penetration of market thinking and systems and its disciplinary potential. They are its most potent agent *in situ* and thereby great and ready allies to the centre. Chief executives gaze into all units to ensure everything worked in line with the political rationalities of the centre. They provided a supervisory gaze into the operations of the Council, creating awareness among Council members that the guard was awake:

One thing X (past general manager of City Enterprises) did, we had three divisional managers, operational, technical and support but we also had M (Chief Executive) going around and making sure the jobs we had, the relationships we had were maintained and the service agreements respected (Technical Services Manager)

The establishment of these performance thresholds reflects a belief in rational decision models as essential to the modernisation of local government (cf. Townley, 2002a). Bowerman, Ball and Francis (2001) see benchmarks as a tool to achieve this objective through their ability to enable councils imbibe best practice. The pursuit of best practice, it is suggested, is a powerful inducement to conduct that enables the achievement of defined political ideals. The

following section analyses attempts to direct conduct at the FCC through constituting some FCC units as businesses.

7.4.5 Making Individual Units Visible: Separate Accounts

The essence of assigning provider units targets based on return on assets and return on capital employed was to compel them to conduct themselves as businesses. The units were hence required to keep meticulous records of their operations besides preparing a separate set of accounts showing how they were performing on the assigned targets. Though conducting themselves as autonomous units, they were subject to action at a distance through accounting reports that made them visible to rate payers and other stakeholders:

They have got a separate set of accounts, they have got a share return on their business return, they have got on their assets, things like that. Their business plan here they have got targets, you know they got to show a return on their assets of ten percent or whatever it is (Services and Facilities Manager).

The fierceness of the competition between the units is shown by the separation of their information systems and keeping the information away from each other. The units sought the creation of separate information systems for each unit that would be accessible only to members from those units:

The other thing I find with the Council is that they have a filing system which I understand is a Canadian system, it is very cumbersome. If we were working as one for Council, the filing system is quite adequate, but because there are a number of business units in the Council, these business units really have to keep some of their cost structures separate from the rest of the Council. And until they achieve it they should be keeping that to themselves because it is a competitive thing. If their competitors find out about it they have the information and you have lost all your edge so I had the filing and records people down so that we could file all my pricing and costing separate and archived separate from the rest of the Council's things but still within City Enterprises (Pricing Manager).

This perspective raises the troubling question: why are they competing against each other, are they not working for the same public, or who is benefiting? This apparent contradiction can however be understood within the context of governmentality, for it is this form of mutual suspicion that makes one

internalise discipline in the expectation that the other is watching. The units become self-governing negating overt intervention by centres of calculation.

The individual units were required to produce separate financial statements. These statements would make individual unit managers' conduct visible and amenable to be governed in line with their individual targets. These "unit reports" disclosed actual and budgeted information on revenue, expenses and surplus or deficit for each significant activity of the unit. These reports were done for each month and for the whole year and formed the basis for the annual reports. When individual unit reports became aggregated, they constituted the annual report for the FCC. The installation of responsibility accounting was deemed to be smart:

The essence is we can work smarter and how are we going to work smarter is recognising that I guess the political environment is requiring us more to prepare accounts that show a clear distinction between purchaser and provider and at the moment our corporate vision system is not set up appropriately to achieve that easily (Acting Financial Services Manager).

The unit reports directed the conduct of the unit managers and workers in a number of ways. These monthly reports provide a system of constant surveillance so central to discipline. They included line item results for revenue, expenses and profit for each significant activity. This provided visibility regarding the behaviour and results of managers for each purchase or supply. This information also had another purpose which reverberated beyond the units: it provided the basis for discussion regarding which activities needed to be restructured and which ones did not, on the basis of their perceived profitability. The accounting number here forms the basis for a calculus of what is important and what is not. It also constitutes what is important, which is in this case, return on equity.

The reports also provided information, again for each significant activity, regarding actual and budgeted or projected capital expenditure. The reports contained elaborate graphs that depicted the movement of these items over

time. The amounts spent and budgeted for asset renewals were also provided. This contributed to the debate regarding the value of capital assets over time in the long-term financial strategy. This information would hence focus behavioural attention to questions of governing time by monitoring not only expenditure but the state of capital items. The unit reports acted as the basis for normalising behaviour, for the budget was the standard or norm against which behaviour could be evaluated and corrected. Variation from this standard would form the basis for reward and sanction:

This is the standard package that the City Enterprises management team looks at on a monthly basis and there are more reports we get every quarter which are of this standard. The key operators/indicators page this is where for example we can track our external sales within the council group and that is like the airport for instance is external but is within the council group...we monitor obviously the key line items in our statement of financial performance and position. We look at things like our EFTS, our labour productivity, the amount of notional cash that we have generated, the age of our debtors, the actual statement of actual performance itself. There is a column among all those for forecasts in all those statements, statement of financial position again forecast up to the end of the year, statement of capital expenditure and cash flows against forecast for the year and this is one we rely on quite a lot. This looks at all the jobs that we carry out by what we call work type we look at how for instance issues such as type of work is going how for instance our water is going etc. Quite a lot really so we look at a different view again which is profit centres so we are looking at different views of our financial information and then we look at our annual debts that have been outstanding for two months or more then we look at what we can do about such stuff (Support Services Manager).

The financial reports were also detailed in that they provided expenditure by programme for each month. They showed how much was budgeted for each programme, the year to date projected cashflows and the variance from the budget. They also showed which programmes are undertaken and which ones are yet to be undertaken. The units capped all these with reports on financial position and financial performance and cashflows all of which were prepared according to GAAP. GAAP here acts as a norm enabling comparison of providers and purchasers on the basis of a common threshold.

The adoption of these private sector reporting requirements lay in the rationale that they would help modernise local authorities. The belief in the infallibility of financial information is therefore a modernising mantra (Townley, 2002a).

The wisdom of empirical work that points to a chasm between financial information and decision-making is therefore often ignored (see March, 1987). The faith in rational decision-making is reaffirmed in the context where local authorities were being constituted as businesses. The managers of these local authorities came to draw on a discourse of accurate and relevant information as a precursor to the effective management of these businesses.

The faith in rational decision-making was accentuated following a review of the FCC's activities and funding where it was decided to undertake process improvement. It was argued that managers needed "results based reports" so that they could operate their units better. The emphasis here is that these units were businesses and the proper way to run them is to borrow private sector thinking, which emphasised the importance of information and rational decision-making. The project also sought to constitute these managers as autonomous individuals governing their own businesses. These managers therefore needed to have all the information to enable them run the business, instead of relying on someone else, the accountant:

One of the major ones...is a project called business reporting and the idea of that is to provide results based reports to managers and staff particularly managers so that they can successfully run their particular unit. Part of the concept behind it is to have access to information that they need for running the business at the touch of their fingers. At the moment the managers very much rely on obtaining information from the accountant so they have to approach somebody with what they want. The idea behind business reporting is that they should have their information needs or their reporting needs available to them on their PC (Support Services Manager).

This project reflected ongoing efforts to reconfigure employment into client consultant relationships where the consultant (employee or accountant) would come in to provide solutions to business problems. The business-reporting project was meant to herald the end of accountants' dominance over information and numbers. The accountants would however need to reconfigure themselves so as to take more of a consultant type role. The discourse of number crunching here suggests mechanical, highly maligned part of accounting, a discourse that is in line with recent claims about the loss of

relevance of accounting to manage (Johnson and Kaplan, 1987). This discourse also reflects the attack that traditional professionals had come under in the new regime, with a preference being placed on a managerial class (see Clarke and Newman, 1997). Managers recognised that getting this new form of information would not be easy. The financial services manager however, emphatically expressed her conviction that this was the way to go:

Before I talk about preparedness I think that this is the way we need to go I think to expand away from just financial days when accountants used to sit down and crunch numbers is well and truly gone in terms of preparedness some of the information that managers need is not going to be easy to get hold of because in some cases that information is not captured in one single area and part of this project is about having a system in place that does capture that information so in terms of preparedness we are in the process of putting in place a system that captures that information (Support Services Manager).

The review also concluded that managers needed a wide scope of information that included both financial and non-financial information in real time and space so as to be effective. This project, which was known as “business reporting”, would include information such as trend analysis and the results achieved by units. This information would show how units are progressing in achieving assigned desired outcomes and how this was consistent with the organisation strategy. This project aimed to provide information that would enable comparisons between unit performances, over the long term. The previous systems, which had reported on what the units had spent, were considered inadequate for the purpose of governing these “businesses”. The project emphasised the value of future information, arguing, “you cannot change anything just looking backwards” (Support Services Manager). The project aimed to encourage information sharing between the units, which contradicts the earlier concerns to separate their information systems for the purpose of contestability. This contradiction however reflects the congenitally failing nature of governmentality (Miller, 1990; Miller and Rose, 1990). It also accords with the argument by Miller and Rose (1995) that “To administer work, it has become necessary to know, to calculate, to deliberate, and to evaluate” (p.

40). This project in a nutshell sought to install SPMS in the FCC as a governmental mechanism:

The project was originally called financial reporting and we have purposively moved away from that title because we wanted or recognised that in order to run and manage a business you need more than financial information so while we are on the first phase of the project and we are concentrating on the financial because that is the easiest it is our intention to look at non-financial type of information like trend analysis, look at the results achieved by the units rather than just look at how much money they have spent or generated so for instance if a particular unit is assigned responsibility to achieve a certain project they need information on how they are progressing in the achievement of that project not just how much they have spent. For units like our profit unit for instance information like occupation, trends, those sorts of things...we have tended to look forward a lot more. We provide forecasts every month we update our forecasts of where we think we are going to be at year end and the board was starting to turn all of the business unit thinking forwards instead of backwards. It would be quite interesting for the council's eight month review which has just been done. The city manager wanted the eight month review report to be focused on forecasts and not to be looking backwards and that was across the whole council for all the units of the council so that was actually really good to see you can't change anything just looking backwards so probably we haven't started to really look too much outside the boundaries of the council but we are starting to look forwards instead of concentrating solely backwards (Support Services Manager)

The requirement to report on individual activities and the logic of business decision-making has penetrated even the cultural areas of the FCC that have traditionally been shielded from the markets. A business accountant referring to the Arts Council for example narrated how she seeks to provide accounting information to "identify where the opportunities are". While she meant the identification of opportunities for the development of art and culture, her use of accounting to enable such an identification raises questions: is it to help the assignment and intensification of an exchange value (see Ursell, 2000) to the arts and culture? More recently, cost data on a number of cultural events at the FCC indicated that the benefits of contracting out the organisation of these events exceeds the costs. This decision is currently being contested by some of the community groups.

7.5 Technologies of the Self

The ways through which people govern themselves and others are closely intertwined with procedures for remaking their identities (Deacon, 2002; Foucault, 1982). Through processes of identity constitution, the government is able to maintain control without appearing to be too intrusive, consistent with governing in advanced liberal democracies (Rose, 1996a; 1993). The subject may be constituted through discourse and dividing practices as well as technologies of the self (Foucault, 1988; 1982). The previous section has already illuminated the various ways in which discourse and dividing practices interplayed to constitute members of the FCC as subjects. The discourse of policy and delivery split and markets combined to constitute a certain type of personhood: an individual driven to work through incentives based on contracts and the dictates of the market. Dividing practices constituted some parts of the FCC as business units, purchasers and providers. Members of these different categories were enticed to constitute themselves on the basis of a discourse regarding what it means to be business-like, a customer or customer-focused individual. This discourse was linked with institutions such as Treasury, which defined the truth regarding how the public sector should be governed. This interplay of discourse and dividing practices make up those technologies of domination through which individuals were constituted as subjects that achieve the political goals of the state. Government, as already indicated is however achieved at the nexus between technologies of domination and technologies of the self (Foucault, 1988; 1982), so this section is devoted to the latter.

The key technologies of the self-employed by the FCC, it is suggested, included the customer programme and various pedagogical devices that sought to enable members to constitute themselves as business oriented subjects. The FCC sought to work on the mind and hearts of its members so as to achieve “total buy in, clear direction”. The soul of the organisational members was

deemed to be the site where the changes envisaged for the FCC would be won or lost.

7.5.1 Winning Hearts and Minds

The city manager sought to appeal to both the minds and hearts of FCC members by, not only informing them about the changes, but also trying to enrol them. This technology of the self involved informing members of the impending changes and inviting them to see things from the reformers' perspective. At the same time, it enticed members to constitute themselves on the basis of this new truth so that they would be able to embrace it. This way, the government of the local would be effected when members of these domains come to see their destiny as intertwined with those of the centre (cf. Robson, 1992). This perspective was explained in an internal document:

Council's change initiative needs to be well communicated to both internal and external stakeholders. Care needs to be taken to build support for the changes, and in a way that enables both the community and staff in particular to understand and support them. A clear communication strategy is to be developed....

The purpose of communicating with the community and staff was to prepare them for the changes so as to minimise the possibility of surprise:

The cumulative impact of the approaches laid out in this report will result in a significantly changed organisation. It is crucial, therefore, that there is a serious effort to communicate with the staff and the community on the purpose, nature and benefits of those changes.

The strategy of communication was seen as essential to getting community and organisational support for "It should be a clear objective in this process that the Council takes the organisation and the community with it as it goes about the task of governing and overseeing a programme of far reaching change".

The city manager emphasised the need for staff to have "confidence in the clear and unambiguous direction" of the course as a whole so as to give it their support. This support was to be gained through, *inter alia*, involvement of staff in the change process so that they do "not have the feeling that it is something

done to them, rather something by them". Put differently, communicating to staff and involving them in the change process would entice them to embrace the reforms. It is unlikely that owners would resist their own project.

The city manager made conscious attempts to attribute the changes since 1989 to the desires and efforts of staff. This may be viewed as a strategy to constitute the staff as owners of the reconfiguration process. He explained that "initially, I played a strong role, but latterly, the staff themselves have taken greater control of the process". He explained that the process of enrolling staff had been going on for long: "Over the years, we have increasingly moved towards more team (sic) based approaches, encouraging greater trust in the staff and less reliance on hierarchical control. Corporate training in particular has focused on this, and some parts of the council have gone a long way down these paths". He explained that though he had initiated the changes, he had "tapped a measure of staff discontent within the organisation". He expected the changes to bring about "greater staff ownership of the shape and style of the new organisation".

The city manager desired to have staff committed to the direction he had charted for the FCC. These staff would be driven to "building a better city" for "This is the single idea that all staff will strive for, and against which they should measure and guide their actions". This would be a norm towards which staff would strive. Staff were to work individually and collectively towards "building a better city". This purpose would be achieved through a change in the conduct of staff for "appropriate organisational behaviour is a necessary companion to organisational structure in producing optimum performance". Staff were therefore expected to "commit" and use the city manager's manifesto "as a way of reinforcing desired behaviours and weakening the undesired behaviours of people in the organisation". One desired behaviour was to be customer-focused, the subject of the next section.

7.5.2 The Enemy Within: Constituting Customer Care

The changes as indicated sought to constitute local authority departments as business related to each other as customer and client and driven by the need to satisfy the customer. The installation of the customer at the FCC appears to have been successful for in August 1993, the acting Regulatory Services Manager was to assert that they had “attained very high levels of customer service and efficiency”. The concern with the customer does not appear to be limited to the FCC. Commenting on the Auckland City Council, Anderson (1993) asserted that “A significant move towards a customer service focus has been put in place” (p. 65). One commentator has claimed that “we now have customer services teams, call centres, one stop shops and an ever growing accumulation of evidence in the form of satisfaction surveys and the like, to show that our service delivery has been improving” (Szabo, 1999, p. 34). He continued that ““The ratepayers’ and ‘citizens’ of yesterday became the ‘customers’ of today” and worried that people were coming to see local government merely as providers of “infrastructural services and someone to phone if the rubbish has not been picked up” (p. 34). The concern with customer care was one facet in efforts to constitute local government as business-like.

The discourse of the customer appealed to the soul of FCC members to imbibe private sector values, which were talked up as superior to those of the public sector. The FCC embarked on a project that sought to appeal to the “ears and minds” of its employees so that they would know that without the customer they had no jobs (City Manager). This project, labelled the “enemy within”, sought to constitute virtual customers within the FCC with relationships between internal and external stakeholders defined in terms of customer relations. No longer would relationships be based on such fickle things as trust, but concern for the customer.

The constitution of customer-oriented citizens was to draw on expertise from a local university. Expertise plays a significant role in the governing of economic and social life by proffering apparently objective and neutral dispassionate knowledge that can solve problems that would otherwise have been politically contestable (Rose, 1993). While attending a 2002 SOLGM conference, the city manager listened to a local university marketing academic talk about how to create a customer driven organisation. This expert was described as “a specialist in introducing a customer-centred culture to organisations”.

The city manager “was very impressed by the common sense message” that this academic “brings to customer service”. Subsequently, the city manager and his management team held discussions that zeroed in on customer focus as the priority for the Council. Now all the ills of the council came to be attributed to lack of customer care. The city manager asserted that the council could be reconstituted as a customer caring organisation, and suggested that “We can do this by creating a Can-Do Council, which promotes Easy Business and public servants that find a way to say YES!”.

The Council decided to operationalise this ideal of a customer led organisation by inviting this don to run a programme that would lead to self-reflexivity regarding the barriers to excellent customer service and what drives customers away. This programme was promoted as “a fun programme” which explains the importance of customers to the organisation with the aim of translating employee work as being to serve the customer. The success of the organisation was seen as depending on concern for the customer. The programme is a technology of the self at the end of which members identify the barriers to their role in customer care, with assistance of a mentor/expert. It is a confession of their failure to deliver the expected customer service. Subsequently, the members are enticed to constitute a new customer centred identity on the basis of this knowledge. This knowledge was hence to be incorporated into all the aspects of their working life:

To ensure the ideas presented in the training become embedded the following recommendations are suggested:

- That the applicable barriers identified in the workshops be fed into Continuous Improvement Projects undertaken by those who have been on the process improvement training already or those who need a project for training.
- That staff be informed of any barriers that have been identified that cannot or will not be put into projects and the reasons why communicated.
- Work together for barriers that are cross unit in focus.
- Identified barriers are collated into common areas and themes that could be improved and passed back to the Management Team or the appropriate manager for decisions on action to be taken.

This academic had “a staff driven customer centred approach within any organisation” that he called the “Enemy within customer culture system” (EWCCS). Through this programme, he sought to work on the “hearts and minds” of each individual employee until “a customer centred focus is the preoccupation of every single employee in every department”. The benefits were meant to be “long term and sustainable”. This approach sought to link individual choices with the political objectives of local authority governance:

The way the EWCCS works is to begin by winning the hearts and minds of all staff to customers – not for the benefit of their employer (they may not really care) – but rather for their own personal welfare. It does this by revealing truths that, though hard to receive at first, are probably better to hear about – and thereby avoid – rather than experience personally.

The aim of this approach was achieve customer care through linking personal goals with those of the customer. It aimed at seducing staff by investing them with the desire to be customer driven:

The EWCCS is underpinned by a philosophy similar to its approach to marketing. This basis is that one cannot make people want to be customer-focused (particularly as this may require extra effort and changing “turf” boundaries). All one can do is to take away the barriers which keep people from wanting to do this.

The achievement of a teleology requires work on the body so as to achieve a certain personhood or identity (Dean, 1996). The EWCCS sought to internalise the identity of the customer through a number of stages:

- 1) Start out by laying in a sound foundation (Culture Change);
- 2) Go on to apply what has been learned (Follow Through) and then;
- 3) Follow this up with activities to keep the momentum going.

The programmes for creating a customer caring identity were incorporated within a programme of process improvement, quality management systems and work plans. The process of customisation also involved reconfiguring the physical environment to make it customer friendly. For example, the sign at the council reception read, "all visitors should report to reception", which was considered not very customer friendly. This was changed to "welcome!". Through these programmes, managers were to imbibe customer needs and values. They came to define their work in terms of efforts towards meeting the needs of the customer. The concern with the customer became embraced as best practice. The city manager of FCC asserted that most of the staff were aware that they could not keep their jobs if the customer was not happy.

7.5.3 Pedagogue: Constituting the Business Person

A key teleology for the reforms was to create business-like organisations of local authorities. It has been suggested that this would entail a new identity, *homo economicus*, motivated mostly by concerns with cost and revenue and economic logic, and not political or social concerns²¹. The process of constituting *homo economicus* begun with a reorganisation of FCC into purchases and service provider units. Some of the FCC programmes were constructed as business units while others were not. The general manager of City Enterprises was mandated to "operate the Council's enterprise activities as successful businesses". The city manager sought to enrol staff into the process

²¹ There is a potential contradiction between the discourse of customer care and that of *homo economicus*. In the private sector, customer care is assumed to lead to customer loyalty and hence increased revenues that offset the costs of customer care. Citizens do not however, directly pay for every service they use, and even where they pay, this may not generate sufficient revenues for the local authority. Customer care therefore encourages demand for a service, potentially bloating a local authority's expenditure. This may run counter to a *homo economicus* who is devoted to the stated aim of the reforms, that is, to reduce reliance on public service and achieve efficiency. The notion of customer care also assumes that public servants provide services because the customer would pay. However, some do because of their love for public service and not because of economic considerations. The contradictions between discourses are however, the hallmarks of governmentality (Rose, 1996).

of change by among other things drawing out the period of change and involving them in coming up with this structure:

The 1994 restructuring took a larger part of one year to establish. The city manager had some ideas on how to get the separation of purchasers from service providers. He had a deliberately drawn out period where he wanted to have a high level of staff involvement and input into how the organisation could work. He actually set up working parties to look at various elements of the structure before finalising the structure. But when he finally made that call and he set the units up that is when reality hit (Technical Services Manager).

Staff do not appear, from the above quote, to have fully fathomed the intended changes. Nevertheless, their involvement in constituting the new structure provided an important avenue through which their identities were constituted (Oakes, et al., 1998). Their involvement in the working parties sought to enrol them as business-like subjects. The working parties were followed by training programmes that used internal and external trainers, deploying various pedagogic devices. A prominent pedagogical device was the use of an empty bucket to inculcate a profit norm. This device sought to impress upon the managers that their mission was to raise revenue. Since they did not have any budgetary allocation (signified by the empty bucket), their work would be at stake if they did not find a way of raising money (filling the bucket). The empty bucket acted not as a pedagogic device alone, but as a threshold to be overcome. The subjects would now spend their daily working lives seeking to fill the bucket. The use of the bucket served two purposes: to illustrate the difference between the past and present ways of doing things, but also to spell out what the role of the staff was:

For example, in the past the organisation had a budget, we do not have a budget anymore, what we have got is an empty bucket and we have to fill that empty bucket with revenue from jobs. We physically put the empty bucket and asked how are we going to fill this bucket with revenue, what are the areas you work in, what are your clients? (Technical Services Manager).

Through the pedagogue of the empty bucket, staff were enrolled to reflect on how they could contribute to filling this bucket by internalising the profit motive in everything that they did in all areas of their work. Staff were now to focus on, not providing public service but filling the bucket. The empty bucket

served as a pedagogical technology that would goad staff to higher goals of filling it with money. The empty bucket was to also illustrate a break from previous years where public service was the driving force through emptying the bucket (read here as budget). The FCC staff were to be output-outcome led as opposed to input motivated.

The bucket was complimented by cardboard games and the use of photographs and case analysis to underline the importance of paying attention to costs and how these costs arose:

We showed photographs of who the main managers in the clients areas were, we talked about our overheads. To make them understand what our overhead structure was, they used to be critical of managers having cars, but the main overhead we had was staff salaries and the main component of that was that staff time that was not productive jobs. We had to show that we carry these costs, what component of overhead is labour, accommodation etc. We took Council policies, played various scenarios, we got a job, what resources were available, what would be the price. This is where our effort went for the first two years (Technical Services Manager).

These devices were aimed at making staff internalise the values of *homo economicus*, obligating them to work on themselves so as to achieve the lean and efficient organisation. The inculcation of a business identity was gradual and drawn out. It also involved long retreats, where symbolically, the staff removed themselves from the interruptions of the world and reflected on how they could bring about a new modality of governing the FCC. This retreat and reflection is a technology of the self that enables members to work on themselves so as to become what is idealised. The changes in the identity of the staff had to be continually reinforced through continued self-reflection regarding whether the policies made sense and achieved the organisation's mission. The corporate services manager however felt that "It is more important to measure the organisation's response. We should consistently ask the organisation, do the policies make sense? Do they help you do your job, which we don't do, so there is a gap there".

This reflexivity enabled members to identify sites where more work could be done to achieve the desired outcomes. The city manager was instrumental in achieving this identity. A councillor marvelled at a former city manager, who had gone to apply the ideas experimented with at FCC to his new position elsewhere. This manager was also to play a great role in identity constitution through nurturing those who espoused a business approach to governing. The creation of these business identities started at recruitment for those joining the organisation. The managers acted as gatekeepers to ensure only those who were sympathetic to business thinking could get through. One manager emphasised that those coming in had to demonstrate “buy-in” to the ideas driving the changes otherwise they will not be employed. This manager said that he did not want to spend time converting those with a different view:

One thing that is dear to my heart is that when we take on new staff I sort of make sure they understand the way we want to operate, why that separation is there and when I find that staff may be confident technically but have reservations in operating that way then I generally avoided employing them (Technical Services Manager).

The efforts at identity constitution did not stop once the employment relationship had been established. The Council mobilised various expertise and leadership courses to nurture the recruits and convert those already in. For example employing management models, staff were invited to identify their attributes and then work towards achieving an ideal. The staff would work with their manager to identify their strengths and weaknesses, which they would then verbalise and internalise. They were encouraged to attend a series of leadership courses that would lead to their self-improvement. These staff were enticed to work towards reconstituting themselves on the basis of the ideal:

I am not particularly visionary and or creative and I think I need to surround myself with people who do have those skills. We use Balbiani's roles as a particular way of looking at the resources that you have got on a particular team to match with whether you have got a good mix of people with different strengths and weaknesses. One of Balbiani's roles is complete finisher, which is team worker. If one of the other of Balbiani's team roles is plant which is the person who comes up with all the ideas that is not a natural skill that I have got. Other than looking at Balbiani's I have also been to leadership type courses and I

know already that the visionary side of things is not my strength so I need to concentrate on that (Support Services Manager).

This problem incites people, through knowledge of themselves, to seek improvements. The identity constitution also proceeded through a process of culling. Existing staff who did not espouse this identity were told to either toe the line or leave. While the exact number was not disclosed, the city manager among other managers indicated that a number left:

While we have a duty to make a concrete change with our existing staff generally you can't spend the time retraining people convincing people and I have been in a situation with very good candidates technically sound people but they do not support this sort of separation (Technical Services Manager).

The constitution of local authority staff as businessmen and women does not appear to have been limited to FCC. At the Auckland City Council it was apparently so successful leading its chief executive to crow that "today, business unit managers, supervisors and workers think and act like private contractors" (Anderson, 1993, p. 66).

7.6 Discussion and Conclusion

This chapter has analysed how technologies of domination intersected with technologies of the self to govern the FCC. It examined the adoption of a regime of separation between policy and delivery and the associated marketisation of the FCC and how these served as mechanisms for governing local authorities at a distance. These changes emerged in the context of problematisations of the public sector generally and local government in particular as lacking clear objectives and understanding of what each and every unit or manager was responsible for. These problematisations brought forth certain truth claims to the field of play. The reforms presented as truth that the prevailing ways of governing the public sector were inefficient and ineffective. This discourse effectively discouraged conduct associated with this mode of governing such as traditional forms of bureaucratic control, the ideal of public service and servant and performance evaluation based on inputs (the budget).

Instead, it promoted conduct consistent with private sector managerialism, with its concomitant concern for profit and the customer. Through a positive discourse of markets and private sector managerialism, FCC members were enticed to constitute themselves on the basis of this new and ostensibly better truth, which would lead to a business-like FCC.

This discourse became associated with certain dividing practices at the FCC such as the policy and management splits each with separate clearly delineated objectives and responsibilities. This constituted some people as policy makers and others managers. Departments within the FCC were constituted as either purchasers or providers, hence creating identities of either being a provider or a purchaser. Parts of FCC were hived off and constituted as business units while others remained within a non-business sphere. The sum total of these changes was to constitute a new type of identity for the staff of FCC. These divisions constituted the purchasers and providers as guards over each other. Since the purchaser had the right to seek the best price and quality for services delivered, this compelled the provider to become efficient so as to beat the competition. These divisions installed the customer as an important point in surveillance of the operations of FCC.

