EVOLUTION IN COMMUNITY GOVERNANCE

BUILDING ON WHAT WORKS

Volume 1: Report
November 2011

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Contents

Preface

This research project has been a joint venture between McKinlay Douglas Ltd (MDL) and the Australian Centre of Excellence for Local Government (ACELG), with the support of the Municipal Association of Victoria (MAV), Local Government Managers Australia (LGMA) and the community banking network of the Bendigo and Adelaide Bank Ltd (Bendigo).

One of ACELG's primary roles is to encourage informed debate on important policy issues. A key issue for local government is to consider how decisions about the future of local communities are best made and implemented, and in that context to consider possible forms of collaborative governance.

The objective of this project is to explore recent trends in community governance in Australia. It recognises the growing distinction between the formal role of *local government*, and the practice of *local governance* which typically involves a wide range of networks linking various government bodies, civil society organisations, and the private sector. The Bendigo community banking network offers an instructive example of a growing network of commercial and civil society organisations that have the potential to become significant partners in collaborative community governance.

This report is presented in two volumes. Volume I contains the substantive discussion, findings and recommendations. It draws on material provided by councils and community bank branches and by selected individuals who were interviewed for this project. These individuals have had a long-standing involvement in local government or community banking. Volume I also contains a summary of the interviews and interview questions.

Volume II contains the literature review which poses a series of questions to do with the theory and practice of community governance. The findings are outlined in the review. It also discusses some of the challenges of applying community governance approaches, international comparisons of the practice of community governance and the experience of local government in Europe.

ACELG would welcome responses to this report. It also regularly seeks input from local government practitioners and other stakeholders regarding other policy issues that should be researched, and welcomes suggestions for future working papers. Please contact our Research Program Manager Stefanie.Pillora@acelg.org.au.

1.   Introduction and Overview

1.1   Scope of this report

The origins of this project go back to work undertaken by the project partners in a number of different governance related projects – most recently *Consolidation in Local Government: A Fresh Look.* Clearly, both in Australia and internationally, a number of trends are emerging in the governance of communities which are departures from, or complementary to, the conventional representative model of local government (that is, the model under which voters elect councillors once every few years, those councillors make decisions on behalf of their communities, and executive management implements them).

These trends are leading to a new understanding of governance which recognises that in today's complex world, governments (local, state and federal) cannot do everything on their own, and nor can they control everything that happens. Thus *community governance* can be seen as local government working with a broad range of other government and community stakeholders to determine preferred futures, and to facilitate shared decisions and joint action to achieve agreed outcomes, including the quality of the local environment and how communities access the services they need. A closely related concept is that of 'place shaping': identifying the special characteristics of local places (typically neighbourhoods or defined parts of a local government area) and taking action on a number of fronts – economic, social and environmental – to enhance the quality of the place and the quality of life of its people.[1]

In practice, there is a broad spectrum of ideas about community governance, about whom and what it involves, and about how (if at all) it should be pursued. Within Australian local government, these differing perspectives can be seen in terms of an evolving relationship between councils and their communities.

- Many local councils have a long history of working with community groups on specific projects or particular aspects of service delivery, often providing material support and/or financial assistance. Surf clubs and bushfire brigades are classic examples.
- Some councils have extended that approach to devolving the delivery of selected services to community-based organisations – child care centres for example.
- In parallel, statutory requirements for community consultation before councils take decisions have increased considerably, notably in land use planning and development control but also in some states around budgeting.
- Community 'consultation' is increasingly being re-defined as 'engagement' – councils going well beyond seeking views on specific decisions to having an ongoing dialogue with their constituents about service delivery and the key issues facing the area, using techniques such as neighbourhood forums and online panels.
- In several states, councils are now required to prepare or facilitate community-based strategic plans that are intended to be 'owned' by the community and provide an over-arching framework for all the council's activities.

These developments point to a much more collaborative approach to the way local government works – that is, a community governance model – and to the increasing empowerment of local communities not only to make decisions about their place, but also to play a direct role in delivering services and undertaking projects in order to achieve the kind of future they want. Ultimately, this

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[1] Internationally, the concept of place shaping may apply not just at a neighbourhood or community level, but at a district or regional level depending on the issue being addressed.

may lead to a paradigm shift from local government as a 'controller and doer' to councils as 'enablers' of community action.

The emergence of the Bendigo community banking network offers a valuable example of a further step in this evolutionary process, and the potential for a paradigm shift to occur, at least in some places. In a phenomenon unique to Australia, community-owned branches of the Bendigo Bank are both delivering a vital commercial service and generating substantial non-government funding that can contribute to the delivery of other essential community services and place-shaping projects. Thus, these branches are beginning to play a significant role in the governance of a number of the communities in which the community banking network is represented.

This led to the decision to undertake a project based partly on an extensive literature research, and partly on a series of exploratory interviews, as a first step in gaining a better understanding of the extent to which Australia's conventional representative model of local government is being complemented by, or potentially even being replaced with, new community governance models. The inclusion of community banking provided the opportunity to reflect on whether and how institutions of community governance might evolve at least to a degree independently of local government, and in turn to consider whether local government may be just one of a number of players in community governance, or whether it has a unique role different from that of other participants.

The purpose of this project then is to draw out the emerging trends , to serve as the basis for more intensive research on how community governance is evolving, and to encourage fresh thinking on measures which might assist councils and communities apply community governance in practice.

As noted above, the term 'community governance' covers a very wide range of different practices and relationships. We have chosen to define 'community governance' as a collaborative approach to determining a community's preferred futures and developing and implementing the means of realising them. In practice it may or may not involve one or more of the different tiers of government, institutions of civil society, and private sector interests. We have taken the view that the critical issue in defining 'community governance' is not whether clear and specific boundaries can be set around it, but whether it has utility in the sense of improving understanding of how decisions which affect a community's future are best taken and implemented.

For many local government practitioners (elected members, officers, researchers and advisors) this description of community governance may not look markedly different from what most councils have done in the past – working collaboratively with NGOs, charities and other community organisations on how best to deliver the outcomes those entities are seeking to deliver. There is, however, an important qualitative difference. That traditional form of collaboration has typically been instrumental in its approach, focused on a specific set of services or needs and how they might best be addressed. A community governance approach involves shifting to a different level; it is oriented more towards a shared approach to planning for preferred outcomes across the community as a whole. Community governance as defined in this report starts earlier in the process, considering what different needs exist across the community, how best to address them, and with what sort of priorities.

Another way of considering this difference is to think of it in terms of approaches to community consultation and engagement. Traditionally, these approaches took the form of the council inviting people to comment on the council's proposed answer to the council's pre-determined question. But the preferred alternative under a community governance approach is that consultation/engagement should start with exploring what the question should be.

1. 2   Background: dimensions of community governance

1.2.1   Local government

Local governments in what can loosely be termed the 'Westminster tradition' countries, such as the United Kingdom, Canada, Australia and New Zealand have generally followed a representative democracy approach with what can be styled a 'command and control' approach to governance.

Whilst this model still remains substantially intact, in recent years it has been changing in a number of potentially significant ways. As noted earlier, most Australian councils already collaborate to some extent with community organisations in the delivery of services, and a substantial number have taken the step of actually devolving day-to-day responsibility. These steps have been complemented by significant advances in community consultation and engagement, and by new community planning processes.
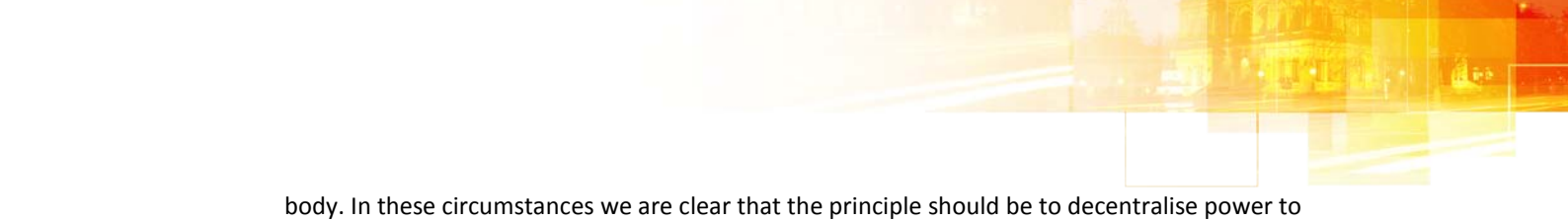
In Victoria in the early 1990s the then state government mandated the development of community plans. The purpose was to allow the development of plans at a neighbourhood or district level, enabling different communities within a local government area to develop their own strategic vision and priorities as a means of better informing the council's own planning. This has resulted in the development of more than 500 community plans, some of which have been extremely influential not just in decision-making by councils themselves but in decisions made by other service providers in areas such as transport and health.

More recently, several states have required councils to prepare long-term 'whole of council' or even 'whole of government' strategic plans on the basis of extensive community engagement, with the intention of determining their communities' priorities and who should have responsibility for their implementation. At its best this approach can be seen as a form of joint strategic planning between communities and their councils. For example, the Integrated Planning and Reporting guidelines for NSW released in 2010 describe the purpose of the 10-year Community Strategic Plan as:

> The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. In doing this, the planning process will consider the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve its aims and aspirations. While a council has a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of the local government area, it is not wholly responsible for its implementation. Other partners, such as State agencies and community groups may also be engaged in delivering the long-term objectives of the plan.

In England, we can see further steps being taken in collaborative services planning and delivery. In 2009 the then UK Labour government introduced its Total Place initiative with the purpose of bringing together central government, local government and the voluntary sector in joint decision-making on service needs, and joint delivery of services, at a local level. Its successor, the Conservative/Liberal Democrat coalition government, has moved beyond Total Place to what has been termed the Big Society, with a commitment to the devolution of service delivery to the lowest feasible level – not simply from central government to local government, but in some instances also from local government to communities and even individuals. More recently, in a potentially radical rethink of where responsibility should lie for decision-making, the government's 'Open Public Services' White Paper states the coalition government's principle of devolution as:

> We want control of public services to be as close to people as possible. Wherever possible we want to decentralise power to the individuals who use a service. But where a service is used by a community collectively, the control over services needs to be exercised by a representative

body. In these circumstances we are clear that the principle should be to decentralise power to the lowest appropriate level. **For many services, this will mean the community groups and neighbourhood councils to whom power is decentralised** [emphasis added], while for others it may be local authorities and other elected bodies.

The last point is telling. Whilst there has been a strong trend towards increased community engagement and some measure of devolution of service delivery, until now the underlying assumption has generally been that the business of government, and by extension the power to lead governance, rests with formal government structures, such as local councils, as we have normally understood them.

But the 'Open Public Services' White Paper goes further, suggesting much greater empowerment of local communities to manage their own affairs. Indeed, with the passage of the associated Localism Act community organisations and others will be able to challenge the right of councils to deliver particular services (for example, libraries or sports centres) and bid to take over the function.

Thus from a local government perspective there are a number of aspects in the evolution of community governance which this report seeks to highlight.

First and foremost is the significance of the changing role of local government. In terms of expenditure, and scale of activity, the traditional functions of local government still dominate. However in terms of the impact on the lives of the people whom councils represent, the newly emerging role for councils of working with their communities to determine what their needs are and how they can best be met (whether by the council, other providers, or people themselves), is beginning to overtake pure service delivery in its importance. To put it in a colloquial way, the standard services traditionally provided by local government can be seen as housekeeping for the community, but councils and communities are now moving to ask the question: 'why do we need the house?' This reflects a recognition that the quality of communities is not just about a physical place, but about the nature and quality of life which people living there are able to enjoy.
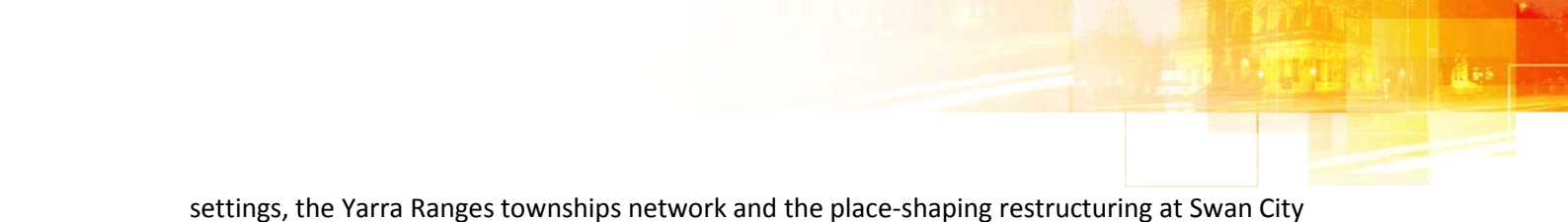
Another aspect of changing ways of thinking about the role of local government is the emerging concept of 'place-shaping' and a consequent shift in the organisation of councils from a functional structure to more of a place-based approach to management – seeking to break down individual service silos and adopt a 'whole of community' perspective (a theme picked up later in the exploratory interviews section).

Associated with this is a new understanding of the need to plan and organise human services at a more local level. This includes a recognition that really effective delivery of services to people requires a much better understanding of who they are, where they are and what their needs are. In practice this means locally based approaches to examining needs and setting priorities through effective community engagement – activities which local government may be much better placed to undertake or facilitate than are higher tiers of government.

These themes can be seen in a number of recent UK reports, such as the final report of the Commission on 2020 Public Services, an initiative of the 2020 Public Services Trust[2], and they are themes which underpin the devolutionary approach signalled in the 'Open Public Services' White Paper.[3] There are also some important Australian examples beginning to emerge such as the Golden Plains Health Forum, Brewarrina Shire's Rural and Remote Dental Service and, in more urban

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[2] From Social Security To Social Productivity: a vision for 2020 Public Services, The final report of the Commission on 2020 Public Services Accessed on the web at <http://clients.squareeye.net/uploads/2020/documents/PST_final_rep.pdf>
[3] Accessed on the web at <http://www.cabinetoffice.gov.uk/sites/default/files/resources/open-public-services-white-paper.pdf>.

settings, the Yarra Ranges townships network and the place-shaping restructuring at Swan City Council.

1.2.2 Community banking

What is now the community banking network of the Bendigo and Adelaide Bank Ltd began some 12 years ago at a time when Australia's major banks were rationalising their banking networks leading, ultimately, to the closure of over 1000 individual branches. The potential, and in many cases actual, impact on rural and regional Australia was profound. The loss of banking services to a small community can undermine the viability of remaining businesses as people go to the nearest town with a bank in order to undertake their banking business, and do their other business at the same time.

Bendigo saw this both as an opportunity, and as a challenge which was consistent with its own history. The opportunity was to develop a new model for a sustainable branch network in (initially) rural and regional Australia. Bendigo had begun as a local building society established by community leaders as a means of enabling people working in Bendigo's gold mining industry to finance the purchase of their own homes – by the standards of the day, it was an enlightened initiative in community strengthening. The challenge for Bendigo, against that background, was to respond to the threat to the viability of a number of communities posed by bank closures.

Bendigo developed a franchise model under which individual branches would be owned within the communities they served, by companies structured to provide widespread ownership, and with the profits from the branch operation shared between shareholders, and distributions to the community. As individual branches have begun to earn quite significant profits, a number now have substantial amounts available for annual distributions, in some cases as much as $500,000.

The challenge this has posed for branches is how to determine who should receive a share of the money available for distribution. Gradually branches are starting to become involved in community dialogues in various forms to determine what the community's priorities actually are, so that distributions can be targeted to those needs which the community most values. The exploratory interviews with community bank branches which were conducted as part of this project suggest that branches which are making this shift see it as a natural evolution of their traditional grant-making role. In practice, however, they appear to be making a quite fundamental shift from responding reactively to requests for specific grants (often focused on issues such as deferred maintenance or equipment replacement), to considering proactively how best to utilise the funds they have available in order to improve outcomes across communities as a whole. This is a change which re-positions them from being just another source of grant funding to a potentially significant player in community governance, helping to shape the futures of their communities through the impact that their funding decisions can have.

The network as a whole is still very young, with more than half of existing community bank branches having been in existence for six years or less, so that their practice is still evolving and cannot yet be described as mature. However, the direction of evolution is arguably towards an increasingly significant role in community governance, in the sense of helping shape each community's preferred future. This is likely to accelerate as people involved with community banks become more accustomed to understanding their role, and as the total funds available for distribution continue to grow, perhaps very considerably.

