

This is the accepted version of the following article: Phillimore, John. 2013. Understanding Intergovernmental Relations: Key Features and Trends. Australian Journal of Public Administration. 72 (3): pp. 228-238, which has been published in final form at <http://onlinelibrary.wiley.com/doi/10.1111/1467-8500.12025/abstract>

**UNDERSTANDING INTERGOVERNMENTAL RELATIONS:  
KEY FEATURES AND TRENDS**

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**ABSTRACT**

This article discusses several features of intergovernmental relations (IGR), paying particular attention to IGR in federations. A number of recent trends and challenges are identified, and implications are drawn for the analysis of IGR. The article shows how IGR has traditionally been dominated by informal processes and power relationships, but that formalisation and institutionalisation have increased and can provide greater certainty and protection for sub-national governments in dealing with central government.

Intergovernmental relations (IGR) are an integral and pervasive part of modern political systems, of growing importance as complexities of modern governance increase. They have become a notable feature of federal political systems; however, they are an important component of any political system with more than one level of government.

There is no necessary correlation between the system of government and the degree of centralisation of IGR or the relative power between the various levels of government. Indeed, a number of federations – such as Australia and the USA – have steadily become more centralised while many unitary countries have recently decentralised. This is true both for developed countries such as the UK and Spain, which have devolved substantial policy and political authority to regional governments, and for developing countries such as China, Vietnam and Indonesia, where regional governments have increased their autonomous decision making power and financial independence.

However, federations are distinctive in that their constituent units (states, provinces, cantons, *Länder*), at least in principle, have their existence and minimal competencies protected by a foundational law (the constitution or ‘basic law’) that cannot be readily overturned (Fenna 2012: 750-1). National governments in unitary systems, by contrast, can (again, at least in principle), abolish, restructure or neuter their constituent units.

This essential characteristic means that IGR in federations have some distinctive features absent from IGR in non-federal countries. In particular, the constitutional underpinning of constituent units with the full array of executive, legislative and judicial institutions provide them with ‘hard’ protections and their own political constituency. Therefore, political motivations and considerations of policy autonomy shape the conduct of IGR in a way that may not be so evident – or even possible – for sub-national levels of government in a unitary state. This is likely to be particularly true for countries such as China and Vietnam where centralised political control through their respective Communist Parties are likely to permeate and overshadow formal decentralisation measures taken in financial and administrative governance.

The existence of a presidential system can also have important effects on IGR, primarily by dispersing the channels of communications (Watts 2008: 119). However, there are examples of centralised and decentralised, effective and ineffective IGR institutions in both presidential and parliamentary systems.

This article describes the main dimensions, institutions and processes of IGR, looking primarily at IGR in federations and Australia in particular. A number of trends and challenges are identified, and implications are drawn for the analysis of IGR.

### **What are intergovernmental relations and why are they important?**

We can define *intergovernmental relations (IGR)* as *the processes and institutions through which governments within a political system interact*. All countries, whether unitary or federal, have IGR of some sort, provided they have more than one level of government.

Analysis of IGR has traditionally focused on the formal structures and institutions of IGR, in particular those connected with the financial arrangements between the levels of government (Painter 2012: 731). However, IGR also involves extensive informal processes of exchange and interaction.

The older Anglo federations of the USA, Canada and Australia did not make significant provision for IGR in their constitutions, assuming instead that the two principal levels of government (the central

government and the governments of the constituent units) would operate virtually autonomously in the policy spheres allocated to them by the roles and responsibilities designated in the constitution (Fenna 2012: 753).

However, over time, and sooner rather than later, it became clear that this separation of activities through a coordinate form of government was unrealistic and unlikely to last. As governments increased in size and scope during the twentieth century, new issues arose that the original constitutions had not anticipated. Policy areas that had formerly been seen as local matters became matters of national social, economic or environmental significance or at least matters of political and policy interest to national governments. Positive and negative spillovers in areas like transport, water, the environment and business regulation meant that roles and responsibilities between levels of government were no longer clear cut and that IGR of some sort were required to establish policy positions and accountabilities as well as administrative protocols between governments.