The reforms sought to constitute local authorities as business-like organisations. The local authorities were to be guided by private sector ways of thinking and organising (Hood, 1995; Pollit, 1990). One of the managers explained that "The idea is to operate business-like not as a business. Have right drivers so that they can concentrate on strategic issues of the organisation" (Technical Services Manager). This shifted the discourse away from public service to profit and other accounting logics. The installation of business units enabled the government of local authorities by changing the calculus of performance from public service to profit and return on earnings. The staff of the business units were set profit and ROE targets which acted as thresholds they had to cross and enabled judgment on whether they were

normal or not. The normal staff were those who strove to achieve these targets, while the others were enticed to conduct themselves towards these goals. Henceforth, their managers' conduct was directed towards attaining a positive return and meeting the needs of customers.

These developments were preceded by an official discourse through which citizens were being constituted as customers, who had rights that public authorities had to meet. The constitution of citizens as customers would have implications on the identities of organisational members. These members were enticed to imbibe the dictates of the customer in their daily work (see Miller and O'leary, 1994; 1993). The programme of constituting organisational members as customers premised that they could use their unique position as both consumers and producers of services to influence the quality and price of the goods produced. It mattered not that while there are many instances where customers have used their unique position to influence the quality and price of products and services, there are equally many where they have been impotent to do so (Fountain, 2001). This would constitute the FCC staff as economic citizens whose fulfilment lay in meeting the needs of the customers (cf. Miller and O'Leary, 1994; 1993). While this discourse potentially improves services to customers, it does not accord them a say in choosing what services should be offered in the first place. Through pedagogical techniques, staff were encouraged to become business oriented. Technologies of customisation incited staff to imbibe the customer in their daily work while communication technologies invited them to enrol in these changes.

The changes aimed to constitute local authority staff whose incentive to work was meeting the needs of the customer "who is always right". The changes therefore constituted FCC staff as people who would work because they care about the customer, not because they love work. Their performance would hinge on how pleased customers were with the service provided. Technologies of surveillance based on customer surveys and complaints, and procedures for

arbitration of conflict between customers and FCC staff were therefore installed, but as would be elsewhere seen, these arbitration channels were little used. The changes to a customer focus are premised on the unwillingness of public sector servants to serve, yet researchers have found many public servants eager to serve the public (Fountain, 2001). Public servants may not work because they want to please any single “customer” but because they would like to provide a service to the public anyway. This contradiction, as it will be shown in chapter nine, became a site for contestation and resistance.

The staff were to comport themselves on the basis of private sector ethos. The business-like persona came to be presented as the ideal to lead modern local authorities to overcome the challenges facing them. The reforms aimed to blur the distinction between the private and public sectors (Fountain, 2001), enabling the latter to be governed on the basis of the former. These identities were evident in the daily discourse of council staff even in areas traditionally removed from managerial discourse such as culture and the arts. These showed enthusiasm for providing information for commercial exploitation of art and culture, a hallmark of advanced capitalism (Ursell, 2000). These members started seeing non-business solutions as illogical and reactive, again capturing a discourse of commerce as the solution to Council’s cultural problems. One of the business accountants of this unit was coming to see her role as a business one, where she would point out opportunities to managers and councillors so that they can be exploited. Some of the staff sought innovative ways for determining the price their competitors charge for their products so as to come up with a competitive price for their units’ services (Support Services Manager).

Chapter Eight

The Discourse of Strategic Performance Measurement Systems and the Government of the FCC

It is not what we are doing now – it is what we want to do in the future that will get us into trouble (Member of the Management Team, FCC).

8.1 Introduction

Strategic performance measurement systems have come to occupy a central place in the government of the local in New Zealand. Following the Local Government Amendment Act (No. 2) 1989, local authorities are required to prepare annual plans that express the activities they wish to engage in for the forthcoming year and how they will be funded. Also annual reports indicate results against these plans. The local authorities are required by the Local Government Amendment Act (No. 3) 1996 to prepare long-term financial strategies that indicate, for a ten-year period, the activities and programmes they wish to engage in and how these will be funded. These legislative requirements have become associated with the escalation of strategic planning in New Zealand local authorities. The majority of the authorities have adopted one form of strategic planning system or other (Johnston, 2000), confirming predictions that with the diminished delivery role of local authorities, discussed in chapter seven, they will assume more strategic roles (Willis, 1995). This chapter seeks to illuminate the ways in which practices of SPMS were mobilised in the government of one local authority, the FCC. The chapter responds to the dearth of context specific studies of the discursive formations of technologies of government (Deetz, 1998).

The chapter seeks to make intelligible SPMS as a regime of practice, by paying attention to the rationalities and technologies that informed them in the context of the FCC (cf. Miller and O'Leary, 1993; 1994; Rose and Miller, 1992; Miller,

1990; Miller and Rose, 1990). It is specifically concerned with how SPMS were implicated in attempts to govern the FCC through technologies of domination and of the self (Foucault, 1988; 1982). As a technology of domination, SPMS practices were implicated in efforts to direct and control the conduct of FCC through its definition of truth and mechanisms of knowledge gathering. SPMS enabled the domain of "needs" of the FC citizens to be defined and become intelligible to politicians and managers, who expressed them as calculable outcomes. This intelligibility enabled the conduct of staff to be defined and directed on the basis of this knowledge. SPMS also availed technologies of self-formation to citizens and staff, which they appropriated to constitute themselves as more useful subjects, thereby enabling their own government. These technologies provided an effective mechanism through which the state was able to extend its control over local spaces at a distance. The chapter is concerned to illuminate how SPMS emerged as a regime of practice within the FCC and with what effects.

This chapter is organised as follows. The second section discusses the rationalities and programmes associated with the adoption of SPMS at the FCC. The way SPMS were embraced at the FCC as the truth and the ideals and dreams associated with this are discussed. The third section provides an analysis of how SPMS were mobilised to govern the local through the constitution of community and the installation of strategic planning at the FCC as part of a hierarchy of visibility. The way in which the individual became the object and subject of these knowledge gathering mechanisms is discussed. It examines the way in which the sovereign mechanism of long-term financial strategy was implicated in attempts to reconfigure the FCC so as to achieve the ideals of efficiency effectiveness and financial probity. The way various expertise were mobilised to bring about this reconfiguration is also discussed. The intersection of technologies of domination with those of the self so as to constitute subjects who are governable on the basis of a strategic rationality is analysed in the fourth section while the fifth concludes the chapter.

8.2 Promotion and Adoption of SPMS at the FCC: Rationalities and Programmes

SPMS at the FCC had their conditions of possibility in legislative changes that accompanied the local government reforms. These sovereign developments became associated with an escalation of SPMS initiatives at the FCC. SPMS were promoted on the basis of managerial rationality. They were based on the notion of a separation of the function of politicians and managers, and privileged the managers' right to govern while politicians merely set policy. The following subsections examine the development of strategic management within the FCC and the rationalities that informed these changes.

8.2.1 Programming SPMS

SPMS did not become a regime of practice of FCC by accident, but were constituted and promoted as true while prevailing approaches were demeaned as deficient. While the FCC routinely developed one-year corporate plans that were complemented by individual plans for each of their activities such as city water supply and roads, and, just like other authorities in New Zealand, had a department of urban planning charged with planning for land and resource use within the city, these plans did not require public participation. These plans were short-term, covering mostly one year and were not based on any overarching long-term framework. This state of affairs was expressed by the strategic planning manager when she said that "up till 1989 there was nothing like an annual plan where you presented to the community what you intended to do and how much it was going to cost". This picture was profoundly changed with the enactment of the Local Government Amendment Act (No. 2) 1989.

The Local Government Amendment Act (No. 2) 1989 made it mandatory for local authorities to produce an annual plan, after consultation with the community. The FCC came to develop a draft explaining what the council

wanted to do and the financial implications of doing so. This draft was then offered to the public for comment. The annual plan came to constitute the conditions of possibility for strategic planning in a number of ways. It incited a “band of committed planners” within the FCC to start “plotting the next step to strategic planning heaven” (Former City Manager). The existence of this latent group suggests that the entry and success of discourse is facilitated by an existing group that is already disposed towards this form of truth. This group would have embraced this discourse through their prior experiences especially in previous employment²². As already indicated in chapter seven, a number of public sector managers now have a private sector origin, and have joined the public sector already believing that the public sector should mimic the private one. The technical services manager described this group in these terms:

We were a three tier team, linear model strategic planners than strategic thinkers, then we had a group of specifiers, asset managers (both being purchasers), then the service providers which was the City Enterprises with interdependencies between these three and a strict focus on one element of what we were doing. You have to respect the interdependencies between this group, a willingness to make things work and to act in a business-like way (Technical Services Manager).

The members of this group saw themselves as “doers” out to make the FCC operate in a business like way. This period was also characterised by increasing central and local government withdrawal from the delivery of a number of services. The requirement for public participation in the annual planning process therefore provided citizens with an avenue through which they could express their dissatisfaction with these developments. This participation was marked by an increase in the demand for services from local citizens but which the FCC was ill-equipped to meet:

Having said that, it did not take long after the annual planning process to reach its limits. In particular, both the council and the community began to get frustrated with single year focus of the annual plan. Each year, the council would be subjected to a multitude of requests for services and projects from the

²² Kearins (1997) argues that this way of thinking had permeated local government long before the 1984 Labour Party victory. Some of these managers would have been convinced by it so that by the time the reforms were instituted, they were ready and willing subjects.

community. The council would be unable to respond to them all, but not only that, lacked a clear long-term framework against which to evaluate requests (Past City Manager).

The increase in demand for local government service reflects a contradiction, that while the policy delivery split had seen a diminution of local authority provision of services, it had witnessed the proliferation of expectations regarding what these authorities could do (Willis, 1995). This contradiction, it is suggested, is in line with governing in advanced liberal democracies. The local authorities were set to become centres through which citizens could be governed without overt intrusion (Flint, 2003). This phenomenon has been referred to as a shift from local government to local governance, where local authorities facilitate while other agencies take an ever-greater role. The role of local authorities shifts from rule to negotiation (Kearns, 1995; Leach, Stewart, Davies and Lambert, 1992). This view was illustrated in the city vision where it was hoped that the FCC would galvanise everyone in the community into the pursuit of a common goal (FCC, 1996). The technical services manager emphasised that all players had to make a contribution to the city vision, with the FCC playing the role of referee. He identified some of these players as the local business, rate-payers, the local university and the local hospital. Mobilising such un-elected bodies to local governance has however been identified as a threat to participatory democracy. This development however accords with government efforts to devolve responsibility and shift blame for the failure to achieve outcomes away from politicians to managers while at the same time enabling control over professionals (Llewellyn and Tappin, 2003).

The staff who favoured strategic management were able to tap into these undercurrents of dissatisfaction, enabling the annual planning process to be problematised and a search commenced for a rational framework for addressing these concerns. These discussions were bolstered by regular reports from the Office of the Controller and Auditor General that cited the limitations of annual planning while promoting a longer-term approach to the

management of local affairs (see for example Office of the Controller and Auditor General, 2000; 1993). Within the larger public sector, strategic thinking was getting embraced with tentative steps towards the development of strategy for the whole of government and concerns to link it with departmental objectives (Boston and Pallot, 1997). The involvement of all these agents in bringing about strategic rationality accords with governmentality (Rose and Miller, 1992; Miller and Rose, 1990).

The entry of strategic rationality at the FCC was part of the ongoing and wider changes to the structure and functions of the FCC following the 1989 reforms. The city manager, in a memo to the council in 9th March 1993, lauded the achievements of the FCC since 1989 but pointed out the need for it to “adapt to its changing environment”, capturing the discourse of innovative and flexible organisations then in vogue. He placed strategy at the centre of this adaptation. He outlined the need for the FCC to have “a vision of where local government is headed, and how we need to prepare ourselves for that”. He saw the FCC as facing “increasing competitive pressures”, becoming “increasingly more strategic oriented in both its approach and thinking” and a strengthening of the relationship between the council and the community emanating from such a strategic focus. He surmised that the FCC needed “a structure that is able to meet an increasingly competitive-based approach”, “a strong focus within the organisation on corporate and strategic planning” and “an organisation which is much more outward oriented, than inward focussed”. The door for the entry of a discourse of strategy was widely opened. Strategic planning at the FCC began in earnest in 1993 when the council established a strategic planning unit.

The strategic approach became associated with the adoption of practices that emphasised a rational approach to the solution of public sector problems. Staff and councillors throughout New Zealand local authorities were enticed to

think “strategically” while members of the community were invited to make their views on the long-term direction of the city known:

Since 89 I would say that the whole concept of strategic planning, strategic thinking has begun to infiltrate this council and other councils throughout the country. So for example the city vision was a very long process that came out of considerable community consultation...that was probably one of the most important turning points in terms of strategic thinking but I think at that stage we created a new department called strategic planning and that phraseology was deliberate and from that point on it would be fair to say that there were a number of changes in senior management thinking and of councillors. That was an interesting political experience to take councillors who previously had very little strategic thinking experience from a political perspective to suddenly introduce something like the long term financial strategy and the 10 year financial plan, that was a very difficult process for a lot of those councillor politicians...(Manager, City Library).

The entry of SPMS was also facilitated by the purchaser provider split at the FCC that took place in 1994. While providers were to deliver goods and services specified by the purchaser arm, the latter was to ostensibly engage in a broader, longer-term look at the needs of the FCC. SPMS were also given impetus by the Local Government Amendment Act (No. 3) 1996 which required the FCC to specify the financial implications of all its activities and programmes. This legislation, as will be indicated later, ushered in far-reaching changes to the strategic and operational management of the FCC. It provided a financial threshold against which all activities of the FCC were to be evaluated and became the norm towards which managers of the various units strove. It constituted citizens as a community made up of individual customers who were then invited to act as another point of gaze at the activities of the FCC. The citizens were to govern themselves on the basis of the exercise of their individual freedoms as customers. This legislation escalated the need for strategic planning:

As far as legislation is concerned it requires a long term financial strategy which goes out a minimum of ten years and so really the implications are unless you have got a strategic plan you can't really plan things out. So you really need a strategic plan to allow you to develop a long-term financial strategy so you could argue that the long-term financial strategy is just a financial model behind the strategic plan (Services and Facilities Manager).

The strategic process came to encompass a vast network of practices and technologies that managers hoped to use to direct the conduct of FCC staff on the basis of a strategic rationality. These practices included the city vision, the strategic plan and the business plan, among many other plans. One of the councillors explained that the council had previously developed over a hundred plans that were hardly connected with each other. This underscores the desire among managers of the FCC to govern the entire space of the local on the basis of a strategic rationality. On the other hand, it reflects the eternal disjuncture between rationalities and the outcomes of such rationalities (Foucault, 1991b). Such a chasm does not however dampen the search for ever better ways of governing domains (Rose and Miller, 1992; Miller and Rose, 1990) as discussed in chapter nine.

This search is reflected in the FCC report of July 1999, which sought to develop a framework for linking individual performance with the strategic plans and city vision. The prevailing approach to individual performance was found to be problematic for it did not provide strategic direction in addressing issues and did not connect individual performance with city vision goals. The report concluded that “appropriate mechanisms for measuring individual Management Team members performance as part of the process of developing the council’s new performance system, the ‘Balanced Scorecard’ (BSC) be developed and enacted. A translation was established between strategy, the individual worker and outstanding performance:

...the reason 9 out of 10 organisations fail to execute strategy is that “strategy and individual performance are not clearly linked”. Without a clear understanding of the responsibility each unit has, and in turn each individual, to achieving the organisation’s strategic direction, we may well be heading for OPIWA - Outstanding Performance in the Wrong Area!

The proposed framework sought “linkages through the organisation, from Management Team to Unit to individual”. The report stated that “the need to ‘personalise’ the organisation’s strategic direction is a key element in effectively executing strategy”. The BSC had programmatic dimensions, for in it was

expressed the hope that its use would enable the organisation to identify critical strategic targets and the measures of effort towards those targets; link strategic, tactical and operational levels, and inputs to outputs and outcomes; specify councillor participation in the development process and facilitate staff participation; balance financial and non-financial measures; and enable a “debunking of myths” that affect the organisation’s ability to effect strategy.

The proposed framework had two main parts. The first part was a tiered system that reflects the organisational structure and the corresponding strategic plans for the council. The second part consisted of perspectives on strategic leadership, financial sustainability, developing people and customer service, which were considered to be the important areas of council. The “developing people” and “strategic leadership” appear to have substituted those of “innovation and learning” and “internal process” in the BSC (Kaplan and Norton, 1992). The key plank of this framework is that the city vision should drive what happens in all the perspectives and the organisation should be able to measure what is happening in each of these perspectives both at the organisational, unit and individual levels. The framework then sought to develop the critical success factors for each of the four perspectives, these being the goals to be pursued and from which appropriate performance measures would be derived.

The search for mechanisms of governing the council on the basis of strategic rationality as represented in the 1999 report was followed by another report in the year 2000 entitled “Establishing a Business Case for Governance”. The report sought to study “the impact of both planning and performance management processes on organisational effectiveness” and suggested ways in which a more integrated approach to the delivery of services to the community” could be achieved. This report underlined the importance of having a performance measurement framework so as to establish “what performance is expected of it, what is being measured, what is being delivered

and what result is being achieved". The report expressed the hope that such a framework would be the basis for business plans, besides showing the organisation's capability needs. Acknowledging the work so far done with the BSC, the report suggested the adoption of the "New Zealand Business Excellence Framework" (NZBEF).

The NZBEF model, which incorporates dimensions on leadership, strategic planning, customer and community focus, information and analysis, human resource focus, process management and organisational results would enable the individual's performance to be measured on a broader range of dimensions. The BSC would not be abandoned but would merely be a business-reporting tool to report the "organisational results" dimension of the NZBEF. The NZBEF framework would provide a means of benchmarking organisational effectiveness, besides providing a mechanism for understanding how governance and planning contribute to organisational effectiveness. It would also be a valuable input to the planning process by enabling the council to set priorities on the important areas for improvement:

The use of this criterion would enable a comprehensive audit of the current planning processes - from community-based, outcome driven policy to the measurement of individual performance and support the development of a truly integrated planning process.

The 2000 report proposed the establishment of a project team that would develop a conceptual map of the council's current planning processes for managing the outcomes of the city. Such a conceptual map would identify where linkages do and do not exist between components of the planning process, why and with what consequences on the organisation's ability to deliver desired community outcomes. This report was among the efforts that sought, *inter alia*, to link individual conduct with the strategic process, especially the outcomes that the council was to achieve. The resulting system sought to link individual performance to the strategic process and the overall organisational goals.

Governmentality, as already indicated, is a reflexive activity (Rose and Miller, 1992; Miller and Rose, 1990; Miller, 1990), hence the strategic plan and the long-term financial strategy continued to be the focus of criticism at the FCC. The technical services manager was for example, of the view that these two processes were not properly integrated. The strategic planning manager thought that the long-term financial strategy had diverted attention from the strategic plan. The conclusion that emerged was that the LTFS could not meet the needs of the community because it emphasised the financial perspective and was not integrated to a larger strategic framework. These criticisms have culminated in new legislation, the Local Government Act 2002 that requires local authorities to develop a long-term council community plan (LTCCP). While the LTCCP has emerged from the perceived failings of strategic management in local authorities, it reaffirms faith in a strategic rationality to effectively manage local authorities. This echoes the criticisms levelled against accounting in the context of American manufacture's loss of competitiveness, but where solutions were seen to lie in accounting (see Miller and O'Leary, 1993; 1994). SPMS therefore appear to have become a common practice within the FCC through legislative enactments and independent FCC initiatives. The following subsection analyses the rationalities informing these practices.

8.2.2 Rationalities of SPMS

SPMS represent a modality of government that privileges strategic rationality over other forms of rationality. These practices can therefore be said to have truth effects (Foucault, 1980d). The strategic plan was not just the outcome of local government change, but was a technology through which change was constituted. The Mayor warned that the strategic plan marked a phase where subsequently things will be done differently: "It is important to realise that, as a result of this strategic plan, the council will be doing things differently in the future" (FCC 1996, p. 2). Strategic planning was expected to change the way of thinking and acting in the council in the coming years. The governmental

potential of strategic planning was shown by the fact that when faced with problems, these problems were defined in terms of strategy. The Mayor defined the social and economic problems facing the city in terms of previous lack of strategic thinking and their solution seen as lying with a coordinated strategic approach. The centrality accorded strategy was illustrated by a 1998 council report:

It should be noted that understanding the planning process will not be achieved by creating a hierarchical diagram of a planning network. It fails to capture the richness and interdependent nature of direction setting, strategic policy development and deployment, and performance management. It also fails to identify the impact of how effectively the roles and responsibilities of elected representatives and management are performed, upon our success in achieving strategic outcomes.

The strategic plan and city vision were to be the avenues through which strategic rationality was to bear on the activities of the council. The city vision was to provide the big picture of the city and therefore act as a guide in terms of which areas or projects were to be emphasised and which ones were not (cf. Oakes et al., 1998). The city vision and strategy generally provided rational criteria for choosing from any number of competing projects. The strategic approach was therefore an arbiter between competing priorities and was seen to remove such decisions from the realm of political contestation: "The council is committed to three overarching principles, economy, community support and fiscal responsibility. Every project is measured against these three goals. For a project to qualify, it must support at least one and hopefully more than one of these goals" (The Mayor). The strategic plan was to enable "making long-term decisions on the future of the city and the council", "putting emphasis on the right places and activities" and the "things we want to achieve" (FCC, 1996, p. 2). Through its definition of "our philosophy", "the direction we intend to take" (ibid, p. 2), strategic planning was to provide obvious criteria for choice of projects to achieve such an ideal:

We developed weighting measures, where we give weightings to projects, and councillors score them individually. Those scores matched to develop a basket of weights. We draw a budget line, some of those projects come inside, others outside this budget line. We negotiated the margin, those already in, are given

the ok, those outside are excluded. The process provides a democratic opportunity to evaluate projects at the individual and combined level. The strategic plan is reweighed to the three goals of economy, community support and fiscal responsibility. This led to the development of the long-term financial strategy, the setting of long-term priorities. These are reviewed every year (The Mayor).

Strategic planning was expected to be a way of life that would transform its members from involvement in “petty” day-to-day operational activities to greater cognitive processes that would transform the city in the desired direction. The customer services manager however explained that strategy was crucial to the day-to-day operations of the council by providing the rationale for action. Strategy made it clear at the outset what the basis of decisions regarding various issues was going to be. These two positions would suggest that strategy was expected to play a pivotal role in both the long term and day-to-day working life of FCC workers:

It is crucial, if you do not have a strategy you can't operate on a day to day basis. The strategy really sets the direction for you to find why you are doing things and you really have that upfront to make decisions on individual issues when you are doing things so it is critical, very critical (Manager, Customer Services).

These expectations suggest that strategy meant different things to different people. This ambivalence is not surprising, for the strategy literature does not provide a universally accepted definition or purpose of strategy (see Mintzberg, 1987a; 1987b). Thus while many of the managers felt that strategic plans did not sufficiently guide their day-to-day work, some felt that they had not directed focus away from operational activities, as they would have expected. The customer services manager for example argued that “We are still driven by our day-to-day work and we are still focussing on fire fighting too much”.

These expressed disappointments notwithstanding, the managers at the FCC appear to have embraced strategic thinking. The strategic planning manager opined that “we have done general work trying to look at what kind of city we need in the future” while the corporate services manager conferred primacy on

strategy by asserting that “Everything that we do ultimately has to be guided by the city vision”. The strategic planning manager however explained that “we get overwhelmed by some of the events” such that no reference was made to the strategy though they had undertaken various initiatives to bring strategy to have greater bearing on their work. These efforts were however being frustrated by a number of pressures, which the corporate services manager summarised thus:

...but sometimes because we are so busy matching dollars with work we forget the city vision. Because the pressure is so high to manage day-to-day you do not stop to say hallo is it according to city vision, so there are times you tend to forget what it is you are doing things for... I think we could do better because sometimes I think we are very reactive, we only manage because there is a crisis we don't manage by objective, there is crisis let us do it (Corporate Services Manager).

These pressures apparently made managers “almost lurch between initiatives without any sense of plan of action” (Corporate services manager) but did not stop them from “thinking about things long term”. This contradiction suggests that the staff were desirous of bringing strategic reasoning to bear on their work, but the nature of their work was such that it was not possible to plan long term. The staff made decisions without reference to an existing strategy, but since they believed in strategy, the decision was later justified as having emanated from a strategy. Strategy is therefore a technology employed to rationalise already made decisions. This behaviour accords with Foucault's argument that practices are rarely in line with the rationalities in the name of which they are promoted. In the following quote for example, though the respondent agrees that there was no strategy at the beginning of the sale of the Council Building, she concludes by saying that the sale was a strategic decision:

But it (sale of Council Building) was not the result of a clearly thought out strategy regarding what we needed to do about tourism, or economic development, it was more a knee-jerk reaction; here was a problem that needed fixing. Quite a lot of work was done to look at the potential for hotel and market and then that was put on hold for a while, then a local agent came to council with a proposal. The strategy in this case was created in response to a fiscal problem in a way (Manager, Strategic Planning).

SPMS was to engender a concern by managers for the whole of the council and not just their own unit. The library manager stated that strategic planning would engender "corporate thinking" that would compel individual managers, who had created their own "fiefdoms", to think about the whole the council. He argued that strategic planning will generate cooperative effort by breaking departmental "patch protection", making each department visible to the others. This visibility suggests that managers would become accountable to each other:

Previously you had nine departments in this organisation each of those departments basically run their own empire the way they wanted to run it and there was very little corporate thinking there was very little in the way of strategic thinking in the way of what is now taking place (Manager, Library).

This manager's use of the expression "corporate thinking" reflected how far the faith in private sector methods to solve public sector problems had become routine. He was echoing the prevailing discourse against professionalism that had formed the conditions of possibility for the changes to the public sector. The City Library manager welcomed strategic management a cure to this mode of government that had come to be associated with empire building.

While promoted as a rational approach to breaking "patch protection" (Manager, City Library), SPMS were hoped to shield managers from ad hoc events, crisis and politics, reflecting a preference for rational planning over political pluralism (cf. Carter, et al., 1992). Such an approach, it was hoped, would create certainty regarding the type of city people wanted and the way to achieve that. The managers were therefore expected to get on with their job of achieving this ideal, unimpeded by politicians. This approach was in line with the policy provider separation, where managers were to be left to manage, while politicians merely formulated policy. It reflected the difficulty of blurring the boundaries between policy and management that have been discussed by Stewart (1996). The library services manager summarised it thus:

Strategic thinking is thinking in a deep manner, it is not political expediency, it is not about jumping because a local pressure group has said take this course, so one of the dangers with strategic thinking is that in the public sector it is always in a political context and that political context is far from exhibiting enormous intelligence. At times this horrible thing called political expediency, personal

egos, hidden agendas, all those things mitigate against strategic thinking too often (Manager, City Library).

While the City Library manager was being realistic about the practice of decision-making and the political process at the FCC, implicit in this was a hope for a neutral, value-free technology that would bracket local authority decision-making from political issues, leaving managers with the right to manage. This position privileged managers while demeaning the political process again reflecting the potential conflict when there is an attempt to clearly delineate policy from its implementation (See Stewart, 1996). While expressing solidarity with democratic ideals, the strategic planning manager hoped for an approach that would minimise the delays ostensibly caused by prolonged public debate. She considered the requirement that councils consult the public regarding the annual plan and the long-term financial strategy as hindering timely decision-making. Instead, she expressed the need for an approach akin to the private sector one where discussion could be expended with, believing that the future will justify the decision:

Although public scrutiny is part of our democracy, it has its downside in the area of being able to make quick decisions and respond. It is quite interesting. I have been on the board since the middle of last year and there is quite a vigorous debate. It feels like everyone is trying to work towards the same outcome, but while we are at the council table, that is not the same. Private sector boards I can imagine would be a lot more focused in terms of key results they want to achieve. Sometimes to achieve something long-term, you have to make uncompromising decisions short term, but in political life that is very difficult, suicidal (Manager, Strategic Planning).