This background suggested to us that including the evolving governance practices of community banking within the study would furnish valuable additional insights into the potential future direction of community governance more broadly.

1.3   Research methods

Three different methodologies were employed in order to provide a multifaceted overview of developments in community governance, and to enable findings from one to be compared with findings from the others.

The methodologies were:
- Desk analysis of the literature.
- A series of exploratory interviews with people from selected councils and community bank branches.
- Interviews with selected long-term experienced practitioners/observers; four from local government or with knowledge of local government, and four from the community banking sector.

1.3.1   Desk analysis of the literature

The literature which is potentially relevant to community governance within local government and its communities is vast, especially when international literature is taken into consideration. The task of reviewing this literature was undertaken recognising that we could only sample a relatively small proportion of it. The analysis included considering understandings of how the terms 'governance' and 'community' have been developing in international literature and in practice as well as the more recent emphasis on 'place shaping'.

Priority was given to Australian literature, especially literature reviewing the Victorian experience with community planning, but also other literature addressing experiences of community engagement in different states. The literature analysis also considers the way in which community governance – or at least understandings of the role of the community – has been evolving in England since the introduction of the well-being power[4] in 2000 and on through to the recent Total Place and now Big Society initiatives.

The literature review is summarised in Attachment A and presented in full in Volume II.

1.3.2   Exploratory interviews

The purpose of the exploratory interviews was to gain an 'on the ground' understanding of how individual councils, and community bank branches, understood and applied a community governance approach. The hoped-for outcome was twofold: to learn more about what is actually happening, and to understand the implications for existing practice, including areas where change might be required to facilitate the development of community governance.

In all, 19 subjects for exploratory interviews were selected, 13 from local government and six from community banking. Local government participants were selected to provide a mix of urban and rural, and representation from different states of Australia. Selection was made by the project team and advisors drawing on their collective knowledge of Australian local government based both on their own individual networks and experience, and on recent Australian research literature. The purpose was not to produce a statistically robust sample of 'typical' experience, but to select councils where an exploratory interview approach looked likely to provide insights into the potential for further development of community governance and/or the implications for conventional local government practice.

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[4] A change to the Local Government Act that essentially enabled councils to take whatever lawful action they considered necessary to enhance the wellbeing of their communities, rather than being restricted to a prescribed set of functions.

Community banking branches for interview were selected in consultation with Bendigo's Head of Community Strengthening. A similar approach was taken as with the selection of local authorities, looking for a mix of urban and rural, different states, and branches with experience which was expected to provide a real insight into the evolution of community banking.

In preparation for the interviews, the project team prepared a background paper which included both an introduction to the project, and a series of questions for consideration. These were tested with selected individuals from both local government and community banking, and the background paper was then circulated to each of the intended interviewees (the paper forms part of Volume II).

The interviews then followed a two-phase process. In Phase 1 telephone interviews were conducted with each of the selected interviewees. From local government, interviewees were a mix of chief executives, second-tier executives with responsibility for strategic planning, and managers responsible for community engagement. The community banking interviews were with a branch manager and at least one director.

Phase 2 involved face-to-face interviews with people from seven of the original 19 councils and bank branches. The seven were selected after considering the findings from the first-phase interviews. Emphasis was on those councils and community bank branches where interviewees had identified either the most innovative experience and/or raised the most difficult challenges for working in a community governance mode.

Attachment B draws out the principal elements from the exploratory interviews with people from local government and community banking.

1.3.3 Interviews with practitioners/observers

Eight experienced practitioners/observers, four from local government and four from community banking, were identified who had considerable experience of different approaches to community governance within their respective sectors. The four from local government were selected based on their well-regarded knowledge and experience within the sector. The four from community banking had all played a significant role in its development.

Collectively the purpose of these interviews was to supplement findings from the exploratory interviews and to help the project team make judgements about the relevance of the experience of the councils and community bank branches involved, and the issues which the individual exploratory interviews had raised for further consideration.

A summary of these interviews is included in Attachment C. As we are committed to maintaining anonymity we have not included the transcripts of interviews.

1.4 Principal findings

The purpose of this report has been to gain an initial understanding of how community governance is evolving within the context of Australian local government and through related formal and informal arrangements, specifically the Bendigo community banking network. We aimed to identify:

- Aspects which might benefit from further research (acknowledging that this report is based on work with a relatively small sample of councils and community bank branches)

- Practical steps which might assist the further evolution of community governance.

We set out our findings first in respect of local government and then of community banking. Each is described more fully at the end of the report.

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Local Government

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1. **Local government's communities now have a stronger expectation that they will be involved in decisions which affect them**, and this may influence the way in which individuals vote.

2. **Size and geography matter.** Remote rural shires with large areas and relatively small populations are effectively the 'last person standing' when federal or state government services are cut back. Councils with geographically discrete communities generally find it easier to recognise and deal with individual communities; 'dormitory' councils with a high proportion of residents who commute long distances find engagement more difficult.

3. **A community governance approach changes the roles of elected members,** from a purely representative democracy model to one where they need to seek regular and ongoing community input on key issues.

4. **It is critical that all parties are well informed, Community members, councillors and council staff all need to have a clear understanding of what can and cannot be achieved through a community governance approach.**

5. **A community governance approach highlights the importance of ensuring that the council is able to hear all the voices within the community and not just the traditional 'squeaky wheels' or other loud voices.** This will often require new approaches to community engagement.

6. **In all councils it is the councillors who have ultimate responsibility for the council's policy on community engagement,** but the way engagement is undertaken will need to be tailored to the circumstances of the individual councils, the representation ratio (number of citizens per councillor), the size of the council, the nature of its communities, and its history and culture of engagement.

7. **Most councils involved in the study have recognised in different ways the need for community capability building initiatives as part of developing community governance.**

8. **A philosophy of place shaping and associated place-based management emerge as almost essential pre-requisites** for a genuinely effective and comprehensive approach to community governance, and there is likely to be a growing trend for councils to look at reorganising their structures to reflect this. Community governance often involves new approaches to decision-making about a particular place or places within the larger area served by a council.

9. **There is likely to be tension between state government planning, and a community governance approach.** The former usually involves a top-down approach to making decisions that affect individual communities, whilst the latter seeks a bottom-up expression of community preferences.

10. **Councils adopting a community governance approach recognise the need for three separate roles around *decision-making and implementation*, *facilitation*, and *advocacy*.**

11. **The development of community governance should remain free from statutory direction,**

with the impetus for more of a community governance approach coming from a number of different influences.

Community Banking

1. **Community banking can be seen either as a stand-alone phenomenon specific to a particular sector and firm, or more generally as a specific example of how communities might reassert a measure of control over centralised market-based services**.

2. **Community reinvestment activities of community bank branches will likely become an increasingly important contributor to community governance within their catchments**.

3. **The growing recognition of the importance of good knowledge about the nature of community needs, and different means for addressing them, is likely to see increased collaboration between local government and community banking**.

2.   Local Government and Community Governance

2.1   Introduction

Australian local government has no formal sub-tier, in contrast with jurisdictions such as New Zealand with its provisions for community boards (and now Auckland's local boards) or England with its extensive network of neighbourhood and parish councils.

Australia also has a generally higher ratio of residents to elected members than New Zealand and a much higher ratio than England and much of continental Europe.

Underlying these differences has been an implicit or explicit view, arising out of the New Public Management movement of the 1980s and associated legislative changes, of the role of elected members as a board of directors, overseeing and providing strategic direction to an essentially service delivery operation under the control of a chief executive with delegated authority to manage the day-to-day business of the council.

That view has been challenged as local government has moved beyond its conventional property services role of roads, rates and rubbish' into community development, environmental management and broad-based strategic planning. Another factor has been how councillors themselves perceive their role; as elected representatives charged with advancing the views of their constituents. Many have come to council after years of experience as community activists and bring this way of thinking to the council table. Also important is that the statutory relationships of councils to their communities have been undergoing change as states have legislated to require greater and closer engagement. This process began in the 1990s in Victoria with community planning. All states now in one form or another require councils to prepare a community strategic plan or plans setting out the community's priorities, whether or not delivering on them is part of the council's responsibilities.

The more this happens, and the more councils are exhorted to, are required to, or decide that they need to, engage more closely with their communities, the more this highlights the need to understand what is meant by 'community'.

This section explores the evolving understanding of local governments about the nature of community, as well as the meaning of governance and how to engage with communities in governance. It is complemented by the findings from the literature review which are summarised in section 4 of this report and are provided in full in Volume II.

2.2   The meaning of 'community'

Rethinking what is meant by 'community' has emerged as a major challenge in developing a community governance approach. Councils are, however, used to a geographical approach which traditionally has sat well with their major functional responsibilities. As the chief executive of one large peri-urban council with a number of separate townships observed, 'it's largely geographical, for example structure plans and doesn't always fit easily with communities of interest'.

Local government legislation typically refers to the entire area for which a local authority is responsible as 'the community'. As an example, the New South Wales Local Government Act, in the section dealing with the Council's Charter, sets out the first obligation as:

> To provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for *the community* and to ensure that those services and facilities are managed efficiently and effectively [emphasis added].

It would have been simple, had the legislators so wished, to use the expression 'its communities'. However, the use of the singular expression is consistent with the traditional view of local government as primarily a provider of relatively standardised services to property.

In practice the absence of any specific definition of community has probably helped rather than hindered community governance initiatives. What is clear from the interviews we have undertaken is that a number of councils are experimenting in ways which would probably not have emerged if there were some single definition or protocol around the meaning of community.

Community as a geographic phenomenon

Geography appears to be the starting point for most councils, especially those which do have geographically discrete communities, such as the smaller and typically more rural councils. In Victoria this has been encouraged by the state government-mandated community planning process which required councils to prepare community plans for geographically discrete parts of their district, or to facilitate their preparation.

Golden Plains Shire provides what is perhaps the best-known example. This Shire recognises some 35 different communities of which 22 have established community planning groups. These have become closely integrated with the Council's own processes, with each Council meeting featuring a presentation from a community planning group. A synopsis of community plans is taken to the Council's annual retreat, and officers report six monthly to the Council on common issues arising from community plans.

Surf Coast Shire includes two coastal resort townships with substantial absentee ownership. Their rating records show that approximately half their absentee owners live in or near Ballarat. They regard them as part of the community when consulting on their management and strategic plans and reflect this by holding a public meeting in Ballarat to which the absentee owners are invited.

A geographic approach to defining community can pose very real challenges for larger councils. Yarra Ranges, a large 'interface' council on the outskirts of the Melbourne metropolitan area, recognises some 55 different geographic communities – principally townships or suburbs which have their own identity. This council has adopted a self-recognition approach to engagement with its different communities; rather than seeking to establish representative community groups in each community, the council waits for the community to approach it. One reason for this is the sheer number of communities and the perceived administrative complexity of seeking to deal with each community as some form of advisory or decision-making body in its own right.

Port Phillip City Council faces a different issue. It is an inner-urban council with relatively high density and a very diverse and mobile population. It does have areas which can still be recognised as discrete geographic communities with their own identities (for example Port Melbourne), but this is not the case for most of the city. In part for this reason, Port Phillip focuses much more on communities of interest.

Growth councils face a different set of issues again. Wyndham City Council is one of the fastest growing local authorities in Australia. Its population of 158,000 in June 2011 is expected to reach 245,000 by 2021. Much of the growth is greenfields development surrounding areas which have been long settled. For Wyndham a crucial issue in defining community in geographic terms is ensuring that the development process does not artificially divide communities. Partly for this reason, its chief executive has commenced what will be a multi-year change in the Council's organisational structure from being functionally based to being place based.

Swan City Council already takes a place-based approach with five place management areas, each of which has a decentralised place office within the community to facilitate customer service and community capacity building, information sharing and supporting residents to participate in decision-making. One of their roles is to facilitate a two-way flow of information between Council and the community. The Council has found that this approach is starting to break down its own decision-making silos.

The process is collaborative which is empowering and encourages better, more resilient decisions. For example, if council staff work on issues to do with a particular street they may think in terms of different functions or business units e.g. traffic management, pedestrian and/or disabled access or the health of street trees. When they talk to the community about this street it is presented in a more holistic way, i.e. how the street is actually used on a day-to-day basis by motorists and pedestrians alike. Working in this more holistic way changes the kinds of questions asked when consulting the community on how they use a particular resource, i.e. not just how the traffic is managed but how this integrates with pedestrians' use of and access to the street. This can reduce the amount of consultation that is needed and also give council staff a better understanding of the multifaceted ways in which its communities understand issues which staff themselves may have subdivided in a functional manner.

Redland City Council provides an example of how relative social deprivation can both define a community in geographic terms, and strengthen the case for place management. Southern Moreton Bay Islands is an area of relatively low socio-economic status. Much of it was subdivided by developers in the early 1970s around the same time that the area was placed under the jurisdiction of the Redlands Council.

Infrastructure provision in the area has been inadequate, and it has been difficult for the council to rectify this by rating the area itself because of the relatively small population, and thus low rating base. In turn residents themselves have felt disaffected and remote. The community has become stronger and more articulate and more assertive in demanding what it sees as its rights, including better infrastructure but the council struggles to provide the expected level of service.

The new CEO has made a commitment to respond and come up with a blueprint including a community advisory committee, a state government working party and improved communications.

Community as community of interest
Local government has increasingly also engaged with non-geographical communities of interest as councils determine what services and activities they undertake for whom and why.

There are considerable overlaps between the concept of community as a geographic phenomenon, and community of interest, as well as between community of interest as a factor in a council's decision-making about its own service provision, and its role in advocating community needs to other governments and agencies.

This came through in an interview with one very experienced CEO whose response to a question about the idea of 'community' was: 'It will be what it is. Traditionally it has tended to mean neighbourhood, precinct etc, but it can also be age group, a community of interest etc, and today it is also strongly influenced by social media. There is a need to be very flexible in understanding the term.'

Golden Plains Shire provides a very good illustration of the often natural overlaps between geographic community, community of interest and advocacy.

Reviewing the community plans which came out of its community planning process highlighted some common themes. One was access to healthcare. The Shire had only one medical clinic, one dental clinic and one pharmacy all located in a township in the far south of the Shire (which stretches between Ballarat and Geelong). Rapid population growth, poor service coordination and lack of clarity were all contributing to poor health outcomes.

Armed with the evidence from its community plans, the Shire approached the Department of Human Services which provided substantial financial and other support. With that support and working in partnership, Council initiated the Golden Plains Health Planning Forum, engaging the key decision makers of more than fifteen departments / agencies to meet on an ongoing quarterly basis and work together to coordinate health service delivery in the Shire.

The result has been a significant improvement in service provision including the creation of north and south service and infrastructure 'hubs', and a marked improvement in health access and outcomes.

The initiative (which is ongoing) could be seen as a feature of place-based planning, as responding to issues in community plans, as recognising a community interest approach and as a very successful example of evidence-based advocacy on behalf of the Shire's communities. This last point is important. More than one person interviewed for this project emphasised the shift from lobbying (inherently an exercise in political influence/leverage) to evidence-based advocacy as a strategy for seeking improved service provision from higher tiers of government and other service providers.

In one sense, dealing with communities of interest rather than communities of place has been part of the core business of local government for a number of years. Obvious examples include youth, older people, the arts, cultural and sporting groups and a number of others. What the project interviews are confirming is that the concept of communities of interest – the way councils deal with different interest groups within their geographical area of responsibility – is undergoing quite significant change, involving a wider range of stakeholders and new approaches to engagement. In part this change is a consequence of legislative changes requiring councils to develop community strategic plans in one form or another. In part it appears to be a recognition of the trend discussed in the literature review for a growing recognition of the potential of local authorities to act as crucial intermediaries between service providers and service users, especially in major social services.

What is emerging is a markedly changing approach which can be characterised as a shift from:

- conventional consultation and engagement – in which the local authority puts out its proposals, or conducts its statistically robust survey – and deals with the responses which come back as a result; to

- the expectation that councils will be proactive in engaging with hard-to-reach individuals, networks and interests.