Crucially, with the rise in national income tax as a tool of macroeconomic policy and welfare state redistribution, national governments invariably raised more revenue than they could spend and fiscal transfers to sub-national units became much more important. This dictated that IGR of some sort were necessary (Fenna 2012: 754).

As a result of these and other factors – including judicial decisions on matters of dispute between the levels of government – the need for regular IGR became more obvious. Coordinate federalism was increasingly replaced by concurrent federalism, which required the different levels of government to deal with each other, even if only sporadically. This in turn raised the need for cooperation as well as the potential for duplication, overlap, complexity, political opportunism, coercion and gaming.

A common response to these developments has been to seek a more ‘rational’ allocation of roles and responsibilities (to rekindle the initial coordinate intent of the constitution), although whether this should be achieved by a return of powers to the states or additional powers for the central government is contested.

The alternative to re-drawing ‘bright lines’ between governments is cooperative federalism, which of necessity implies a more complete and coherent set of IGR institutions and processes to govern the inevitable concurrency of government responsibilities (Wanna et al. 2009). As noted, such concurrency implies at least a minimum level of consultation, cooperation and coordination between governments, as well as conflict resolution mechanisms and a willingness to adapt to changing circumstances. The extent to which this can be done effectively and efficiently is a crucial question, as is the issue of whether cooperative IGR may come at the expense of democratic accountability (Poirier and Saunders 2010: 8).

### **Studying IGR**

Although inevitable and important, IGR can pose difficulties for generalisation and theorisation. This is partly because so much of IGR is informal and reflective of each country’s particular national characteristics. These characteristics can lead to strong path dependency.

The informal nature of IGR also means that politics, power and contingency tend to assume primacy over law, institutions and consistency, in guiding the relations between the various levels of government. This again results in wide variations across countries and over time. As a result, there has been a general dearth of comparative analysis or agreement on ‘principles’ of IGR on which analysts and governments can draw.

The view that IGR is best regarded as a ‘game’ akin to diplomacy has also been common (Simeon 1972; Sharman 1977; Painter 2001: 139; Harwood and Phillimore 2012: 88-89). Such an approach focuses on the motivations and resources of the various ‘players’ in the game (the levels of government, their personnel and agencies), as well as the rules of the game and its boundaries (IGR institutions, processes, laws, etc.). Rather than regarding IGR as a ‘team effort’ in which a country’s various levels of government are striving to achieve a common policy purpose, this perspective argues that we cannot assume that all the players are even ‘on the same side’.

In particular, the constituent units often regard the promotion and protection of their policy and administrative autonomy as more important than promoting the ‘national interest’ or ensuring harmonisation of service delivery across the country. However, while all sub-national governments would agree on the desirability of autonomy, their substantive policy goals may well differ from each other depending on their economic, social and cultural circumstances and interests. These differences may also affect how they conduct IGR. Quebec in Canada is an obvious example, as are the resource-rich jurisdictions of Alberta or Western Australia, which have regular clashes with their central government and other jurisdictions.

### **Dimensions of IGR**

There are several different dimensions to IGR that provide the basis for subsequent analysis of IGR institutions and processes. These include vertical, horizontal and sectoral dimensions, as well as the degree of formality with which IGR is carried out.

#### *Vertical dimension*

IGR occurs most importantly in the ‘vertical’ relationship between the central government and sub national governments. In unitary systems, these are usually referred to as national and local governments, while in federations we normally refer to the central or federal government and the constituent units of the federation (states in Australia and the US; provinces in Canada; *Länder* in Germany; cantons in Switzerland).