Strategic planning was promoted as a rational tool for creating consensus, helping bury conflicting views by removing decisions regarding the type of city from the political to the neutral and value-free. Though it was recognised that people did not and would not have the same views regarding what type of city they wanted, great hopes were vested in a rational approach to achieve this goal. The disagreements and differences which the city vision was to help resolve were however political problems. Politics is about the contestation of space and time on the basis of different values and perspectives regarding the

good society. Managerial rationality could not paper over these issues, as it was to emerge later. These hopes were to turn to disappointment as the political nature of the issues facing the FCC manifested themselves. Governmentality is however eternally optimistic (Rose and Miller, 1992) with the strategic planning manager retaining the hope of achieving consensus with more strategic consultation:

There are some councils who are very much like us, but I think for whatever reason council has not come up with a cohesive group. It doesn't have a sense of shared values and sense of ambition, and the politics of do I get most profile out of what tend to get in the way of such cohesiveness. This may be because the current councillors may not have enough exposure and input to developing a long-term view. Some of that work we have done before and I think when planning for a community with very diverse opinions, to be able to acknowledge or accept those differences but still have a sense of direction or purpose is a challenge and may be we have to do more bringing the community on board (Manager, Strategic Planning Unit).

The corporate services manager could not see how else the organisation could "position itself" or coordinate the work of its various units without the clarity of direction or knowledge provided by the city vision. The notion of positioning echoes that of strategic positioning found in the strategic competitive advantage literature (Porter, 1985). Strategy was to be the mechanism through which the FCC would know what the citizens want. It would also be the way through which the FCC managers would account to the community. The city vision and strategic plans were therefore viewed as a mechanism through which the community would become knowable to the council and through which the council would be knowable to the community:

If you do not know where you are going, how can you position yourself? How do you know what your left hand is doing from the right? That is why they brought it as a forceful legislation because if you do not have a legislation (it) won't do and if (it) won't do one day people would wake up and say oh my God, you know the example of Orange County in the USA, how can you stand up before ratepayers and say you are doing the best for the city if you have not put together a dream or a vision this is what the city is. Because they may want something else they don't want your parks, roads, etc. You must have an understanding between the council and the community that this is what we want (Corporate Services Manager).

This emphasis on community needs as driving the council decisions in a “responsive” manner accorded with the reconstitution of relations between citizens and community as that between a business and customer (cf. Reid, 1999). The SPMS were therefore a discourse through which the community also became constituted as made of customers. Since the council did not have a “consumer”, then the members of the community would undertake the roles of one by making their needs known via the strategic plan:

Private sector has got market consumer...because the organisation has to serve community needs, the more reason why strategic thinking must go to the public because you are planning with no product in mind so it is very important to have a framework in mind (Corporate Services Manager).

Responding to a question regarding how FCC had managed without a strategy for so long, the customer services manager provided a contingency explanation of the imperative of strategy that drew on managerial discourse. This included the popular discourse about how communities have become more aware of their rights and their needs have become more complex that is echoed in the consumer literature. For these reasons, the FCC could not do without a strategy:

Yes, if you didn't have a strategic document you would end up with a city, it would still exist, things would be done. Others though argue that society and community is far more complex these days, people are far more aware of their rights and they demand, not ask to be consulted and involved. You only have to look at the sell of the building to realise that that was a management decision but everyone is screaming “you didn't consult with us”, so yes, you could have a city, you could have things happening, you could still have parks but what you end up with is a greater gap between the community you are serving trying to meet their demands and what you actually decide to do. The other thing also is the community have greater expectations and demand greater value for their dollar and they want to see what we are doing with their money... One thing I have noticed since I have been on the local body and that is my whole career, I have noticed that people are far more challenging of the right of council to tell them what to do, they are far more critical when they don't get what they want... (Manager, Customer Services).

One of these contingencies was the proliferation of diverse groups within FC. The rise to prominence of community in the government of local spaces has already been discussed (see Rose, 1996b; 1993). The customer services manager

explained that strategy was a rational mechanism for responding to the increased and diverse demands on the council especially by large and diverse interest groups. These groups were also associated with a community that demands to be heard:

...may be it is more of an issue of you know there are probably so many interests out there, by the time you go round these interest groups and tabulate what they want you end up with a document that is big. There is a lot more interest groups, a lot more little groups around the community than there has ever been. They have this little issue to push and we didn't have that ten fifteen twenty years ago (Manager, Customer Services).

This manager however in the same vein explained that strategy was required because of legislative requirements that had forced councils "into doing more things rather than leaving councils to go and do what they wanted to do". This suggests that the government's hand was not as invisible as it would have wished. He also explained that the FCC needed a strategy because "it is a belief that you have to be seen to be doing things", casting doubt on its claimed imperatives. This position is in line with an institutional theory explanation for the adoption of SPMS at the FCC. This would suggest that the move to a strategic approach was to satisfy legislative requirements and to convince stakeholders that the FCC was behaving in line with certain expectations even where the reality may have been different. This way, legitimacy was derived from appearing to conform to certain modes of behaviour (see DiMaggio and Powell, 1983).

It has already been indicated that SPMS were intertwined with the policy delivery split where the policy side specifies the outcomes while the delivery side provides the services against the outcomes. SPMS were hoped to be a technology for enabling FCC's internal business units to achieve a position of competitive advantage in the internal market. The technical services manager explained that SPMS would give business managers leading information on which projects were coming up, enabling them to position themselves better *vis- a- viz* the competition:

Since we were dependent primarily on internal work, those documents like the city vision, the strategic plan, these were pretty important to us, because they signal what work is coming up to the organisation and how we should reposition ourselves to secure our work (Manager, Technical Services).

This position of competitive advantage was however to extend beyond the internal markets to the national and global sphere where strategic planning was hoped to help counter competition from other cities for business and people by enabling a rational approach to making the city attractive. The Mayor explained that the FCC was facing increasing pressure from Auckland and from other cities for people. The FCC therefore needed to make its city attractive socially and economically in order to attract people, through, among other things, planning for their infrastructural assets and economic development. Strategic planning was therefore governmental as a discourse for building community, which is in accord with governing the local in advanced liberal democracies (see Rose, 2000; 1996a; 1993). Government was to be achieved through self-governing communities who would pursue their own interest, achieving the national interest. The strategic planning manager explained:

As a nation we are now finding ourselves in an extremely competitive environment both internationally but also internally where communities and cities are competing very strongly especially whether for or against the greater migration to the city of Auckland for both people and business. So cities and communities had to take stock and make sure they were providing for economic development within their communities, that they were providing an attractive environment for business and people to locate that they were able to maintain a healthy social environment by ensuring that they had economic growth and they did have planned and proper asset management for their infrastructure otherwise quite frankly communities were getting left behind and simply regress...(Manager, City Alive!).

In sum SPMS had their conditions of possibility in the reforms to local government that ushered in mandatory annual planning accompanied with public consultation. This process enticed managers within the FCC who were already disposed to strategic management to seek to introduce a longer term and wider approach to the government of the FCC. SPMS were constituted as a form of truth where a rational approach was promoted that privileged

managers over the political process. The success of SPMS partly drew from their claimed ability to enable the FCC managers listen and accede to the wishes of the community, while in the same vein expressing their desire to make decisions without “wasting time” on talk. Some of the managers therefore expressed a longing for private sector methods where decisions were made with the long term in mind, irrespective of the effect on the democratic process. Strategic planning was an important mechanism for efforts to govern the local spaces through constituting citizens as customers and communities, which is in accordance with governing in advanced liberal democracies (Rose, 1996b). SPMS had become a common practice with any issue inviting the development of a strategy for it and with ongoing efforts to link individual work to the strategic process.

8.3 Governing the FCC with SPMS

The practices of SPMS were implicated in the government of the local in two broad ways. One, city vision, the annual plans and the long term financial strategy were part of efforts to constitute the citizens of FC as a community and to have them express what kind of city they wanted. Two, numerous individuals and agencies within FC were invited to individually and collectively work towards the achievement of the ideals expressed in the city vision. The strategic plan was the mechanism through which one such agency, the FCC, sought to make its contribution to meeting the needs of the community. This section analyses the way SPMS practices were implicated in the constitution of community and how they became mechanisms for agencies to govern on the basis of a discourse of community. Specifically, it examines how these practices reconfigured the activities of the FCC so as to make the needs of the community knowable and the efforts towards meeting these needs visible, calculable and governable (see Rose and Miller, 1992).

8.3.1 SPMS and the Constitution of Community

The discourse of community as indicated in chapter five is very important in the government of the local (see also Schofield, 2002; Rose, 2000; 1996a; Isin, 2000; Flint, 2003). It represents a modality of government where individuals are governed through their exercise of freedom as members of their communities. This sub-section analyses the ways in which the citizens of FC were constituted as a community. Beside the discourse of community that accompanied the local government legislation, it is suggested here that the discourse of strategy played a pivotal role in constituting this identity. The technology through which this was achieved was the annual plan and the city vision and the subsequent strategic process that was installed at the FCC.

The annual plan was a continuation by the state with its efforts to govern the local through the discourse of community. It enabled the community to be constituted through inviting its members to participate in the annual planning process. Since processes of government are intertwined with the will to knowledge (see Foucault, 1982), the annual plan served as a mechanism through which the needs of the community were to become known to the FCC where they will be acted on in a responsive manner. Responsiveness as previously indicated constitutes the community as made of customers with needs that have to be met as quickly as they arise (Reid, 1999). The annual planning process therefore sought to constitute citizens as community and customer, a dialectic that is in accord with governing in advanced liberal democracies (cf. Rose, 2000; 1966a; 1993; Isin, 2000). The annual plan of the FCC spelt out this relationship:

The Corporate Plan is the Council's public statement of intent. The community is quite entitled to judge the performance of the Council on how well it has achieved the targets and objectives it has set itself in this document...That brings us back to the whole purpose of preparing a Corporate Plan with public participation in the first place: to improve the accountability of the Council to the people it represents (FCC, 1990, p. 5)

The annual plan was also governmental in that it promised to make the FCC's activities known to the community. It provided a mechanism through which the community would gaze into the activities of the FCC and be able to judge whether the conduct of its members was in line with meeting the needs of the community as expressed through the process of consultation. This way, the annual planning process enabled the community to act on the FCC at a distance through knowledge of its activities as expressed in the annual report. The community would then be able to vote out a council that was deemed not to be working to meet the needs of the community:

If people have questions or comments about any part of the Corporate Plan they can contact the Corporate Policy Unit of the City Council. The public will be assisted in that evaluation by the production of an annual report by 30 November 1991, which will assess the performance of the Council against all the policies, objectives, targets and so on, that have been contained in this year's Corporate Plan (FCC, 1990, p. 5)

The annual plan as indicated, however could not help the FCC identify, anticipate and meet increasing demands for service from the community. The FCC introduced the city vision, which it was hoped would play a pivotal role in further constituting the citizens of FCC as a community and as consumers. The process of building the city vision was conducted by the city manager and a few other managers who were enthusiastic about a strategic approach to governing the city. It was this core group that went out to enrol more managers into strategic thinking and mobilise the "community" into this approach. The city vision was used as a technology for mobilising collective effort towards the idea of community (cf. Rose, 1996b) based on common ideals of what their city should look like. This cohesion was to be achieved through a lengthy consultation process at the end of which citizens of the FCC indicated what kind of city they would like to live in. This city, it was concluded, would enable the residents to "live, learn, work and play" (FCC, 1996, p. 2). These entreaties were made in seductive language that sought to enjoin everyone through the use of "we". It evoked the romantic image of community as

togetherness, shared values and collective effort that has made it so popular in modern discourse (see Schofield, 2002; Harrington, 1997).

The city vision was expected to present the various possibilities or scenarios that the city could become. These scenarios sought to capture the diverse hopes and aspirations regarding the kind of city citizens would like to live in. These scenarios were drawn from planning discourse regarding the kind of cityscapes that would eventuate from taking certain courses of action presently. This way, the packaging of future cities into scenarios created certain constraints of choice: if citizens chose one, they were bound to a certain mode of action and living. While this appeared to be their choice, the options available to them were clearly defined by the discourse of a modern city as presented by the managers of the FCC. These scenarios therefore appear to be mechanisms through which citizens of FC exercise their choice of the kind of city they wish to live in, but in exercising this choice enable their own government in line with the political ideals of FCC managers (see Flint, 2003; Rose, 2000; Isin, 2000).

The scenarios were also important in attempts to constitute the community, for they presented the options around which discussion was to centre. This technology would bring people together to talk about and reach consensus regarding what kind of city they wanted in the long term. This aimed to constitute community as consensual and as working towards a common future. The strategic planning manager was of the view that "The city vision...has been successful from the point of view that it got different people in the city talking to one another generally and coming to an agreed way regarding what kind of city they want" (Manager, Strategic Planning).

The vision was to be a mechanism for galvanising individual and collective effort towards this utopian city. This ideal was to be achieved through leveraging the city's strengths in education, research, knowledge and life-long

learning. The latter strength was described as being the future of New Zealand, suggesting that the FCC was contributing its part to the future of New Zealand. This suggestion is in line with the individualising and totalising nature of governmentality (Foucault, 1991a). This discourse is a way of mobilising communities into a norm where they can see themselves as pulling the rope towards a better New Zealand. Education and knowledge were seen as vehicles for creating business and employment opportunities. These strengths were seen as ways of building "an exciting community we enjoy living in" (Future City, 1996, p. 3). The city vision became like a battle cry "Now is the time to start making things happen" (FCC, 1996, p. 3).

This battle cry appeared to be a statement of partnership, common purpose and belonging. It also appeared to be an avowal, a confession, of the community's innermost dreams regarding what city they wanted to live and work in. The vision also represented a confession about the past failure of the FCC to achieve a better life for their communities. This confession was based on the discourse of what kind of cities could be achieved given present courses of action. The process through which the community came to express itself, may be viewed as a regime in truth telling (Foucault, 1979). The citizens may be viewed as searching for a new identity, which subjectifies them on the basis of a discourse of what it means to live in a modern city.

The city vision represented the expressed desires of some members of the community and was to be a technology for guiding citizens' daily lives. Through the vision "The Council encourages individuals, business and groups to start their own planning for a common future under the umbrella of the city vision" (FCC 1996, p. 3). The vision sought to govern the community by inviting them to participate and share in the dream of a new and "better city" and to work towards its realisation. "We will work with our community to build a better city" stood prominently as a statement of the utopia to be pursued: "It is *our city, our future* and we all need to plan for it and then work

hard to put these plans in place” (FCC 1996, p. 2). This way, the vision acted as a technology of the self that enticed members to work on themselves so as to become members of the community:

This vision is for the whole city. The Council recognises it has a major role to play in ensuring that it is achieved – hence this strategic plan. However, the Council also recognises that it cannot achieve the vision on its own and is urging all residents, groups and businesses in the city to develop their own strategic plans – either informally or formally – to work out what they can do to help achieve our city vision (Pricing Manager).

The vision also provided measures that would indicate progress towards attaining the chosen city. The city vision listed nine “Key Result Areas” (KRA), which the city had to undertake to achieve the city vision. These areas were: quality of life for residents; *Tangata Whenua*²³ partnership; diversity; an exciting and attractive cityscape; that residents learn for life; growth in employment and the range of work available; growth in the range of leisure opportunities; growth in the education sector and growth in research and knowledge (FCC, 1996). Each result area sought to achieve a number of objectives, each of which had a target attached to it. Monitoring these targets was considered necessary to indicate progress towards the city vision. The need to capture each aspect of the life of the FCC as a KRA in such meticulous detail is consistent with Foucault’s argument that “For the disciplined man, as for the true believer, no detail is unimportant” (Foucault, 1977, p. 140). This approach installed practices that emphasised rational division and calculation of activity as the way to direct conduct. The approach expressed the dream that the local could be governed through a calculated knowledge of its activities (see Flint, 2003; Rose, 2000; Isin, 2000).

This regime of measurement and calculation enabled local authority activities to become auditable (cf. Power, 1997). The FCC was required to annually

²³ *Tangata Whenua* is a reference to the Maori who are considered to be the indigenous people of New Zealand. Literally, it means the people who own the land, but it is used to capture the close interconnection between the Maori and their land. The term *whenua* or land is used broadly to include not only the surface, but all there is on it, above it and below it.

prepare a monitoring report called the city vision report to indicate progress towards the KRA of the city vision. This report would enable judgement as to whether the vision remained relevant and whether members of the community were working towards a better city. It would also be a normalising technology for it could glorify effort towards the KRA while enticing those who fell short to work towards these thresholds (see Foucault, 1977). The monitoring had become the basis for a review of the city vision and the activities to bring it about:

Progress towards the city vision and the Council strategic plan will be monitored annually and both plans will be reviewed every three years to ensure that they remain relevant to the needs of the city and the Council. Each year, the annual plan, which details what we will be doing in that particular year, will be developed and considered in the light of the strategic plan (FCC, 1996, p. 2)

The constitution of community interpellated citizens to gaze into the activities of the council. The manager strategic planning felt that this requirement had made councils more accountable compared to the 1970s and 1980s. This manager along with the manager for customer services and regulatory and a former chief executive felt that this increased accountability had intensified the expectations among the communities of the FCC regarding what the council could do. The central government had set in motion a process that would direct focus away from it and instead centre it at the local authorities that found themselves shouldering ever-greater expectations:

I think if you did a comparative analysis of councils in the 70s and the 80s with the way councils are functioning now there is far more accountability to the communities. In fact in some areas it has gone a little bit too far. There is a fair amount of evidence that a sizeable part of our communities believe that we can solve too much and that there is an element of leadership that council should be taking in just getting on and doing the job (Manager, City Alive!).

This section can be summarised thus: the city vision sought to constitute a community bound together through a shared view of what kind of city its citizens wanted. This community was to contribute collectively towards the achievement of this city. The discourse of city vision enticed members to belong to this community through the use of words such as “we” and the

discourse of “this is our city”. This discourse was governmental for it sought to incite people to live their daily lives in line with the city vision. The communities once constituted would express their needs and the financial implications of these in the community development plans in addition to the statutory consultation procedures. There is however a tension between the discourse of community and that of individualism represented by the discourse of the customer (see Schofield, 2002). The spirit of the reforms was to make individuals responsible for their costs on the basis of which they demanded services as customers of the council. Yet, the city vision and even the reforms enunciated the idea of community, which implied the sharing of burdens. This may however be understood in the context of the dialectic of control versus individual freedom. That while governments recognise the need for control, this must be exercised in the context of individual freedom. The following subsection analyses how SPMS became the relay and linkage between the community and one agency, the FCC.

8.3.2 FCC and the Government of Community

The FCC was the main agency around which the government of the community was to revolve. Through the adoption of SPMS practices, the FCC sought to know the needs of the community and to direct the conduct of its members towards meeting these needs. Since discipline proceeds through perpetual visibility, the FCC also sought to make this conduct visible and knowable to the community. Within the FCC, strategic practices that included the strategic plan, business plans and individual activity plans sought to direct the conduct of individual members towards fulfilling the city vision. The following sections examine the nature of these practices and their implication in the government of the local.

8.3.2.1 *Making the Community and the FCC Knowable*

Governmentality works through observatories or the perfect eye (Foucault, 1977) through which the individual becomes the object of knowledge that enables him or her to be constituted as a subject. Strategic planning at the FCC may be viewed as such a knowledge gathering mechanism. The strategic plan marked efforts within the FCC to reconfigure its operations so as to be in line with the aspirations of the community as expressed in the city vision. This reconfiguration involved the installation of a hierarchy of accountability relationships that enabled both a vertical and a horizontal gaze (cf. Munro, 1993). This visibility ostensibly provides knowledge to centres within the FCC and outside regarding how various members were working towards achieving the ideals of the community, enabling individual conduct to be governed at a distance. This section is concerned to illuminate the way in which the “perfect eye” (Foucault, 1977, p. 173) of SPMS was built at the FCC. The section seeks to explicate the use of the SPMS processes in efforts to make community needs knowable and the conduct of individual unit managers visible and therefore amenable to direction and control in the name of distant political ideals.

The strategic plan was chosen as the technology through which the programmatic intentions of the city vision could be operationalised at the FCC. The KRA in the city vision became linked to four strategic plan areas: education and knowledge, economic development and business growth, recreation and community development and transport. The strategic plan also defined the roles council would play to bring about fruition of these strategic areas. These included leadership, partnership with *tangata whenua*, people focus and quality of service, consultation and prudent financial management. These strategic areas were linked to the financial strategy, which disclosed the revenue and expenditure implications of the FCC’s contribution. The priority projects for each result area were outlined and the action required regarding each project spelt out. The strategic plan spelt out the activities the council would engage in

so as to achieve the city vision. These activities were specified as strategic planning, corporate planning, corporate funding and investment, life-long learning, education and knowledge, recreation and community development, roading, sewerage, City Enterprises, Future Art Gallery, The Science Centre and Art Museum and Public Library. Each activity contains a mission statement and a description of goals, proposed action to achieve the strategic plan and the financial implications of this. The strategic plan therefore delineated the activities that would achieve the city vision KRA.

The way the FCC responded to the city vision was to map its diverse activities and arrange them in the form of functions each with its plans, goals and programmes that were linked with the city vision. One of the councillors remarked that the FCC had a plan for almost everything, ranging from footpaths to housing. The establishment of plans for each and every activity reflected a concern to bring all the activities of the FCC within the ambit of government. This government was to be based on a norm, the strategic plan. There appears to have been a belief that every activity of the council could be managed rationally:

There are several policy documents that would give examples of how policy-planning influences the decision making of the council for instance we have a housing policy, we have an economic development policy just about every activity of council has a specific policy document (Manager, City Alive!).

The delineation of space is an important approach to achieving disciplinary conduct (Macintosh, 1994; Foucault, 1977). In the case of the FCC, the delineation of geographical and temporal space was aimed at bringing all activities within the ambit of rational government. The plans were designed to cover specific time periods, of one year, three years, ten years and twenty years. This codification of time was aimed at governing the future by making it known to the present. The annual plans were the mechanism through which the strategic plan could be operationalised on an annual basis:

We do not maintain a direct accountability between the ten-year strategic plan and what is achieved every year. Performance is annualised so every year the Council has an annual plan where it agrees to a number of programmes and

projects and operational expenditure. These are aligned to the performance objectives, but there is no formal report that says this is achieving the strategic plan. As an accountability we do report against the strategic plan but not as a direct performance management system (Manager, City Alive!).

The above suggests that the strategic plan did not provide an ongoing surveillance mechanism. The ability of management systems to provide uninterrupted surveillance has been raised by Armstrong (1994). While the strategic plan may not provide such an ideal system, its potential lies in its incitement to the pursuit of a strategic rationality. In the above instance, the manager was incited to think that strategic planning would be more effective if the annual report was able to show the extent to which it had achieved the strategic plan. The recourse to a more intensified strategic rationality was a recurring theme in discussions with the managers of the FCC. As will be shown in chapter nine, even where programmes of strategy failed, managers appealed for more strategy.

The strategic plan identified the programme to be pursued, therefore enabling arbitration between priorities. It provided a timetable when each project is to be undertaken so that as this time approached, the FCC could undertake consultation regarding such a project, seek approval and raise funding for it. The strategic plan provided a step-by-step guide, enabling government over space and time:

Ok well there are two areas with projects that come to mind. The first one is where council has identified within its long term funding strategy that a programme will proceed within a certain timeframe so the long term financial strategy that was arrived at I think in 1997 or 1998 which is a 10 year strategy identified a number of capital developments that would occur. For instance within that strategy was an assumption that the Lido swimming pool complex will be upgraded I think in the 2002-2003 period and as that time arrives the recreation planners within City Alive! start to work through the consultative processes leading to a project plan which would include the reporting framework for reporting and getting approval from the council getting an agreement as to the funding and preliminary estimate of costs and finally title costings to enter into a tender process. So basically that is all in accordance with some strategic planning where you have identified that something will happen within the next 10 years and as the time approaches you start your planning to put the project to proceed (Manager, City Alive!).

The strategic plan formed the basis of governing individual units through a web of business plans, which each unit was required to prepare. The preface to City Enterprises stated that "The purpose of this business plan is first and foremost a management tool for the City Enterprises managers and staff. It is a living document even though it records plans at a particular point in time" (City Enterprises Business Plan, 2000/2001). The business plans spelt out the expenditure, programmes and assumptions for each unit's activities. This linkage between the strategic plans, the business plans and the various committees of council constituted an architecture of discipline (Foucault, 1977) that sought to govern all working spaces in the council. The conduct of the unit managers was directed towards meeting the political aspirations spelt out in the strategic plans and operationalised in the business plans: "This business plan reflects the unit's response to the Council's strategic plan and the long term financial strategy" (City Enterprises Business Plan, 2000/2001). The services and facilities manager summarised it thus:

The council actually sets the strategic direction and this is reflected in these plans...The business plan for our unit is more or less for four significant areas. Besides the normal operations we also have what we call operational programs and capital programs. These are to some extent discretionary; we look at them carefully. We actually in each one of these sheets here, for example we have a programme called sealing and unsealing of roads which is extending the seal to the gravel roads. We plan to have that completed by 2010 which involves, depending on the price, we can do about one to one and half kilometres a year. So then we have the key results areas in the city vision and the strategic plan, so we are saying this program which was first included in 91, 92, is linked to the city vision number one. The Future City strategic plan says we will have no unsealed roads in 2015 so that's a measure there and we just go through all these other headings but really in other words we got to link to the strategies and the vision and link to the strategic plan. But like I say its not as strong as it could be (Manager, Services and Facilities).

The business plans outlined the measures that would indicate progress towards the achievement of these programmes. The business reports were prepared quarterly against the annual plan which in turn formed the basis for financial and non-financial reporting: "Its secondary purpose is to enable the collection of data necessary for publication of the council's draft and final annual Plans" (City Enterprises Business Plan 2000/2001). This enabled units

to be auditable and therefore governable. This tight linkage between programmes, delivery and measures of delivery aimed to ensure that no time-space escaped the disciplinary gaze:

What we do is we measure and check to see that we have delivered this, in other words, we make sure that all the programmes we got in the business plan are actually delivered...all our operational plans have financial and non-financial measures to reflect that...If the auditor this year will say where is that documented and that is a bit about our business plan so we can show the contracts, the deliverables, the business plan, so we can show that we have delivered and show the price...And we do that for all the objectives spelt out (Manager, Services and Facilities).

The business plans enabled each manager to be subjected to regular surveillance on the basis of a number of measures. This was through the requirement to give an account on a fortnightly basis:

We will sort of require that this is reported internally as well as externally in the annual plan, in the statement of financial performance. Issues like the cost of more housing...roading, waste management, through water drains, so we have a sort of management team in here which we do on a weekly basis and we require to report all the operations in our programme so each fortnight each one of those activity managers has to report how he is doing, are you gonna deliver, what is your predicted year end financials and it also gives us an opportunity to coordinate because like we are getting another pipe and also with the roading and its done up and six months later it is completely ruined (Services and Facilities Manager).

The LTFS on the other hand expressed the financial implications and funding for the various activities that the council sought to achieve as spelt out in the strategic plans. The strategic plans therefore "cascaded" one into the other, aiming to bring all spaces within the gaze of a strategic rationality. The city vision was the base document for strategic thinking and spelt out nine key result areas while the strategic plan expressed the operational implications of the vision. The LTFS sought to express the financial implications of the city vision and the strategic plan. The business plans expressed how individual departments were to contribute to the strategic plan and hence the city vision. The business plans in turn sought to link individual managers to departmental performance, the overall strategic plans and to the city vision. These interconnections sought to form a hierarchy of surveillance that would direct

conduct in a way that links the dreams spelt out in the city vision and the steps spelt out in the strategic plan:

Well, eh, the base document for strategic thinking of this organisation is the city vision then you have a cascading down of other specific items such as the nine key result areas, the annual plan process linked to the financial perspective, there is the long term financial strategy, there is the funding policy, so I guess the starting point is the city vision then one moves down into other documents, other activities down to the library itself where we have our own business plan and that in turn is fed to the management team of which I am a member and then from the city vision you can get down to an individual member of staff (Manager, Library).

The FCC, it can be surmised, sought to reconfigure its activities on the basis of the community through the construction of plans for each and every activity of the council. The strategic plans enabled the installation of observatories that would make the activities of members of the FCC knowable to power. These measures sought to ensure that no activity was left ungoverned. The FCC was to be governed on the basis of a strategic rationality that linked all the activities of the council to the community via the city vision. The SPMS technologies were implicated in attempts to make the activities of individual managers of the FCC visible hence governable. Governmentality must however not be assumed to have occurred only through visibility, for the requirement to account was expected to affect conduct nonetheless (cf. Munro, 1993). The way this hierarchy of visibility was implicated in the conduct of the managers of the FCC is analysed next in the context of business planning at City Enterprises, the key business unit.