Tweed Shire provides an example of the way in which councils are seeking to engage in developing their community strategic plan, and involving 'hard to reach' groups. '*We actually went to where ordinary people go – to the shopping centre, markets, clubs, tried to think where do those people we don't reach go? We had a barbeque at the skate park and used the* Koori Times.'

The chief executive of a large and very diverse urban council outlined how she believed that councils needed to think about engagement: First, it's important to be clear about your objectives, and what your skill sets are. '*Do you know that you are working with genuinely representative groups? You*

need to think about issues such as access, timing, language and culture – get past the attitude of "it's their problem if they didn't turn up" and think of multiple means of engagement. Be really aware that different tools and approaches will be needed for different groups and times.'

She gave as an example the council wishing to engage with Muslim women in the community on a particular issue. Their first attempt was to set a meeting time in the evening. A number of Muslim women attended but they came with their husbands who then spoke on their behalf so that, from the council's perspective, the attempt to engage with the women themselves was completely unsuccessful. They set a further meeting during the day when most of the husbands were working, and this time they were able to engage with the women themselves.

Central Coast Council in Tasmania is building on a community with strong existing networks and civic engagement. It is experimenting with a research-based approach to engaging with community leaders, addressing the question of how to get decision-making happening across organisations and not just within them.

One tool to achieve this kind of decision-making is called **knowledge partners**, developed by Robyn Eversole, a cultural anthropologist at the University of Tasmania who is interested in the knowledge base that underpins people's actions and decision-making. The council has created a process called the community action partnership. Steps include identifying key decision makers, getting them together to discuss what kinds of issues are important and determining priorities. If they are interested in doing something which cuts across business, government and the community, Central Coast will put a project in place to look at the knowledge needs that underpin the issue. Council has drawn a broad picture of the problems and challenges facing residents together with some strategies to address them. Through community action partnerships they will be able to drill down to specific actions in which people want to participate. The action partnership requires participants to bring something to the table. This is why the program targets community leaders and decision makers. Collectively they will work out which issue they wish to address and propose a solution. The intention is to pilot this approach over 2012.

2.3   Representation, engagement and governance

The interview process highlighted that councils (to varying degrees both councillors and council officers) think about the relationships between their council and its communities in one or more of three different ways:

- Representation – we (councillors) were elected to take decisions.

- Engagement – we need to know and understand the preferences of our different communities and, as far as possible, reflect those in our decision-making.

- Governance – ideally we should be in a mode of collaborative decision-making and where possible delegating decisions to those most directly affected by them.

Some councils are now approaching governance with the broader understanding of a collaborative approach between the council, higher tiers of government, major stakeholders and their communities in developing and implementing initiatives to address local needs. Here the formal responsibility is not that of the local authority, but it sees itself as having a leadership role on behalf of its communities. Not all councils which take this approach to governance will also support the related governance approach of devolving decisions to those most directly affected by them.

2.3.1 Representation

The representative democracy model underpins the present structural arrangements for local government, and the roles of elected members and council offices. One interviewee from Tasmania's Central Coast Council suggested that these traditional arrangements are not necessarily compatible with the requirements for community governance:

> One of the challenges we are facing is that Council is organised around traditional corporate governance models which may not provide the skills, resources and expertise necessary for community governance. To address this, the whole organisation may not need to change, it may only need to become more responsive and adaptive to engagement/community governance activities. The challenge is to create a space for the community, local government and other agencies (state and federal) to come together and identify priority areas for collaboration to address an issue.

Other interviewees pointed to the basic assumption of the representative democracy model ('we are elected to take decisions') as a potential source of tension as councils become more involved with community engagement and shift towards more of a community governance approach. One urban council with a number of different geographically discrete communities has formally adopted a community engagement policy based on the IAP2 spectrum of 'Inform, Consult, Involve, Collaborate and Empower'. Officers involved with engagement report that collectively, councillors have agreed to this change, but as individuals they still generally act in a representative democracy mode.

The City of Playford provides an interesting example. Its mayor describes the role of an elected representative as 'to promote, advocate and develop sound policies for residents, to make the community a liveable, workable and enjoyable place to live in and to make the decisions to bring these about.' He is also clear about the importance of engagement but places it firmly within the representative democracy model:
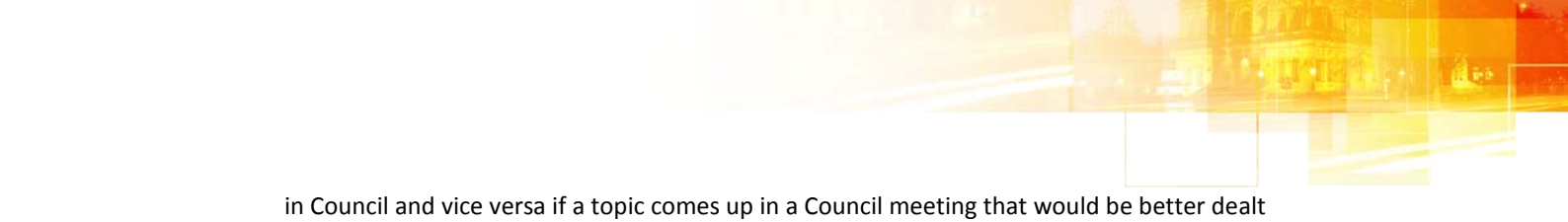
> The community should be consulted and engaged, providing feedback and ideas but ultimately the people who have been elected are accountable for decisions. The community elects their representatives every four years. If voters don't like the decisions their representatives make they can vote for someone else at the next election. Having said that, there is still a role for community engagement in terms of providing feedback and ideas.

But this is not a traditional council ignoring the shifts which have taken place in recent years in the role of local government. The mayor regards himself as the Mayor of the government of Playford rather than as the Mayor of Playford. The distinction is important. The council has initiated the Playford Partnership which brings together local government, the local MPs from both political parties and the community as part of ensuring that both state and federal government understand and respond to the needs of the Playford community.

Another factor which has come through from the interviews is the different context for the representative model in smaller and larger councils. In smaller councils it is common for elected members to be well known across the community (often they will have come onto council after long experience within a range of community based organisations), and for there to be a sense that communication channels are easy to access. In this environment the distinction between the formal representative democracy model, and community engagement is much less real.

One councillor from the Central Coast Council described this in the following terms:

> Communication between council and the community is assisted by the close proximity and involvement of councillors in service and sporting clubs. When I am at a Lions meeting and a topic comes up that is too big for the club to handle I know where to go and who to refer it to

in Council and vice versa if a topic comes up in a Council meeting that would be better dealt with through the Lions. Councillors are the pathway between the community groups and Council. In a small community the line of communication between these two is short and easily accessible.

In larger councils the situation can be quite different. Individual councillors may represent as many as 15,000 or more people on average – more than the total population of a number of smaller shires. This inevitably creates a distance between councillors and much of the community. The informal relationships described by the Central Coast Councillor will still exist in part but many of the relationships between the council and its communities, whether they are communities of place or communities of interest, will be through more formal processes such as statutory consultation and the council's engagement practices.

2.3.2   Engagement

Building community capability
Especially in larger councils where councillors themselves are still substantially committed to the representative democracy model, a greater focus on community engagement, especially where that involves building community capability, can be seen as threatening. Yet, as soon as community engagement moves beyond informal networking or engaging with individuals (albeit as part of the council's communities) to engaging with groups speaking on behalf of a community or communities (whether of place or interest) capability becomes an important issue. It is very much in the best interests of the council that the groups with whom it engages have the understanding and skills required to participate meaningfully. Without this, an engagement process can be more protracted, costlier, and much less productive.

The City of Playford has recognised this, with the Mayor promoting governance training for sporting clubs and community groups so that they are better able to meet their objectives. Surf Coast Shire provides another example with a leadership development programme for members of its section 86 committees (sub-committees of the council which do not need to have any council members). Yarra Ranges Council provides another example (see below).

The role of councillors
Although there are clearly tensions between the pure representative democracy model, and the demands of a community engagement/community governance approach, the representative model still has a very important place. This is illustrated by the experience of one council whose councillors have a very strong commitment to community engagement, with the objective of taking those decisions which the community wishes to see the council take. This council has learned that the community is not always of one mind, and that sometimes decisions need to be made where no matter how much engagement takes place, there will not be a community consensus. This is an essential – albeit difficult – role of the elected council.

Decision-making
At the same time, for many councils the idea that the community (or communities) are entitled to play an influential role in decisions which affect what happens within the community has presented a real challenge.

One council, Surf Coast Shire, recognised this some four years ago in the course of case study research reviewing experience of community planning amongst Victorian councils. The case study report includes the following acknowledgement of the culture change involved:

However recognising the enormous cultural change required to reach agreement that communities actually do have a right and capacity to influence and determine their own future, the Community Engagement Framework included an Action Learning Cycle (ALC) to ensure awareness and confidence of both Shire staff and communities to manage this significant cultural change, and understand the Shire's commitment to initiating it.

The council now uses a number of different approaches to community engagement. A current initiative involves the development of local infrastructure plans (as opposed to a single Shire-wide plan). As part of this approach, in the township it is currently working with, the council has facilitated the formation of a community committee to work with it and provide feedback and input on the plan itself. To assist committee members, the council has assigned a staff member to provide technical support.

This initiative raises two issues of accountability. First, there is the question of how representative the community committee actually is. The council consulted widely with existing community organisations, and appointed the committee from amongst those people whose names had been put forward. Is this a sufficiently representative process as compared with (say) an election? The second issue is the position of the staff member who advises the committee. What happens if the committee wishes to pursue an option which conflicts with the Council's preferred approach? Does the advisor act in the interests of the council, thus risking a breach of trust with the committee, or does the advisor support the committee's approach, at least in the sense of providing technical advice on how to develop it? How does this fit with the staff member's responsibility to the council as their employer?

For the first question, the answer may simply be one of perceived legitimacy. Does the community generally appear to accept that the committee is indeed acting in its interests? For the second question, interviewees with whom this was discussed generally responded that this was best dealt with by being very clear about the different interests, recognising the potential conflict, and relying on the good judgement and common sense of the people involved.

The general attitude of the council towards community engagement, and the rights of individual communities to be able to provide informed input on matters of concern to them, may also be an important factor. Our Surf Coast interviewee summed up the Council attitude as 'we all live in and are part of the community and so should think about what opportunities we would want to have if we were community members responding to a council initiative - it's very much an evolving approach.'

Integrating staff and resources
The management of a council's involvement with community engagement will also be very much influenced by decisions on how community engagement staff are placed in and relate to the wider council organisation. Port Phillip City Council provides an example. Community engagement staff shifted from being a unit essentially disengaged from the mainstream business of the council, to becoming an integral part of the support services for front-line council activity. Community engagement has become part of 'the way we do things round here' and community engagement staff are routinely consulted whenever someone within the council takes an initiative which will have an impact on the community.

Community engagement presents other challenges for councils, especially those which are in an early stage of establishing a community engagement approach or who have not yet fully integrated community engagement into the way in which they operate.

Tweed Shire has become involved with community engagement because of the statutory obligations associated with developing its community strategic plan. It acknowledges the importance of the diverse approaches used in preparing the long-term plan, but has some reservations as the use of all these methods is extremely expensive.

But there is another issue. A number of interviewees argued that community engagement is itself a specialised professional skill; it involves a range of different techniques, judgements about what to do and when. It requires skills in working with people and understanding the nature of engagement, listening rather than seeking to impose a particular view (a potential difficulty for many councillors). One interviewee referred to the very real problem facing councillors taking part in a process in which in essence they start by acknowledging: 'I don't know the answer'.

From this perspective, is community engagement significantly different from any other professional service on which a council draws in undertaking its functions? Is employing experienced professional staff to carry out the council's engagement activities conceptually any different from employing qualified professional engineers to design infrastructure?

An immediate answer may be that the subject matter of engagement is necessarily and inherently political as it will always involve choices between different options in a context in which there are at least initially genuine and potentially substantial differences of view within the community about which option should be chosen. Is it appropriate that community views should be 'filtered' through a staff member or members before they get to the council?

An interviewee response to this point was that filtering is inevitable. The appropriate approach is to be aware of the possibility of intended or unintended bias, and manage subsequent reporting and decision-making processes (including review of any reports going to the council itself) to minimise this risk.

Capacity to support engagement
Yarra Ranges Council provides an example of a different problem. As note earlier, its council area encompasses approximately 55 recognisably separate communities, a number of which have developed township groups. A typical township group will act as a forum for community discussions about developments within the community ranging from local council infrastructure, to community services of various kinds.

The council liaises regularly with these groups. One expectation is that the groups will act as support for the councillor in whose ward the group is located, helping keep the councillor briefed on current issues.

Reaction has been mixed; some councillors see the township groups as a potential fourth tier of government, while others have been concerned that these groups could become a training ground for potential political rivals. This latter theme in particular is one which has come through more than once. Some interviewees see differences between those councillors, often relatively long serving, who have a strong attachment to the traditional representative democracy model, and a new breed of councillor more comfortable with accepting that communities have a right to influence council decision-making and that one of the jobs of councillors is to facilitate this.

The council faces another issue as well. At the moment it has approximately 20 active township groups, but the potential is for a total of 55. The demands of managing relationships with 55 groups each one wanting to speak about all the different issues affecting its own local area are formidable. If councillors acted as the primary liaison persons, the workload could potentially overwhelm them.

The Shire has nine councillors so a full complement of township groups could average 6 for each councillor.

The council has moved to deal with this by establishing a township forum as a means of communication both between the council and township groups, and between township groups themselves, with an emphasis on matters of common interest. The forum meets quarterly and is serviced by a council officer. He describes his role, and the evolution of the forum, as:

> I work on building the capacity of the Network, and of individual groups on request. The Network is starting to find its voice and to advocate on a series of issues. They wrote a combined letter for the first time in December, and have recently come up with some objectives to work towards. Council provides other support such as access to insurance, assistance with setting up websites, and training.

The same issue of how to resource community engagement came out in interviews with people from Port Phillip City Council in a discussion about the respective roles of councillors and staff. Port Phillip has a team of councillors who because of their personal circumstances are able to commit to the role virtually on a full-time basis. (The present legislative framework for Victorian local government assumes that councillors will act in a part-time role, broadly equivalent to the role of director of a company, and councillor remuneration is based on this assumption of part-time involvement only.)

These councillors have established a strong culture of engagement both through a commitment to engage on any significant council initiatives, and through the creation of a series of community reference groups – both initiatives which can be seen as responsive to what have been genuine community demands for greater involvement (and which underpinned the election of the present council).

Despite the virtual full-time commitment which councillors make, there is a very real constraint facing the council if councillors are to take part in all the council's engagement activities. Councillors themselves could become a major barrier to the council being able to get on with its business – it would only take engagement in one or two major intensive projects to tie up much of the available councillor time.

2.3.3   Governance

A number of Australian councils can be seen as encouraging a community governance approach in both of the senses used in this report: sharing decision-making over specific issues with their communities or even delegating to another organisation, and working collaboratively with other tiers of government, the community and other stakeholders to develop solutions for major community issues.

Both approaches are evolutionary. Rather than adopting some kind of 'grand plan' for community governance , councils are taking one step at a time, doing what seems logical in building on what they have achieved so far. One chief executive commented that adopting a 'grand plan' approach rather than simply going step-by-step would make it harder to gain the support of elected members, and would risk the ultimate goal by displacing the need to focus on what needs to be done today.

The Surf Coast Shire interviewee reflected on this in relation to the council's move to local infrastructure plans: '*The council is not moving deliberately in a shared decision-making direction; it's more a matter of when the occasion arises. An example is the development of township infrastructure plans. This process could evolve towards shared decision-making but it will happen, not because of a deliberate intention in advance, but because of a natural evolution which makes a particular type of decision-making appropriate.'*

Perhaps the clearest example of a move to community governance through delegation is Golden Plains' community planning groups. These began with a focus on township planning, typically dealing with micro-level issues, but have evolved to be significant contributors to the council's own policy development.

Individual community plans are now the principal planning document for the communities to which they apply; it's a process of continuing evolution as communities and the council have grown in experience. Most recently the council has allocated a sum of $5000 to each community planning group to be spent towards achieving one of the objectives set out in its community plan (most groups are using this as a basis for leveraging funding from other sources). It is possible to see this as the beginnings of a participatory budgeting process which could, over time, evolve into full participatory budgeting for council expenditure within each community planning area.