However, many countries have more than two levels of government. In China, for example, the constitution specifies four tiers (central, province, county, township) while a fifth tier (prefecture-city) has effectively been added between the province and county levels. Vietnam, similarly, has four levels (central, provincial, district and commune). The central government may deal with all the constituent units, a few or just one, depending on the issue. Thus vertical IGR may be bilateral or multilateral. It is not always necessary or even advisable for all constituent units to be treated equally by the central government on all issues. Asymmetry is possible and common (Watts 2008: chapter 8).

In federations, three or more levels of government are common (e.g. central, state and local government, as in Australia). But the crucial intergovernmental relationship in federations is generally between the constitutionally protected constituent units and the central government (Fenna 2012: 751). Local government is generally established under state government legislation and regarded as a state government creation, even though they are popularly elected and have distinct (although quite limited) responsibilities. Indeed, while they often resent federal government efforts to conduct IGR directly with local governments, many states act just as overbearingly with ‘their’ local governments as they accuse federal governments of doing with states. Given the lack of any constitutional obstacles to state interference with local government, allegations of cost shifting by states onto local government are frequently made, and a number of states have amalgamated local governments or dismissed councils without consultation. The situation is basically similar in the US and Canada.

### *Horizontal*

Horizontal IGR can take many forms and involve some or all of the constituent units. Typically, horizontal relations between constituent units arise to deal with geographic trans-border issues such as rivers, transport, local taxation and service provision. In addition, national peak bodies of constituent unit government leaders have been formed to take joint actions not requiring the national government, to discuss common issues or to lobby the national government on issues of joint importance. Regional groupings of constituent units are also common in Canada and the US. In Australia, formal groupings are less common although alliances can develop, for example between smaller states, or between resource-based jurisdictions.

### *Sectoral*

A third dimension of IGR relates to the policy sector in question. In the US, so-called ‘picket fence federalism’ refers to the way in which each policy sector tends to have its own IGR networks and personnel (Radin 2012: 735). In Australia, this is formalised through the establishment of ministerial councils consisting of federal and state ministers and their officials (COAG 2013; Phillimore 2012: 14). The scope, frequency and intensity of interaction can vary between policy sectors, as can the level of cooperation or conflict. Much depends on the financial dependence of states in each policy area, their constitutional powers, their administrative experience and technical knowledge and competence in the area, as well as the political importance of the issue and how trusted each level of government is regarded within the community in relation to the particular policy area in question.

### *Formal and informal dimensions*

IGR occur through both formal and informal means. Formal mechanisms can be constitutional, statutory or by way of non-statutory institutions, agreements and processes. Informal IGR are inevitably more difficult to observe but often as important as formal mechanisms, if not more so. Informal interactions often hold the system together. In addition, there may be unspoken rules, conventions or principles that are important to the conduct and effectiveness of IGR (Harwood and Phillimore 2012: 88).

As noted, in the older federations (USA, Canada, Australia), constitutions generally said very little about IGR and established few if any institutions to deal with relations between their constituent units and the federal government. This was because they assumed coordinate government would prevail. Federations created in more recent times, such as Germany and South Africa, having witnessed the growth of concurrency in the older federations, have tended to establish some structures and mechanisms to cater for the inevitability of IGR, preferably in ways that promote better processes and more productive outcomes (Poirier and Saunders 2010: 4).

Some countries have explicitly specified principles that should govern the conduct of IGR in order to indicate respect between the two levels of government and to reduce conflict, coercion and opportunism (Wanna et al 2009: 9, 11). The EU specifies ‘subsidiarity’, the German Federal Constitutional Court has officially recognised the ‘comity principle’ and South Africa’s constitution has a section listing ‘Principles of co-operative government and intergovernmental relations’.

### **IGR Institutions and Processes**

There is a wide range of IGR institutions and processes, most of which are extra-constitutional. Most belong to the executive branch of government.