8.3.2.2 Establishing Thresholds for Directing Conduct

The unit or department played a central role in the processes of FCC, for it is at this level that the strategic programmes outlined in the city vision and the strategic plan were implicated in individual employee behaviour. While the strategic plans provided a broader view of the surveillance and knowledge gathering programmes associated with strategy, the unit represented the capillary point (Foucault, 1980d) where the power relations associated with a

strategic rationality were exercised and contested. The unit was the site where staff related with each other and with the community as customers, purchasers or suppliers. It formed the intersection of the technologies of domination and the self that sought to direct the conduct of employees on the basis of a strategic rationality and in pursuit of specified political ideals. This section focuses on only one business unit, City Enterprises, with the hope that this will illuminate the way the individual's conduct was directed at the FCC.

The managers of City Enterprises, just like managers of other units, were required to prepare business plans. The business plans completed the knot of strategic planning by linking overall FCC strategic objectives with unit and employee goals and objectives. This linkage is evident when one examines the business plan for City Enterprises. The business plan reproduced the city vision, the FCC vision and mission and then outlined the various programmes or "current organisation priorities" being undertaken by City Enterprises to achieve this strategy. The business plan may therefore be viewed as a commitment by individual unit managers to the broader strategy of the FCC. It enrolled these managers to the government of the local by requiring them to specify what they will do to achieve the objectives of the strategic plan. The business plan was a mechanism through which they were held to account to the FCC:

We are starting at the top every year. We are preparing a business plan so each activity manager has to prepare the budgets and the programmes and the assumptions for which their activities are going to plan. Following these activities we report quarterly to the council on progress against the annual plan and of course we participate in the annual report but each activity has a number of other reporting committees and depending on what is being asked for by the committees activity managers would either have to prepare reports, have officers write reports (Manager, City Alive!).

This commitment was shown through the City Enterprises' own vision, "A force to be reckoned with" which incited unit members to work towards three goals, namely, commercial success, market satisfaction and corporate compliance. The mission of City Enterprises was "Improving customer service

- Every year”, which was to be achieved through “the delivery of brilliant service”. These goals were in line with the role accorded to City Enterprises as a provider of services to internal business units in a business-like manner. The goals emphasised that City Enterprises is a business and will pursue commercial success. The goals created commercial thresholds towards which the employees were to work. This way, business planning was part of the mechanisms for governing the local that included attempts to constitute these workers as commercial subjects. The business plans formed the mechanism through which individual employees were directed to conduct themselves on the basis of a discourse of business, markets and community. The employees were invited to view citizens as customers and their working duty as meeting the needs of these customers.

The business plans spelt out the policies that were to guide City Enterprises which were listed as “assumed givens”. Those of interest to this thesis are listed below. It is the commercial discipline that is of interest here such that the unit members were driven by the market in their decisions and work:

1. That the business unit will be business-like with all financial transactions ring fenced and accounted for and reported in a commercial way.
2. That the business unit will be commercially successful.
3. That the market will be the basis of any corporate costs imposed as a service to the business unit (City Enterprises Business Plan, p. 37).

The business plans not only provided the goals its members were to work towards but also measures to indicate success in achieving these goals. They provided taxonomy of critical success factors (CSF) to be pursued by City Enterprises. These were value for money, financial success, excellent service, competitiveness, and client satisfaction. The City Enterprises unit was to also strive to support the local economy, strengthen the organisation’s institutional knowledge, be a good employer and preserve local choice. The business plan of City Enterprises had performance targets for each of these critical success factors, which were expressed in financial and non-financial terms. The targets to be met by City Enterprises for the year 2000/2001 compared to the previous

year are shown in Table 5 below. The business plans formed the mechanism through which new performance thresholds discussed in chapter seven became codified at the FCC.

Table 5: Measures and Performance Targets, City Enterprises

Performance Measure	2000/2001	1999/2000
Surplus as a % of Council equity in City Enterprises	10.55%	8.7%
Percentage of jobs surveyed with "satisfied" clients	98%	95.5%
Percentage increase in external sales	5%	32.6%
Percentage increase in internal sales	1%	(7.1%)
Percentage of revenue from clients from outside FCC	5%	2.9%
Staff climate survey	Improving	-----

The delineation of goals, CSF and performance targets formed taxonomy that specified what could be known and therefore what was important (cf. Townley, 1993; Foucault, 1977). It formed a table that enabled staff to tie their individual activities to specified immediate and distant goals, which have been indicated as an essential aspect of discipline (cf. Townley, 1993; Foucault, 1977). Since the bulk of these goals, CSF and targets are commercially oriented, this regime of practice normalised employees towards the pursuit of market objectives. The regime was symptomatic of private sector management by objectives (MBO), which further incited employees to see private sector management techniques as the ideal approach to public sector work. The business plans codified a mode of governing where business logic and ethics provide the basis for employees' comportment.

Through the business plan, staff behaviour became normalised by providing the threshold or norm towards which they would work. The staff would be able to regularly evaluate their performance against the goals spelt out in the business plan. They would be able to compare their performance with the previous year as shown in Table 5 above. The business plan was also a technology of the self through which staff appropriated specified goals and worked towards the achievement of these goals. The workers were able to refer to it, so it became a mirror of their being normal or otherwise and an

instrument through which they could recover their normality. Management was able to use the business plan goals so as to decide on appropriate staff training aimed at improving their capacity to conduct themselves in line with the goals in the business plan. The forward to the City Enterprise business plan 2000/2001 explained the governmental purpose of the business plan thus: "The City Enterprise Management Team (CEMT) will use the business plan as a reference tool in staff involvement through WorkPLUS. It will also provide the benchmarks against which they can regularly monitor their performance" (City Enterprise Business Plan 2000/2001).

The business plans, it can be surmised, were the technology through which the FCC sought to direct the conduct of its members on the basis of the political ideals spelt in the strategic plan and the city vision. These plans provided specific thresholds that individual managers were to cross so as to achieve the aims of the strategic plan. It is on the basis of the business plan that managers were evaluated individually and totally as part of the management team of the FCC. Judgment would then be passed on individual functional sites on their contribution to the overall FCC mission. The following subsection analyses the numerous attempts to link individual conduct with the ideals of the FCC strategy and the city vision.

8.3.2.3 Linking SPMS to Daily Work

The regime of SPMS with its goal and performance targets was mirrored in managers' individual contracts. While the vision and strategic plan sought to define and bring all spaces at the FCC within the gaze of power, the business plans were to enable individual behaviour to be visible in respect of these higher goals. The individual managers were brought within surveillance through contracts which tied their conduct to goals and objectives spelt out in the business plans and hence to strategic plans and the city vision. The individual manager contracts went into meticulous detail regarding what

individual managers were expected to achieve. These performance targets are drawn from the business plans, which were in turn drawn from council strategic planning and the community's city vision. The customer services and regulatory manager explained what he was evaluated on:

It is easier for me to make reference to my performance contract, what am I measured by precisely, the critical success factors are: How I contribute to the management team, the executive team of council under the CEO, that is how we operate measured against a particular project where we are supposed to save 2 million dollars by the end of this year how we are going against that; Measured against the targets we have in our business plan and those targets are really presented on customer survey results; Also centres on our fees and charges comparability with other like size councils; how I control overhead costs; my profit; I am also measured on my leadership qualities both within the unit and on the management team measured by survey. It is called the Likert survey and they ask us forty odd questions and it is behavioural type of thing based on a Likert scale they ask questions. They get the score from my management team and me on different issues like how we look at sitting outside the box, communication those type of things. So those are the range of issues I get measured on and that relate down to specific dollar performances, bonuses and salary (Manager, Customer Services and Regulatory).

The contract for the services and facilities manager shown in Table 6 illustrates this regime further. The managers' conduct was to be directed on the basis of two dimensions: critical success factors (CSF) and leadership behaviours. The critical success factors delineated three areas that would form the focus of managerial endeavour. These were organisational focus, operational performance and unique areas of contribution. The contracts delineated a number of measures against each CSF that would indicate a manager's success or failure in meeting this CSF. This framework was the vehicle through which individual manager performance was to become tied with the organisational goals and the strategic plans in line with the organisation mission, "Improving customer service - Every year". The managers were measured on a scale of 1 to 4 where 1 indicates that they rarely exhibited this attribute and 4 which indicated that they always did.

The leadership behaviour dimension delineated three areas that form the locus for management behaviour. These were individual manager leadership

behaviour, management team behaviour and unit leadership. This would ensure that the behaviour of the individual manager was under surveillance from oneself, from managers of other units and from the workers within the unit. The city manager would make an assessment as to whether the manager's behaviour was consistent with the individual leadership behaviours spelt out in the leadership and management foci. The individual manager would as part of the management team assess the team in terms of how well they met their targets. That way, his or her behaviour would become normalised as part of the team. The manager's individual performance would also be measured against the performance of their individual units. The services and facilities manager explained how the performance regime of managers affected those down the organisation:

I also have the weekly meeting with those managers separately and we have a cascading through the organisation as well regarding what he sees as a significant thing through the organisation. I have a performance agreement with my manager and then anything in here obviously some of these things can be cascaded down through the organisation to the managers. There is a reward system and so on, and they cover the key area of the organisation focus in terms of individual manager operational performance and then there is a unit which may be coming up this year and there is my lead team management like this is this year's one so we have an organisational focus we really say things that the management team as a collective is responsible so if the whole performed all managers get measured (Manager, Services and Facilities).

Table 6: Services and Facilities Unit and Areas of Focus

Part 1: CSF

Organisational Focus	Measures
Management Team Mission "Improving Customer service - Every Year!"	Improvement in annual perception of Council's customer service as measured by the NRB Communitrak Survey.
Council goal "An acceptable viable and sustainable Long Term Financial Strategy that advances the City Vision."	Attaining the savings goals contained in the Project Save targets.
Operational Performance	Measures
Priority programmes	Achievement of Priority Programmes as identified in the annual plan and the city manager.
Operating and capital budgets	Overall financial results as at 30 June 2001 compared against forecast figures agreed at the six-month review.

Unique Areas of Contribution	Measures
Waste Water 2006	Achievement against project plan
Waste management strategy	Completion of strategy
Traffic management team	Completion of plan

Part II: Leadership Behaviours

Leadership & Management	Measures
Leadership behaviours (individual)	City manager's assessment based on agreed behavioural descriptions
Management team leadership	Overall management team members' assessment of how well the Management Team meets its obligations and values.
Unit leadership	Direct reports assessment of unit performance using the Unit Team Effectiveness Profile

This norm represented those measures that were hoped to meet the ideals of the various centres. The achievement of these targets determined managers' rewards and punishment, thus acting as powerful inducements for conduct consistent with the political ideals of centres. The management team could gaze at individual managers of units through a system of regular reports. This surveillance was not haphazard, but was focused on specific activities and "key line items in our statement of financial performance and position" (Support Services Manager). The gaze was directed both to the past and the future enabling a comparison to be made against a norm and judgment to be passed as to whether performance was improving or worsening.

The irony of Foucault's analysis of power is that discipline is perfected when the supervisor also becomes the supervised (Foucault, 1977). Each unit manager was himself or herself under the gaze of the other units' managers through membership of the executive committee. For example, although there was a separate strategic planning unit, managers participated in policy formulation by providing feedback. Equally, members of the executive management level oversaw strategy implementation. The unit managers in turn formed a surveillance point or tower for subordinate managers whose

conduct was in turn normalised towards meeting the political ideals spelt out in the strategic plan. Lower level managers were assigned specific outcomes, which they worked to achieve. They reported against these outcomes to the unit manager on a monthly basis and assisted in the preparation of the budget and business plan for each unit. The multiplicity of these calculations served to bring all spaces of individual work within the government matrix:

Well they are basically section heads or managers who have got a section to run and have staff around 8-15 each. Their accountabilities really vary but they are generic which is obviously to run the section to ensure they do the work on the section on time. They have each got a financial responsibility because the section has got their own mini-budget, which make up the whole budget. They have got financial targets to meet, they are very much a reflection of my own, like customer satisfaction because the survey forms distinguish which section they have obtained it from, like planning or building. They have their own particular survey forms, completing performance reviews, a certain level of training of staff within their section has got to be done, and introduction of new or innovative practices or procedures. They get rated on the level of satisfaction by their own staff of their performance of a certain level, they have got financial stuff, theirs is to really assist me in general management issues, their contribution to the management team...(Manager, Customer Services).

Eh, if you imagine strategic planning as the key policy accountability an important part of that is the feedback loop, if you like from the practitioners feedback into policy development so most of my role is in terms of that feedback loop, but at the executive management level we have a role to play in terms of a policy oversight (Manager, City Alive!).

The city manager and individual managers' performance agreements were both geared to achieving the council strategy. Individual employees were encouraged to work to achieve the city vision, which was displayed prominently in all offices and corridors of the civic building. The changes sought detail in terms of measures, which were, however, not always hoisted on the managers. On the contrary, in some instances, employees were asked to be involved in designing measures of their performance. This appeared democratic, but succeeded in bringing employees to govern themselves, in line with this new mode of government. There was this overarching need to know that pervaded the entire organisation, again in line with Foucaultian perspectives that governing the organisation is associated with a need for knowledge of such a domain:

Performance measures which go down to individual people, which reflect what the organisation wants to achieve. Like if we want to be in the IT scenario, I put that performance measure before a manager and we ask individual managers tell me how we will meet this, give me targets. We then measure this every six months and every year (Corporate Services Manager).

The customer services manager, in spite of this linkage, did not think that managers' contracts were tied closely enough with the strategic plan. His enthusiasm for strategic rationality surpassed the practice. This suggests that the power of strategy had become invested in some of the managers so much so that they clamoured to govern every aspect of the FCC with strategic rationality. This manager opined that the critical success factors should have been tied to specific projects. Such a linkage would have been able to make visible individual efforts towards their completion:

Accountability and responsibility are not clearly defined. In other words my job description doesn't pin me down to achieving particular results for particular projects as a whole and all the executive managers have the same issue. If I was a CEO I will use this as the basis for my job description for this agreement and I will say right I am accountable for the management section of the city vision and you have got three projects to achieve that and that is what you get paid on, but it doesn't happen, so no wonder we don't get results. We are told 10% is paid on getting three jobs but they are not getting done (Manager, Customer Services).

While City Enterprises sought to link strategy to individual performance through the business plans and contract, it was felt, as already discussed, that such a linkage was weak. City Enterprises as already indicated embarked on the search for mechanisms that would link the goals and objectives in the business plan with individual conduct. It decided to adopt a balanced scorecard framework to delineate four areas or policies that would form the focus of these continuous improvements. The four areas were customer focus, employee focus, process focus and community focus. The choice of community focus was consistent with arguments of some researchers (e.g. Kloot and Martin, 2000) that this is a more relevant focus in the public sector compared to shareholders. The shift to a community focus was also in line with the government designs of this discourse as already indicated. The framework adopted at the FCC also replaced innovation and learning in the BSC with

employee focus, where the employee was seen as the foci of innovation and learning efforts.

The juxtaposition of the community and customer in this new modality of government was codified through the BSC. The BSC delineated the community and the customer as two of the four important areas that the City Enterprises would focus on. The BSC enabled conduct consistent with the customer and community to be measured and calculated. The focus on the customer would enable knowledge of the FCC customers' ever-increasing expectations and strive to exceed them. City Enterprises hired a customer relationship manager to facilitate the building of close relationships. This measure installed an agent of the customer who was supposed to articulate the interests of the customer at the FCC. The managers of the FCC were to also undertake regular surveys of customers besides meeting them so as to obtain knowledge of their needs and satisfaction. The customers could gaze at managers in the form of horizontal accountability. This knowledge was to form the basis for efforts to normalise employee behaviour towards the needs of the customer. This normalisation was to be achieved through customer service training and self-reflection after customer surveys regarding continued improvement in meeting the needs and desires of their customers.

While meeting the needs of the customer, FCC employees were to behave as responsible members of their local community by operating with openness and integrity and to "do things right" and "do the right thing" in respect of their internal and external environment. This behaviour was also to be achieved through endeavouring to represent the FCC in the field and acting in an efficient, effective and responsible manner. The BSC therefore enabled the paradoxical discourse of community and customer to be effected. The customer was to reign employees' daily lives in a new form of economic citizenship as documented by Miller and O'Leary (1994; 1993).

The focus on the customer and the community as the goal of the employees' daily lives required a change to a new form of citizenship, a citizenship that promoted markets over the public sphere. The BSC enabled this focus through the employee and process perspectives. The new employee was to be concerned with quality and its achievement in an efficient manner. This concern would be achieved by training staff in FCC work practices and philosophy through the WorkPLUS training programme. Job coordinators would undergo at least 14 hours of training through their Job Coordinator Training (COTS) programme, which consisted of seven modules. These workers were provided with training that would enable them meet the needs of the customer through a process focus that required employees to engage in self-reflection where they would learn from their mistakes and improve future performance, i.e., adopting a "Do it once, do it right" attitude. The employees were trained to ensure jobs were profitable and that they continued to provide "value for money" to their clients through compliance with their health and safety as found in their policy manual and through devolution of responsibility to staff who were working on the job. The focus on employees and process aimed to ensure that the needs of the customer were met through training and technologies of the self, as explained in chapter seven.

The individuals' daily lives, it can be surmised, were tied to the business plan through their individual employment contracts. These contracts went into meticulous detail regarding the objectives each manager was to achieve. The achievement of these objectives would hopefully achieve those of the business plans and subsequently the strategic plan and city vision. The employment contracts enabled the individuals to be governed through attention to their daily working practices. This technology was also totalising in the sense that individual effort would be compared with that of other individuals. The community and the customer would be perpetually present in the daily working lives of each individual. The SPMS had enabled the community and the individual to be knowable to each other and to be governable.

8.3.2.4 *The LTFS, Expertise and the Reconfiguration of the FCC*

SPMS enabled external expertise to hold sway over the government of the local. This outcome was achieved through the long-term financial strategy, which involved looking at all the activities of the council and how they would be funded over the long term, in this case, ten years. The LTFS was governmental because, just like the annual plan and city vision before it, it was a discourse that entrenched the discourse of community. This technology took it for granted that a community with needs existed and required to be consulted. This way, it incited local authority managers and the community to question what they had long taken for granted: that the FCC would engage in whatever projects which it deemed would meet the needs of the community with funding from rates and borrowing. It was this potential for incessant questioning of what the council was doing, why it was doing it and how it was funding it which made the LTFS a potent governmental technology for directing the conduct of local authority members towards the political ideals of efficiency and financial probity. The LTFS enabled experts, especially accounting firm KPMG, to be invited into the FCC to offer apparently objective and neutral solutions while private sector forms of expertise were embraced as providing more truthful solutions to local government.

The process of questioning was undertaken through the Review of Activities and Funding (RAF). The RAF was undertaken as part of the council's efforts towards identifying its activities, how these activities are funded and whether they were in line with the city vision and the strategic plan. While using strategy to evaluate the relevance of activities, the RAF was also constitutive of strategy. This was apparent in a report entitled "outcome of the review of council's long term financial strategy and service delivery methods and options", where The Mayor recommended that strategy should guide the change:

As ever, advancement of the city vision and the goals and strategies contained within it, are paramount. If not, then the council has little rational basis for

decision-making amongst its competing choices for funding...Which path it (the council) chooses, it does one thing (sic). The council must go into the change process with a very clear view of the vision, mission and role (Internal Document).

The LTFS incited attention not to the present but the future. Pointing out that the present looked fine for the council, the city manager stated that "Rather, it is in the medium to longer term that the council's financial problems become apparent, as high cost infrastructural projects (mostly water and wastewater) come to charge".

The LTFS sought to link with the strategic process as part of the government of local authorities. If the activity was found not to fit with the strategic process, then the unit manager was asked to justify its continuation. A common justification for an activity could be gleaned from the 1997 Future Art Gallery and the Science Centre and Future Museum review. On the educational potential of this activity, the review concluded that it "provides a tangible demonstration of the council's strategic commitment to knowledge based initiatives" and it "demonstrates Council's commitment to knowledge city" as spelt out in the city vision. The disciplinary effects of strategy are apparent here, for each and every activity was subjected to the normalising examination and discourse of SPMS. Only those which passed rigorous examination were included in the LTFS. Organisational members were thus normalised to meet the objectives of the city vision and the strategic plans, but within limits set by the LTFS. The LTFS also provided modalities for "uninterrupted, constant coercion" (Foucault, 1977, p. 137) through these regular reviews, so necessary to the creation of "docility-utility" (p. 137). The LTFS sought to constitute managers as active agents who utilised their rational thinking to engage only in those activities that are in line with the city vision and which do not burst the funding cap. The RAF however constituted a recursive process through which the strategy itself came under the gaze of the LTFS.

The LTFS was a sovereign mechanism through which the spending of managers was controlled. It at the same time incited managers to live within their means while giving them the autonomy to engage in a diverse range of activities deemed to be in line with meeting the needs of the community. Through the LTFS, managers justified the abandonment of some services as being unprofitable, employing an apparently objective and dispassionate process. The LTFS was therefore a governmental mechanism that conferred freedom on the managers while at the same time constraining their choices within a financial calculus:

This demonstrates that a strategic plan over 10 years is fine but it does have to be reviewed over three years just to take a bit further some of the changes which have occurred. What probably doesn't change are the overall financial principles that guide this strategic plan. These were adopted by the council and they set some things like a cap on borrowing that council would eventually achieve, some parameters for which the council's operational budgets would need to be maintained within in terms of rate increases so the LTFS created a framework or model on the basis of which expenditure decisions could or should be made and they assumed that the council would not increase rates beyond inflation to a certain level. They assumed that council would not borrow beyond a certain cap for capital development so within the model the particular projects may change but the model itself is assumed to maintain its relevance (Manager, City Alive!).

The LTFS became the relay and linkage through which far wider changes to the way the councils are structured came to happen. It enabled other technologies, informed by markets and private sector managerialism to be mobilised and operationalised. The LTFS incited debate that centred on the financial management of the council and ensured that financial issues would become paramount in every aspect of the life of the council. The concerns of the state regarding the financial probity of the councils would now be the concern of each and every employee while the community also kept its gaze. The community came to debate council activities in terms of money:

The communities are very dynamic and I think the strategic plan is reviewed every three years and the changes within that strategic plan are being proven to be quite significant so there will be a need to review probably on a three-year basis the LTFS as well. I will give you an example of this, when we established the current strategic plan and LTFS all the activities of council fitted into the forecasts of funding both in an operational and capital sense over 10 years. At that time the waste water 2006 project which was to upgrade the quality of our water discharges to the Future River assumed that the capital programme would

involve about \$38-39 million worth of capital works. Since then there is been a three year process which indicates that now the community would probably be happy with a programme that would require about \$17 million worth of works, so within 3 years the waste water assumptions within the strategic plan and LTFS have reduced from \$38 million to \$17 million (Manager, City Alive!).

The LTFS embraced citizens into a discourse that was informed by the language of accounting and finance (cf. Guthrie, Olson and Humphrey, 1999). Citizens were confronted with situations about their living environment where they were enticed into making choices on the basis of cost benefit calculations. The situation referred to above is an example of where citizens expressed a preference for a land-based sewerage system, but when confronted with the financial implications of this decision went for the cheaper option, which is river disposal. One councillor was concerned about the effect of this approach for it made the FCC consider only its area without considering the effect this will have on the residents upstream who had to use this contaminated water. This situation also raises questions about the use of autonomous authorities to govern, for then, who has to deal with inter-boundary issues?

The LTFS was to be a vehicle through which far-reaching changes in the way the FCC conducted its affairs was to eventuate. Specifically, it was to be the window through which the FCC was to be reconfigured so as to achieve the political rationalities spelt out in the New Zealand local government reform. The governmental potential of the LTFS was apparent early on after the first LTFS was completed. This effort, which encompassed eighteen months of work, culminated in a realisation by the council that it could not afford to fund all its activities without a concomitant increase in rates. The council was faced with the politically unattractive prospect of increasing rates by 45% (23.5% in average householder rates) while doubling its borrowing. This realisation compelled the council to review this LTFS:

The Long Term Financial Strategy meets the requirements of the Local Government Act 1974. The council, however, has found the result unacceptable and has therefore, initiated an immediate review of the document with a view to completing the revision within the current Council term.

This review became the door for the entry of expertise that is central to government (Miller, 1990; Miller and Rose, 1990; Miller and O'Leary, 1987). Expertise as already indicated promises objective, value free solutions that translate political problems to a technical and less contested domain. The accounting firm, KPMG was commissioned to look at the financial implications of the first LTFS, which had showed a deficit of \$2 million. KPMG underlined the governmental nature of the LTFS by pointing out that it required the council to understand its costs over a ten-year period and explain the sources of funds for its activities. This, KPMG contended, would lead to an examination of the activities that the council carried out and would inevitably have implications for the way it was organised. KPMG zeroed in on the problem facing the council as an "affordability gap":

The essential problem was that the council wished to peg rate increases, maintain and, in some cases, expand levels of service, all within prudent debt levels. The current LTFS did not allow this to happen, and created a gap between what the Council wanted, and what it could afford (i.e. an "affordability gap").

The immediate governmental implications of the development of the first LTFS was an acceptance that there was need to come up with an acceptable LTFS and that external expertise would be required to do so. The LTFS therefore incited self-examination within the FCC that arrived at the conclusion that it could not afford all the activities it sought to engage in without the politically suicidal decision of increasing rates. The LTFS therefore enabled external accounting expertise to be invited to advise the council on the nature of the problem and its solution. External expertise would continue to play a significant role in the affairs of the council as it grappled with the "crisis" brought about by the new visibilities created by the LTFS. The new city manager of the FCC was to later denounce this colonisation of the FCC by external consultants. He saw it as an inexcusable way through which managers refused to take responsibility and asserted that in future managers who invited consultants to undertake tasks risked losing their jobs because by so doing, they were demonstrating their own inadequacies. This about turn may also be viewed as demonstrating the congenitally failing nature of government where the moment one modality of

government is installed, the search for its alternative commences (Miller and Rose, 1990).

Expertise came to bolster some of the private sector managerialist practices that had been adopted by the local authorities. The use of markets and managerialism came to be viewed as the way to govern local authorities. The KPMG review invited greater private sector service delivery by advising Council to move away from “big council” and instead embrace “a minimalist” one so as to reduce the affordability gap. It recommended a strengthening of the separation between commissioning and service delivery and defining the roles for service delivery enabling clarity over what the council needs to buy, concluding that “The current lack of clarity on roles, accountability, goal setting and performance monitoring between councillors and management has tended to limit council’s effectiveness”. The intensification of competitive pressure between the service and delivery units of the council, KPMG concluded would reduce transaction costs, hence making the FCC more efficient. It also suggested an intensification of business practice within the FCC by recommending that the business units be managed by more commercially oriented expertise. The LTFS had become a discourse through which the market practices documented in chapter seven were to be entrenched at the FCC.

KPMG recommended that the FCC undertake a far-reaching programme of process improvement. The process improvement initiative which was named Project Save was aimed at saving \$2 million dollars annually as the way to reducing the affordability gap in the LTFS. The pursuit of process improvement was part of the search for ways of meeting the political ideals of efficiency using private sector methods of management. The council was to embark on programmes of business reporting and central purchasing, among others that the managers hoped would save the FCC a substantial sum of money and help it meet the LTFS. One such programme focused on

individuals' work through work plans. This programme enabled the entry of expertise into the FCC to work with the managers to reconfigure the organisational operations so as to be in line with strategy:

We have got into process improvement work in a heavy way and we have got a significant structure in place to achieve the strategic outcomes of it and the model we are working on with my consultant is based on this continuous process improvement and it is basically designed to be a systematic approach to process improvement but it is based on the strategic direction each unit wants to go on. This is also about project management, getting things done because this council is very good at ideas and starting things, it is not very good at finishing things and that is why the structure has been put in place and so if you turn round you see on the white board we have got a whole lot of workplans we are doing on operational issues. They feed into what I perceive are the key strategic issues where the consultant comes in. Recently Mr Change (not his real name) who is quite experienced in local body work is assisting us with a review of City Enterprises and other units of council and a whole lot of issues that need addressing, not an individual thing strategy, but how to become more effective in the delivery of service. We are working within that structure at the moment but right at the top I don't have a strategic plan per se that has been developed, it is all about what I think needs to be done and that is what my managers are not happy with because they do not understand the big picture (Manager, Customer Services).