A number of other councils also in practice take a community governance approach to some of the activities with which they are involved. As noted previously, Surf Coast Shire for example utilises a number of section 86 committees and supports those committees with a leadership development program which has now been in place for some 10 years.

Central Coast Council is exploring how it can work with community action groups to take responsibility for specific activities. The Council's last strategic plan was based on the outcomes of a search conference which involved the community and action groups. Unfortunately, the groups themselves understood their role was to provide advice rather than to be responsible for implementation of specific activities. The council has learned from this experience. The process for developing the next strategic plan will ensure that action plans are clear and achievable and have links to budget and that action groups understand and commit to being responsible for implementation. The council recognises that this could include the need to up-skill community members.

The City of Swan provides training sessions for community groups to help them develop their own leadership and governance capacities. A particular priority for the city is the development of Indigenous capacity. This has included the development of an Indigenous corporation which will ultimately be able to take responsibility for managing key resources such as the Yagan Memorial Park and an Indigenous cultural centre.

Community governance in the second sense of working with the community, other tiers of government, and other stakeholders to address major community issues is also growing in influence.

There is no one approach common to all councils; instead, different councils have been developing their own approaches matching the nature of the area for which they are responsible, and the culture and structure of their organisation.

Golden Plains Shire, drawing on findings from community plans highlighting problems of access to health care within the shire, brought together the Golden Plains Health Planning Forum which links together government agencies, health providers and the community to review health services within the shire. The result has been a very significant increase in accessible provision.

One of the real success stories comes from Brewarrina, one of New South Wales's smallest shires by population. Brewarrina Council's Rural and Remote Dental Service was an initiative to improve access to dental services in remote rural northern New South Wales. The council was aware of both the direct and indirect impacts of lack of access to quality dental care (direct in terms of dental health; indirect in terms of the area's ability to attract and retain people). The service is a joint

venture between the council and Griffith University with actual provision being by university dental students. Governance is provided by a community committee involving people with professional skills appropriate to overseeing the service. It is an excellent example of a small council using its skills to pull together a range of community, state government and provider stakeholders to respond to an important community need, and then using its statutory powers to provide the necessary governance structure (a committee under the NSW Local Government Act).

The City of Playford provides another example. In some respects this council can be seen as being at the traditional end of the spectrum in terms of representation versus community governance, but it has been playing an innovative role in community governance by working collaboratively with the community (the second sense in which the term community governance is used in this report).

The Playford Partnership, established by the council, is an important mechanism for working with federal and state governments, bringing together politicians from all levels, and officials and people from the community. Its operating principles are:

1. To identify a community issue
2. To recognise resources across whole of government, private and not-for-profit sectors that could assist with solving the issue
3. To use the sum of resources to create sustainable services and outcomes that make a real and lasting community difference.

Its successful projects range from focusing on creating centres of excellence for education, training and employment to training community members to provide in-house assistance to new mothers.

2.3.4   Some common themes
Several common themes emerged from our interviews with people from local government.

The first is a significant difference between smaller councils and larger ones, especially those in high-density urban areas, and how they identify and work with individual communities, especially communities of place. It appears to be considerably easier to take a community governance approach when the council's district comprises a number of geographically discrete settlements (with the term settlement encompassing the surrounding typically rural area for which it is a service centre). For the larger councils, particularly those in urban areas, factors such as a higher turnover of residents, the impact of growth, and the lack of discrete geographical boundaries can make it difficult to identify specific communities of place.

On the other hand it does appear feasible and necessary for larger urban councils to identify specific communities of interest, especially for councils which have ethnically diverse populations.

A second theme is the differences which can exist between smaller councils, including remote rural or regional councils which may comprise simply one or two smaller townships and their rural hinterlands, and metropolitan councils These councils are often the only organisation available to address almost any issue confronting their communities – this was one of the factors leading to the establishment of Brewarrina Shire's Rural and Remote Dental Service.

The persistence of the traditional representative democracy model is another strong theme even in a number of councils which have made a formal commitment to an inclusive community engagement strategy.

Associated with this is the question of the respective roles of councillors and council staff in the community engagement process. Democratic theory suggests that engagement should be led by councillors, but practical considerations, including the resource intensive nature of many engagement processes, and the skills required for effective engagement, increasingly suggest that staff should play a major role. Perhaps a shift to a community engagement process should see councillors focusing on monitoring and oversight, including providing leadership in contributing to culture change within the organisation, with staff doing much of the actual face-to-face work.

A further theme is organisational change, from councils being functionally structured organisations to organisations designed around place-based management.

3.   Community Banking and Community Governance

3.1   Background

Community banking as it has been developed by the Bendigo Bank (and by the Bendigo and Adelaide Bank Ltd since their merger in 2007), is unique not only within Australia but internationally. Although there are a number of different institutional approaches to the creation of community-based financial services, no other arrangement combines a listed full-service commercial bank with a series of community owned franchises as the delivery mechanism.

Bendigo Bank itself was established in 1856 as a building society with the purpose of assisting miners working in the area's gold mining industry to purchase their own homes. For many years it operated as a small regional building society, converting to bank status only in the 1980s.

The original purpose of the building society is described by people working within the bank as an important influence on the present. It informs a story of the bank as an institution committed to community strengthening whilst still running a prudent and profitable business.

Today, there are more than 270 community bank branches within the community banking network, a number of which are now able to distribute substantial profits annually back to their communities. Projections suggest that the present level of distribution by the network as a whole will increase substantially over the next few years.

Community Enterprise Foundation

The distribution activity is supported by the Community Enterprise Foundation, a charitable foundation established by the Bendigo Bank specifically for the purpose of facilitating philanthropic distributions by providing a series of tax effective structures. This service can be utilised by individual community bank branches or by any other for-profit entity which wishes to make distributions for charitable purposes out of pre-tax income.

The Foundation operates a donor-advised philanthropic trust with a series of sub-accounts. Each community bank branch which wishes to make distributions to its community places money in a sub-account, and these funds can then be applied for charitable purposes within its community with the full amount set aside for distribution coming out of pre-tax profits. The Foundation also offers advice to individual bank branches on how to manage their distribution process.

Community governance

The interest in community banking, from a community governance perspective, lies in the nature of the community banking function. Firstly, individual community bank branches, especially but not only in smaller communities, represent one of the few, and in many instances perhaps the only, community controlled entity, other than local government, which has or may develop the resource base and capability to take a 'whole of community' approach. And secondly, the distribution function contains within it powerful incentives for community bank branches to act in precisely this way even though the community governance implications of their structure may never have been consciously raised.

Most branches have at least two reasons for wanting to ensure that their distributions go to causes which will really add value to the community and which will be recognised by the community for doing so:

- Branch directors themselves, although usually drawn from the local business community, normally serve without any payment – their reward is in helping grow a significant

community resource and typically this includes ensuring that the benefits do go to worthwhile community purposes.

▪ Like all banks, Bendigo's community bank branches rely on their reputation as one important factor in building their business. The community response to a local branch's distribution activity is an important element in building the branch's reputation so that branches have a strong incentive to ensure that their distributions reflect their communities' priorities.

For distributions to meet these two objectives, the community bank board directors responsible for distribution decisions need to have a reasonable understanding of the community's priorities, and of how their distribution decisions can best support them. In practice this means that whatever individual bank branches think about their distribution activity, they are actually playing a significant role in community governance because they are working to identify and help realise the community's preferred future.

Evidence in support of this interpretation comes both from interviews with people involved in individual community bank branches, and from interviews with key participants/observers of community banking (executives involved with the original development and implementation of the concept; specialist community banking support staff of the Bendigo Bank itself).

One of the key executives who has been involved with the establishment of community banking described it in terms of a variant on the theme of micro-economic reform, developed after considering international experience such as cooperative banks in Europe, and community banks in the USA. His description of the purpose was very consistent with the community governance understanding. As he put it: 'It used to be the case that a lot of matters were decided locally and capital only left the community after local decisions. There were limited means for taking capital out of localities. The capital was there to fund coping with change based on decisions by locals who had the necessary knowledge – the further you distance these decisions the harder it is to do it. We have centralised!'

Community banking was born out of a view of the ramifications of centralisation. Community banking gives the community ownership of part of the revenue stream which would otherwise leave the community.

A state community enterprise manager provided a complementary perspective, outlining what he saw as the eight stages a community bank branch would go through from establishment to maturity:

1. Sponsor – sponsor local clubs/events with minimal proactivity.
2. Supporter – ongoing systematic grants process with some proactivity.
3. Consulter – starting to proactively identify project/support opportunities via conversations with community.
4. Funder – putting some larger funds into community projects, usually with leveraged outcomes. Sometimes identified proactively.
5. Partner – ongoing relationship with community bodies (could be local government) and forward commitment on project funding. Active ongoing future-focused conversations.
6. Coordinator – actively involved in projects, both in funding and managing the process.
7. Planner – ongoing and vital role in identifying and building plans for the future of their community. Closely aligned with, and has input to, formal planning structures (government).
8. Driver – is a vital part of discussions about the future and about plans for the community. Initiator of activity and well-connected at all levels (community, local and state government).

The combination of feedback from exploratory interviews, and interviews with experienced practitioner/observers in the community bank sector, suggest that at the moment practice in the sector ranges from stage 1 right through to stage 8. There is a significant but by no means universal correlation between the age of the community bank branch, and the stage it has reached.

Community trusts in New Zealand

This way of describing the experience of community banks may reflect something more fundamental than simply the ad hoc practice of a particular group of entities. One of the authors of this report has recently undertaken a project which included looking at the grant making policies and practices of two of New Zealand's community trusts (regionally-based philanthropic bodies which were established to receive and manage on behalf of their communities the wealth created through the corporatisation of New Zealand's trustee savings banks in the late 1980s).

The boards of trustees of these trusts went through a very similar process, starting initially by simply informing the communities that they had a sum of money available for distribution for purposes of community benefit and inviting applications. The early respondents were typically community groups seeking funding for 'bricks and mortar', assistance with activities such as purchasing equipment. The present chief executive of one of the trusts described the grant policy in place at that time of becoming chief executive as governed by 'what comes through the mailbox'.

The experience of both the trusts considered suggests that two things triggered a new approach. The first was that the 'backlog' of repairing roofs, surfacing courts, replacing equipment and so on was gradually exhausted so that new applications came to look more like wants rather than needs. The second was the shift in the wider environment to a greater focus on community wellbeing as a driver for the expenditure of discretionary funds.

The same themes have come through in a number of the community bank interviews, including the impact of exhausting the backlog.
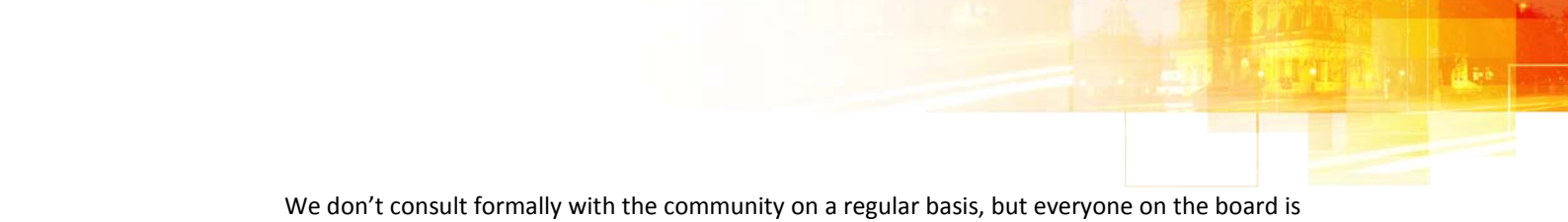
Context and community

Consistent with this, interviews with a cross-section of people involved with a range of community bank branches[5] provide a picture of branches working in ways which increasingly reflect a community governance approach. As with local government experience of community governance, there are significant differences between branches based in smaller, usually rural, communities and branches in major urban areas.

In smaller communities it is common for community leaders to know each other and their communities well, with community leaders typically undertaking multiple roles within the community – as office bearers in sporting and service clubs, as elected members or executives in local government, as leading local business or professional people – and bringing to each of their roles experience knowledge and networks from their other roles.

Most branches report holding community forums from time to time as an opportunity for the community to air views about what distribution priorities should be, but in smaller branches this generally supplements the role of the board which one interviewee described, for her branch, as:

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[5] Four branches based in rural shires – Cummins, Gingin and Lancelin, and Mount Barker, all in Western Australia, and Wentworth in north-western New South Wales – and two from major urban centres – the Logan group based in Logan city Qld, and Strathmore community bank based in Moonee Valley City in inner urban Melbourne.

We don't consult formally with the community on a regular basis, but everyone on the board is close to the community and the board is well positioned as a repository of what it needs to know.

Interviewees also described the process of constituting the board as one of maintaining its collective capability to know and understand the community. This was done by ensuring that board members, through their own community involvement, represented a cross-section of the community.

One consequence, referred to by interviewees from all of the smaller branches, was the need to be very aware of how to manage conflicts of interest.

As a measure of the extent of board members' community involvement, one interviewee said that if they were strict about conflicts of interest they wouldn't get a quorum. There was really never a decision that didn't have some element of conflict, even if only loosely, for example a board member whose child was in a sports team in a club seeking a grant. If a board member has a very direct conflict that person steps back from the decision, but by and large 'we're realistic'. As she put it, 'It's about being pragmatic. We're all in the same boat and we're very careful not to try to influence the board for personal gain. We have clear understandings that we don't push our own barrows. If for example a board member is also on the hospital board, we see their passion for hospital services as being about the interests of the whole community. It's out on the table.'

A board member from another bank branch, who was also mayor of the local council, saw the conflict of interest issue from a different perspective: the impact on her role whenever the branch was considering an issue involving the council or vice versa. As she expressed it:

… consultation between the Shire and the bank is a bit of a nightmare because of conflict of interest requirements. For anything which comes up at the bank board involving the council, or at the council involving the bank, I need to declare an interest and absent myself. I believe it results in a loss of effective input. It's a real problem in smaller communities where community leaders are likely to be involved in a number of different and often interacting organisations.

The boards of the two urban community banks also are made up of people with a wide range of community involvements but they are less likely to know their communities well and understand their priorities purely through their own networks and connections. Reasons for this include the greater diversity and mobility of urban populations, and sometimes a lack of certainty over precisely what the bank's catchment area actually is. One experienced bank director from an urban background stated he has been working on trying to get the Bendigo Bank itself to understand the different contexts for branches in rural and metropolitan settings. As he put it:

As a single community bank branch within the metro area, and with other community bank branches nearby, we don't really know what the community wants. Again this is quite different from the rural setting.

Moving along the eight-point spectrum

Most community bank branches report that their experience, over time, is in line with the eight-point spectrum outlined above. When they commenced distributions, it was mainly providing relatively small grants to a wide range of community organisations, often to make up gaps in their ability to fund the maintenance of premises or equipment. It appears that there has been a backlog of such cases in all the communities covered in this project. This is well illustrated by the description given by the long-serving manager of one branch who outlined the evolution in its distribution activity:

> Over the past 10 years the bank's focus has been on filling the gaps that mattered – small grants to a lot of small groups to meet their needs, e.g. upgrading the guide hall and footie club. They are now getting to the point where they have covered a lot of those needs and the applications they are receiving are moving more into the area of wants – things which it would be nice to have but were not essential for the community organisation's continued operations.

While the small projects will always be important, and the bank will keep doing these, he believes it is now time to move on and start looking at the major issues that require a collective effort, for example, infrastructure, local crime (which is partly an Indigenous youth issue), and childcare. Assessing the need for funding of major issues like these involves understanding the planned growth of the area.

Flexibility

Another theme which came through from a number of interviews was the relative flexibility of community banks which enables them to respond more quickly to needs as compared with the local council. Explanations put forward for why this is the case include the legislative constraints on councils, the fact that much of their funding is formally committed to specific activities well in advance, and the necessarily complex decision-making processes which councils need to go through. In contrast, bank boards have significant discretion to make decisions as they see fit when the need arises. The Lockyer flood in Queensland provides an example. The local council needed access to funding for a charitable day for the flood workers. The community bank didn't have to go through a formal consultation process. It was a simple decision. 'We just went with our hearts and put our hand in our pockets. The benefits were so obvious. We were able to do it really quickly.'