### *The legislature*

Almost all federations have bicameral parliaments, and most have some form of regionally-influenced representation in their second chamber or upper house. However, the only chamber that can really be depicted as an IGR institution is the German *Bundesrat* whose members directly represent the *Länder* governments – who therefore have a direct say in federal government policy and law making (Watts 2008: 154). Although they provide equal representation for each state regardless of population in recognition of the federal principle, upper houses such as the US and Australian Senates have directly elected members who primarily represent party rather than state interests.

Countries use a range of legislative techniques to facilitate IGR coordination or give effect to national laws. In Australia, the constitution allows for states to refer powers to the Commonwealth, although this has been done only sparingly (Phillimore 2012: 13). More common has been the use of mirror or template legislation, which enables model laws, agreed by all governments, to be replicated by others to ensure uniformity or consistency across the nation. Such legislation often arises from intergovernmental agreements (see below). Parliaments occasionally play a formal role in monitoring the executive in particular areas of IGR, such as foreign treaties which place obligations on the sub-national governments. But generally the legislature is a junior player compared to the executive.

### *The executive*

In parliamentary systems in particular, ‘executive federalism’ dominates, with most IGR taking place between the executives of the respective governments, including both political office bearers and public servants. Interaction generally involves a range of standing and ad hoc councils and committees, as well as ongoing discussions between officials. These executive mechanisms vary in their level of formality, openness and effectiveness, and indeed have been the subject of criticism for allegedly undermining public accountability and democratic control of government (Poirier and Saunders 2010: 8).

Many countries have a peak intergovernmental body at which heads of government meet regularly to discuss common issues and propose joint actions. In Australia, for example, the peak IGR body is the Council of Australian Governments (COAG), comprising all first ministers (the prime minister, premiers of all six states, the chief ministers of the two territories) and the head of the national association of local governments. Yet COAG has no formal status in the constitution, in legislation or even in a formal intergovernmental agreement. It is in fundamental respects a meeting of government leaders, serviced by a Commonwealth secretariat (Phillimore 2012: 13-14). Reflecting the Commonwealth’s financial dominance, the prime minister calls the meetings, sets the agenda and prioritises policy issues.

Often connected to the peak IGR body are meetings of ministers responsible for particular policy areas, which are usually supported by officials’ meetings. In Australia, for example, ministerial councils, which long pre-date COAG’s establishment, now often deal with matters delegated from COAG as well as with issues generated by their own ministers, upon which action may be taken or endorsement from COAG sought. However, these bodies have been subject to criticism as they generally work on consensus principles, and therefore it is quite possible for one or more governments to ‘hold out’ and exercise effective veto powers. This can lead to inertia or lowest common denominator solutions (Painter 2001: 140).

In some countries, horizontal IGR bodies have been established to enable constituent units to work with each other without the participation of the federal government. In Canada, the provincial

premiers formed the Council of the Federation in 2003 and Australia followed suit with the Council for the Australian Federation in 2007. The efficacy of these bodies as either lobbying or governing bodies is unclear, however (Tiernan 2008).

#### *Intergovernmental agreements (IGA)*

An important method of coordinating IGR in all countries occurs through formal agreements between governments. In some countries these are legislated, but in most they are concluded through executive agreement alone – although they may form the basis subsequently for legislation and the establishment of funding programs or new agencies. Australia currently has well over 100 existing agreements, and although most are concluded between the Commonwealth and the states and territories, some are ‘horizontal’ agreements between states. Major national agreements are normally multilateral but some include bilateral agreements so the Commonwealth and individual state governments can sort out details or deal with issues relating to a particular jurisdiction.

Agreements typically assign roles and responsibilities to the signatory governments; detail any financial provisions; and establish reporting requirements. Many arise from the distribution of Commonwealth funds to the states to deliver services. Such agreements can be more or less detailed in terms of the obligations they place on the signatories. Their legal status varies, and dispute resolution mechanisms are usually not detailed to any great extent.