The above quote represents some of the dividing practices that had emerged at the FCC where managers that pushed for a more private sector approach to the running of the FCC deride those opposed to it with accusations that the latter do not understand the big picture. One such practice, work plans, was to enable managers to demonstrate efficiency through meticulous reporting of their activities. The work plans were to record the activities done by the manager as spelt out in their performance targets which in turn drew from the business plans and the overall strategic management plans. Foucault (1977) points out that discipline works through documentation and notes. Work plans required that managers write down what they were planning to do at different times, creating a timetable therefore a hurdle against which their performance is judged. The work plans normalise the behaviour of managers by requiring them to work towards a norm. Work plans sought to create visibility of each and every gesture and ensure efficient use of time. It also sought to motivate staff to work towards spelt out goals, thereby enabling the extraction of time and labour from their bodies (Foucault, 1977). Work plans

were to act as surveillance devices that told managers that even if no one was watching them, their city manager will know whether or not they had been working hard towards set targets. Since “discipline is a political economy of detail” (Foucault, 1977, p. 139), work plans were designed to provide details about each individual’s temporal activity against a norm, creating individual visibility enabling each to be accountable for their time. The work plans were to provide an uninterrupted gaze into the temporal routines of each of the managers so as to render them governable.

Project Save was however, abandoned, on 30 June 2001 with an admission that the financial targets it sought were unachievable. KPMG whose report drove this change argued that though the project had failed to achieve the desired savings of \$2 million annually by way of operating efficiencies, it had “instilled a culture of continuous improvement in council staff” (Nash, 2001). The acting city manager (and Manager, City Alive!) expressed the conviction that continuous improvement “would become part of the way the council did things” (Nash, 2001). The projects that came out of the RAF such as central buying would result in substantial savings to the council. The acting city manager also viewed the project as a pedagogical device through which the council had learnt to focus on the strategic issues facing the council: “He said a lesson learnt from Project Save was that it should not be undertaken as a solution to a financial problem. It was about developing a future vision for the council “(Nash, 2001).

This position is interesting, for it seems to suggest that Project Save failed but succeeded. Since it was installed so as to save \$2 million dollars, surely it was a failure. This positive discourse of management effort even amidst failure has been identified with a discourse of strategy (Knights and Morgan, 1990). The various programmes undertaken were done in order to save this \$2 million, and since they did not achieve this saving, then how could it be other than a failure? The remark by the acting manager suggests that the LTFS was a

pedagogical device which operated to engender long term financial planning through incitation to engage in it and learn what it is and how it happens as participants engaged in it (see Oakes, et al, 1998). On the other hand, it accords with the reflexivity of governmentality. While the LTFS was considered a failure, the solution to the problems it was ostensibly sought to achieve is still retained within the purview of strategic rationality. The LTFS had therefore constituted the FCC managers as strategic subjects that sought solutions to FCC problems in strategy. This reflects an ideological commitment to a modernising rationality of the public sphere (cf. Townley, 2002a).

In summary, the long-term financial strategy provided a mechanism through which sovereign power became implicated in the daily government of the FCC. The LTFS incited the FCC and the community, which it also constituted, to review all the activities of the FCC in terms of a financial and strategic rationality. It also provided the avenue through which expertise was mobilised to reconfigure the FCC on the basis of private sector ethos. The following section takes another look at the SPMS and its implication in the constitution of identity at the FCC.

8.4 SPMS and Subjectivity

The above sections have analysed the ways in which strategic processes were enacted at the FCC as knowledge gathering devices. Through this knowledge, individuals would be brought within the calculus of power for the ways through which people govern themselves and others are closely intertwined with procedures for remaking their identities (Deacon, 2002; Foucault, 1982). The effectiveness of programmes of government hinges on constituting subjects who will pursue specified political ideals on behalf of the centre, believing this to be the gateway to their happiness and fulfilment. A key identity of the strategic processes discussed above is that of the strategic subject who would provide leadership and direction (cf. Llewellyn and Tappin, 2003). This subject

would be able to meet the teleologies of efficiency and effectiveness that informed the local government reforms in New Zealand. These subjects would help build self-sustaining communities that compete against other communities for resources and people and who would win because they are more efficient and effective in their use of resources (see Rose, 1996b).

The city vision was characterised by attempts to mobilise citizens into serious reflection regarding what kind of city they wanted. This attempt was geared towards making them see the current state of things as undesirable and engage in a process of bringing about better futures. The citizens were being enticed to become strategic subjects through this reflexivity and to gaze at the activities of the FCC in terms of their cost and benefit, through the mechanism of the LTFS. The annual plan statutory consultation process constituted citizens as a community with needs, that is cohesive, that has a common vision of a common future. Considerable effort was expended towards having communities participate:

The process of establishing strategic planning in FCC was a lengthy process. Initially we spoke with the key stakeholders and said look we are thinking of undertaking a project to look at the future of the city, would you like to be part of that and most of them said they would. We then came back to the council and did a little bit of work about what type of city we wanted, considering various scenarios and what the councillors themselves wanted. We then took that back to the key stakeholder groups, had discussions with them about their vision of things, culminating in bringing all those groups together into a workshop where they were able to present their views. This process was extremely useful because it allowed people who came from an economic development perspective to hear what people from a social perspective wanted and try and work together. So after those two days we created a draft city vision, which we then asked people to make formal submissions on. We also asked them to express what else they would like to see achieved. Council heard all those submissions and created a document which has in it very clear goals and performance measures and every year we measured those against those performance measures and reported back to the stakeholders (Manager, Strategic Planning Unit).

This process culminated in a workshop where the diverse groups expressed their views. This could be described in Foucault's terms as a public spectacle of mass avowals and is therefore a technology of the self. These avowals were further conducted when a draft city vision was created which invited further

submissions that culminated in the city vision. Here, both internal and external organisational members were able to express their views in public, and subject these to comment. On the basis of feedback received, citizens could conduct themselves as members of a community working towards a common future.

The involvement of citizens in change at the FCC was aimed at engaging their minds and hearts towards the constitution of a new modality of government. This involvement was meant to enrol support and minimise resistance to these changes. The technologies of SPMS in themselves sought to work on the minds and hearts of organisational members so that they would be enrolled to the pursuit of specific political rationalities. The city vision appealed to the hearts of the FCC members to come together and work towards shared values regarding the kind of city they wanted. The appeal to the sense of oneness and a common destiny was hoped to mobilise "identification" with the city and direct effort towards making it a place for everyone to live, work, and study. This identification, it was hoped, would discourage emigration to other centres such as Auckland through creating the "feel good factor".

The mentor is central to technologies of the self, for it is through this father or mother figure that individuals confess their inner truths. On the basis of these inner truths of their desires and inadequacies regarding strategy, they will be guided to become strategic subjects (cf. Foucault, 1988). The city manager enjoyed a lot of influence, but above all, he epitomised the ideal strategic subject that the literature had come to espouse. This manager who was described as "a very good strategic thinker" (Support Services Manager) was to play an important role by encouraging members to think strategically. Though Foucault has argued that power is not possessed but is everywhere and occurs at the point of exercise (Foucault, 1977), the city manager seems to have had an inordinate influence on strategic planning for he was a key champion of it. This situation is indicative of the significant role that city managers, many of whom have private sector origins have had in ensuring the governmentality of

local authorities. These champions saw the managers' questioning as an attempt to protect their fiefdoms. They were able to mobilise a discourse of private sector ethos to buttress strategic planning in the local authorities. The city manager had a huge impact in terms of the nature and direction of change within the council. At the commencement of research, the city manager had resigned and the new manager was anticipated to bring about his own changes, just like the previous one had done. This suggests asymmetrical power relations depending on where one has been working and the expertise they are expected to have garnered:

The new city manager has a huge impact. When we get a new city manager the city manager does drive a lot of what happens, he drives the culture...I mean we might not want somebody who wants to change the whole thing but we might. Usually people seem to make a significant difference and when Mr X (former city manager) came he did a huge restructuring so people are sitting around going oh we are going to get a new one who is going to bring another big restructuring, so there is a possibility for change there (Business Accountant).

Foucault has emphasised the link between knowledge, power and freedom, that government is most effective where it is pursued as part of individual freedom. This was also apparent at the FCC where employees were encouraged to think about the strategic implications of what they did, believing that no sanctions existed if they did not. The implication of strategic concerns into the employment relationship is a most powerful mechanism of control:

We do not have much by way of controls to implement strategy; it is more by way of encouragement rather than controls. The key things that come through like the CEO performance agreement through to managers' individual agreements and reference in our business plans and processes to it, other than that there is little direct control. It is highly discretionary; you need to think about it, for there are no sanctions if you do not think about it (Manager, Strategic Planning).

The strategic process sought to constitute the staff of the FCC as strategic subjects through their active involvement in bringing about a strategic rationality. The managers' conduct was directed through their involvement in strategic planning (cf. Oakes et al., 1998). As members of the management committee, managers participated in preparing the annual plans, the city

vision, the strategic plans and the long-term financial strategy. And as managers of individual units, they were responsible for preparing the business plans for those units. Through retreats and workshops, these managers were not only interpellated to strategic thinking but were important in effecting it at the FCC. Some of these managers, as already discussed were adherents of this mode of thinking and formed the vanguard of those leading the charge for a strategic approach to management. The constitution of identity occurs through undertaking tasks that take one away from tasks associated with their previous identity (cf. Oakes et al., 1998).

The strategic process delineated goals and measures that aimed to make individuals objects of knowledge through which they would be subjectified. It aimed at working on the minds of the FCC members so that they would be able to calculate and be calculated on how their activities meet current and future needs of their community. Their activities would also be calculated and made visible to other managers and the city manager and hence to the elected representatives. The managers would be knowable using financial and accounting numbers (Macintosh, 1994). The process also worked on the minds of the organisational members so as to make them accountable individuals on the basis of KRA. These members would now be held accountable for return on earnings norms. Through constituting them as managers of units pursuing different objectives, this would entice them to become not only accountable individuals, but also individuals demanding accounts from others who are either suppliers or purchasers.

The individual unit business plans contained charters that specified the behaviours expected of their employees. City Enterprises created a charter affirmed by a staff working party called "our way of working together". This charter "...describes the organisation's expectations of how we will behave in creating something brilliant together". The charter was a device for directing the conduct of organisational members towards achieving the ideals of the

organisation. It was represented in the form of a circle at the core of which is the vision “creating something brilliant together”. Then this core was surrounded by those behaviours which represent “our way of working together” to achieve the vision. It was a beautiful cyclical presentation of the diversity and comprehensiveness of conduct that would achieve the political rationalities of the City Enterprises, which were tied to other rationales spelt out in the city vision. This classification and ordering limits one to what was classified and ordered but also introduced one to a way of seeing (Townley, 1993). These behaviours were: respecting people and diversity; initiating, welcoming encouraging and challenging change; cooperating and working with others; taking responsibility for work behaviours and their consequences; recognising effort contribution and achievement; and trusting in people’s integrity, ability and work; enjoying work and working relationships (City Enterprises Business Plan 2001/2002).

The city vision appealed to both external and internal organisational members to a shared vision of the city, but there was need to make this vision achievable through the strategic planning process. The strategic planning process sought to work on the mind of the organisational members so as to constitute a certain type of mindset, that of strategic thinking. Through work on the mind of the FCC employees, they would be able to be concerned with not only organisational issues but issues outside the organisation and especially those affecting the community. Such organisational members would undertake their work, but on the basis of how this work would meet the needs of the community to which they had become enjoined through the city vision. These needs would not just be the present needs, but the long term ones as well. They would therefore be able to calculate how their current action meets the needs of the community in the present time and the future one as well. This calculation would involve a look at the various factors that were likely to affect the achievement of current and future needs:

Well I think management needs to have a particular skill of being able to look at not just the bigger picture but the future in a sense. It would be very easy to

make management on the basis of, that is not in our assumptions therefore it doesn't happen but we are charged with achieving the city vision long term and in fact it is being able to have an appreciation of that thing I mentioned before, that communities are a dynamic thing, that communities evolve, things change, trends change in the social economic aggregation sense. Central government has an influence, I mean if central government policies change then the impacts within our communities bring different requirements of local government to be able to respond to so I think the qualities management need to have now is to be able to operate within a planning framework but also to be able to be appreciative of an evolving society and to be able to respond to those changes rather than being fixed. I think also within a council organisation like this there needs to be a good couple of jobs of the different skills, that is planning, engineering, economics etc so that you can have proper contribution and appreciation of all those things that make up local government, none of those things stand alone (Manager, City Alive!).

The installation of SPMS in the FCC became the event through which the discourse of a strategic thinker emerged and took root. This discourse drew on associated discourses in the management literature that articulated the persona of the "strategist" (e.g. Ohmae, 1998). This persona would have certain cognitive and behavioural skills, which included the ability to see "the big picture", able to link the parts to the whole, be a team player and mobilise people to the "truth". It was on this subject that the achievement of the political ideals of efficiency, effectiveness and democracy would hinge:

What skills you would need I think you have got to see the big picture. I think they are sort of management team skills, really I think once you got down into the organisation you got to continually remind people that it is not just the assets plans going back to strategy but you need to strengthen those links just putting it in the business plan to say this links to the strategic plan it should be audited a couple of times. Some of the people down to lower level they don't get involved in planning or organising the contract, so you somehow got to bring them on board...you got to be able to find out what the decisive things are and actually put all your horse power into making them succeed...You got to give an opportunity for those people to express themselves...They got to know what are the core functions, their core activities and you can't be good at everything so you do the thing you are good at and get other people to do the others...looking for continuous improvement getting your processes right so that you don't have any failures, putting it right is really saying you don't have proper processes in place, quality control and all that sort of thing...In terms of my role I would say I have got to be more than a manager which is just controlling people correcting them, you got to sort of lead them, you got to empower them and give them proper delegation and try and release their potential (Services and Facilities Manager).

The strategic thinker would transcend functional and professional boundaries, enabling all employees to constitute themselves as such. Subsequently, they would define themselves as strategic managers. The accountants for example articulated “a strategic accountant” who would have business skills with the ability to see things from a broader perspective. The strategic accountant would be associated with the big picture, the future and awareness of changes in community needs and the general environment:

I think you need to be able to interpret and understand what the vision the council was trying to achieve what that means then you need to be able to communicate that to the people you are responsible for in a way that is meaningful to them and they know then what is expected I think you need to have at least a basic level of understanding of business issues because it helps in dealing with that (Support Services Manager)

The above quote indicates the importance attached to an appreciation of business for one to be considered a good worker. The strategic accountant would be ‘a multilingual subject’ who understood that their contribution lay in being able to communicate with fellow workers and the management. Contrary to calls for accountants to reposition themselves in the organisational hierarchy to be relevant (see Partridge and Perren, 1998), the accountant would be able to attain his or her relevance through their ability to express themselves in a language that could be understood by everyone in the organisation:

...the accountant does not need to move from the factory floor to the financial boardroom in a swift transition in order to make a difference. Accountants need to speak many languages really, you have got to be quite multilingual and you have got to be able to speak to the shop floor and the boardroom you have got to be able to speak both the accounting language as accountants you have to translate that into English...you can't be an accountant working in this business and speak only accounting you are not gonna survive you need to help the unit manager or the CEO understand the message you are trying to give them (Business Accountant).

The language of accounting was to become universal as predicted by Olson et al., (1998a). The organisational members were to be subjects with an “understanding of accounting” even if these were not their areas of expertise. These were to also steer the organisation to the future, not the past. The prevailing identities associated with bean counting were demeaned while the

strategic persona was glorified. The FCC sought to construct this identity not only through this positive discourse of strategy and the derision of the bean counter, but also through training:

I require every member of the team to have an understanding of accounting and to that end we have provided training. We have accountants who are strategic in their thinking and these do well. We do not want accountants to tell us where we are or where we have come from because we know where we are, anyone can tell us where we are. We would like the accountants to tell us where we are going and those are the people who are required by the organisation. Unfortunately, we have accountants quite contented with bean counting (General Manager, City Enterprises).

The dividing practices that constituted some units as business units while the rest were non-business units were implicated in the constitution of strategic oriented and business-like subjects. These subjects imbibed the attributes associated with a strategic persona in their daily discourse. One business accountant for example said that her responsibilities involved developing and using the positive attributes associated with being a strategic thinker. This discourse had caused a reappraisal of not only her personal attributes, but also of the nature of information and the way it was reported. This reappraisal of identity was facilitated through change as a result of working for a unit whose norm was profit. She explained that:

I think since I have been in the council it is the first time I have really grasped a lot of big pictures stuff. I think in my last job you know I used to prepare the accounts and I will never even look if we made any profits. It never even occurred to me even to keep looking...I think it has come from the nature of the organisation rather than the specific directions probably. But I think that when you work for an organisation whose goal is to make profit things become a lot clearer very very cut and dried than when you work for an organisation that is not out to make any profit. Like the councillors it brings a whole lot of new questions that you need to ask and that like the relevance of financial information. You see it is not hinged on the profits and taxes, it is hinged more on how are we delivering outcomes how are we delivering the best prices, what is the cost of delivering this particular output/outcome and also when you are presenting information is like how best to present it in order to reflect the structure your output is and this has been a huge issue with the council it doesn't deal with that very well (Business Accountant).

These identities were evident in the daily discourse of council staff even in areas traditionally removed from managerial discourse such as events, culture

and the arts. One staff member showed enthusiasm for providing information for commercial exploitation of art and culture. She started seeing non-business solutions as illogical and reactive, again capturing a discourse of strategy as the solution to the council's cultural problems. She was coming to see her role as a strategic one, where she would point out opportunities to politicians so that they could be exploited. The arts and culture were coming to be seen as presenting business opportunities, which the accountants would identify and facilitate their exploitation:

I know that our unit is specifically very closely or it is going to be linked very closely to policy and make sure we are implementing policy from a commercial perspective. We were very reactive in some sense to the political process because we are so closely aligned to it so a lot of the things that we do, new inventions and stuff have to go to council for permission anyway so we still have to recommend things pretty much in line with or in our judgment in line with where we want to go as a city, but we are also in some respects in the driving seat using our judgment to give councillors the opportunity to see opportunities where they might not have seen them and try and give them the information so that they can make decisions and so yah (Business Accountant).

Some of the accountants sought to be actively involved in change processes that are likely to improve the competitiveness of their units. They also sought to get the best price through first identifying unit needs so as to provide best rates. They sought innovative ways for determining the price their competitors charge for their products so as to come up with a competitive price for their units' services. The managers shifted their focus from the past to the future with knowledge of the future viewed to be of greater significance than that of the past for organisational survival. There seemed to be a will to govern the unknown terrain of the future, but awareness that such governance will be impossible without knowledge of this foreign domain. The SPMS techniques were deployed as a way of making the future knowable:

Since the business unit group board came eighteen months ago and I said it was disbanded again not long after that we have tended to look forward a lot more. We provide forecasts every month we update our forecasts of where we think we are going to be at year-end and the board was starting to turn all of the business unit thinking forwards instead of backwards. It would be quite interesting for the council's eight-month review, which has just been done. The city manager wanted the eight month review report to be focused on forecasts and not to be looking backwards and that was across the whole council for all the units of the

council so that was actually really good to see you can't change anything just looking backwards so probably we haven't started to really look too much outside the boundaries of the council but we are starting to look forwards instead of concentrating solely backwards (Support Services Manager).

Managers came to define their approach to work in terms of strategic thinking and classified it as either strategic or non-strategic. The discourse of strategy came to refer to that considered important and worth doing. The change in identity was evident in the way the city library manager described his role. He saw one of his roles as thinking strategically:

You could probably use the word leadership so the leadership of the library, the day to day management of it when I report to Mr X (city manager) who is the person I do report to I guess the two areas that might be of interest to you are firstly I am responsible for the day to day running of the place. The second area which might be of interest to you I am responsible for providing strategic thinking about this particular activity of council which could be a very practical thing like producing a report on a particular strategic issue or changing strategic direction through to something far more substantial like restructuring of the library or something like that (Manager, City Library).

The SPMS were important, in summary, in bringing about the confluence of sovereign, disciplinary and governmental power that is central to governmentality. They sought to constitute citizens as a community and FCC members as objects of community fulfilment on the basis of which they were subjectified. These members were also enticed to view themselves as strategic thinkers who derived their fulfilment from imbibing private sector ethos. The following section brings this chapter to a close.

8.5 Conclusion

This chapter has analysed ways in which SPMS were mobilised as a technology for the government of local spaces. Legislative changes ushered in annual planning and later the long term financial strategy. Both of these technologies were to become conditions of possibility for the enactment of SPMS within the FCC. This enactment was however facilitated by an existing cadre of managers that hankered after private sector managerialist approaches. Having already embraced the policy and delivery splits outlined in chapter seven, these

managers saw SPMS as a technology through which politicians would specify the needs of their constituents, leaving managers to govern, unencumbered by politicians.

The SPMS were, therefore, to be a mechanism of accountability to the politicians and the community for the managers of the FCC. It is however through the SPMS that the community was to be constituted. Through the city vision, citizens were invited to express their preferences for the kind of city they would like to live in. They were also expected to make known what types of activities the FCC should engage in so as to achieve their preferred city. In making these preferences known, the SPMS through the LTFS compelled them to consider the financial implications of their "wish list", thus compelling them to in turn watch over the FCC's financial probity. The community had therefore been incited to become a guard in the local government Panopticon. When the FCC managers for example sold one of its prize assets without adequate community consultation, there was a backlash with new councillors and The Mayor elected and the city manager and many managers compelled to go elsewhere.

The SPMS was also governmental in the sense that it sought to constitute the FCC managers as strategic subjects. The study illuminates how SPMS had governmental potential through manager involvement in the management team, as managers of individual units and as part of the web of strategic planning within the FCC. Their membership of the management team of council normalised them on the basis of the discourse of strategic thinking. As heads of units, they were required to prepare business plans for their units. These business plans indicated how individual units would meet the targets set in the strategic plans. The managers' conduct was directed to meeting the business plans and through that the strategic plan and city vision and ultimately the community. The performance of individual managers was specified and tied to the business plans. These processes sought to ensure that

the managers' conduct would be under the gaze of the strategic performance Panopticon. The managers were thus by extension linked to the governmental aspirations of various centres. The specification and quantification of their behaviour would enable action at a distance both within the FCC and without it. The chapter however suggests that there is often a disjuncture between programmes and the practices enacted in their name (see Foucault, 1991b). This disjuncture is discussed in more detail in the next chapter.

Chapter Nine

Governing with Markets, Private Sector Managerial Practices and SPMS: Glow Amidst Gloom, and Resistance

Gurus, consultants and practising managers will never give up on their search for the 'perfect' technology of controlling labour. One saving grace is that consideration of the concept of subjectivity encourages us to believe that, even in the most oppressive regimes, there will be spaces and opportunities for escape and perhaps even a bit of misbehaviour (Knights and McCabe, 2000, p. 434).

9.1 Introduction

Markets and private sector managerial practices such as SPMS, it has been suggested, represent new modalities of governing the local at a distance. These technologies achieve the government of the local through mechanisms of identity constitution as already indicated in chapters seven and eight. Through discourse, dividing practices and technologies of the self, citizens and staff at the FCC were invited to see themselves as customers, purchasers, suppliers and strategic thinkers, who at the same time were members of the FC community. The assumption of these identities enabled the exercise of power on individuals, but who were free to choose otherwise (Foucault, 1982; 1980d). Citizens for example, may come to see themselves as belonging to the FC community, but on the other hand they may refuse to do so. The acceptance or refusal of such an identity does not, however, mark the absence of power relations, for Foucault argued that resistance is co-present with power. This position is significant especially given that modern organisations have embarked on a number of programmes to "humanise" the workplace but which entrench employee subjectivity (cf. Miller and Rose, 1995). These reconfigurations make overt resistance difficult, so employees are compelled to engage in more subtle forms of resistance. As explained by Knights and McCabe (2000), in spite of these workplace transformations, there is room for worker misbehaviour.

Resistance to governmental programmes suggests that practices would not always reflect the rationalities in the name of which they are promoted (Foucault, 1991b). Because of or in spite of resistance, a number of accounting researchers have asserted that governmental programmes are marked by their tendency to fail. These programmes are characterised by the search for new solutions, even before the old ones have been fully implemented. What is remarkable is that though governmental programmes are congenitally failing, they are imbued with the optimism that further governmentality would lead to improvements in the current state of things (see Rose, 1993; Rose and Miller, 1992; Miller and Rose, 1990; Miller, 1990).

This chapter analyses the ways in which the practices associated with markets and private sector managerial practices at the FCC diverged from the rationalities and programmes in the name of which they were promoted. The chapter also analyses the ways in which these rationalities and programmes were resisted. To achieve these two goals, the chapter is organised as follows. The second section examines the ways in which the practices of the FCC failed to meet the rationalities in the name of which they were promoted and how in spite of these failures, FCC managers remained optimistic that intensifying strategic programmes would achieve the desired practices. The third section analyses the various forms of resistance undertaken by FCC staff. The issues that emerge from this chapter are discussed in the fourth section, which also concludes the chapter.

9.2 Governmentality: Failing Yet Optimistic

The previous two chapters have addressed the mobilisation of markets and SPMS in efforts to govern the local. This analysis has been conducted both at the level of programmes and technologies. There is however, often a disjuncture between regimes of practice and the rationalities in the name of which they are promoted (Foucault, 1991b). This congenitally failing nature of

governmentality is marked by optimism that more and better government would solve all social malaise (Rose, and Miller, 1992; Miller and Rose, 1990). The eternal failure of governmentality within the context of local government was captured by one of the managers:

The organisation is currently suffering from a very large disease called process improvement which lofted in here as being the way we could find the promised land. Experience over the last couple of years has shown that it is not quite as simple as people thought and furthermore it hasn't quite excited the organisation and secondly it has not excited the community...I think one of the things I personally would not subscribe to is, to separate the wheat from the chaff, with things like strategic planning have always come other management fads and often these things drift in, strangle the organisation for a number of years and suddenly there is a bright idea of yet another way to do it the fad disappears. The danger of a thing like that happening is that something as fundamental as strategic thinking, strategic planning can get tied up but you would know yourself in academia that there have been a number of writers who have been very critical of strategic planning and I would never suggest to one that strategic planning is the panacea (Manager, City Library).

The above quote suggests that the FCC was adopting and discarding a lot of technologies. Each promised better solutions, but failed to deliver, and they were associated with the popular discourse of how organisations should be managed. This manager feels that such fads endanger valuable technologies like strategic planning, but alludes to its potential to be a fad, drawing on academic discourse. The following sections analyse the failures of markets and private sector managerialism as technologies of government and the reactions of the FCC members to these failures.

9.2.1 Markets and Private Sector Managerialism: Failure and Optimism

The introduction of markets and the separation of policy from delivery at the FCC was informed by a number of rationalities. The separation was to make clear to members of each of the two arms what objectives they should pursue, hence eradicating the existence of conflict over roles. It was also aimed at enacting competitive behaviour with markets arbitrating over the quality and prices of goods and services. This structure, as explained in chapter seven, was

to engender a concern for efficient and effective conduct in the workers' daily lives hence meeting the ideals that informed the reform to local government in New Zealand. The ensuing practice was, however, not always consistent with these ideals. In spite of this chasm, the managers were optimistic that the policy delivery split would yet again be made to work and would achieve its rationalities.

While external providers were encouraged to compete against internal providers to supply internal units, managers felt that this did not result in sufficient contestability. The technical services manager and services and facilities manager both argued that while external providers were permitted to bid to provide goods and services to FCC internal units, the internal units were limited to selling to internal customers. They therefore argued for the internal business units to be allowed to compete against the external providers in the open market. This position was consistent with that expressed by a past city manager who had indicated that the aim of contestability was to eventually privatise the delivery of these services. Though the services and facilities manager was cognisant that if the FCC units were allowed to compete in the open market, they could lose out to external providers, he still asserted that "there has to be more contestability in this organisation". The experts from KPMG also argued for more contestability so as to make the FCC more efficient. The failure of the internal market to generate sufficient competition did not diminish the hope of being able to achieve such contestability with its hoped for gains.