Branches also report that they are often able to act in what amounts to a mediating role when there are conflicts within the community over an issue with which the bank is involved. In contrast to councils, which are inevitably seen as political, community bank branches are much likelier to be seen as neutral parties.

The chair of one bank branch reported its experience in these terms:

> The Shire throws its hands up – "if the community won't agree, what can we do?!" The board has tried to help sort out differences but is careful not to take sides, which could affect the bank's business. One way it may do this is just to go out and talk to people, using its known neutrality. Or it may help with the funding where the Shire isn't able to.

He gave as an example a skate park that was opened recently. The location for the park was the subject of much argument. The bank, as a third party 'with no axe to grind', pledged funding to get the project going, which helped resolve the dispute.

An interviewee from another branch spoke of the relative freedom to act which the bank had compared to the council due to the political pressures under which councillors function, including concerns about re-election. It can be easier for the bank to work with the community to find solutions to potentially contentious issues, than it is for the council. His example was a significant local sporting facility which had been built at a time when very few women took part in the sports for which the facility was intended. They now had a very real issue due to the absence of suitable facilities for sports women and female officials (changing rooms, showers and toilets). There was a perceived need to engage more young women, especially Indigenous women, but the facility did not enable this. For the council, it was a matter of sitting down with council representatives (councillors, not officers) and representatives of user groups. The bank was better placed to drive this forward, and was also concerned with the related youth issues. The council, with its spending priorities, was more likely to be focused on things such as roads. It made a really big difference to be able to go to

the council with a solution (building the required facilities), and a contribution towards the cost of the solution.

A role in shaping projects
Branches have also become increasingly proactive in helping develop major projects, as they have moved beyond a simple grant making process (the sponsor stage) to an increased focus on their distributions really making a difference. It was quite common for interviewees to report instances where the shape of a project had changed significantly as the result of a bank intervention in the course of funding discussions. One branch provided this example:

> One case when the bank did take a lead role was in respect of a Lions Club application to the bank for funding of $10,000 for a rotunda. The board felt this was not aiming high enough and encouraged the Lions to think instead about a sound shell that would be capable of generating revenue from events such as jazz festivals. The question the board asked was, is this what the community really wants, or something bigger? The result has been fantastic.

Community planning
As part of understanding the role of community bank branches, we were very interested to learn more of the extent of community planning which they undertook.

None of the interviewees reported community planning activity similar to that undertaken by local authorities. Instead, and in a way which really highlights the complementary role of councils and community bank branches, a number told us that they were now relying on the community strategic plans and other consultative processes of their local council. As one experienced branch manager described it:

> The Shire has been consulting widely. The bank's approach is to say "let's work with the shire rather than doing it ourselves" and it relies on the outcomes from the shire's consultation processes. There's no point in duplicating effort, especially in a small and widespread community (a population of 7,000 in 26,000 km²). The bank looks to the shire to take the lead role in consulting and meets with them to find out what key things came from consultation and what part the bank might play in bringing these to fruition. The bank has been developing a closer relationship with the shire to look to fund projects in the $500,000 to $1m category.

This is an important finding for both the community banking sector and local government. With the new strategic planning requirements which councils in most states now have, there is a clear joint interest between the council, and any community bank branch in its district, in the council's community strategic plan or equivalent. These plans supplement the other information available to the community bank to inform its distribution policy, especially as amounts available for distribution increase.

Community bank branches do, though, use other means of engaging with their communities. They include the informal networking and discussion typical of branches in smaller communities (and usually supplemented by publicity at the time the branch calls for grant applications), or more formal processes used in larger branches. Logan is one of the larger community bank branches. Its interviewees gave an example of how they approach community consultation:

> They have a formal structure of community committees and hold major project forums in different parts of the city, inviting 'strategic' community players to provide input. These will include leaders from various community organisations and senior politicians (federal, state and local). Through these forums the bank gathers enough information to identify the real priorities. For example, from the forums:

- The need for driver education programmes targeted at young people in schools was identified – people wanted something different that would work for young people. The bank is obviously very proud of this initiative which is not about physical driving but about positively changing perceptions of safe driving. The programme, called BRAKE, was struggling with police and ambulance people facilitating it in their own time. The bank went in as a partner and contributed $40k seed funding, and called for others to see what they could contribute. The result is an established programme which has been adopted into school curricula. Kids taking part still stay in touch via blogs etc., even one who is now 24!
- The needs of ethnic communities were highlighted, given that the city is so diversified.
- The bank has just granted $120,000 for a community bus that has been a huge success.

Expectations are managed through good process. The Logan bank uses the experience of the parent Bendigo Bank community engagement team in facilitating the project forums. An advantage has been that it was made clear to participants that they were taking off their usual 'hats' and had been invited because of their collective knowledge as intelligent people in touch with their communities.

Some common themes

A strength of the community banking sector is that each bank branch has been able to develop its own approach to working with its communities, and managing its distribution process, whilst also being able to draw on the experience of other branches, of the network generally, and of the Bendigo Bank itself.

At the same time, there are some clear common principles and practices informing the work of each community bank branch. First and foremost is a commitment to the view that, as one branch chair expressed it: 'The cash the bank has is the community's money – you have to give it back but you have to do it responsibly.'

Another principle is that generally a community bank branch is a co-funder. There is a strong emphasis on encouraging co-funding from the community, or from other sources available to the community. As one interviewee described its practice:

> We never fund a project in its entirety – most often it's a third or a half, which retains the requirement for the community to widen its efforts and sends a signal that people should not expect to rely on the bank as "Father Christmas". Sometimes the bank provides just enough to push the project along (an example was a proposal to re-build a community hall in a local town, which was falling down. The bank pledged only $3,000, but based on this the community group raised $25,000, enough for the work to be done).

There is an increasing expectation on the part of community bank branches that they should work more closely with their local councils. There are at least a couple of factors driving this. The first is the recognition that it is simply common sense to utilise findings from the council's strategic planning rather than seek to duplicate this, especially as that would risk over consulting the same community. The second is that as community bank branches move to funding larger scale projects of community wide significance, the local councils are natural partners and will normally have some kind of involvement in their own right.

Summary

Community banking is still at a very early stage in its evolution. It is only 12 years since community banking began, and many branches are still only a few years old.

Interviews with informants from the community banking sector support the suggestions in the community governance literature that the sector is evolving towards a much more strategic and community governance-focused approach to distribution activity. This is a function of a number of factors. The first is that there seems to be an initial 'catch up' period of making grants to a range of local community organisations which banks will work through over a period of between five and ten years. The next stage, in many branches, is the growth in the funds available for distribution so that there is a natural shift towards projects which can have a transformative impact. A further influence is the sharing of experience across the network, and the growth of the Bank's own support services including its dedicated community strengthening team.

4. Reflections on the Research

This section reflects on some of the longer term implications of the findings from the literature review and the other research undertaken for this project. The material covered in the literature review demonstrates an increased interest in how communities, whether of geography or of interest, are able to participate in shaping their future. That interest ranges from individuals or groups becoming concerned about, and involved in, decisions that affect 'their place', to governments seeking to increase the effectiveness and reduce the cost of the services for which they are responsible through greater involvement of local organisations in service delivery.

At the same time, the increasing complexity of the regulatory and compliance environment within which local government and communities function, merits giving some thought to what needs to be done to better enable communities and the people who live in them to play a greater role in determining their preferred futures.

4.1 A diversity of approaches

In both the local government and community banking examples, it was found there was a growing level of both interest and practice in experimenting with new ways of working with communities. But this was accompanied, especially in local government, by a wide diversity of views on when and how to involve the community, and by whom and how decisions should be taken.

This is both to be expected and extremely encouraging because it shows that there is a great deal of commitment to finding new forms of community governance, but no obvious attempt to steer it into a single 'right way'.

This matters, if only because community governance is a broad concept that encompasses virtually any imaginable arrangement through which the diversity of members and groups in a community can come together to consider, discuss, decide and seek to implement measures which will change outcomes for that community. In that sense, for experienced practitioners and observers community governance will often be easier to recognise than to describe.

This project has provided a unique opportunity to reflect on the nature of community governance by looking at it through the experience of two quite different sets of institutions, both committed to serving the communities in which they are located. One, local government, is both formally charged with engaging with its communities and increasingly urged to do so in ways which ensure that the diverse voices of its many communities are not only heard but influence the decisions councils take. The other, the Bendigo community banking network, has no formal obligation to engage with its communities as an 'institution' of community governance, but increasingly individual branches, on their own initiative, are starting to do so.

A local government will typically have staff and other resources committed to engaging with its communities and undertaking the background research needed to understand the trends and conditions influencing what is happening in its area. Community banking, on the other hand, relies primarily on the collective experience, knowledge and networks of directors who are normally chosen because they possess both the necessary business skills and a history of extensive involvement with community-based activities. In contrast with many local councils, community bank boards do not have dedicated community engagement and research resources available to them. Instead their principal support comes from a branch manager and occasionally other staff whose main responsibility is running the business of the branch.

Nevertheless, a number of community bank branches are moving from a reactive approach to managing their distributions, in which they respond to requests which come to them as a result, for example, of advertising for grants – to a more proactive approach in which they consider how the funds they hold can best benefit their community.

This is gradually leading to a closer relationship between community banking and local government. A number of community bank branches are recognising that they do not have the depth of resource councils possess for helping communities decide what their preferred outcomes are, and they are taking the view that, in any event, it would be a waste of scarce resources to attempt to replicate the work which local government does.

This may well point to a future in which the role of local government is one of leading community engagement and facilitating the ongoing development of community governance, with community banks and other significant community organisations relying substantially on what their local councils suggests are the community's priorities when considering what contribution they should make to specific services or projects. Under that scenario, local government would clearly remain the leading partner, albeit increasingly looking to others for support. On the other hand, the regulatory and other constraints under which local government operates may mean that a well-resourced community organisation such as a community bank may also play a strong leadership role. This is discussed below.

4.2 The challenge of complexity

Much of what the authors were told by the people interviewed, and drawn from the literature reviewed, pointed directly or by implication to complexity as the single largest issue needing to be addressed if the potential of community governance is to be fully realised.

All actors in community governance are confronted with a mix of natural complexity which is inherent to the issue involved, and imposed complexity which is the result of a history of often uncoordinated regulatory intervention. The aim of such interventions is to constrain both the way in which individual actors may behave (the compliance burden on local government is an obvious example), and the ways in which specific issues may be handled. Environmental planning provides one example, with a major barrier to participation being the need to understand a mix of statutory and other rules and practices. 'Joined up' planning (community discussion) of social services is another example with a high cost of entry imposed by the need to understand the inherent complexity of a silo-based and multi-layered public sector.

The increasing attraction for many community banks in working closely with local government is very much a function of the resource intensive nature of developing the knowledge base to support effective community governance – some of it inherent in the complexity of many of the challenges confronting today's communities, but much also resulting from the complexity of the policy environment and the many checks and balances imposed by higher tiers of government.

Conversely, for councils an attraction of working with community banking may be not just the potential of an additional funding source but also the relative freedom community banks have in decision-making. Typically councils will face a number of constraints, including the need to have an explicit budgetary provision and, often, a requirement that new initiatives and projects should have been planned or tested through public consultation. The result may be that councils are less able to act in a timely way because of their compliance requirements, but their local community bank will be free to do so should it so decide.

4.3 Capability building

A persistent theme emerging from the council interviews was the need to focus on capability building as part of enabling people within communities to become effective actors in community governance. This is not because the people involved are lacking in competence. Rather, it is because the specific capabilities required will very often be outside the experience of the typical well-informed citizen. They will range from how to establish and manage an appropriate organisational structure (required as informal groups are often at a disadvantage in dealing with the public sector, especially if they might need to handle public funds), to understanding the formal processes and responsibilities of various tiers of government and how they do or don't interact, to understanding the complex regulatory provisions which govern so much of what happens in communities.

There is another capability building issue which has been raised in the course of preparing this report: the contrast in most cases between the nature of capability building within councils, and within the wider community.

When council staff have an ongoing involvement in community engagement they develop a resource which can be applied to future engagement/community governance initiatives. Thus in a sense, the way in which community engagement and community governance practices have evolved within councils can be seen as an investment which brings a return in the form of building an engagement/governance resource which can be used again and again, and which almost certainly improves over time.

In contrast, this is not always the case on the community side of the engagement/governance relationship. In some instances, such as the community planning groups of Golden Plains, or the Yarra Ranges township groups, the same process of building capability through repeated involvement does help build a permanent capability within the communities involved. In most cases however, the community side of the engagement/governance relationship is issue-specific and there is little or nothing in place to ensure that the community learning from involvement with one issue carries forward to others.

The difference also impacts in another and potentially more important way: most engagement/governance activity of the kind covered in this report is issue-specific rather than concerned with the community's priorities as a whole and how to rank them. The importance of this difference can be seen from the Golden Plains experience. Using community planning as a way to get individual communities to be engaged with determining their priorities enabled the council and its communities to identify some really important concerns which would not have emerged through an issue by issue approach to consultation. This was in part because an issue by issue approach is normally driven by a pre-determined agenda.

4.4 Discussion

From the foregoing discussion it appears that, on the one hand, further development of community governance may be impeded by the imposed complexities of 'the system', whilst on the other, there is a need for a major capacity building effort to enable citizens and community organisations to deal with that complexity and to participate more effectively in planning and decision-making.

Against this background, a key role of local government can be seen as providing the community's 'soft infrastructure', knowledge and skills both to facilitate the exchanges needed to identify community needs and priorities, and to support those exchanges with the research and policy capability that community organisations can rarely match.

Community banking for its part can be seen in at least two different ways – first and foremost, as a successful commercial adaptation to a very genuine community concern, the threat of losing banking services. Secondly, as a specific instance of the general proposition that separation of the 'head office' development and management of services from the local delivery of those services provides a very real opportunity for communities to take ownership. Local organisations can be established to deliver significant commercial and other services with benefits including the generation of surpluses which can be ploughed back into the community. Thus community banking represents a 'prototype' of how communities can apply a community governance approach to market-based services.

Looked at in this way, local government has a generic role in facilitating – and in most cases leading – community governance; whereas community banking is a specific instance of the general proposition that the community may exercise a 'right' to deliver services itself within a community governance paradigm (as proposed in the UK government's 'Big Society' agenda). However, because it can generate substantial discretionary funds independent of government, community banking can go one step further: it can also be an important enabler of broader community governance in its own right, both by supporting other local actors such as sports clubs, associations, schools etc., and by taking a proactive approach to identifying and addressing unmet but significant needs within the community. In doing so, community banks may often look to their local councils for information and policy advice, but they may also choose to act independently.

The implications from this way of thinking about community governance are that:

- An inherent part of the role of local government is to facilitate the development of community governance and associated institutional arrangements through its role in assisting the community determine its needs, preferences and priorities, and providing the research and policy capability to support that.

- Community banking provides an example of a new institution of community governance that currently tends to rely on local government as a source of information and expert advice, but may not always do so and could evolve along more independent lines as a significant new source of resources for community development and place-shaping.

- Local government should be considering the implications of the community banking model not for the direct benefits it offers, but in terms of its potential to be applied to other services which have broadly similar characteristics. Examples include industries and services such as energy, telecommunications and insurance. There may also be scope to extend the model to significant quasi-public services such as water, waste water and roads.

5.   Findings

The purpose of this report has been to gain an initial understanding of how community governance is evolving within the context of Australian local government and through related formal and informal arrangements, specifically the Bendigo community banking network. The report aims to identify:

- ▪ Aspects which might benefit from further research (acknowledging that this report is based on work with a relatively small sample of councils and community bank branches).

- ▪ Practical steps which might assist the further evolution of community governance.

The findings are presented first in respect of local government and then of community banking.

5.1   Local government

The findings which follow have practical implications for the development of a community governance approach. They are based on the reported experiences, and occasionally interpretative comments, of the councils we interviewed. A common theme through all these findings is the recognition, often explicit and occasionally implicit, that community governance requires new ways of working and new ways of understanding the roles of the different parties involved – elected members, management, and communities and their members.