#### *Independent and joint agencies*

A common IGR mechanism is to establish a joint or independent agency to deal with a specific public policy issue (Poirier and Saunders 2010: 6). These often arise from an IGA and may be further supported by legislation. In Australia, such IGR bodies are sometimes established and funded solely by the Commonwealth, but with the states having a role in appointing or approving their members. Australia has numerous such bodies (see Phillimore 2010: 14) dealing with a range of issues including fiscal federalism (Commonwealth Grants Commission), performance evaluation (COAG Reform Council), policy advice (Food Standards Australia and New Zealand, National Transport Commission), and regulation (Office of the Gene Technology Regulator, Australian Competition and Consumer Commission, Australian Energy Regulator). A common effect of establishing these executive bodies is to depoliticise an issue after initial negotiations and discussions have taken place and a resolution reached.

#### *Public service*

The public service is crucial to the conduct of IGR in all countries. It is the ‘engine room’ where detailed work is done, both through formal meetings of officials as well as through personal relations and informal interactions. Often, and in keeping with the diplomacy analogy concerning IGR, it is the job of the public service to maintain relations and dialogue with other governments even during times of political tensions and stand offs (Poirier and Saunders 2010: 6).

However, it cannot be assumed that the public service of each jurisdiction is necessarily unified. For many years in Australia, for example, ‘line agencies’ (responsible for most of the spending and service delivery functions and often reliant to an important degree on funds from the Commonwealth government) differed markedly from central agencies (premiers and treasury departments) in how they approached IGR (Painter 2001: 140; Harwood and Phillimore 2012). Line agencies traditionally had a more pragmatic and cooperative relationship with their Commonwealth government counterparts, who were a key source of funds. At the same time, the pace of change and reform in

policy and administration was often quite slow. Over the past 25 years, however, central agencies have taken a more active role in IGR and asserted political and policy control over line agencies to ensure that government priorities are adhered to, including in IGR. This is often accompanied by an increase in resources, including dedicated IGR units or sections co-located with their cabinet or policy unit.

Nor should it be assumed that all governments are equally capable or interested in IGR. While national governments normally have access to more financial and human resources, even they can find it difficult to cover the wide array of skills and competences involved in IGR properly (Menzies 2011; Harwood and Phillimore 2012: 48-50). This is even more the case for constituent units, for whom IGR can often be seen as a nuisance or intrusion into their regular activities and a burden on their administrative resources.

Occasionally, particular jurisdictions take the lead on certain IGR issues. Victoria, for example, was the principal driver behind Australia's National Reform Agenda in the mid-late 2000s. Less populous and financially weaker governments often have to prioritise by focusing their limited human resources on the IGR issues and institutions of most importance to them while keeping a watching brief or relying on other constituent units to look after their interests on other issues (Harwood and Phillimore 2012: 66-73).

#### *Political parties*

Political parties can have a large influence on IGR. If parties are very centralised and hold power at both national and sub-national level, then national leaders may overwhelm and dominate regional or state governments despite what the formal division of powers may say (Watts 2008: 119-20). This characterises the situation in South Africa and Malaysia, for example, and is likely to be the case in the transition economies of Asia.

In Australia, the major parties are structured federally and state branches and governments retain substantial importance and independence, although 'federal intervention' by the national party organisation into dysfunctional state branches does occur from time to time. Collectively agreed federalism reform and policy initiatives have occurred more readily on the relatively rare occasions when one party holds power at the federal level and in most jurisdictions – as it did in Australia in the early 1990s and most recently in 2008–09 (Fenna and Anderson 2012). However, there are also numerous examples of conflict between Commonwealth and state governments having political leaders from the same party.

#### *Interest groups*

Interest groups can both reflect and influence the form of IGR in a country. In Australia, for example, business groups and trade unions used to be state-based but have steadily become more national in organisation, focus and policy prescriptions, as the federal government has taken on more responsibility for economic, competition, regulation and industry policy. Key professional bodies (lawyers, doctors, other health professions) were traditionally subject to state legislation, and have been slower to agree to national regulation, with smaller jurisdictions (supported by their state governments) often holding out against moves to 'go national'.