The marketisation of the FCC created a contradiction that was to be the cause of ongoing tension between the purchase and provider units. While these units were expected to relate as provider and customer, the FCC procurement policy required the customer to consider the internal providers before seeking the external providers. The purchaser units however took the notion of customer to its logical conclusion: since the customer is supreme, he or she could

purchase their goods and services from whomever they choose. These units therefore started showing a bias for external providers, which exacerbated the tension between the purchasers and providers within the FCC:

We have had examples of procurement where that policy has not always been followed and it is not that they have not always been consequences for internal clients who have not complied. Our philosophy in City Enterprises has been not so much to point fingers at clients who don't follow it but to prove to them that they are better off using us, yes. We don't want to cause resentment because the grass is always growing on the other side. I mean we do find sometimes we have got examples where expectations on us are a lot higher than there are expectations on external suppliers, we are not always compared evenly with external suppliers (Support Services Manager).

If this contradiction was intended to make it logical for full privatisation of FCC service delivery, it was achieving the desired aims. It was creating conditions where the parallel existence of markets and control over whom to purchase from were becoming untenable. Some of the managers responded by expressing their preference for more contestability (read markets) while others ignored the procurement policy and purchased their goods and services from external providers believing these to be superior to the internal providers. They also believed that market prices could not be obtained without putting the contracts out to tender:

One disappointment we have had is that while we developed those tools the clients did not seem to pick up the challenge and primarily they had to satisfy themselves that they were going to accept our prices as market comparable prices. This whole issue of market comparability has been an issue. They thought the only way you could truly test that is to put it out to tender and I think that is missing the point in terms of the constraints of running the business unit (Manager, Strategic Planning).

This enthusiasm for purchasing from external providers was however, not enough for the purchaser units to be considered business-like in their conduct. The business units were a lot more enthusiastic compared to the non-business units and undertook to generate revenues and imbibe market values with fervour. The purchaser units did not however, have such clear-cut market objectives and relied on budgetary allocations to fulfil their functions (cf. Flynn and Talbot, 1996; Kloot and Martin, 2000). The business units perceived that

the purchasers were not as frugal with money they (the purchasers) did not generate, as the business units would have wished. To the business units, the purchasers had not embraced the hoped for business-like behaviour as captured by this quote:

I suppose acting in a business-like way some of the other business units I have to say haven't really changed the way they go about things and, I guess that is a management issue really. For those other business units they are the activities and council units in the Council who have rates funds allocated to them and they start with a bucket of money at the beginning of the year and they spend it throughout. They don't have to be concerned with generating revenues, which then allows them to incur expenses (Business Accountant).

It was however, not only the purchaser units that were not exhibiting the desired business-like behaviour. Though the business units had contracts to deliver services to their clients (the purchaser units), one business accountant opined that they (the business units) did not treat their clients, as it would happen in the private sector. The business units did not exhibit sufficient interest in the needs of their clients (the purchasers), which may probably explain why purchasers preferred to purchase their goods and services from outside of the FCC. The client-supplier type of relationship envisaged does not appear to have eventuated:

I mean in a CA firm a partner will take far more interest on the client than what happened here. The manager here did not know anything about the clients and what their needs were or what their problems were and did not overview any of the work that was delivered. They tended to focus on staff issues quite a lot and I'm talking about day-to-day reconciliation, something like that. Certainly there was no understanding of how much workload there was and how much we were taking on and what bits we were really taking responsibility for or you know when we brought issues of conflict to them they were really quite uncomfortable. They have root contracts with the clients but it is really a formality and City Enterprises do not carry out a clients' survey. The only time to my knowledge I know of that financial services has ever been surveyed for one of my clients and it was that period where Customer Services and Regulatory I reckon had an acting manager who really did not know much about finances and I mean I offered her a great deal of help. She was particularly appreciative so she gave me a top grade, she thought I was delivering good service (Business Accountant).

Examined in the context of these comments, the claim of being business-like is mere rhetoric. It is however significant that in seeking to distance herself from

this discourse, the business accountant reaffirms this discourse by asserting that accountants need to “understand business”. She admonishes accountants for not understanding the business and yet proceeds to pour scorn on the idea of constituting some units of FCC as businesses:

You know you got to be careful about that and that is why accountants have this responsibility to be sure about what the organisation aims are and really understand the business because people up there and my boss could have been one of them they just talked about being business-like and that is one of the other things we are supposed to be doing, technical work in the business. It is a mistake to think that you have been like a business or businesslike. Businesses go for the easiest cheapest way to do something they are still going to maintain their customer satisfaction that is even the external side of it, oh businesses always act professionally... Modern business like send you one invoice electronically a month for everything instead of the individual processing. Modern business would take you more as a partner than someone separately that you have got to put up this front with. We have fallen into some really tragic traps here, people are too scared to speak up but I think you can't spend a lot of time on that because they have done a lot of damage not by default but by design (Business Accountant).

The managers of the business units felt that their ability to behave in a business-like manner was constrained by lack of proper autonomy. These sentiments are in line with managers' desire to have the right to manage (Clarke and Newman, 1997). These managers appear to have viewed the separation as geared to confer complete autonomy on them to pursue business objectives unencumbered by the continued scrutiny of politicians. The word politician had a derogatory connotation to it, for it suggested a group of individuals with little understanding of business logic or efficiency. This desire for autonomy was exhibited when it came to setting prices for goods and services. The managers of the business units were required to consult with the council if they needed to change their contribution margins. They however felt that this requirement denied them the flexibility to respond quickly to competitor prices:

There is nothing we can do to stop our competition from bidding in a way that we can understand just like there is nothing they can do. But we still have to push for a return which is acceptable to the council and if our competition has the authority to go for a lower price or lower margin, then we have to convince the council that we can do a reschedule likewise or we may decide in some cases

or in some types of work to pull out, we should not bid for it if we don't see enough of a margin in it (Pricing Manager).

Even if the business units were accorded the autonomy to set prices however, they lacked knowledge of what the competitors' strategy was. This made it difficult for them to set a competitive price. Even in the private sector however, getting to know what price the competitor will charge is difficult:

We have a rough idea of what the competition can do and the problem is that if we monitor what the competition does we monitor what their prices are coming at and they will do likewise but you cannot predict what they will tomorrow. They may for some strategic reason put a low price but you do not know what that strategy is, it could be a big concern if they do not get some work and lose money regardless so they may have a strategy there of putting a price just above cost and just almost buying the job. But by getting the work it may have further inroad into other avenues, but it can happen. It is a dangerous game to play but it does happen and it just happens with all contracting companies, it is a huge risk but it can pay off (Support Services Manager).

The lack of competitor information made it difficult for City Enterprises to provide goods and services to the other units of the council at a quality and price comparable to the market. The managers concluded that "it was not an easy thing, if you are not going to test whether your price is market competitive through a tendering arrangement" (Technical Services Manager). The units were however, able to arrive at "a competitive price" in spite of these difficulties:

Yeah, I think generally it is acceptable when we won a job I always used to predict closely as far as differences are concerned and you know you have to do your planning properly we are quite comfortable with that. I will be worried if we won a job by too large a margin, it will signal we missed something. But then you don't know that till after, you gone in with full faith that you have captured all your costs and that you have included everything that is required in the contract so if you win by too much of a margin then you must have missed something. It is a bad dream every tenderer has a problem with (Pricing Manager).

The shift away from inputs (read, budget) towards outputs (cf. Kelsey, 1993) had not been achieved for the budget continued to play a pivotal role in the working life of the FCC. It was associated with conduct that was far removed from the efficiency in the name of which the separation of policy and delivery

was undertaken. Based on the incremental budgetary model, managers strove to exhaust their budgetary allocations in the belief that if they did not, they would be allocated less amounts come the following season:

No, I think the budget has always been a very important aspect and in the council and the public sector in particular. I think there has been so much emphasis on the budget to the point where you are losing sight of what you are there to achieve sometimes and people start doing things like hiding stuff because they start saying "oh I have got this budget here for this but there is not enough money in the budget I am trying to spend at the moment so why don't I just quote that expenditure in this budget so no under spending on this one leads to overspending on the other one?". You can't hide it and it has created some really odd behaviour. I have seen people get to the end of the financial year and say "shall we put all this money in the budget we don't spend it now they will take it away from us" and they just go out and spend it madly. Why are we buying all these stuff that we don't need and saying "oh they might take it away from us" although we don't need it? People put way way too much emphasis on the past compared to the budget, people can't go on behaving like this (Business Accountant).

This continued influence of the budget did not however, diminish the optimism of the FCC managers that further management reconfigurations would shift attention from the budget towards the pursuit of output targets. The FCC managers hoped that Project Save, as already indicated in chapter eight, would lead to a focus on outputs and outcomes and achieve financial savings through the reconfiguration of work at the FCC. One business accountant was however sceptical of this change, arguing that:

You can't change anything unless you change the culture and so you have got to be really careful when you put your effort you are trying to get things, get concepts incorporated throughout the culture. It is on the culture and not changing some things, basically without changing them culturally, is where the big challenge lies.

The search for a focus on outputs and outcomes at the FCC still continues. At the heart of this search is the intractable contradiction inherent in the split between policy and regulatory, and service delivery. While this division was aimed at a clear separation of responsibility and the conferment of autonomy on each, it apparently ignored the inherent interdependence between the two arms (see Kelsey, 1993). The suggestion here however is that these tensions were deliberate and aimed at governing bodies through their perpetual gaze over

each other. The policy arm was for example able to decide and assess what priorities managers especially of all the FCC units should pursue. This created asymmetrical power relations where the policy and regulatory arm came to dominate the service delivery arm:

We have set some as business units and we expect them to do certain things and I know that that didn't sit very comfortably with Customer Services and Regulatory. The whole thing doesn't suit them very much but when we look at other units like City Alive! or City Library I mean they have the ability to stick to their way. They are not governed by making a profit, they just have a budget and they go and spend their budget but their work is governed very much by the political process and they might say "I am going to do it this year" but if the politicians come along and say "we are going to be involved in this and this" we end up spending way over the budget because we have their tacit approval to do so, so you can't measure their success on the same basis at all, it is very much gotta be process by process (Business Accountant).

The market model, which was introduced at the FCC, continued to sit in perpetual tension with the legislation one. While the business units were happy to pursue their assigned narrow business objectives, the elected representatives were mandated to deliver a wide range of social objectives. This further made non-sense of the separation of policy from service delivery. One business accountant illustrated instances where managers had been directed by the policy arm to undertake projects that were contrary to their spelt out business objectives. The policy arm was often able to burst the bubble of business independence of the business units by making them deliver on non-commercial social objectives. Managers were in turn calling for a greater role in decisions regarding policy (Internal Documents). This business accountant was incredulous why the council should assign these units to pursue business objectives yet require them to undertake non-business ones:

But the property business unit was being asked to do things that were really counterproductive to its own aims and its aim is to make a profit. Why would it want to sell this building at a future loss, it just wouldn't do so but yet it had been instructed to carry on that business anyway and things like the development of the Countdown car park, why would they go ahead with that because there is no benefit to the property business unit but there was benefit to other units so the way it was asked of it was in conflict with it's actual role.

These problems did not however lead the managers to question the model itself. On the contrary, the customer services manager and a consultant opined

that the separation of policy from service delivery was a perfect model for the FCC and was implemented well. In their view, the separation could achieve its desired efficiency and effectiveness if the contracts were written better. The problem was that the FCC lacked the expertise to write contracts that would ensure that the relationships between these entities were properly specified. The customer services manager was however enthusiastic about the separation and optimistic that in spite of its shortcomings, it would achieve its political rationalities once the expertise in writing contracts was acquired:

This council has got a clear split between purchaser and provider and it is called commissioning contracts, it has not been working effectively for quite a while and Mr Change identified we have got what we need to improve it and get proper service delivery in some place and contracts that are well written. It is actually a very good model. I have come from North Shore which didn't have anything like that so the purchaser provider role resided in the same unit and it was a very inefficient system. The commissioning model down here is got room to improve, we got to write our contracts more effectively, the outcomes defined and measurable and we got to have a system in place to know if we are achieving it. On a scale of ten I will be around five or six effectiveness may be even 6 and half it won't take a lot to get it to a level of 8 or 9. I mean it is like a scale of one is quite a big problem it won't take much to get it up further. I am actually a big fan of it because as a business unit I currently have got five commissioning contracts and they are all written in different ways and they all have different ways from which you know outcomes to quite detailed outcomes. Therefore I do not know whether I am delivering service I am commissioned to do until someone bitches at me that I am doing something they don't like. One or two cases I have got no contracts at all and I am getting paid \$½ m to do something so you have got a wide diversity of that so that is one thing that Mr Change has picked up that you have got to get consistency, you have to get skilled people who know how to write contracts (Manager, Customer Service).

This consultant was called in to advise the FCC on how it could improve its services so as to achieve savings to meet its long term financial strategy. He represented the faith the FCC had in consultants, which had been exhibited by the public sector at large. Their appeal lay in their perceived ability to be objective and value-free. But in addition, they came from the private sector and industry, the source for the legitimating discourse of public sector reform (cf. Henkel, 1991). While there were alternatives to contracting such as trust and professionalism, the consultant still recommended the enhancement of technologies of mistrust in governing the FCC.

The analysis in this section has indicated that the technologies of markets and private sector managerialism, which were instantiated at the FCC, did not accord with the programmes in the name of which they were promoted. The managers felt that because internal units were not allowed to sell in the open market, there was not enough contestability. While the business units had changed their conduct so as to pursue the generation of revenue, they felt that the purchasers had not changed so as to operate efficiently. The relationship between purchasers and providers was not sufficiently satisfied because of lack of expertise to write good contracts. Some of the managers were however optimistic that better written contracts and a clearer separation would achieve the desired efficiencies. This optimism amidst failure of programmes however, accords with governing in advanced liberal democracies.

9.2.2 SPMS: Optimism Amidst Failure

Markets and the policy delivery separation were not the only technologies of local government that were characterised by optimism amidst failure. Managers felt that while the strategic plan was to be a mechanism for realising the city vision, it was supplanted by the LTFS and the annual plan. This may be explained by the fact that these two documents were legal documents and required to be complied with. The strategic plan on the other hand was an FCC process which took lesser precedence especially given the limitations of time and resources facing the FCC that were documented by some of the managers. The corporate accountant explained these resource constraints thus: "I am supposed to prepare the annual report, ensure the integrity of the accounting system and liaise with external auditors among other functions. Yet, I am meant to review funding policy, the LTFS, responsibilities initially carried out by two more people" (Corporate Accountant). The LTFS apparently scuttled the strategic plan by shifting emphasis to financial as opposed to strategic measures of council performance.

The LTFS is not the only process managers felt had subverted strategic planning. The strategic and facilities managers argued that too much effort was expended on the annual planning process, leaving little room for the strategic planning process. They instead argued for a process that would start with plans for the diverse activities of council with the strategic plan and the LTFS automatically coming out of these. More effort in developing plans for the activities of council would ensure that changes could be anticipated enabling a tighter link between strategy and finance:

So really the annual plan takes a lot of energy within councils. My proposition is that you spend most of your time in the assets management plans or preparing documents in other areas and have people in the community buying into those and understand those and then the long term financial strategy and the annual plan just pop out. So when you have the annual plan consultation with the community, there shouldn't be too many changes in this year but perhaps if somebody decides the community needs something not in the 5 year plan but in the future you then run that through in year 3 and spend the next 2 years making sure that the long term financial strategy can afford it. So affordability is decided there (Services and Facilities Manager).

The above quote suggests that strategic planning be extended to cover most areas of council so that the annual plans and LTFS could emerge from these plans. This position was bolstered by the pricing manager who felt that though the FCC had plans for big projects, it ignored small but potentially important ones. One business accountant stated that "we have a huge gap in our policies". One councillor however felt that the FCC had plans for almost every activity with little link to each other. The thinking of these managers was that every single activity of the FCC be brought within the ambit of planning, which reflects an investment of their thinking with a discourse of strategy. The pricing manager was however quick to point out that not every event could be planned for:

I think the large goals we head towards in an orderly fashion, but I think in some ways the Council loses track of the smaller jobs that we should be doing. And where I can price contracts that come up for pricing, these are part of the annual plan, those large contracts seem to be very well on track. They are pretty good, the smaller jobs I find are not well planned, they seem to be more reactive rather than proactive, something somewhere has gone wrong. But I suppose in defence of that some things cannot be forecast, you can't forecast that a substantially heavy track crushes a main sewer line or pipeline and we tend to react to these

kind of jobs. There are things like housing that I feel we don't plan properly but I think that just needs some careful consideration from the persons or sections that are in control of those assets (Pricing Manager).

The strategic planning manager asserted that strategic thinking needed to be intensified by creating a strategy for each important activity and making them part of the daily life of the FCC. She explained that the strategic planning unit is currently involved in efforts to make the city vision come alive by setting up a project called "strategy leaders". These "professional groupings" were to be charged with the responsibility of operationalising strategy by ensuring staff become aware of and apply it to their daily working lives. This state of affairs was succinctly summarised by one business accountant:

I think we have got some people with really good skills but we are not focused and committed to being far more strategic as an organisation whose voice is heard and making sure that the city manager places enough emphasis on the strategic but also that City Alive! takes the policies and actually makes them living documents by implementing them. Too often policies sit, they don't go anywhere we implement all sort of things but they are not necessarily linked and it is going to be really important. Drawing up such an important policy it would be much clear to link it to the arts policy. I have done that recently with one of my reports that we have policies on point and trust boards and I make references to the policy which saves me from having to go through a whole decision making process that had already been done through a policy. Very important that we make our policies living documents.

The desire for an extension of strategic planning to ever greater areas of the FCC is interesting given that where it had been developed, it was not being used or it was not achieving the desired outcomes. For example, though strategic planning was hoped to bring about a shift from operational to strategic matters, the services and facilities manager lamented that this had not eventuated. Managers who were expected to spend more time in strategy preferred operational responsibilities. This manager was however optimistic that Project Save would bring about the desired shift in focus:

That is something we got to improve on. The old story about you do a lot of time on your vision and your strategic directions, there is our strategic plan sitting up on the wall so we all know. Now living that everyday and we have nine key strategies I should be able to know, that's what we live by, it is not as good as it could be. And actually with this reorganisation that these overheads are for, its just to get the asset management functions more strategic at the policy level

because right now in this unit we have some of our assets managers they should be working at delivering strategic plan and the city vision. They should be working at the strategic and policy era and doing the communicating and not getting involved in the delivery so much and that's why this overhead shows shifts in the asset managers up that bit extra so they get bigger separation from services delivery so they concentrate on things like that. So that is one of the benefits, or hopefully that's one of the benefits that will do with this restructuring. I suppose with engineers nobody wants to get out (of operations), unless you actually get involved with the delivery, because engineers go to university and learn how to build things and they want to go out and be involved in their building (Services and Facilities Manager).

Some managers however, lamented that the strategic plan did not guide their day-to-day working lives, mirroring contradictory expectations. Such ambivalence, it is suggested is a characteristic of governmentality (Schofield, 2002). Strategic planning at the FCC was not lacking in detail or finesse yet the managers did not refer to it. These managers did not however, question the value of strategic planning. Instead, they opined that it could be effective if it was made more relevant to their work and if it was simpler and less detailed:

One could argue that we are getting burdened by too much paperwork because a lot of effort goes into that one document city vision but we are increasingly realising that we are still not very adept at applying our governance side of the council, how that relates to our strategic direction. We are still driven by our day-to-day work and we are still focussing on fire fighting too much so although these documents exist they still do not have important relevance that they should. But also I think some of these documents are too complicated, have too much detail. It was a good idea to have visions and strategic documents but they are too complex even I when I am in the management team I hardly refer to that and I am making decisions every minute of the day because this is too big for me to open it is not user friendly there is too much in it..It does to a degree in every business plan we have got to make reference to the vision statement, we have this listed. I have only been here a year and I have actually walked through the door and have had to finish all these, I have yet to do one of these from scratch yet, but I have looked at this and found that though there is lip service to our strategic document it doesn't carry into the detail. I mean this business plan is still filled with structures, people and jobs doing things, buying equipment, my financial aspects. There is actually not a lot in here about what am I going to try and do, where I am going with this so there is a strong linkage between the strategic document and these plans yet I find this sort of document of very limited use (Manager, Customer Services).

These sentiments were echoed by The Mayor who asserted that strategic planning is invaluable to FCC. He attributed its failure to meet the aspirations set for it to reasons other than its internal logic and retained the programmatic

optimism that strategy would achieve better government. Some of its limitations were that it was too voluminous and technical and required a huge effort on the part of community readers. He instead suggested a simpler, shorter form of strategy that addresses issues of concern to the community in a language that they would understand. He was optimistic that though strategy as implemented had limitations, it could still be made to work better:

I generally question the value of the depth that goes to it (strategic planning) not the value of having a strategy but I feel the whole focus on strategic direction is got too caught up with volume and the key messages get lost, there is too much stuff around. I am not an expert on strategic planning, I argue that really a good strategic document should be limited to three or four pages at the most but you look at the city vision it is 15 pages you look at the long term financial strategy it is hundred plus pages and it takes an expert to read it through and understand how it is all put together. We have just gone through our round of annual plan consultation and the common feedback from residents is that they have no idea without great effort how they find information out of it even though people say it is a good process the annual plan is 50 plus pages you need to know, you need to be working in the business to know what it means so it is too much detail but I am totally committed you got to have a strategic plan, it is critical! You got to have more than a business plan almost but I think as a council we have to learn to cut down the volume (The Mayor).

Strategic planning would have enabled the community to gaze over the activities of the FCC, however public participation has been low because these issues were, *inter alia*, complex for "...there are very few people who have that sort of rigour especially for projects with many destinations but they generally see what you've got to find and minimise for each project..." (Manager, Services and Facilities). Though public participation in statutory consultation has been low, The Mayor was incensed by the capture of this process by "a small vocal band" that was "dictating to elected leaders". This would seem to suggest that indeed, the community, represented by this "small band", was keeping a gaze on what the Council was doing. As already indicated, various managers had suggested that the community could no longer be taken for granted. Local government could no longer be conceived as government of a jurisdiction by an elected or appointed body, which is in accordance with government in advanced liberal democracies (Flint, 2003; Rose, 2000; 1996b; 1993; Isin, 2000).

Part of the difficulty of using strategic plans is that they were often being overtaken by events. On the question of whether he was aware of the strategy, the pricing manager wondered which one was being referred to because it kept on changing. He blamed the whims of politicians and community deputations for these constant changes. These whims meant that the strategic plan was not always followed as the community came up with newer priorities. The Manager City Alive! explained one such instance:

The ones that are most difficult are the ones where things come from the community, a little bit from the off field I guess, and an example of that might be the skateboard park project. This wasn't identified in the planning documents in the LTFS but because skateboarding has managed to evolve and emerge as a very popular pastime for young people the council received a deputation from a group of skateboarders with a proposal to develop a skate board park budgeted at a quarter a million dollars. They sought alternative funding from other sources but now want to develop this on council land and would require council contribution of about \$150,000 so that project wasn't included in the LTFS but there was a requirement for council to respond to an approach from the community. The council now has to gauge what is the community support for such a project, does it include it in its annual planning processes, even though that is not in the LTFS, will it in fact cause some other development programmes to drop out of the LTFS or would it be funded by reprioritisation with the capital funding strategy? So that is an example of a fairly small programme that has come sort of from a community but wasn't planned in a strategic sense (Manager, City Alive!).

These failures notwithstanding, the strategic planning manager expressed a desire within council for the strategic plan to be rehabilitated. There were various attempts going on to review both the strategic plan and the LTFS with a view to integrating them. The technical services manager explained that the Local Government Act 2002 was to address this problem by linking the strategic plan, the LTFS and the community better through the LTCCP. There was a general belief that the problem was either failure to develop a strategy or if one existed, its inappropriate application. The failure was also explained in terms of poor communication and not problems with strategy itself. The strategic planning manager argued that strategy was not well communicated to all members of the FCC, which was mirrored in the lack of a universal understanding of what the council's strategy was:

Something like the recreation strategy we communicated with our stakeholders very well at the beginning of that strategy, but we were not very good at keeping in touch with people regarding whether we were still on the right track, whether we got more information so we lost touch with our stakeholders. And other things probably we were not doing them well at all for, we did not have a communication strategy alongside them (Manager, Strategic Planning).

There was no universal involvement of staff in the strategic process. The frontline staff were not consulted in the strategy making process. The Mayor reported that "In developing the strategic plans there is not a lot of involvement of frontline staff, virtually none, so the buy in and ownership of these documents is nil, but it impacts on everyone so that is a huge gap" (The Mayor). This lack of communication and involvement was explained by one accountant as being associated with lack of knowledge of these documents or an appreciation of their relevance to their work:

With city vision I don't know how much we have a strategy. There is a strategy I think but most people are quite lazy and they refer things back to the city vision. It is much easier to say "oh this relates to the city vision concept of more things to do with the city or whatever" so on but we do have the long-term financial strategy which was basically completely ignored by council. We never looked at it at all never knew what was even in it every time you talked to somebody they would say oh this is higher spending than what is in the LTFS but you know councillors quite often couldn't vote to spend outside that and above it so ya certainly when we were in budget staff we did not look at it at all which is probably not very good. Well it is hard to say how relevant it was to us really and I know that people in corporate policy used to complain because they never even had a chance to see it before it got incorporated into the final document. It wasn't prepared on time so and that is the person who wrote that was in one department strategic planning and corporate policy put in the annual plan then you have got the business accountants who have put together the business plans in another department so there is not always the same level of communication I should say (Business Accountant).

The business accountant however acknowledged that the city vision had a great influence at the FCC:

But the city vision has been a huge driver and reference is made to the city vision in practically every document so at least even if we are not guided by a specific strategy we are always at least doing things in keeping with the city vision so it is quite a key driver. But how that affects me as an accountant is probably not so obvious at all. There are other drivers there and kind of policy delivery purchase separation and the business unit is kind of a target.

These failures did not seem to diminish hope in the ability of SPMS to achieve the political rationalities advanced for it. Managers continued to express a sense of optimism that SPMS would still achieve this ideal if its goals were few and specific and if the strategic plan had the support of the community:

Strategic management can enhance democracy, but it (the process) must be led. People have to agree, once people agree on the three key goals, everything can run smoothly. The goals have to be kept simple, broad but meaningful, not too many. I have seen some strategic plans with many key performance indicators, this is ridiculous. For a strategic plan to be effective, it must be simple, and must have widespread support (The Mayor).

Project Save was thought to have a programme to redress this lack of communication: "In this project though (Project Save), we have had a programme of communication and a communication strategy developed alongside it but for other things we do not have a communication strategy at all" (Manager, Strategic Planning). The acting financial services manager however felt that this lack of communication was continued to Project Save. She felt that it was developed without the input of most of the accountants at the FCC.

Strategic thinking however seems to have become internalised with some accountants for example desiring to apply their financial skills to the cause of strategic management. One accountant in the arts and culture section saw strategy as the key to their advancement and survival. The prevailing problems of this section were blamed on the lack of a coherent strategy for the arts asserting that "I don't think City Enterprises has focused enough on risk but there is no strategy dealing with risk, dealing with staff retention and providing for the future. There is no strategy at all ...". There seemed to be a general awareness that council had a strategic process, but that staff did not know enough about it and were not adequately equipped to be usefully involved in it. They were enthusiastic to know more about it and thought it would improve their work:

A little bit. I have touched on various aspects, for example the Balanced Score Card concept, and so applying some key performance indicators to strategy of a company. It is an area I would like to be more familiar with in my new role at

the airport which is I am actually looking forward to it because I can contribute more to the strategic direction because it is an independent company more of a smaller team so I see my role as being diverse not just straight accounting so I would like to actually be more familiar with that area of accounting so that I can contribute out there. At the airport, my role at the moment is mainly management accounting and a little bit of financial accounting, but I know that my role sort of is to be more involved in the marketing and strategic direction and deputise where necessary (Acting Financial Services Manager).

This section has shown that though the FCC had developed a number of strategic planning documents, these were not always being used. In addition, the adoption of strategic planning had not achieved the desired orientation towards the long term and away from operational matters. These failures did now however dampen enthusiasm for strategy led solutions. On the contrary, the failure of strategic planning was blamed on a poor communication strategy and the size and complexity of the strategic documents. Some managers and elected leaders at the FCC remained optimistic that strategic planning would achieve the hoped for results and sought to extend its reach within the FCC.