Each of the councils involved with this project is actively engaged in working with its communities in ways which go well beyond the formal consultation and engagement requirements imposed by the legislation under which they operate. All would agree that their practices are very much in a state of evolution, and that they are in varying stages of shifting from a formal compliance approach to one of finding and developing their preferred ways of working with their communities. These new ways of working are aimed at ensuring that community views are reflected in their decision-making, not just generally, but on any matter of significance to one or more of the communities they serve.

Finding 1

Local government's communities have a stronger expectation that they will be involved in decisions which affect them, and this may influence the way in which individuals vote.

Both the literature review and other research identify a trend towards people wanting to have more say in decisions which affect their communities. This has flowed through to the electoral environment, with a number of councils reporting that a commitment by successful candidates to enhanced community engagement has been an important factor in determining the outcome of council elections.

Finding 2

Size and geography both matter.

Remote rural shires with large areas and relatively small populations are effectively the only remaining source of assistance when federal or state government services are cut back, and so are the natural community resource for addressing almost any issue which falls outside the purely private domain – Wiluna and Brewarrina in this study provide examples.

Councils whose communities are geographically discrete generally find it much easier to recognise and deal with individual communities than intensively settled urban councils. Similarly, councils with settled populations find it easier to establish good working relationships with their communities than councils with a high population turnover.

Location and geography matter in another way as well: 'dormitory' councils such as Wyndham, with a high proportion of residents who commute long distances to work, find engagement more difficult because they are dealing with a relatively time-poor community.

Finding 3

A community governance approach changes the roles of elected members, from a purely representative democracy model to one where community input is sought issue by issue.

There are two elements to this:

- *The shift is a challenge for many elected members who, to varying degrees, can find it difficult to accept the proposition that the community is entitled to be a regular part of the council's decision-making processes*. Associated with this is the need to move from the traditional mode of 'talking to' communities to having much more of a 'community conversation' based on dialogue and recognition that elected members themselves may not always know the answers.

- *Even in a collaborative, community governance mode, it generally remains the role of councils to take final decisions.* As a number of examples outlined to us illustrate, extensive engagement with the community does not always result in consensus; on occasion it may even simply entrench differences. Councils may also face financial, legislative or other constraints, making it difficult to adopt the community's preferred approach. Whilst this is another argument supporting the continuing role of councils as ultimate decision-makers, it also illustrates the importance of effective and timely communication.

Finding 4

It is critical that all parties are well informed. Community members, councillors and council staff all need have a clear understanding of what can and cannot be achieved through a community governance approach.

Finding 5

A community governance approach highlights the importance of ensuring that the council is able to hear all the voices within the community and not just the traditional 'squeaky wheels' or other loud voices.

Councils have adopted a variety of tools including randomly selected focus groups, extensive use of social media, and different approaches to 'community conversations' such as the Bang the Table budget allocator tool and Mosman's 'Big Idea' website, which allows residents to raise and discuss with each other ideas for the future of the Mosman community.

A community governance approach involves extensive consultation and often ongoing dialogue. It can be very demanding in terms both of time and the expertise required for effective engagement with a wide range of diverse interests and individuals. The high ratio of residents to elected

members typical of many Australian councils can make it especially difficult for councillors to be fully involved with community engagement processes. Some councils also raised the question of the professional expertise required for effective community engagement, suggesting that this should be seen as being just as much a role for professionally trained and experienced staff as (say) the design of engineering works. In both instances elected members have the ultimate responsibility for ensuring the council's policies are properly complied with, but should not necessarily be involved in actual delivery.

The extent to which it is easy for councillors to be directly involved with community engagement depends on a number of factors including the actual representation ratio, the size of the council, the nature of its communities, and its history and culture of engagement.

Finding 6

In all councils it is councillors who have ultimate responsibility for the council's policy on community engagement but there is a need to tailor actual delivery to the circumstances of the individual council, other pressures on elected members, and the council's culture and structure.

Finding 7

Most councils involved in the study have recognised in different ways the need for community capability building initiatives and community governance often amounts to a process for decision-making about a particular place or places within the larger area served by a council.

Community engagement also places additional demands on communities themselves, especially as it becomes more common for communities to develop their own local networks (township groups in the Yarra Ranges, ratepayer associations etc.). If communities are to play a full and informed role in community governance, there is a need for capability development assisting people to understand what is involved in working within organisational structures, including dealing with the public sector, and acting as effective advocates for the communities.

Finding 8

Place-based management virtually amounts to a prerequisite for a genuinely effective and comprehensive approach to community governance, and there is likely to be a growing trend for councils to look at reorganising their structures to reflect this.

Community governance often amounts to a process for decision-making about a particular place or places within the larger area served by a council. Whether it is community planning in Golden Plains, township infrastructure committees in Surf Coast Shire, township groups in Yarra Ranges, or council-initiated changes such as Swan Council's shift to area-based place management, it is clear that community governance emphasises a place-based rather than a function-based approach.

Finding 9

There is likely to be tension between state government planning, for example planning directed to allocating anticipated population increases within metropolitan centres, and a community governance approach. The former is a top-down approach to imposing decisions on individual communities and the latter a bottom-up approach expressing the community's preferences.

For example, consultation in Redlands council showed that the community was in favour of limiting population growth in their area. However State plans for South East Queensland anticipate and are preparing for a signification population increases in this region. The Local Council is left in the difficult position of having to advocate on the community's behalf at State government level to try to reduce the impact of this growth in Redlands. In contrast, a community governance approach amounts to a 'whole of community' way of thinking about a community's preferred outcomes, rather than the more traditional focus on the range of formal responsibilities which any particular institution or set of structural arrangements may have.

Finding 10

Councils adopting a community governance approach recognise the need for three separate roles: around decision-making and implementation, facilitation, and advocacy.

There is a growing recognition that a community governance approach involves three separate roles for the council: decision-making and implementation in the areas which are the council's formal responsibility; supporting communities to develop initiatives which the communities themselves may take; and advocating in the sense of evidence-based representation in respect of community needs which are the responsibility of other parties (often state governments and often in human services).

Finding 11

The development of community governance as discussed in this report should remain free from statutory direction.

Each council has been developing approaches tailored both to the circumstances of the council area and its communities (topography, location, socio-economic factors, demographics), and to the culture and traditions of the council itself. We conclude it is a very real strength that these developments are taking place without any formal statutory requirements to guide what should be done. The absence of such requirements is enabling councils to develop practices which best suit their particular circumstances, allowing each of them to move at a pace which fits with their own understandings of the role of local government, of elected members and of management.

The impetus for a community governance approach is coming from a number of different influences not all of which apply to every council. In Victoria, state government requirements for community planning, and the recognition that community plans belong to the community not the council, was a major factor in moving towards a community governance style of operation. The fact that most state jurisdictions now have a statutory requirement for councils to prepare a community strategic plan has been another important influence, with the focus placed on determining what the *community's* objectives are.

5.2   Community banking

Finding 1

Community banking can be seen either as a stand-alone phenomenon specific to a particular sector and firm, or as a specific example of a more general case; how communities can retake a measure of control over services which in recent years have been centralised away from communities because of issues such as economies of scale (cost cutting), regulatory intervention etc. Seen in this latter way, community banking suggests other possibilities for community delivery of market-based services.

The community bank branches interviewed for this project provide a good mix of urban and rural, single and multi-branch community banking companies, and states.

Despite the apparent differences, some very strong common themes have come through:

- The understanding that, in dealing with funds which are available for distribution (community reinvestment) the boards of community bank companies are dealing with money which belongs to the community.

- The importance of the autonomy of individual community banks in making distribution decisions. The bank itself, its community banking strategic advisory board and the Community Foundation will provide advice if requested, as well as services to ensure tax effective grant-making, but do not direct branches on what they should do.

- In making their decisions, the typical community bank board will rely on a combination of the networks and experience of board members (most of whom have been appointed because of a long history of working within the community in various capacities) and occasionally community forums or other one off consultative activities.

- Despite the individual autonomy, there is a broad general pattern which can be seen from the different experiences. Typically, when a community bank branch first commences distributions, it will be responsive to perceived needs identified by groups within the community, often with something of a bricks and mortar nature. Early grant-making will often be for deferred maintenance on the buildings and/or equipment of sporting or other organisations. As the 'backlog' of this is resolved - as applications from these traditional sources move from 'needs' to 'wants' - there is a tendency for community bank branches to move to the next level of seeking to determine what are the critical issues facing the community as a whole: an ageing population, youth crime, road safety and so on.

- This shift in the issues being addressed represents a significant change in the information needs for a bank board wanting to commit funds for purposes which can be described as community development and place-shaping. As this change in information needs takes place there is an increasing incentive for community bank boards to work more closely with the local authority or local authorities within their catchment area, drawing on the research and consultation findings which the council will have regarding community needs and aspirations. Boards will often say there is little point in seeking to duplicate research and planning which the council has already done.

Finding 2

It seems likely that the community reinvestment activity of community bank branches will become an increasingly important contributor to community governance within their catchments.

The ability which branches have to allocate what is essentially discretionary funding for community purposes is potentially a very powerful tool. Its use, though, is dependent both on a good understanding of community needs, and on working collaboratively with other institutions that share the branch's broad objectives of improving community outcomes.

There is a growing recognition of the importance of having good information about the nature of community need, and different means for addressing it. This is likely to result in increased collaboration between local government and community banking.

This will be based on the unique position which local government holds as the community's only 'soft infrastructure' with both the capability and the capacity to undertake the extensive research and consultation necessary to underpin a good understanding both of community needs and the available options for addressing them.

However, it will be important for local government and community banking to each understand and respect the other's role. Community banking is not just a cash cow to fund the local authority's unfunded wish list, and local government is not just a tool community banking can use to leverage additional support for community baking's preferred projects.

6.   Conclusions and Recommendations

The evolution of community governance is now a significant development both within local government and through other networks such as community banking. It clearly reflects a growing interest on the part of communities in being much more closely involved in decisions which affect them. The likelihood is that this interest will underpin a continuing shift towards a community governance approach. It is therefore important to draw on the learnings from this project (and other work) to determine what can best be done to facilitate the further evolution of community governance.

In particular, the emerging relationship between local government and community banking provides a useful way of identifying the pivotal role of local government as the 'soft infrastructure' within the community with the capacity required both to identify the community's needs, preferred options and priorities, and to provide the necessary research and policies.

Within local government, the development of community governance has benefited from the freedom which individual councils have had to develop their own responses to its development as they have perceived it. It is important that this freedom from legislative direction remains – there is no 'one size fits all' approach to community governance, and there is enough diversity amongst different councils to make it clear that finding tailored local solutions will often be the best approach.

At the same time, an understanding of the very real strength of being able to develop solutions unique to the circumstances of individual councils needs to be tempered with recognising the benefits of sharing experience, and identifying common issues which are best approached collectively. We therefore recommend consideration of the following steps to follow-up this study.

- A further review of the respective roles of elected members, management and community organisations in community governance with the objective of sharing experience and considering whether there are specific changes required – for example is there a case for redefining the role of elected members, or for reconsidering the current high ratios of population to number of councillors within much of Australian local government? Such a review would best be undertaken by or on behalf of the sector itself (with representation from across Australia) rather than by a higher tier of government.

- Establishing processes and mechanisms by which councils (and others) involved with community governance can share their experience. This could include an interactive website (hosted by ACELG and linked to its IKEN[6] site, or by a local government peak organisation) as a means for documenting current practices and facilitating discussion of the issues arising.

- Professional development and capacity building programs for elected members, council management and community groups who may be involved in community governance activity.

- A study of success factors for community governance from a community perspective, exploring the conditions under which communities succeed in establishing community governance as a genuine way of working.

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[6] Local Government Information and Knowledge Exchange Network. See www.iken.org.au

- Ongoing engagement with the community banking network in order to support its community governance potential. This may be best achieved by working collaboratively with Bendigo's Community Banking Strategic Advisory Board.

- Examination of the extent to which complex regulatory frameworks represent a barrier, or at least a disincentive, to the further development of community governance. One way forward may be to learn from councils and communities who are seeking to overcome these barriers. Also, as an adjunct to the current Productivity Commission study of the role of local government as regulators[7], it would be helpful to examine the costs imposed on communities (including businesses) as a consequence of the regulatory and compliance frameworks surrounding local government costs.

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[7] This study is the fourth in a series of reviews benchmarking Australian business regulatory burdens.

ATTACHMENT A: Literature Review – A Summary

The literature review undertaken for the project, and presented in full in Volume 2, addressed a series of questions to do with the ideas, theories and practice of community governance. Please refer to Volume 2 for the detailed references of authors and publications cited in this summary.

The results of the literature review include:
- a description of some of the challenges involved in applying community governance approaches;
- international comparisons of the practice of community governance and local government in Europe;
- some thoughts on what can be learned about the practice of community governance from recent Australian experience
- the identification of two recurring themes which pervade the overall study, *Evolution in Community Governance:*
  - First, the growing emphasis on local governments as advocates for their communities across a wide range of social, economic and other outcomes. Australian governments are observing a major change taking place in local government in the UK with a new Localism Bill designed to shift responsibility for managing a wide range of services from the central government to local government, and beyond, to local government's communities.
  - Second, there is a growing distinction between the formal role of local government and the practice of governance which typically involves a wide range of networks linking various government bodies, civil society organisations and the private sector.

A.1   Defining 'governance'

The existence of many approaches to governance poses a problem for those who want a simple definition. In common usage governance is the setting, application and enforcement of rules that are concerned with applying democratic procedures and with producing efficient and effective institutions. An extension to this basic definition – particularly in regard to the delivery of services – are the informal rules governing interactions between the state and other, organised, interests. Replacing the traditional notion of 'top down' government is an approach in which the centre interacts with society in more of a 'self-steering' way.

'Good governance', as described by the OECD, is 'participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law.' Attachment A in Volume II expands on this definition.

A.2   Governance versus Government

Governance is still often equated with government. In their influential book *Reinventing Government,* Osborne and Gaebler (1992:24), established that governance was at the heart of what government was about, and argued that 'Governance is the process by which we collectively solve our problems and meet our society's needs. Government is the instrument we use'.

The evolving understanding of governance is built on the notion that no single agency, public or private, has the knowledge and resource capacity to tackle the key problems unilaterally.

A.3   Understanding the term 'community'

The word 'community' within local government raises some extremely complex and difficult issues, partly because the word is used in very different ways. A common contrast is between geographic communities and communities of interest.

For local government, the legal mandate of councils typically relates to a defined geographic area which will normally be referred to in legislation as the 'community' of the Council.

In rural areas, questions of what is the 'community' may be relatively straightforward. In urban areas, what constitutes a sense of community may be much less obvious. Nonetheless, what we do know is that people form strong attachments to place, and seek collective means of influencing or taking decisions about how that place should be managed.

In practice it seems that local government, and local government specialists, take a pragmatic approach to the challenge of identifying communities, rather than seeking to pin down precise definitions. It is simply assumed that there is sufficient consensus on what is understood by community for the concept to be of practical application. Some situations necessitate a more formal approach, because of governments' requirements for legal authority.

A.4   The changing relationship between citizens and local government

Part of the context for the growing interest in community governance is the changing nature of the relationship between local authorities and their citizens. Historically, in most developed countries the principal means of engagement with local government was through the electoral process. The last 25 years has seen a very substantial shift in what citizens (communities) expect of the relationship, manifested in an ongoing decline in turn-out at local authority elections, and factors such as increased representation ratios (the ratio of residents to elected members) and declining trust in local government .

Recent European research suggests that new factors may be at work. Specifically, citizens may be changing their preferences in terms of how they wish to engage with local government, with voting seen as less significant than it once used to be. New strategies are emerging: strengthening the existing model of representation (electoral reform etc.); broadening the concept of representation (greater dialogue while maintaining representation as the only source of legitimate authority); the citizen as customer – 'customer democracy'; and direct or participatory democracy (referenda, co-production, and self-governance).

A.5   The changing role of local government

These changing attitudes on the part of citizens have a counterpart in changing attitudes regarding the role and functioning of local government itself. Especially in the United Kingdom, there has been an increased rhetoric about decentralisation and community involvement which (partly under central government fiscal pressure) is moving towards a stronger emphasis on citizen decision-making.