### **Trends, Challenges and Improvements**

#### *General*



Based on case studies of thirteen federations, Poirier and Saunders (2010: 7-8) noted several trends and challenges emerging from recent IGR experience.

The first trend has been a general increase in the formalisation and institutionalisation of IGR.

A second trend has been the development of horizontal IGR. The examples of Canada and Australia have already been noted, and other countries such as Austria and Nigeria have also established leaders' forums at the sub-national level. These bodies aim primarily to influence national policy.

A third development has been the emergence of new actors, in particular large municipalities (in Brazil and South Africa) as well as local governments more generally. This development is not confined to federations. China and Vietnam have also provided more autonomy and self-government for their largest cities. Other non-state actors include First Nations and industry organisations. In 2012 the Australian government established a Business Advisory Forum, which met with all COAG members the day before COAG meetings, to discuss business regulation and competition reforms.

Fourth, there has been 'a general trend towards greater centralisation despite some 'administrative' devolution' (Poirier and Saunders 2010: 8). Some argue that traditionally dualist federations (where each level of government is responsible for setting and implementing its own policies) are being turned into integrated federations along German lines, where the federal government sets the major policy directions and provides the relevant funding, while the sub-national units implement these policies as 'agents' of the centre (Fenna 2012: 757). However this is occurring without the sub-national levels having the protected right to participate in the national policy and law making process (as is provided by the *Bundesrat* in Germany), potentially reducing the status and powers of the constituent unit government.

Finally, an ongoing challenge is the tension between efficiency and accountability, between flexibility and the rule of law, and between effectiveness and consultation (Poirier and Saunders 2010: 8). IGR is primarily a function of the executive arm of government, and reflects its strengths and weaknesses. Inevitably, executive federalism has a fairly poor record in terms of citizen participation, transparency and accountability. Its positive feature is that it may be more effective in delivering outcomes for citizens, especially those living in under-resourced sub-national jurisdictions. But too much emphasis on consulting with sub-national governments to obtain their consent can slow the pace of reform and lead to lowest common denominator policies (Painter 2001: 140).

### *Australia*

Australian IGR demonstrates each of the trends identified by Poirier and Saunders.

Despite the lack of constitutional provisions dealing with IGR, Australia has developed a comprehensive set of IGR institutions and policy networks over the past twenty years. However, these institutions (in particular COAG) stand on rather flimsy institutional ground and therefore remain heavily dependent on the Commonwealth for their vibrancy and effectiveness.

The establishment of the Council of the Australian Federation created a national horizontal IGR body in Australia for the first time, although its efficacy is in question. Business has been formally consulted prior to COAG. Centralisation despite devolution is evident in the shift to performance management and evaluation associated with the COAG Reform Council deliberations (O'Loughlin 2012), as well as the new policy and funding arrangements for hospitals, schools and disabilities being promoted by the Commonwealth.

Executive federalism, led by COAG, continues to dominate and despite periodic bursts of reform, disillusion has set in for many participants, stakeholders and observers. COAG has gone from being seen as ‘the workhorse of the nation’ (Karvelas 2007) to being criticised as overloaded and ineffective (Editorial 2013). At least two Premiers have revived calls for ‘competitive federalism’ to be restored in order to increase accountability and performance (Ashton 2012; McKenna 2012).

Pragmatism and opportunism rather than federal principles or legal positions tend to influence the behaviour of governments (Hollander and Patapan 2007), reflecting the status of IGR as a ‘game’ in which the Commonwealth’s financial dominance always looms large. Nevertheless, the states possess their own political and legal resources as well as expertise and knowledge essential for effective implementation of policy (Harwood and Phillimore 2012: 88-89). As a result, they have been able to influence the course and outcome of IGR negotiations on some issues, such as hospitals funding.