9.3 Resisting the Commercialisation of the FCC

The FCC, as already indicated in chapter seven, was undergoing a transformation that involved the installation of internal markets and private sector managerial practices. These two developments have elsewhere been referred to as commercialisation (Dixon, Kouzmin and Korac-Kakabadse, 1996). The commercialisation of the FCC was associated with the introduction of new regimes of practice that sought to supplant prevailing ones that emphasised trust, professionalism and bureaucratic modes of government. These developments were bound to be resisted especially by those who found themselves in less dominant power relations (cf. Knights and Vurdubakis, 1994). The manager, City Library summarised it thus:

I think the majority of senior managers one assumes were intelligent enough to realise that you can't manage an organisation of this size without some very strong influence of planning. Remember that I mentioned that there was a very much a patch protection, so suddenly you are having a new thing called planning which places constraints upon what previously an empire was able to

do that is bound to have ramifications and did happen occasionally. Trying to streamline various processes, you always had for example people not finding it easy to think corporately. Management in the last 15 years going to the changes in the labour government I think it would be fair to say that American management practices entered New Zealand without a fundamental change in New Zealand political climate and that Government brought in substantial changes in the public sector and some of those changes are obviously directly linked to the area you are looking at, the whole area of strategic management (Manager, City Library).

Markets and private sector managerialism threatened the interests of professionals who were in dominant power relations. The discourse of empire and patch protection is used to refer to this group of professionals. It suggests that these professionals enjoyed dominant power positions and were not accountable to anyone. It was also on the basis of this discourse that change was welcomed as heralding a new era where professionals would be supplanted by managers who would be accountable and concerned not with themselves and their departments, but with the whole organisation. If this was the hope, then it does not seem to have been realised for empire building and patch protection were recurring themes with managers even during the closing stages of the research. This was in spite of decades of change.

The commercialisation of the FCC saw the emergence of asymmetrical power relations. Those championing a business philosophy came to dominate those who were not, for: "strategically in those early days CEMT was making a lot of the calls" (Technical Services Manager). This domination created resentment, which seemed to have sowed seeds for their own reversal and change. This reversal reflects the Foucaultian perspective that power is positive. The resentment led the former city manager to call for caution, which retarded the gains made by the new orthodoxy, making its champions lose vital momentum:

This had a detrimental effect for people thought we were back to our old ways of doing things. Separation was not an important issue. I remember the city manager asking us to put the accelerator back on in the process and I don't think we were ever able to do that successfully (Technical; Services Manager).

Resistance did not assume only the traditional overt forms such as strikes. Instead, it also emerged in the form of more subtle ways that appeared to conform but subverted the emerging power relations. Both of these forms of resistance were anticipated by management who sought to develop a strategy to forestall them as explained in an internal memo:

One clear risk is that staff of the organisation will be severely affected. Many staff will change their employer, some may lose their jobs, and the survivors may have strong misgivings about their role in, and value to the council. Morale, productivity and loyalty may suffer. As is often the case, the best staff (that is those who can most easily find other employment) may leave. As such, there may be some problems of carrying out business as usual.

The following subsections analyse some of the forms that this resistance took.

9.3.1 The Democratic Process

The most overt form of resistance utilised the democratic process. Some staff within the FCC incessantly questioned the direction in which the council organisation was moving. The city manager indicated that some of these staff constantly voted down his proposals. This opposition was such that he had to demand that they either supported the direction he was taking or they leave the FCC. He indicated that a number of them left. The departure of some of the staff would suggest that this form of resistance was ineffective, for though managers indicated that local authorities struggle to attract qualified staff, their departure opened the way for the retention and recruitment of converts as already indicated in chapter seven. Some of the staff, however, remained and continued to oppose the changes from within and the technical services manager was unhappy about it.

The marketisation of accounting services where all accountants were attached to City Enterprises and provided services to the other units on contract provides yet another instance of resistance. Some of the managers opposed this arrangement because it eroded the autonomy of units. These managers

received these accountants on a job basis, and they felt that as a result they were unable to obtain assistance beyond what was specified in the job. They preferred to have accountants in their employ whom they could call upon as the need arose:

I find it very frustrating because I can't develop any relationship with my accountant who is also in demand from four other departments and I cannot develop any sense of that partnership and to get their feedback and input into the financial issues as they tie in to management issues and I have raised that here quite a lot so in this council the level of input is not huge (Manager, Customer Services).

This instance reflects the concomitant existence of power and resistance, for some of the managers resisting the marketisation of accounting services were enthusiastic supporters of managerialism. The resistance to this form of organisation was effective because at the time of the study, there were moves to re-centralise accounting services by creating an accounting section at the corporate unit to oversee the finance function at the the council. This is in line with Foucault's argument on the co-presence of resistance and power.

While some of the staff were subtler in their opposition to the commercialisation of the FCC, the councillors were not. Councillors used meetings of the council and public fora to lament that they were "losing control of their organisation" (Technical Services Manager). They questioned the legality of some of the changes management had embarked on and the mandate of the managers to bring them about. At one meeting called to chart a way forward for the FCC, four of the councillors railed against the predominance of the economic over the social in the management of the FCC. One of these councillors questioned the separation of policy from delivery. He argued that it was strange that councillors are called upon to defend managers over matters of implementation yet they (councillors) have no control over management performance. He asserted that "it is immoral for me to say I am only concerned with policy and that I cannot explain to my electorate why the streets are dirty. Why then have they elected me?". This meeting called for a

strategy to reverse the trend the FCC had taken. Similar resistance to the sale of the FCC's main building had seen majority of the councillors who supported the sale voted out and the managers forced to resign.

This form of resistance was the most effective. The resistance of councillors to the commercialisation of City Enterprises was associated with a decision by the city manager to change the composition of the City Enterprises board. It was now to include elected representatives, and not just CEMT, which was made up of a small group of managers, committed to a market philosophy of governing local spaces. This board was to be made up of managers, elected representatives and some external stakeholders to oversee City Enterprises, instead of CEMT:

What X (past city manager) wanted was to introduce business discipline by way of a business board to make those calls (City Enterprises decisions). The board, which initially was made up of the city manager and two members of the management team, started having some influence on what we were doing. Later on he decided to include elected representatives (the councillors) after a year and later on some external stakeholders. The politicians felt they were losing control of their own organisation. The board was starting to think in terms of what services should be exited, expanded or contracted. The board started to have a big say with what was happening at City Enterprises (Technical Services Manager).

This capitulation was however temporary. Mobilising expert consultants managers were able to counter the resistance of elected representatives to the direction of change. These consultants in their turn legitimised these changes removing City Enterprises issues from the political domain to a neutral value free domain of cost, quality and contribution. Though the pricing manager asserted that once the reports of the consultants were in "it is up to the councillors now to accept or reject", councillors would have difficulty arguing with the magical numbers of the consultants. These consultants concluded "that we are doing a successful job and that we are making a contribution which is acceptable to the council. And that is up to councillors now to accept or reject" (Pricing Manager). Councillors would find it difficult to argue with these "objective and apparently verifiable" conclusions.

The statutory consultation process provided an avenue through which citizens could express their views on the annual plan and the LTFS (now the LTCCP). This process became the site where council's change agenda was most vociferously resisted. A group of citizens questioned the direction the FCC was taking. Some of the resistance was staged by community groups through deputations to the council. During one such deputation, a community group questioned the use of economic logic to decide that community events be contracted out. This form of resistance was effective for it resonated well with a group of councillors opposed to the outsourcing of the organisation of community events and led to an invitation to this group to submit a proposal on how one such event could be managed.

This form of resistance was not kindly received by The Mayor who saw the resisters as representing narrow sectional interests. He therefore labelled these members as "a small group" or "a small vocal group" and asserted that they did not have the mandate to tell the council what it should do. The clear message here was that only elected councillors knew what the community wanted. This seems to be a slap in the face of the political rationalities of consultation, which was to enhance local participation in council decision-making. The Mayor however, argued that this "small group" was coming to subvert the ideals of involving the wider community and therefore democracy:

The consultation process is captive to a small group of people. Often, these are the same people in different organs opposed to change, embarking on anything new. Councils have to be more robust than a small band that is imposed on elected leaders. It is the Council that is the elected body. Consultation can provide information fine, but saying that this is what must happen, that is not good. We have a process that goes through basically quarterly towards an annual review (The Mayor).

When there is an issue of concern, it is unlikely that all the citizens in a community can be mobilised to say what they want. It is inevitable that a fewer number of citizens who are more politically conscious and vocal would come to dominate the consultation proceedings. The Mayor was of the view that this group should be neutralised. He sought to break the monopoly of

these citizens in the statutory consultation process by launching the FCC annual report to a select audience of “shareholders” that was likened to the annual general meeting in the private sector. The people to attend this launch were there by invitation, providing a friendlier audience for the annual report away from the “noise” of the small clique. This would make the “small clique” irrelevant:

We are embarking on a first innovation, an annual report to the shareholders. We intend to organise a lunch event where we present to the community, the shareholders, the annual plan where we outline what we promised to do, then what we have and the way forward. This is a more transparent and accountable system and which overcomes the limitations of consultation. During this function, the various committees will present their reports (The Mayor).

The irony here is that these community members were responding to the incentives in the legislation for local participation in the affairs of their community. They were therefore one of the points of gaze into the way the FCC was governed. The council’s decision was therefore a challenge to one of the observatory points in the disciplinary technology of SPMS.

The commercialisation of the FCC was resisted from a most unlikely quarter, members of the business community in FC. These members were opposed to FCC competing in the open market to provide goods and services. Put differently, they did not want competition from the FCC. They argued that they are the ones who funded the FCC through rates, and would not entertain the FCC competing against them. They resisted the FCC, using the threat of litigation:

A lot of the community get really upset when council units go out to compete with them because they think we have been subsidised by the rate payer and it is one of the downsides of not going to a LATE that you have got to this half way stage and it can make it really difficult and the law is against this. In some areas too we have limited opportunity to compete out there and that is the main reason why the review of City Enterprises was recently done because a lot of people challenged us legally on it (providing services in the open market) (Manager, Customer Service).

While this group was at the forefront of support for the privatisation of the FCC, this was only as long as they took over the FCC’s business. It is in this

context that the commercialisation of the public sector in New Zealand has been viewed as part of the push by capitalism to intensify capital accumulation given its dwindling fortunes in the traditional private sector (Kelsey, 1993). The following subsection examines ridicule as a form of resisting the commercialisation of the FCC.

9.3.2 Maligning Change

The commercialisation of the FCC was resisted by labelling it with “a bad word” (City Manager). The proposed sale of one of the FCC’s assets was for example characterised as “asset stripping” and a campaign waged against it on this basis (City Manager). The manager, City Library characterised these changes as yet another instance of “American faddism”, reflecting distaste for what was perceived to be a colonisation of the New Zealand public sphere by imported values: “In the early days I would say there was considerable reluctance, a feeling possibly that here was another American fad, management fad that is something imposed upon us by in this case starting from central government...” (Manager, City Library). Such a discourse would probably be expected to rally people to a defence of prevailing modes of governing and fighting ‘foreign’ practices.

Some of the members questioned the value of these changes to the FCC and instead characterised it as a waste of time. The introduction of the work plans which required managers to prepare a timetable on how they utilised their working time, were cited as an example of such a waste. Managers ended up spending more time filling such forms and not providing services to the community:

I have come back after four months and I have found exactly this process has happened there is a new fad arrived via consultants which is work plans so now we have people filling in pieces of paper saying Robert would do this by this date, David would this by this date I am not decrying that but what is happened is that one of my colleagues has forty of these to fill in now what happens is that that process consumes the individual to the point where nobody actually stands

back and says well is this improving the quality of what we are doing? (Manager, City Library).

The use of consultants to effect the changes at the FCC was viewed as a waste of resources. The manager, City Library argued that consultants provided complex solutions to commonsensical problems. This expertise was expensive, did not lead to improved quality and was time consuming:

...one of the things I feel strongly is that this organisation, society in general and many other organisations I am aware of invariably have lost touch with what I call common sense and common sense is something that you do not get from consultants. Consultants provide you with a solution, which is invariably an expensive solution. Common sense is something which everybody eh, hopefully has got and invariably what happens in this organisation and organisations generally is that common sense is lost sight of and a new language is introduced, a new set of procedures are introduced and before you know what is happened the simplicity in common sense is lost (Manager, City Library).

The manager, City Library ridiculed some of the changes and the role of consultants in it as an insult to his intelligence and a waste of time. He could not understand how mere change of language could lead to an improvement in the services provided by the FCC:

Project Save has suffered from the same problems it has tried to prevent, it has introduced a new set of language. I will try to be specific. The other day somebody put up a drawing they called it a rich picture and I thought no no no this is absurd, 10 years ago we could have drawn it and we could have called it a diagram. Everybody understands what a diagram is but now everybody calls it a rich picture as if calling it a rich picture is bringing in some sort of manna from heaven to make this clear in fact what it does for a lot of people certainly you are good solid workers it just sends them into a state of apathy a state of concern that people are paid sums of money to produce this sort of nonsense that is what I mean by losing sight of common sense (Manager, City Library).

Some of the staff questioned whether this change improved the services that they were providing to the public. The manager above dismissed the changes as faddism hence suggesting it was among many changes that come and will soon disappear, leaving them to operate as they have done before. It is therefore not surprising that the city library manager defined his work as including strategic management, while dismissing the language change accompanying SPMS. This conduct enabled him to resist the changes while

appearing to be supporting them, underlining the coexistence of resistance with consent (see Collinson, 1994). While dismissing the language accompanying these changes as mere semantics, the metaphor or discourse of strategy has the potential to shape cognition and action (see Fountain, 2001).

The changes were viewed as unnecessary by some managers who were of the view that the council had delivered desired services to the community successfully over the years. These managers therefore drew on their traditional knowledge of the way this organisation had worked over the years to resist the current changes, railing against claims that the FCC had failed to meet the changing needs of the community. They concluded that there was no need for a new approach, hence defending the prevailing regimes of practice against what they perceived as unnecessary intrusions:

The idea of strategic management was received with mixed reactions, very strong support from the city manager and from one or two other managers. But in other parts of the organisation it was viewed as kind of another burden, people asked why can't I get on and do my job anyway. Some people did not see any particular use for it, not the need to look long term. They argued that we have always provided the outer back and we shall keep on providing it, so it was probably hard to get people to imagine things can change quite a lot (Manager, Strategic Planning).

Resistance took the form of ridiculing the changes. The categorisation of the council's units as either providers and purchasers was described by one accountant as "hideous" and "a pretence". This accountant argued that the FCC could not be compared to CA firms who provide services to clients who knew what they wanted. The FCC clients apparently did not have a sufficient understanding of their accounting needs yet the separation model expected them to instruct the accountants from City Enterprises regarding these needs:

It is a hideous Council accounting concept whereby the management accounting or business accountants are in a business unit and they treat other units of the council as clients so basically business units pretend they are clients. It is almost like a CA thing and that everyone else is their client who come to them and miraculously understand enough about accounting to instruct us in what they want from us but I don't agree with that myself (Business Accountant).

The credentials of the change champions were questioned. For example the acting financial services manager questioned their understanding of operational matters and ability to come up with systems relevant to the realities of the FCC workplace. This was so because they had failed to consult the accountants and those to be affected by the project improvement programme:

Right, one of Projects Save's projects is the financial reporting project...when it was first developed the accountants under me were not in agreement with it at all about how it was going along and particularly questioning the capacity of the people on the project as to their level of experience of the accounting perhaps they were looking too higher up and not acknowledging the issues at the actual operational level, so that was quite a contentious issue. They were asking why and when questions of the changes...I guess they are resenting a little bit that they haven't been involved as much as they should that a decision is been made that we are going down this track without being consulted (Acting Financial Services Manager).

9.3.3 Mobilising the Discourse of Community

The delineation of the FCC into provider purchaser units with transactions based on contracts was resisted by some of the managers employing the discourse of community. They argued that this delineation subverted the role of the public service organisation, which is "to provide service to the community". They therefore ignored these artificial boundaries on the basis of what they deemed to be a superior objective:

...they are pretty focused on what they are delivering to the community which is possibly a lot more important..I mean yah, to me the role of council is delivering services to the community and we are all one organisation. In the end you just can't behave like that, [provider-customer] it is really harmful (Business Accountant).

These organisational members felt that the pursuit of profit compromised the organisation's commitment to the provision of service to the community. They reasoned that since the council was there to serve the public, then it should provide its services either free or at cost, and not seek to profit from the public. The technical services manager however, argued that even if theirs was to make money, they were making this money not for themselves but for the

public. These changes inevitably confused many people, and created a lot of resentment, an ongoing problem at the time of the study:

One of the purposes of the City Enterprises was to maximise profit and that was seen as maximising dollars at the organisation's expense although I find it hard to believe because at the end of the day we are all dealing with public money. It wasn't though as if we were dealing with our own money. It wasn't well received and a lot of people did not see why they should pay for a service and if they do so it should be at cost and not at market rates, and some of this stuff is still around, people are still struggling with it. Some people don't accept the structure. But as third level managers we had a duty to make it work and it was part of our job (Technical Services Manager).

These members were uncomfortable with one unit taking advantage of another just because of the pursuit of profit. Employing the private sector chartered accountant, client relationship metaphor, one business accountant argued that the latter relationship was based on the desire by one party to make money and the other to get service, which was not the council's role. This member felt that individual units should work towards serving the community and should not compete against each other. This business accountant indicated that where a conflict arose between the units, her action was guided by the community interest:

I know that the accountant who was here when I first started he had some of the same clients that I have now he got into trouble because he always took his clients perspective and they did not toe City Enterprise's line and quite often you are in a conflict where particularly for me one of my clients owns one of the big computer systems here and the unit I worked for wanted to buy this computer system and you know the kind of deal they are offering him I didn't think it was the best deal either for this unit or for the organisation and what do you do when staff are stuck in a conflict like that? And in the end no matter how many times your boss might instruct you to do this or that you still have got moral responsibility and society demands you do behave in a correct manner for your client and that is the problem when you are not working for a CA. Here we are working for the council and you can't carry on pretending that you are a CA firm when you are not.

It is not that some of these managers were opposed to the reform of local government as such, but just aspects of it. The manager, City Library indicated that he was not opposed to these changes provided they led to improvements in services provided to the public. One business accountant explained that "I think there is a drive within the business particularly to be more focused on

what our outputs are and how you are fitting in with the company's strategy and that is where the concept of the balanced score card I think comes to our mind". She further explained that both profitability and financial probity were important to her but like the manager, City Library, she asserted that "I want to know how you contributed to other things and the community especially in my new job I want to know how you have contributed to education or accessibility or participation ... really". Both actors felt that the changes were not in line with these aspirations:

For me the reason I work in the library since I have passion for providing service to the public I get an enormous amount of pleasure to taking a young child introducing him to the world of literature, music, whatever it is through the person who is near the end of the line there is a passion there that tells me that the most important thing we are doing is providing service that always has an immense conflict with an organisation that is constantly adopting new approaches to supposedly better management. And to me the sign of good management is whether in fact the particular process or whatever it is somebody wants to bring in is actually improving service to the public and if it is not improving service to the public then for me what it is doing is just consuming time, energy and effort in ever increasing circles and it doesn't necessarily have anything to do with improving a service which is what the public at large are interested in (Manager, City Library).

The discourse of community was powerful as a counter discourse to the local government reforms because they were carried out in the community's name. Its power lies in demonstrating that the changes were subverting the perceived role of Council. It is this traditional understanding of Council as an arbiter in community affairs that was becoming subjugated (Foucault, 1980d) by the reconfiguration of the government of the local.

9.3.4 Business as Usual: Ignoring the Changes

One of Foucault's key themes is the co-existence of resistance and power. Resistance at the Council was reflected in the tendency of members to do things the way they had always done them, ignoring requirements of the new regime. This reflects resistance to ever-newer forms for governing organisational life in local government. This was however explained as a problem with

implementation: "It is just that there is a momentum for Council to always do the things it had done. It is a big organisation trying to shift emphasis is very difficult" (Manager, Strategic Planning).

The FCC members welcomed the changes as long as these did not affect their positions substantially. This behaviour appears to be consistent with the work of Laughlin and Broadbent who argue that professionals develop strategies to absorb changes so as to continue with their core work (Broadbent, Jacobs and Laughlin, 2001; Broadbent and Laughlin, 1997; Laughlin, Broadbent, Shearn and Willig-Atherton, 1994). When their positions became threatened, they sought to forestall the changes by arguing that they were too complicated. The implication is that the cost of implementing them would be greater than the benefits so they better be abandoned:

We prepare reports like this for the management team, we debate, discuss, and recommend. We are driving these changes. The progress is pretty good in some areas, some areas require a big push. By that I mean other units. Positive means more dollars so whether we have the money or not. Positive things also mean change in power from one side to another side. Then that threatens people. Then people would say that is too complicated, let us not do. So those are some of those barriers (Corporate Services Manager).

Some organisational members resisted utilising established mechanisms for entrenching commercial government in the local authorities. They did not use the client relationship manager to arbitrate conflicts between purchasers and providers. The customers instead resorted to grumbling. While managers on the supply side saw this as a weakness in the commissioning side, the position here is that though the customers seemed to be conforming, they were in fact subverting the new regime. This behaviour accords with Fleming and Sewell (2002) where members pretend to be conforming but they are not:

No, They don't always bring it to our attention which is a shame sometimes they may talk among themselves and you hear through informal means. We do have a client relationship manager whose job it is to go round and talk to the clients about the services that they are receiving and who coordinates the resolution of anything apparently we do have some clients who do come and tell us but we also have a monthly survey (Support Services Manager).

The reaction of these managers was in contrast to their feedback via client surveys, which seemed to indicate high levels of satisfaction with the services received:

It is interesting actually that as at the end of the survey that we reported for our 8 monthly review which is to the end of February the client satisfaction results for the last 12 months was 97.7% customer satisfaction. Interesting when you hear some of the remarks some clients make. You can't do anything unless you know that there is an issue particularly when we are gathering customer survey information and we have a line on that (Support Services Manager)

The purchasers ignored the procurement policy to satisfy themselves that the supply units were comparable to the market on price and quality. The purchasing units took the position that the only way this could be done was through tendering the work to both internal and external suppliers. The purchasers therefore decided to put the work out to be contested by both internal and external providers:

We were providing services to an internal client but we had to demonstrate that we were providing this service in comparable terms with the market or external provider. This sounds great in theory but to demonstrate that you are market comparable is not that easy. And it is sometimes not fully the responsibility of City Enterprises. That was more the responsibility of the internal purchasing units to satisfy themselves and they haven't been able to do that and a lot of them felt that the only way they could do that was to put the services out to contestability (Technical Services Manager).

The provider purchaser model created artificial boundaries between the units, premised on a behavioural change that is based on mistrust. Some of the managers, however, resisted these mechanisms of mistrust by developing close working relationships with commissioners on the basis of which they provided services. This strategy enabled these managers to redefine their areas of priority, which were different from what their superiors had assigned them:

I mean my boss refuses to talk to our commissioning unit except on a formal basis. That limits my chance to have a very constructive relationship with her. Luckily I am not limited by that but you know the reason why I have a good relationship with commissioners and they don't criticise my work is because of my kind of involvement with them and they understand problems and they are happy to help me go around them but they don't understand the problems my boss might have. She won't talk to them she is always pretending that things are alright and they know that they are not alright and I mean we are in the organisation and it makes a huge difference and I have to as an accountant with

various clients one client is particularly not very needy but the kind of work he wants me to do is very nonessential especially when it came to the whole organisation and I was having to say look no another unit's needs are more important than yours at this time and that is very uncomfortable for those unit managers who have their own agendas to have their own staff and the bigger picture you are not as important as you want to be sorry. I have got a focus on high risk areas and that to me is another unit but ah there is a lot of conflict in there with accountants situated at the City Enterprises (Business Accountant).

Some of these staff refused to be constrained by the rule that they could provide services only to a paying client. They continued to provide services to each other ignoring the separation between the units:

You are the one with the skills best placed to deliver and to do a lot of the work and also you know as an accountant I think that you got specialist skills you need to offer advice and if you are in a business unit you are not going to say things like "oh I wouldn't give you this business advice until you pay more money for it because it is outside the cope of the contract", it is really really a very difficult relationship (Business Accountant).

These members of staff were assisted in ignoring the rules through the waning enthusiasm of their managers for this mode of governing. The guard in the watchtower seems to have gone to sleep, and the prisoner became aware of the fact:

They were all practically acting the same way. When I first started the manager was quite gung-ho about that kind of thing but since then she is kind of walked away from things and we are not under the same scrutiny as we might have been before so you just know if no one is interested then you carry on defining your role as you see fit (Business Accountant).

9.4 Discussion and Conclusion

While the previous two chapters analysed ways in which FCC members were subjectified on the basis of new modalities of government based on the commercialisation of the FCC, this chapter suggests that this subjectification is incomplete. The chapter has examined the continuing failure of the government programmes associated with markets, split of policy from delivery and SPMS, but demonstrated how in spite of these failures, some staff retained the optimism that these programmes would still solve problems facing the FCC. The failure of some practices to cohere with their rational prescription

appears to have intensified the belief in the efficacy of these programmes. The potential of these governmental programmes does not, except in rare cases, appear to be questioned.

This optimism amidst failure illustrates the reflexivity of governmentality (Rose and Miller, 1992; Miller and Rose, 1990) for though some staff expressed dissatisfaction with aspects of SPMS, they did not once question their hopes and beliefs in it. Rather, they sought ways in which SPMS could be reconfigured so as to achieve its ideals. The search for a linkage between the city vision and the operational activities of the FCC still continues. The LTFS was associated with wide ranging attempts at reconfiguring the activities of the FCC so as to be in line with its financial projections. While this proved impossible without increases in rates, the state has once again intervened to introduce the long term council community plan (LTCCP) which seeks to intensify the linkages between the strategic process, community and financial management. This legislation also shows the limits of governmentality, that while it emphasises the exercise of freedom as central to modern government, the state is ever present to intervene directly should this appear not to be working (cf. Neu and Heincke, 2004). As Neimark remarks, the King is dead, long live the King! (Neimark, 1990).

The apparent failure of these programmes also appears to be related to their ambivalence. This was apparent in managers' expressed hopes for SPMS and their disappointments with its practice. While the managers (e.g. the strategic manager) rated strategic planning at the FCC as successful for defining the direction the city was to go and for getting citizens to get involved in discussions regarding the kind of city they want, they felt that it did not provide them with clear directions that would guide their day-to-day work. Some of the managers felt that strategy, contrary to their expectations had become an operational tool. These sentiments however, reflect the differing expectations associated with SPMS, suggesting that SPMS is an ambivalent

concept. This way, strategy need not demonstrate any technical efficacy, for it functions, just like audit (Power, 1997), as a norm or rationality of government (Rose and Miller, 1992). Its governmental potential lies not in its definition, but in the way it is appropriated and mobilised to represent administrative problems and solutions to these problems. Strategy at the FCC may be viewed as a programme that promises to enable control by replacing the traditionally more direct and costly mechanisms of control with covert and less costly ones that enable government at a distance. Distance here is both spatial and temporal, for SPMS promised to govern events within and without the FCC both now and in future.

This chapter has also demonstrated that co-present with efforts at identity constitution were acts of overt and covert resistance. These had the effect of adapting the changes to meet some of the demands of the resisters. It also had ended up entrenching SPMS further such that even those resisting saw problems facing the council as emanating from too little strategy or its poor implementation and use. Resistance has therefore escalated the discourse of strategy. The fact some of the managers resisting these changes supported SPMS indicates the co-presence of consent with resistance. Indeed the technical services manager lamented that managers rhetorically supported the changes while actually being opposed to them. For him, if one was opposed to the changes, they should voice it or leave, but the reality is a lot more complicated as seen above.

The way the changes were received reflects the contest between discourses, which seek to introduce new power relations amidst existing power relations. A number of unit managers welcomed the purchaser provider split and SPMS as a rational approach to the management of an otherwise complex organisation. They derided those organisational members opposed to the changes as merely selfish and concerned only with protecting their 'fiefdoms'. The suggestion being made was that these managers were archaic and were

part of the problem the changes were meant to redress. These derided organisational members apparently felt that their influence was being scuttled, and their positions watered down. They were therefore unwilling to think in the corporate mode in which these changes were cloaked, preferring to stick to their traditional way of doing things. Though the changes were resisted and do not seem to have been implemented as programmed, the overall conclusion would be that organisational members' conduct has been directed towards the achievement of the political rationalities of efficiency, effectiveness, transparency and accountability as witnessed by their discourse of these. When presented with situations such as the intransigence of one purchaser unit, they showed a bias for market led solutions, which suggests that the market discipline had become internalised. The discourse of markets, efficiency and outcomes had pervaded the FCC so much so that even those opposing the changes did so in the name of this discourse.