Examples from the UK include the previous Labour Government's attraction to the idea of participatory budgeting (the council delegating to the local community the power to take decisions over some or all of council expenditure within the community); and the Total Place initiative (a process of bringing together central agencies, local government and communities about decision-making in the delivery of social services, now overtaken by the present government 's Big Society initiative committing to a greater community role in making decisions about public sector expenditure).

This new thinking reflects an emphasis on the unique capabilities of communities. Research evidence from the UK points to a failure of the conventional centralised approach to social services to achieve desired outcomes, because of a lack of connections at the community level.

Just as in the UK, Australia faces the reality that effective social services design and delivery requires the ability to tap into unique local knowledge, networks and understandings. Community

governance is an appropriate means of doing so. In the UK the jury is clearly still out, but current developments in England and Wales in particular suggest that the case for community governance as a critical component of public sector decision-making has gained considerable momentum.

A.6   Use of the term 'governance' by Australian councils

Governance can be classified into three types: corporate governance, democratic governance and community governance.

Governance as corporate governance

When the term governance is used within Australian local government it most commonly refers to accountability for organisational decision-making and behaviour. This understanding is linked to the term corporate governance which is concerned with the structures and processes of decision-making, accountability, controls and behaviour within corporations (OECD, 2004). Guides produced for Australian councils on corporate governance focus on the collective responsibility of councils to put in place the necessary systems to ensure good governance and the individual responsibility of councillors to ensure these systems are implemented.

Governance as democratic governance

The term democratic governance is used to refer to deepening democratic engagement through the participation of citizens in the processes of governance. Public discourse about democratic governance and its importance was heightened in Victoria following the period of local government amalgamations in the 1990s, and legislative requirements for compulsory competitive tendering of council services. Brian Galligan from the University of Melbourne explores democratic governance in the context of these reforms which were undertaken for efficiency purposes. Galligan argues that:

> Even if we understand local government as enabler rather than provider of services, the distinction between local government as a system for ensuring efficient service provision and local government as a system of democratic governance remains a crucial one. That is because local government as enabler still has to determine the range and standards of services that its community requires.

Governance as community governance

Closely linked to the notion of democratic governance, with its focus on external relationships, is the concept of community governance which concerns genuine collaboration between public, private and non-profit sectors to achieve desired outcomes for a jurisdiction – be it a neighbourhood or a whole local government area. For governments this represents a change of focus from the delivery of specified services to developing creative ways to meet community needs.

The NSW Integrated Planning and Reporting Framework provides an example of this change. It requires councils to engage the community in the preparation of a Community Strategic Plan setting out the community's main objectives, whether or not they are a council responsibility. Councils are also required to identify other organisations that have a role in delivering on aspects of the Plan.

A.7   Key theories and ideas in community governance

Early community governance advocates argued that the focus needed to shift from governing organisations to governing communities. The emphasis in this approach is on the wellbeing of local communities rather than the traditional practice of focusing on a prescribed number of public services.

The following concepts associated with community governance are examined briefly in turn:
- New localism and the concept of subsidiarity

- Place shaping and governance of place
- Community engagement and empowerment
- Civic leadership
- Metropolitan governance.

New localism and the concept of subsidiarity

'New localism' draws on theories of devolution and was intended to influence the approach of the UK national government towards local communities and local government.

Professor Gerry Stoker says that it is a realistic response to the complexity of modern governance. He argues that networked community governance can better provide solutions to complex service and policy issues.

The focus on the local is underpinned by the principle of subsidiarity which Gilligan defines this way:

> Subsidiarity means that wherever possible government functions should be performed by the sphere of government closest to the people. Subsidiarity provides an antidote to the Australian tendency towards state action and the centralisation of political power.

The principles of localism and subsidiarity are being revived in Australia in the context of a renewed commitment to regional development.

Place shaping and governance of place

Linked to new localism theory are ideas of place shaping and place making. Sir Michael Lyons set out a comprehensive place shaping vision for local government in his inquiry into local government funding in the UK. He expressed it as 'a wider, strategic role for local government' and described it as 'the creative use of powers and influences to promote the general well-being of a community and its citizens'.

Place making as a concept is not new in Australia. Integrated Local Area Planning, promoted strongly in Australian local government in the early 1990s, was based around the idea of whole of government planning on a precinct or 'place' basis. John Mant, a former senior public servant and government consultant, acknowledges the limitations of place management in traditional structures. He points to councils that have undergone fundamental reorganisation with a view to making place management a central responsibility, putting place managers at the core of the organisation, rather than the periphery.

Community engagement and empowerment

The discourse in government has moved beyond community consultation to community engagement.

Tim Reddel from Griffith University, Queensland, points to the importance of involving a wider range of community actors in public decision-making – from the perspectives of strengthening democracy and of protecting the public interest. Reddel says that the interest shown by Australian governments in social capital, community-building, citizen engagement and joined-up government reflects international policy interest in more engaged and community focused public policy.

Chris Aulich at the University of Canberra argues that while there have been changes to Australian local government legislation which aim to facilitate engagement with communities, and policies are being developed by individual councils, there are few examples where effective engagement has been established and accepted as a citizen's right. This conclusion needs to be further explored.

Civic leadership

Strong civic leadership is an essential component of community governance for it requires mobilising external stakeholders and communities, not just mobilising internal organisational capacity. Robin Hambleton, Professor of City Leadership at the University of the West of England, Bristol, argues that the challenge for local government is to redefine local leadership and replace hierarchical approaches with a collaborative approach towards common goals. He presents the notion of civic leadership as involving number of overlapping roles: political roles (mayors, politicians); managerial roles (civil servants); and community leadership roles (other parties in civic society including businesses).

Leadership in this context has implications for the roles of the mayor and councillors and the role of the council general manager. The decision to directly elect the mayor, as in the Cities of Sydney, Brisbane and Melbourne and elsewhere, was designed to overcome fragmented governance arrangements and ensure the necessary powers to deal with complex metropolitan issues.

Metropolitan governance

Metropolitan governance theory draws on the concepts referred to above and applies them in an urban context. It is recognised that urban regions are emerging as key players in the world economy, and policy makers need to pursue policies for competiveness as well as social cohesion/liveability.

Ronald Oakerson (Houghton College, US), a former senior governance analyst in the US, argues that discourse about governance reforms in metropolitan areas needs to focus less on structural issues, for example, consolidation of local governments, and more on how local public economies function, and how the public, private and non-profit sectors work to create wealth.

Metropolitan governance is of particular relevance in Australia as over 75% of the population lives in cities of more than 100,000 people. Graham Sansom explores the governance of Australian metropolitan regions and concludes that it is dominated by the states, with local government playing essentially a supporting role. The exception to this has been Brisbane where the City Council is a key provider of metropolitan infrastructure and services.

A.8   Influences on the emergence of community governance

The literature canvasses a range of influences behind the changes in notions of governance, and the emergence of community governance as a term. Among the most notable of these influences are:

Globalisation, marketisation and the information revolution

These three independent trends have all accelerated the diffusion of power away from governments to private actors, from transnational to local corporations, local business and non-profit organisations. Power over information is much more widely shared.

Reforms of local government

A number of authors writing about the local government context attribute changes in ideas about governance to an intense period of reforms in local government. The privatisation of government functions, and the establishment of single-purpose organisations, have created increasing fragmentation and made a 'whole of government' approach to addressing local issues very difficult. Robin Hambleton and Geoff Gallop, among others, explain the increased emphasis on community governance as a response to diminished citizenship created by the new public management approach and the growth of managerialism.

Alternative approaches to new managerialism reforms

Other local government authors have focused on the limitations of new managerialism.

One view is that community governance can be seen as the countervailing force to corporate governance.

A pragmatic approach taken by some authors in accounting for the growing emphasis on networked governance recognises that there are a range of problems beyond the scope of governments acting by themselves, for example the challenge of climate change and global warming, with responses required from multiple agencies, public as well as private.

A.9 Challenges in applying community governance approaches

By definition community governance is concerned with networks, and so a key theoretical attribute is collaborative relationships and partnerships between organisations. The literature reviewing partnership approaches is extensive. At the heart of the extensive literature on partnership approaches is the challenge of equipping government for the new governance arrangements. Key themes are:

- The general barriers to building collaborative partnerships rooted in the practices and cultures of organisations, and the need for collaborative capacity at five levels: strategic capacity, governance capacity, operational capacity, practice capacity and community and citizen capacity.
- The confusion that can arise about the accountability of partnership bodies that are appointed and not elected, and are located at arm's length from the processes of representative democracy.
- The need for government to be convinced that partnership, deemed so important by the local community, is also in their interest. Community players must therefore have the skills and capacities to engage with government representatives in a fruitful way.
- The persistence of old vertical accountability rules. Governments must be willing to be led as well as to lead. New mechanisms and instruments are required – one example is institutional arrangements which need to be based on networks and partnerships. The importance of support, training and resources from government if these new governance mechanisms are to be achieved in practice.

A.10 Evaluation of community governance, a European case study

An important question to answer is how effective the new governance approach is, from the perspective of those who should ultimately benefit: the citizens.

An evaluation led by Governance International of local governance in four European countries suggests that the quality of public governance can be disaggregated into two components: the quality of life of citizens (and other stakeholders); and the level of conformity with governance principles. The evaluation notes the importance of distinguishing between quality of life outcomes and quality of services, in light of the tendency of governments to focus on quality of services and levels of service activity.

Among other findings, the authors conclude that performance management frameworks at a local government level should place more emphasis on the achievements in the field of local governance, and on equipping multiple stakeholders for their debates about 'what is to be done' rather than about 'proving' what has been done.

A.11 International comparisons of progress

Two international comparative studies have assessed the progress towards broader notions of community governance.

First is one published in 2005 comparing trends and developments in local governance in order to establish whether: '… local governance was more than a catchword applying to developments in only a few select settings or whether there had been a more fundamental transformation'. Along with Australia, the study covered France, Italy, Belgium, the Netherlands, the Nordic countries, Poland, Germany, Switzerland, the United Kingdom, New Zealand and the United States.

In concluding that the shift from local government to local governance is an international phenomenon, the authors point to trends that include: new responsibilities that have forced local governments to develop collaborative relationships; municipalities in many countries engaging more with the business community to stimulate business; many countries working with new forms of citizen involvement; and, in many countries, attempts to strengthen the local political executive, for example through the introduction of a directly elected mayor.

Questions remain about how to ensure transparency and democratic accountability in the face of a fragmentation of authority, and whether authorities will be able to make community leadership real without an adequate financial base.

The second study compared changes that have occurred in local government in Australia and Canada. In discussing citizen participation and local governance in Australia, Chris Aulich found that despite reforms to the Australian local government acts in the mid-1980s and 1990s around enabling principles, and a shift away from the limiting powers in previous acts, there was little evidence of significant changes to the state–local government power nexus, and no new functions added to those already undertaken by local government.

Susan Phillips, writing about the history of citizen participation in Canadian local government, concludes that there has been a shift from government to governance in Canada's larger cities, while Aulich concludes that the data are not so conclusive in the Australian context.

A.12 What can we learn from recent Australian experience in the practice of community governance?

One Australian state, Victoria, has put a strong emphasis on community planning as an approach to community governance, and analyses in two evaluative commentaries highlight the different ways the notion of community governance may be interpreted and applied.

In particular, how genuine have moves been to shift decision-making away from local government to the community?

Within local government in Victoria there are now more than 500 individual community plans in place, largely developed through initiatives led by the (now) Department of Planning and Community Development and by peak local government organisations including the Municipal Association of Victoria through its Lighthouse Program. The intention was that the Department was to be an advocate for an approach to the development and delivery of policies focusing on communities of interest and on places, through the medium of communities of location. It was to take action *in* and *with* communities.

An evaluation of experiences with community planning in 2007 involving case studies of community planning in nine different councils (rural and urban) highlights that community planning is still very much a work in progress, although on balance the experience of engagement with community planning has been seen as positive by both councils and communities. Among specific concerns the report raises are: the relationship between community planning and the council plan; the attitude of state government departments (which suggests that the sponsoring department may not yet at the

time of the report have got the full buy-in of other state government departments); and the impact of the effort involved in developing a community plan.

A different and very recent perspective on the Victorian community planning experience is presented by Mowbray (2011), Emeritus Professor at RMIT University. His critique raises the question that may go to the heart of the community planning endeavour and indeed to the whole notion of community governance: how does what is represented as inclusive and empowering community engagement extend beyond its marginalised status in local government? How do participants and practitioners ensure that the process is genuinely community controlled and responsive, and that it effectively places decision-making in the hands of the community?

ATTACHMENT B: Exploratory Interviews

B.1   About the interviews

The purpose of the exploratory interviews was to gain a broad overview of the experience of working in a community governance mode, within both councils and community bank branches.

Among councils we found a wide variety of different approaches reflecting the different circumstances of the councils selected for interview. The interviewees included representatives from rural, remote, urban, large and small councils. Each council had a different history of using community planning, community engagement and other approaches to community governance.

Each council reported different experiences, and each one had a different level of understanding and commitment to sharing decision-making with its communities. This is to be expected. In most cases the council were in the relatively early stages of evolution from a traditional 'council consults and council decides' approach to more of a shared approach.

The situations were much the same for community bank branches although they had a less formal consciousness of being engaged in a community governance process. This is partly because community banks do not have the same comprehensive obligations, or community expectations, and so they do not have to undertake extensive consultation or involve their communities increasingly in shaping the decisions they take. In addition community bank branches are much more focused on a 'let's just do it' approach to decision-making, rather than on an approach which, in the case of councils, is strongly influenced by a regulatory and compliance framework.

In this section we record the stories of the councils and community bank branches, highlighting from the interviews with each the main points we believe will contribute to an understanding of what is happening, and an awareness of what initiatives may be helpful to facilitate the further evolution of community governance.

B.2   The Councils

Brewarrina Shire Council, NSW

Brewarrina Shire, situated in the outback of NSW covers an area of 19,000 square kilometres. It has a population of less than 2,000. Sixty-eight per cent of the Brewarrina community identify themselves as Indigenous. Brewarrina Shire is represented by nine councillors.

A partnership approach to the provision of dental services

In 2010 Brewarrina Shire won a local government national award for excellence for their rural and remote dental service. Staff from Brewarrina Shire shared the story of the multi-level partnership that is providing this innovative scheme. The lack of dental services had been identified as a major concern for this outback community. The council acknowledged that it didn't have the expertise to respond to this need and so negotiated with Griffith University for final year dental students to provide regular dental services.

The council facilitated a skill-based committee to have oversight of the service (under Section 355 of the NSW Local Government Act). Committee membership, which was decided through a consultation process, includes a councillor, representatives of the Brewarrina Aboriginal Health Services, Ochre Health, Griffith University, the Greater Western Area Health Services and other service providers and community organisations. The Department of Health and Ageing is also involved through $280K funding for capital works.

Factors in the success of the dental scheme

The scheme has been an overwhelming success with over 3,000 dental appointments made since it commenced in 2009. Other benefits include improved community health in general including, a decrease in the severity of diabetes, economic benefits from additional people staying in the community on a regular basis and increased community pride. The dental students benefit as well, gaining a new understanding of the particular challenges facing remote regional towns.

A key factor in this success has been the way shared governance arrangements were established. In addition to extensive consultation, a clear agreement between all the parties was negotiated. The day-to-day management of the service is shared between Brewarrina Shire and Griffith University. It operated with a Memorandum of Understanding for the first 12 months and then under a joint service agreement. Success is also attributed to the level of trust between the various parties involved and the commitment to stay focused on the core objectives.

Council and shared decision-making

Brewarrina Council is looking to strengthen the involvement of the community in the overall planning for the area. Over 10% of the community were directly consulted in the preparation the community strategic plan and the economic plan.

There has been a tendency for community members to think that council should do everything that is presented to them as an issue of concern, but they are learning that there are a range of ways issues can be dealt with, and there are agencies other than councils who can contribute solutions. The councillors who have tended to feel that as the elected representatives they should try and fix everyone's problems are also learning that responsibilities can be shared.