### *Improving IGR*

Many discussions on IGR have a normative focus, aimed at improving the conduct of IGR and the federation more generally (Chattopadhyay and Nerenberg 2010: vii-viii). Of course, improvement is in the eye of the beholder and may well be seen differently by different governments within the IGR system. Increased policy and administrative autonomy rather than substantive policy outcomes may be the most important direct objective for some sub-national governments.

But if we accept that there is value in achieving productive and efficient policy outcomes that are generally accepted by the public and their relevant governments, without too much waste, overlap, delay, politicisation or conflict, then a combination of formal and informal IGR appears to be highly desirable. In terms of formal design features, the following aspects appear most important:

- Where possible, building in constitutional and statutory protections for sub-national governments and their policy and administrative roles and responsibilities;
- Formalising and institutionalising key IGR institutions and mechanisms;
- Annunciating explicit principles to guide behaviour (the ‘comity’ principle in Germany) and policy-making (the ‘subsidiarity’ principle in the EU).

These features provide more certainty and importantly provide a level of protection for the weaker party to any IGR (normally the sub-national government), thereby reducing the temptation and opportunity for the national level to engage in coercion, opportunism, poor behaviour and capriciousness (Poirier and Saunders 2010: 4). There is a balancing act required in order to ‘avoid extensive, complex and rigid legal requirements that could become a long-term straightjacket’ (Watts 1997: 38). But in general ‘hard’ protections such as those inherent to federations enable negotiations between the levels of government to be more equal and less prone to simple coercion.

Formal or ‘hard’ rules and institutions are necessary but they are not sufficient. They need to be supported by informal or ‘soft’ conditions such as respect, trust, mutuality, tolerance of diversity, a willingness to engage and cooperate, and recognition of the legitimacy of the other’s position (Watts 1997: 38). They also require government capacity to engage in meaningful IGR.

### **Conclusion**

From the above, we may draw the following concluding observations.

1. It is necessary to go beyond the formal rules, regulations and institutions of IGR to understand their substance. Trying to understand IGR in Australia from a reading of the

constitution will not provide a full picture, and nor will a simple reading of COAG communiqués or intergovernmental agreements. In countries such as China and Vietnam, their respective Communist Parties play a crucial role in their conduct of IGR.

2. Power is at the centre of any system of IGR – and is closely linked to the relative fiscal capacity of the various governments.
3. IGR are more like diplomatic relations than contractual or legal relations.
4. Notwithstanding the previous points, the ‘hard’ protections which federations provide for their constituent units do set a base, however flawed, from which states can undertake IGR. This may not be the case in unitary countries.
5. Path dependence is frequently observed and important. Whether a country is on an integrative or devolutionary path makes a difference in terms of determining what might be regarded as the ‘natural’ or ‘common sense’ direction of IGR reform. Australian federalism has been integrating and centralising for decades; several unitary countries have been doing the opposite.
6. The increase in the number and range of actors involved in IGR adds complexity and hence, potentially, inefficiency to their operation. But it also allows for asymmetry, bilateralism, competition, collaboration, experimentation, and opportunism, all of which can have positive as well as negative effects.
7. For all sub-national governments, preserving control over key policy and administrative decisions affecting their areas of responsibility (both geographical and policy) are likely to be crucial – and legitimate – goals. Central governments need to remember this.
8. Relatedly, not all governments possess the financial and human resources, or the political inclination, to conduct IGR conscientiously or effectively. Most place a higher priority on policy and politics within their own jurisdiction.
9. While effective formal IGR institutions are important, so too are ‘soft’ skills, values and competencies. Trust and respect between governments are particularly important.
10. Investing in IGR capacity is crucial to achieving better outcomes, both for each level of government and for the system as a whole.

In a globalising and interdependent world, IGR are increasingly important to politics, policy and administration. Understanding the various dimensions, institutions, processes and challenges of IGR may not necessarily lead to harmonious relations, but further study of this important aspect of public policy and administration should highlight some possibilities for reform and more effective outcome for citizens and governments alike.

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