Chapter Ten

Summary, Reflections and Conclusion

There is a need for more integrated democratic debate on public sector governance and financial management. This will help to ensure that questions are not just concerned with the development of new democratic structures or with new NPFM techniques but with the nature, scope and values of the public services being provided and the effect that NPFM systems have on their conception and provision (Olson, et al., 1998a, p. 154).

10.1 Summary

This study has analysed the numerous attempts to reconfigure the way local domains in New Zealand are governed. It has specifically focussed on the mobilisation of regimes of markets and private sector management practices following the reforms associated with the fourth Labour Government. The study has been informed by the concept of governmentality, which draws on the work of Michel Foucault (Foucault, 1991a; 1988; 1979). This concept, which has been explained in chapter three, informed empirical analysis in chapters five to nine. The concept of governmentality draws on two concepts, governing and the reasons for governing (Lemke, 2001; Gordon, 1991). It refers to all those ways in which individuals, through their own efforts or those of others, are made subject to themselves or to others. The agencies of this subjectification include not only the state, but also oneself and numerous non-state institutions. This subjectification is carried out so as to achieve specified political ideals.

The mobilisation of the critical work of Michel Foucault is a response to calls by a number of accounting researchers that interpretive accounting studies should be critically informed (Dey, 2001; Doolin, 1998; Jönson and Macintosh, 1997). The integration of interpretivist approaches with critical theory is advantageous because it provides rich description coupled with a critical analysis that provides the context for this description. The researcher negotiated and

originally entered the field without firm theoretical convictions, but once the issues were identified, he mobilised the concept of governmentality to make sense of these issues and inquire into them further. This methodology has been explained in chapter two while the case study is outlined in chapter four.

The study was carried out at two levels: the macro-practices of the state and the micro-practices of an individual local authority, the FCC. Chapter five provides an analysis of the macro-level attempts by the state to (re)form public life. The public sector was problematised as amorphous and inefficient. State intervention to correct perceived imbalances in income distribution and opportunities was debased as inordinate and stifling risk taking and enterprise (Kelsey, 1993; Treasury, 1987). The organisation and management of the public sector was criticised for not relying on sound economic principles for its resource allocation, use and performance measurement. This discourse was the basis for subsequent programmes aimed at restructuring the government of local domains.

The reforms to the public sector reflected the interplay between the technologies of sovereignty, discipline and the self, in what Foucault terms the triangle of government (Foucault, 1991a). The legislation sought a new spatial arrangement with citizens constituted as members of communities of interest, residing within defined territorial boundaries. Through discourses of the ideal citizen, the reforms sought to constitute democratic citizens, who would be actively involved in the decisions affecting their lives. These citizens would at the same time be autonomous individuals responsible for themselves and able to meet their own individual needs as customers. Such citizens were to relate to their local authorities as customers would to any business from which they bought a good or service. The needs of these citizens were to become knowable to the local authority through programmes of annual planning, the long-term financial strategy and private sector financial reporting.

The reforms also sought to reconfigure the functions and management of each of the individual local authorities. Through legislation, local authorities were required to separate their commercial from non-commercial activities. Services initially provided by local councils were now to be carried out by LATEs or companies. This introduced new agents into the government of the local, with local authorities playing increasingly more of facilitator than provider roles. In addition, the reforms sought to separate those responsible for policy from those responsible for its implementation. Councillors were assigned policy-making roles and managers, implementation ones. This macro-level analysis drew on the triptych of rationalities, programmes and technologies (Foucault, 1991a; Miller and O'Leary, 1993; 1994). The emergence of one of these technologies, SPMS, to such a place of prominence in the public sectors of many Western countries is analysed in chapter six. The importance of this technology is more recently associated with developments in the private sector where there is dissatisfaction with financial-based metrics of performance measurement. It is also sited within earlier developments in the public sector where dissatisfaction with finance-based metrics of performance found its expression in the financial management reforms of the late 1970s that have come to be referred to as NPM (Hood, 1995).

Governmentality is however, reflexive, with the installation of one modality of government marking the start of the search for another (Rose and Miller, 1992; Miller and Rose, 1990). The thesis was therefore cognisant of the potential of the emergent regimes of practice being at variance with the programmes in the name of which they were promoted (Foucault, 1991a; Hopwood, 1987). This potential therefore necessitated attention to one local authority so as to appreciate the emerging regimes of practice and their truth effects. The study built on the genealogy by Kearins (1997) by focussing on specific regimes of practice. This micro-level, case analysis was carried out in chapters seven through nine.

The foci of chapter seven were the regimes of practice associated with attempts to govern the local domain on the basis of markets and managerialist logic as espoused for other sectors of New Zealand society. These technologies were mobilised in attempts to constitute individual members as economic agents who related to each other either as providers or purchasers. Sections of the FCC were hived off and constituted as businesses while others were assigned non-business goals. These dividing practices in sum sought to fashion new identities for members of the FCC on the basis of which they were to comport themselves. The local authority members (who include staff, elected representatives and citizens) were as a result incited to work on their identity so as to see themselves as customers, managers and strategic thinkers, but who are members of the FC community. These new identities potentially changed the power relationships between staff and staff, and citizens, in a fundamental way. The customer citizen came to occupy a dominant position, with staff for example articulating their role as meeting the needs of the customer. The relationships of various organisational members were defined on the basis of service level contracts that supplanted trust and professionalism with technologies of mistrust. These technologies also enabled individual conduct to be calculated, measured and reported, enabling action at a distance.

This comportment, it was rationalised, would achieve efficiency and effectiveness with new managerial mechanisms based on SPMS to delineate goals for individual and departmental conduct and make visible effort towards their achievement. SPMS would also enable the FCC to know the needs of their customers hence seek to meet them. SPMS, discussed in chapter eight, were mobilised to constitute a community with needs, and to make these needs knowable to the managers and workers of the FCC. This technology was in turn mobilised to make the efforts of these individuals towards meeting these needs visible and knowable to numerous centres. This way, these employees were incited to recraft their identities so as to meet the needs of their customers. By showing a dissonance between council resources and the desired outcomes

of the long term financial strategy, SPMS became the basis for the entry of numerous private sector expertise that enabled the FCC to be reconfigured on the basis of financial logic. The emerging regimes of practices were however, not always in line with their rationalities. A number of staff, though seeming to conform to these new practices continued to ridicule, question and ignore them. The failure of markets and private management practices to conform to the articulated ideals and the forms of resistance to these practices is discussed in chapter nine.

Chapter ten builds on the work in chapters five to nine by drawing their various themes together at a more abstract level. It seeks to provide a reflection on these analyses in the light of critical comments on Foucault's work in the accounting literature (see Neimark, 1994; 1990; Armstrong, 1994; Arnold, 1998; Froud, Williams, Johal and Williams, 1998). The chapter especially provides reflection on the intractable question of human agency and the role of the state. On the basis of these reflections, future theoretical directions are suggested. This chapter is organised into three sections as follows. The second section is a critical reflection on this thesis. Especially, the section reflects on the Foucaultian methodology, the question of discourse and the subject, the place of the state in Foucault's analysis and the critical intent of his work. The section also outlines the contributions of this thesis to accounting knowledge and research. The third section brings this project to a close.

10.2 Reflections

The researcher needed to pause and reflect on the evidence and conclusions that he had drawn from the evidence. This reflection is needed especially because the use of Michel Foucault's work in accounting analysis has been and continues to be controversial (see Arnold, 1998; Froud, Williams, Johal and Williams, 1998; Armstrong, 1994; Neimark, 1994; 1990). The use of theory in accounting research also introduces the possibility of conclusions being drawn

beforehand (Jönson and Macintosh, 1997). Reflection is also needed because there are many ways of knowing the world and the choice of one does suggest a way of not knowing the world (Poggi, 1965). Through reflection, the study potentially reforms and extends Foucault's theory (Cowton and Dopson, 2002). The social science researcher is therefore compelled to make a number of choices ranging from the topic studied, the way it is studied and the theoretical lenses employed to make sense of reality (cf. Laughlin, 1995). Inevitably, the conclusions from social science research are bound to be contestable, especially from those who have taken a different perspective. This section is concerned to make the conclusions of this thesis clear so that it can invite further debate as to whether a rational strategic approach is *the* way to the government of local spaces. The section is therefore a reflection on the methodology of this study and its contribution to knowledge and research. It also points out some directions for future research.

10.2.1 Methodology

The work of Michel Foucault provides both theoretical and methodological injunctions (see Kearins and Hooper, 2002). Undertaking a study such as this one therefore raises the question as to how faithful the researcher has been to Foucault's methodology. The answer is, not entirely, and Foucault himself has provided the justification. He argued that his work should be viewed as a toolbox and not a straightjacket approach to understanding social phenomena. He himself used the work of others such as Nietzsche in entirely new ways. This position does not however suggest that Foucault's methodology should be used in an arbitrary way. The adoption of Foucault's methodology, if it can be called such, should dispel fears by Neimark (1990) that it is becoming an orthodoxy in accounting research.

The approach used here follows Foucault's injunctions in a number of ways. The study focuses on the regimes of practice for governing the local domains in New Zealand. It builds on the history of the present of FCC built by Kearins

(1997). The study then seeks to make intelligible the rationalities and technologies associated with these regimes of practice: the search for efficiency, effectiveness and accountability and the mobilisation of technologies of sovereignty, discipline and the self to bring this about. Markets and private sector managerialism are some of the technologies that have been deployed to bring about new regimes of practice in local government in New Zealand. These regimes are based on the rationalities that less government, more autonomous individuals and technologies of measurement and evaluation will achieve a more efficient, accountable and effective public sector. These rationalities and technologies are associated with new power relations that are intertwined with the knowledge of the local domain and its populations. The technologies of SPMS play a central role in the reconfiguration of power relations by making individuals and departments knowable and conducted on the basis of this knowledge. Since power is exercised by free individuals who could choose otherwise, instances of resistance were encountered and have been analysed.

The study however employs some methods that neither Foucault nor many accounting researchers have employed. Foucault and many who subscribe to his injunctions have relied on historical analysis, but this study mobilises both historical material and interview data to analyse the installation of novel power relations at a specific site, the FCC. The study therefore joins a few recent attempts to investigate regimes of practice as they are currently being exercised (e.g. Cowton and Dopson, 2002; Kearins, 1997). This approach enables a closer look at how members grapple with discourses that promote alternative identities to the one they hold. At the FCC, some of the staff still struggled with the concept of relating to their fellow staff as either customers or sellers, while others embraced this concept. In adopting an approach that is apparently non-Foucaultian, the researcher sought to study power relations at their capillary points (cf. Foucault, 1980d). This study brought the researcher into closer contact with potential allies in the search for alternative ways of governing our

individual and collective lives. This search includes a discussion and adjudication over what such a life could be.

The study also focussed on specific mechanisms, especially SPMS. These included the processes of annual planning, setting the city vision and mission, strategic plans, business plans, long term financial strategy and a myriad other forms of planning. It was therefore possible to question whether these technologies can appropriately be studied as mechanisms of power knowledge as suggested by Armstrong (1994). The finding is that it would be inappropriate to view these mechanisms solely from the prism of interrupted surveillance: managers indicated that they do not refer to the strategic plan, and that contrary to claims, the documents are not "living documents". It is however possible to study these mechanisms within the triangle of governmentality, as instances of sovereignty, discipline and technologies of the self. The technologies were installed through state-orchestrated measures to govern the local domain on the basis of knowledge of this domain and through the constitution of autonomous citizens. Looked at this way, processes of SPMS provide deep insights into numerous attempts to govern the local domain through the interplay of various agents, key of which is the state. The study was able to analyse some of the ways in which accounting is intertwined with other mechanisms of governing such as SPMS so as to achieve the political ideals of efficient, accountable and effective delivery of services to the public.

10.2.2 Anything Goes? The Question of Truth

The argument by Foucault that discourse is neither true nor false, but it produces power effects (1980d; 1982) has elicited a lot of criticism (Neimark, 1994; 1990; Armstrong, 1994). Both Neimark (1990) and Armstrong (1994) argue that Foucault's denial of the existence of absolute truth blunts critique, hence it cannot contribute to an emancipatory accounting. Neimark concludes that Foucault's work is neo-conservative and reactionary.

The assertions about truth or falsity of discourse applied to what Foucault termed as the human sciences. That would include accounting and economics, the focus of this thesis. These discourses have been mobilised to bring about serious social transformations in recent human history. The discourse of markets and managerialism is a recent invention and it seeks to replace another human invention that organised production on the basis of civil service bureaucracy principles. The claimed virtue of these discourses is their potential to enable centres to calculate, measure and make visible individual effort, which can in turn enable populations to be known and governed. These “virtues” characterise our times, with our inordinate concern for knowledge and certainty. At other times, humanity has considered other modes of government virtuous, such as those based on trust.

The acceptance of the mutability of forms of government over different human epochs as truth does not blunt critique nor emancipation. On the contrary, it provides a powerful critique against those who claim these inventions to be gospel truth for the organisation of human life. At one of the meetings attended by the researcher, various FCC members were able to draw on this form of analysis: they decried the capture of their Council by a clique who viewed every aspect of FCC’s life from the prism of the economic. While proponents of the economic countered with claims on the centrality of the economic, councillors opposed to these were able to shoot back: it was not always so! Some of the staff were able to resist the new regimes of practice by ridiculing some of its rationalities.

10.2.3 Robot or Autonomous Subject?

The state as already explained sought to govern the local through, among other things, the promotion of new identities for the citizen and the workers of the FCC. The citizens were to be democratic and be actively involved in the affairs of their communities as responsible consumers. Through mechanisms of

legislation and through other forms of discourse, the local was reorganised into units called local authorities that were meant to represent the spatial boundaries of specific communities.

The FCC was divided into policy making and delivery arms, with each assigned specific objectives they were to pursue. This discourse was aimed at constituting some members as policy makers and others as managers, with each identity kept separate. Parts of the FCC that were considered commercial such as transport and power were corporatised as LATEs. While this signalled the desire to separate the commercial from the non-commercial, concerted attempts were made to further commercialise numerous activities of the FCC through the creation of business units. Additionally, the FCC was divided into units that provided service from those that bought the service, with relations between them governed on the basis of, not trust or the knowledge of working for the same organisation, but service level contracts. The intention was to reconstitute the identities of FCC members as business-like individuals. This identity was to instil private sector practices in the workers without obvious designs towards privatising the FCC.

The subject in Foucault comes forth through discourse, but the study suggests that this may not often be the case. The citizens have not become more active or more communitarian while at the same time being more individualistic. The continuing concern with the state and even the FCC is that there is limited response to consultative initiatives. The recent Local Government Act 2002 was informed by the desire to increase the level of involvement of local communities. Nevertheless, a vocal group has emerged that, as indicated earlier, has drawn the ire of some FCC staff and The Mayor. Consistent with the relational nature of power, The Mayor and some of the elected leaders have come up with strategies to counter these unelected people who have “captured the democratic process” (The Mayor). This vocal group would suggest that discourses aimed at changing the identity of whole populations may be

embraced but by only a small group, at least initially. Perhaps in the long term, the identities may be embraced a lot more widely, but this is difficult to tell from such a short study as this.

The study found that local authority organisational members had to some extent internalised SPMS and strategic thinking generally. These were reflected in the fact that they saw problems facing the council from the prism of strategy. Even organisational members that opposed these changes engaged in a discourse that suggested that strategic thinking was a problem because there was too little of it or it was not being done properly. The effect then of these programmes was that the conduct of local authority members was being influenced in the name of political ideals. Members generally appear to have embraced the idea of being strategic thinkers, business consultants, customers, and clients thereby suggesting an alignment of their fortunes with the centres of calculation.

These organisational members were however, not mere pawns of discourse. Through acts of resistance and opposition, members were able to reconstitute the discourse of SPMS in important ways. This is consistent with Fairclough (1992) who sees subjectivity and discourse as mutually constitutive. The study is also important in the sense that it addresses a key criticism directed at Foucault: that he ignores the speaking subject. Even accounting researchers using Foucault have not accorded much room to a speaking subject, other than one constituted by discourse: "The role of subjective agency is negligible...the subject comes into being via discourse" (Armstrong, 1994). Through interviews and direct contact, the way people think and feel about the discourses of strategic thinking in the public sector is illuminated. The study also illuminates the efforts of staff to constitute themselves as customer caring and *homo economicus*, employing technologies of the self.

The restructuring of the FCC provided a site where the triangle of governmentality was made operable. While sovereign technologies such as the legal requirements of annual planning and the LTFS required compliance, the governmental effectiveness of these reforms is a lot more contestable. There is evidence that a number of staff embraced the discourse of commercialism, but the degrees of fervour varied. It would be foolish to suggest that those who embraced it did so blindly. A number of these staff expressed their disillusionment with the previous regimes of practice that were associated with empire building and lack of accountability. They appeared to have embraced these changes consciously and enthusiastically (see Clarke and Newman, 1997). Even some of those opposed to this commercialism still defined solutions to problems they faced in these very terms! While it cannot be said that the individuals had become subjects of commercialism, they appear to have been influenced by its discourse to varying degrees such that even when expressing resistance to it, it was couched in these very terms. This discourse appeared to have robbed them of a language of resistance though some drew on their prior identities for support.

The reconfiguration of the FCC illustrates the interlinked nature of government, such that Foucault's attempt to downplay the role of the state must be viewed as an earlier contradiction that he corrected with his work on governmentality. His statement that all forms of power refer to sovereign power is important in understanding the ways in which the conduct of individuals and populations is directed in the modern world. At the same time, he brings an important dimension missing in conventional analysis: the role of other agencies such as LATEs, private-public partnerships, and citizen groups in the government of a local domain. The study shows the co-existence of modern forms of government with the coercive mechanisms of the sovereign.

10.2.4 Contribution of the Study

This study has important implications for accounting research mainly on two issues, the use of Michel Foucault in accounting research and the study of the significance of accounting. A number of studies have mobilised Foucault's theorisation on governmentality to undertake a study of accounting phenomena (See Miller and O'Leary, 1993; Miller, 1990; Miller and Rose, 1990). The major criticism of these studies is that they are historical and do not capture what is happening at the present time (exceptions are Cowton and Dopson, 2002; Kearins, 1997; Miller and O'Leary, 1994). The studies have utilised the triptych of rationalities, programmes and technologies which are mainly macro-level analytical devices. The way in which political programmes get instantiated at a specific site has not been adequately addressed, but this thesis tries to address this issue. It looks at the rationalities, programmes and technologies of markets and private sector managerialism and their instantiation at a specific local authority through the governmental mechanisms of sovereignty, discipline and technologies of the self. The study seeks to illuminate the way in which the identity of local authority members was reconstituted, and their conduct redirected by making their actions visible through the strategic planning process. The thesis also examines the way members resisted these changes. The study therefore addresses a major criticism of Foucaultian studies, i.e., that they mainly focus on carceral institutions and are weak on the linkage between global level and local level issues (e.g. Armstrong, 1994; Neimark, 1990).

This thesis contributes to an understanding of the way in which accounting is mobilised along with strategic planning as a regime of practice for governing local authorities. The thesis has taken SPMS as its point of entry, thereby enabling an understanding of the way in which accounting logic and expertise is implicated in attempts to govern the distant domains of local authorities in New Zealand. The focus on strategy is important because though it played a prominent role in these reforms, its contribution has not been adequately

researched (Boston and Pallot, 1997). The nexus of strategic management and accounting remains tethered to the private sector literature, in spite of the claimed potential of strategic management accounting to contribute to the tremendous changes taking place in public sector reform in the West (see Laspsley and Pettigrew, 1994). This thesis therefore makes a contribution to the literature by looking at not only strategic management in the public sector within the context of NPM, but also its complementary role with accounting. This accords with some researchers who have suggested that accounting be studied as a regime of practice (Jones and Dugdale, 2001) or as part of the other functions that are employed in the control of organisations, such as human resource management (Townley, 1995).

This thesis contributes to an understanding not only of a technique, SPMS, but also how it has been instantiated and used in practice and with what effects. The study provides insights into how techniques developed ostensibly for private sector use come to be deployed to solve problems in such unusual sites as local government. The way in which annual planning, the city vision and strategic plans were instantiated at the FCC and their effects has been analysed. This responds to complaints that while significant research endeavors into the role of accounting in NPM have been and continue to be undertaken, the way in which specific accounting techniques have been used in practice and their effect have not been attempted. Such studies are considered necessary, it is said, because there is neither a standard NPFM package nor uniform experience of NPFM across countries (Guthrie, et al., 1999; Miller, 1996).

The study develops and applies a framework that draws on the work of Michel Foucault on governmentality. Foucault's work has largely been undertaken within the context of micro-organisations and based on historical studies (Armstrong, 1994). This framework enables Foucault's perspectives to be applied to a study of how mechanisms for governing a domain evolve. In addition to a focus on the micro-practices of discipline and subjectivity, it also

shows how these micro-practices are deployed in the pursuit of macro-political ideals. The study shows how centres govern local domains (without apparent intrusion) by seeming to confer autonomy on them. Local authorities exercise their “autonomy”, ultimately fostering the interests of distant centres. The thesis therefore makes an important contribution to calls to study accounting in the context in which it operates. It also accords with calls for undertaking case studies of the discursive formation of managerial technologies (Deetz, 1998). The thesis hopes to engender understanding and debate regarding the ways in which what continues to be called public service is being provided and how accounting is implicated in this provision (cf. Olson, et al., 1998a, p. 454).

The thesis also hopes to dispel the dominant end-use way in which accounting has been promoted in the public sector. This view presents accounting as a neutral and technical craft that is mobilised for the solution of public sector problems for the good of everyone. The problems facing the New Zealand public sector were for example related to poor accounting systems (e.g. Treasury, 1987; Gair, 1982). This study sought to question this seemingly self-evident usefulness and importance that was being attached to accounting. Drawing on the work of Foucault (1991a; 1979; 1988), the thesis seeks to demonstrate that the usefulness of accounting is a discourse constituted to enable the government of local domains at a distance. This is achievable through its mobilisation as part of a myriad of technologies of government that constitute SPMS. The effectiveness of these technologies, the thesis hopefully demonstrates, lie in their use as mechanisms of knowledge gathering and identity constitution hence subjectification.

The study has hopefully contributed to those who may be committed to extending Foucaultian conceptions of governmentality. This is because the study seeks to interpret the introduction of markets and private sector managerialist practices at the FCC. Its aim is not just to describe what has happened, from the actors’ perspective, but to also make sense of the meanings

the actors make of these developments. It tries to make sense of text using a critical eye, especially the work of Foucault. The use of this eye enables the researcher to make sense of the wider context within which these changes are situated. The researcher is critical in adopting Foucault, and does not assume that Foucault would explain all phenomena encountered. This is in line with recent exhortations in the literature that the researcher should stand back and question the extent to which a theory, in this case, Foucault, explains a situation (e.g. Cowton and Dopson, 2002; Dey, 2001; Jönson and Macintosh, 1997). This is where the study's reflections in chapter ten fall. The aim of a critical application of a theory is to show its potential and limits, and hopefully suggest improvements to the theory. This approach hopefully enables this thesis to address concerns that Foucault's method is becoming orthodoxy (Neimark, 1994; 1990). Through this approach, the researcher has been able to question Foucaultian theorising that the subject is intermediated by discourse. Instead, the findings of this study suggest that subjects challenge discourse and constitute it in various ways. Through attention to the instantiation of a discourse at a specific site, the study has been able to extend prior Foucaultian accounting studies by analysing how subjects are complicit in their subjectification. The study also illuminates how these subjects resist discourse, hence extending prior studies (Armstrong, 1994).

10.2.5 Future Research Directions

This study is limited in the sense that not as much time as desired was spent with the research actors. A more extended field study could shed light on the way in which the discourse of strategic thinking shapes, is shaped and reshaped with emerging discourses on the mode of governing the public sector. This would also enable direct observation of the actual conduct of organisational members as opposed to learning about what they think.

This study focussed on unit managers with interviews of a few staff below the level of unit managers. The focus on managerial intention has been cited as a weakness in studies informed by Foucault (Armstrong, 1994). Future researchers may study how workers within the council have responded to the discourse of strategy. These researchers could also study what part citizens play in their own government and that of the council organisation. Such a study would be particularly pertinent because the reforms to local government were premised on, *inter alia*, the improvement of accountability to the citizens and the increase of their participation in the democratic process.

The study could also be replicated in other councils in New Zealand and elsewhere. Consistent with Jönson and Macintosh (1997), future researchers may want to share their research findings with the actors and ask them what they think of them, engaging in a hermeneutic turn (Llewellyn, 1993).

10.3 Conclusion

The dominant perspective of the public sector literature is that reforms were carried out so as to achieve efficiency and effectiveness. Techniques such as strategic management and accounting were viewed as part of the mechanisms towards a rational approach to the public sector whose aim is economic efficiency (Lapsley and Pallot, 2000). New Public Management (NPM) has drawn on agency theory, public choice theory, and transaction cost economics theory to suggest a host of measures for the reform of the public sector on the basis of a modernising rationality. This thesis challenges this perspective by demonstrating that some of these technologies, markets and SPMS, provide potential for the exercise of asymmetrical power relations over workers and communities, negating the very claims on the basis of which they were introduced. It draws for theoretical inspiration on Michel Foucault who differentiates his work from the dominant rationalist approach through his attention to how power is exercised in organisations and society through the

constitution of knowledge and the subject (Foucault, 1991a; 1988; 1979; 1977). This study therefore views the various changes in local government as aimed to conduct individuals and groups through the formulation of markets and private sector ethos as the truth on the basis of which the identities of FCC members become contestable.

SPMS can therefore be viewed as a regime of practice, which defines what is done and known, i.e., it has prescriptive, codification and discursive effects (Foucault, 1991b). This regime of practice enables citizens' behaviour to be directed by making them visible through various mechanisms of truth telling facilitated by public consultations and through hierarchical observation via instruments of strategic planning (Foucault, 1977). Numerous authorities aim to conduct the distant domains of local authorities through the instruments of annual planning and the LTFS. To achieve this conduct, they require knowledge, and it is here where SPMS play their pervasive and far reaching role. These authorities therefore act as centres of calculation, governing the distant flung local authorities on the basis of accounting information supplied from these diverse centres.

Foucault identified that the greatest contradiction of liberal society is the craving for freedom and the need for control, therefore, government must not be seen to be too intrusive, otherwise it will be resisted (Foucault, 1982; 1977). It is here where Foucault's work on the subject gains great relevance in showing us how free individuals are constituted as subjects who engage in their own subjectivity. Such individuals pursue the agenda of diverse centres' governing of themselves and their communities, in the process exercising power over themselves and others. Invested with this power, these strategic selves participate in instituting ever more subtle forms of surveillance, linking the distant domains ever more closely with the centre. The consumer selves exercise power over their communities by making demands on the basis of being customers and having customer rights. They are so constituted because

the changes to strategic management are seductively presented as engendering local democracy and participation in government. Communities therefore act as another prism for making visible the workings of local authorities, creating an even tighter web of hierarchical gaze. It would however be naïve to assume that human beings are merely robots who embrace change blindly, nor autonomous agents who craft their identities independent of discourses such as those of markets and private sector managerialism.

This study makes a number of important contributions to the literature. It integrates aspects of an interpretivist approach with critical theory, thereby providing both detailed data and a theoretical basis for interpreting these data (cf. Dey, 2001; Jönson and Macintosh, 1997). The study applies the insights of critical theory, principally the work of Michel Foucault, to a contemporary setting thereby enabling an analysis of recent and ongoing reconfigurations of power relations. The study is therefore able to re-centre the subject into analysis, thereby showing that individuals are influenced by discourse but are active agents in choosing one form of truth over another or even reconfiguring the practices associated with this truth (cf. Knights and McCabe, 2000). Hopefully this finding would help those wishing to modify and extend Foucault's theoretical framework of governmentality. While previous studies focus on the role of accounting alone, this study examined accounting as part of the mechanisms for governing a domain. This provides useful insights into how numerous mechanisms are mobilised so as to direct the conduct of people at various sites on the basis of defined political rationalities. The researcher hopes that this study has made a useful contribution to an understanding of the way in which numerous mechanisms have been mobilised and intertwined with accounting so as to govern the public sphere. This will hopefully contribute to the debate on the reasons for and the desirability of these practices, and the need to continue the search for alternative ways of governing our public sphere.

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