The challenges and opportunities of community governance

Like many rural councils, Brewarrina Council operates on a very limited rate base and is feeling the burden of cost-shifting by other levels of government. It is also a provider of last resort, and is expected to deliver a range of services beyond the traditional ones of local government. So the role of Council as advocate and facilitator of partnerships is essential.

The Council acknowledges there are barriers to be overcome if they are to facilitate community governance. One of the barriers is recruiting staff that have the qualifications and experience to go beyond the basic operational requirements of a role. The Council has to compete with other agencies and the private sector for skilled staff. Because of the long distance to the nearest town centre (Bourke is 100km away) it is hard for staff to find opportunities for professional interaction and feedback on their ideas.

Access to appropriate expertise is a major challenge for isolated communities such as Brewarrina. In the case of the dental services, the ongoing involvement of Griffith University has been crucial to the success of the project. This experience has proved to the council that there is community support for new approaches and for exploring further such opportunities in the future.

Central Coast Council, TAS

Tasmania's Central Coast Council, formed in 1993 from the amalgamation of the then Ulverstone and Penguin Councils, is set in the heart of the North West Coast of Tasmania. Spanning an area of 931.1 square kilometres, it has a population of just over 21,000. From its coastal beaches the Council's boundary extends southwards through fertile countryside to the Leven Canyon, limestone caves and Black Bluff mountain range. The coastal townships of Penguin (population 5,500) and Ulverstone (population 12,000), are the area's business centres, serving a predominantly agricultural

hinterland. The region has an extensive network of foreshore parks and proximity to significant natural attractions. It is known as having the nation's lowest crime rate.

Developing a new approach to Community Engagement

Central Coast is currently re-examining how it engages with its community around its core business in order to improve its understanding of the community's needs, i.e. it is building internal capacity to consult and engage. The goal is to improve the ways the Council engages with the community to ensure that it delivers public value. Council has found that when dealing with complex community issues, its traditional (community development and service delivery) ways of working are not necessarily effective. Central Coast wants to become better at involving the community in developing their own solutions to issues. For them, community governance includes government but also softer processes of engaging with local business and community sectors through cooperative frameworks that can provide a basis for collective local action. Such participatory forms of engagement are characterised by diffused rather than imposed power.

Central Coast's Draft Social Planning Framework sets out actions for the Council that feed into its annual planning process. The SPF is based on principles of social inclusion and provides a framework for action which includes a range of higher level strategies. The Framework for Action is designed to provide an agenda for conversations the Council is proposing to have with a range of community leaders, groups and businesses. From these conversations it is envisaged that common issues will be identified and collective strategies/solutions will be developed and executed. But the Social Planning Framework for action needs to be supported. It needs a structure and processes, even if of the softer kind. As a result Central Coast is exploring the potential of Community Action Partnerships and social enterprise to meet this need.

What role for Councillors?

In Central Coast, other than their legislative and corporate governance responsibilities, Councillors are not actively involved in Council's day-to-day core business. While Councillors contribute to establishing the Council's strategic direction, service standards and so on, taking a more hands-on role in the co-design and co-delivery of community development strategies is a fairly new concept. The evolving community governance arrangements potentially offer Councillors an expanded role in addition to being democratic representatives. As elected representatives they are already very actively involved in the local business and community sectors and would like to contribute more to making Central Coast a better place. These emerging approaches to community governance will provide the opportunity for them to be involved with the Council staff and the broader community actively working on solutions to common issues.

Using a place shaping approach to community development

Since the amalgamation of Ulverstone and Penguin Councils the Council has focused on *place management*: that is, on developing and managing a sustainable place largely as an administrative responsibility, centrally controlled and delivered predominantly through the legislative and operational functions of local government.

Through their Social Planning Framework, the Council now recognises that as well as these traditional functions, more *place shaping* collaborative approaches are needed to identify and exploit local development potential. The underpinning philosophy is that place shaping is everyone's responsibility: community; business; the public sector; and local and central governments. This philosophy acknowledges the need for a greater focus on harnessing local assets and knowledge.

One of the challenges is that the Council is organised around traditional corporate governance and service delivery models. These do not necessarily include the skills, resources and expertise to

support the more collective/negotiated governance approaches to place shaping situations. This implies a need for new enabling community governance and associated decision-making arrangements that can sit alongside the Council's existing corporate, technical and service-based approach to development.

Such community governance arrangements can provide a space where the Council, the community, business and other government agencies can work together in an environment where the emphasis is on the contextual importance of place and on achieving sustainable community outcomes, rather than on organisational objectives, projects and outputs. Such arrangements include complexities that fall outside of the traditional organisational approach to development which may challenge existing and emerging local public and community leaders because collective decision-making and action must reflect the needs of the local community and not just the interests of respective organisations.

Independently of his work with the Council, the Strategic Project Manager is carrying out research into the dynamics of local leadership, decision-making and governance and how they combine to create agency for place shaping and achieving better community outcomes.

Social enterprise: How do you go from strategy to sustainable action?
The Council has an interest in place-based participatory forms of development for turning strategy into effective action. This recognises that while governments have an important role to play, they are not a substitute for the community's own knowledge, networks, institutions and social capital. This implies governments, communities and businesses need to work more effectively together.

Council's engagement with their communities is usually based on a public management culture and the organisation's terms and expectations are imposed on the process. Communities and businesses have a different culture and generally have different expectations and requirements of engagement.
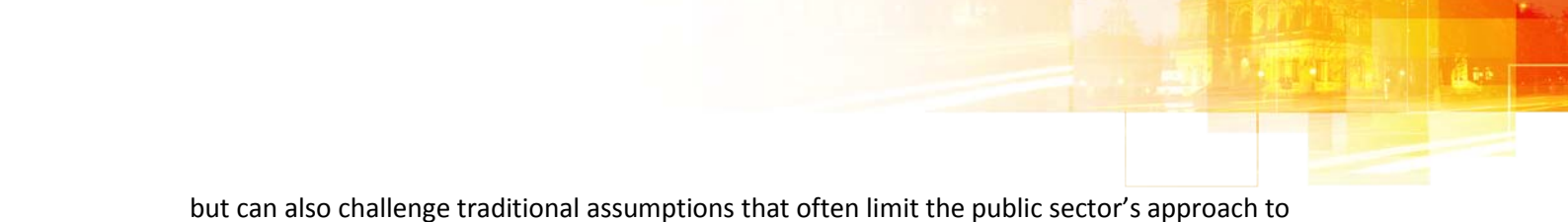
The governance arrangements of participatory forms of development make different demands of the Council and so it is looking at new models for working with the community. Social enterprise is increasingly being recognised for its potential to tackle complex social problems and to contribute to local economies. The Council is currently exploring options for collaborating with existing social enterprises and or facilitating the establishment of new ones as a means of harnessing community capacity to collectively achieve a range of social and economic development outcomes. The social enterprise model may provide a more neutral, inclusive, cross-sectoral space for collaboration that may improve the achievement of shared community outcomes.

The Strategic Projects Manager, with the support of the University of Tasmania, is also researching local government's involvement in social enterprise as a new way of governing with communities and of responding to local issues in a more innovative, cross sectoral way. The research explores how social enterprise is being implemented in specific places and how it can be applied in the local government context. Of particular interest are the mechanisms (i.e. structures, applications and processes) of social enterprise and how they are applied in practice.

Public Management Innovation
The opportunity to explore new and innovative approaches to working with the community is to a large extent dependent on the leadership and strong commitment of the Council's General Manager, Senior Management Team and the elected representatives.

Results to date also highlight the benefits of working collaboratively with the University of Tasmania's' Institute for Regional Development as they not only bring new perspectives and ideas,

but can also challenge traditional assumptions that often limit the public sector's approach to community development.

<div style="background-color:#c0504d;color:white;padding:4px;font-weight:bold">Golden Plains Shire, VIC</div>

Golden Plains Shire was formed in 1994 from the merger of four former Shires. It is located in the south-western part of the state of Victoria between Geelong and Ballarat and west of Melbourne, with an area of 2,721 square kilometres and a population of just under 19,000. The area is predominantly rural, with major population centres at Bannockburn, Lethbridge, Teesdale and Inverleigh. Early settlement was based on grazing and timber, and subsequently the discovery of gold. In recent decades, the areas of the Shire closest to Geelong and Ballarat have experienced residential growth, a result of their proximity to employment in major centres, combined with the attraction of the Shire's topography and rural setting. In common with most rural and regional areas in Australia, areas closer to the towns experience a significant net loss of young adults and school leavers who tend to move to larger centres for education and employment.

Community planning
Golden Plains Shire has established a strong reputation for the quality of its community planning. This interview explored how the community planning process fits into the Council's decision-making and more importantly, how that is evolving towards a community governance approach.

The Shire's Council plan recognises 35 separate communities, 22 of which have established community planning groups. These groups are becoming an integral part of council decision-making.

The Council not only has a requirement that staff should report on what community consultation they have undertaken when recommendations are made to the Council; it also has an established cycle for regular communication with community planning groups. Each group presents to a Council meeting once every 12–18 months which means that virtually every Council meeting has a community planning group presenting. In addition, Council staff prepare a six-monthly report to Council picking up on generic issues from across different community plans, and a synopsis of community plans for consideration at the annual council retreat.

How the Shire's community planning has evolved
Community plans began as a means for individual communities to identify relatively small local issues which were of immediate concern – and could be something like the positioning of a pedestrian crossing, or parking outside the local school.

Over the years, the planning process has moved much more to become the basis of a community governance approach both at the local community level, and for generic issues of Shire-wide impact.

At the community level, the community plan is an important input for the Council's own planning documents, and community planning groups are an integral part of the Council's consultation arrangements.

The Council has recently made the decision to grant $5000 to each community planning group to be applied to implementing one or more of the objectives in its community plan. Many groups are using the funding to leverage additional funding from other funding sources.

At the 'whole of Shire' level, community plans have proved an important tool for identifying major gaps which need to be addressed. The first was public transport within the Shire. Here the issue was that many families had only one car which was typically used for commuting to work, leaving the

rest of the family with no transport. The Council was able to use the information in community plans to negotiate funding from the state government under a local transport initiative.

The next major gap was access to health services. Community plans showed the need for a medical facility in the northern part of the Shire. The Council brought a range of stakeholders (providers, government departments, community leaders) together to look for a solution. This led to the establishment of the Golden Plains Health Planning Forum which meets three times a year to look for solutions to identified health needs within the Shire. Achievements include the establishment of additional health facilities, substantially improving access for residents.

Community planning now

Currently, community plans are identifying issues that relate to education, including the establishment of the first secondary school in the Shire in Bannockburn. This allows Council to formally advocate on behalf of residents.

The Council has taken care to be clear about expectations, and about the different roles involved with its community planning process.

The planning process itself was rolled out gradually with the Council facilitating the development of five and then a further six community plans, so that both the Council and communities could learn from experience. The Council has also made it clear that community plans are the community's document, not the Council's and that the Council still retains the ultimate right to take decisions. It will not do so arbitrarily, but by will working with the community and will explain why it may be taking a decision which is not one sought by the community. As an example, one community wanted to encourage the construction of a swimming pool. The Council ran the numbers and went back to the community saying 'if this goes ahead, this is what will happen to your rates'. With an understanding of the cost the community accepted the Council's decision not to proceed.

The Council also took a decision that the development of community plans should be supported by independent facilitators, not by Council officers. The purpose of this was both to underline the independence of the community planning process, and to avoid placing council officers in a potential conflict of interest situation (for example if the community wished to pursue something which was contrary to council policy and asked the person helping develop the plan to take an active role in seeking a reversal of Council policy). A recent example of the type of situation which could arise was a community wanting to challenge Council policy on the location of mobile phone towers. Council staff suggested that the community work through their independent facilitator in developing a position.

Information is also a critical issue. The Council began the community planning process saying that communities knew their needs best. The emphasis has now shifted to informed communities – making sure that communities have the information they need to make decisions.

Mosman Municipal Council

Mosman is a suburb located on the north shore of Sydney Harbour and is the second smallest Council in the metropolitan region. It has an area of 8.7 square kilometres and about 28,000 residents. The local government area is made up largely of residential housing with some commercial businesses and is relatively affluent.

Community governance

Community governance in Mosman broadly means community engagement, and the community is generally taken to be the whole of the LGA because it is such a small municipality. Having said that,

engagement with the community can vary, depending on the issue. There will be circumstances that require more localised engagement.

The role of councillors

The elected Council sees itself as the ultimate decision-making body, but they have due regard for community views. Councillors look at all the information generated by the consultation processes (e.g. results of the community conversations, business stakeholder meetings and online surveys) before they take a final decision. Over time councillors have become more supportive of community engagement processes. This is particularly true of the current Council.

Councillors do face a challenge in taking decisions in the best interests of the whole of the LGA and not just those of a small number of loud voices. To illustrate this, the mayor explained that the Council decided to put in paid parking at Balmoral Beach. This issue had come up several times before but previous Councils had decided not to charge for parking because of vociferous opposition. This resulted in a loss of revenue of about $10 million over the years. This Council decided to revisit the question despite opposition from some very vocal groups. The parking restrictions now allow people to park for only three hours at a time. As a result local people are now able to park more easily in the area. In addition, the Council is also raising $1.5 million per year which has enabled it to improve four sets of public toilet facilities and some swimming pools, something that could never have been achieved without the revenue from parking. The community is very happy with the improved facilities. In summary, if Councillors had listened to the vociferous opposition to paid parking at the beach they would not have been able to carry out these improvements to infrastructure in Mosman.

Community Engagement

Recently Mosman carried out a Community Conversation on streetscape improvements to the main thoroughfare (Military Road). The Conversation was run like a 21st century town meeting with 50 participants randomly selected by a market research company, i.e. not the usual voices. Participants listened to proposals for the streetscape improvements and used electronic voting to choose their preferred options. This was the first time this approach had been used in Mosman. Participants were impressed to have been randomly selected, to have been able to attend the forum, and to vote and see immediate results on the screen.

The approach was perceived as novel and was well received. Community Conversations is one of a suite of consultation tools Mosman used to gauge residents' views on improvements to Military Road, and helped to counterbalance the louder voices and usual contributors through gathering feedback on proposals from a random selection of a representative group of residents.

Councillors were also involved in some of the consultation exercises carried out for the development of the Community Strategic Plan. One of these activities was Street Speak. During this event stalls were set out at strategic places in each ward around Mosman where the community could come and comment. Ward Councillors were present. They used this as an opportunity to meet people and learn more about the community's priorities.

Building the capacity of the organisation to carry out engagement is important. Mosman's town planners have won awards for their traditional and web-based consultation (using YouTube etc.). This is partly due to staff recognising the value of good consultation and partly their attraction to new technologies. Councillors have been brought along on the journey, enabling them to understand the role of different consultation tools.

Mosman online

Mosman is very active online. They have been carrying out their Community Conversations for several years for major issues like the Community Strategic Plan, youth issues, the social plan, carers' needs and the development of a skate park. But the same people do tend to attend these events and it can be difficult to get a broad spectrum of residents involved. Mosman uses social media (e.g. the Council's Twitter has approximately 1,400 followers, and the library Twitter has approximately 650 followers) and online consultation processes to obtain input from a wider range of stakeholders. They have also run workshops for Councillors providing training on how to set up a blog, with staff providing further training on request. Currently two Councillors have blogs.

Mosman was one of the first councils to recognise the importance of online engagement for which they have gained international recognition and won awards. While Mosman does not have a large budget for consultation and engagement it does have a very good web coordinator who has created (among other things) an online forum called *Big Ideas*. Whilst every year the community is engaged in the development of the Community Strategic Plan, ideas from the community may come up at any time. The Council wanted to create a space where residents could share their big ideas for Mosman throughout the year which can feed into planning processes. Councillors and staff can look at what has been put on the Big Ideas site at any time. In addition they are given a report on Big Idea contributions on a quarterly basis. While Mosman Council's Facebook page is currently used only for dissemination of information, including a feed from their Twitter account, the Big Ideas website is different in that it aims to create a space for dialogue amongst residents, not just between residents and Council. The site has been running for six months with some interesting results, although as yet residents tend not to address strategic 'big picture' issues, i.e. the kind of place you want Mosman to be in 10-15 years' time.

What is the future for Mosman?

In the future there will be more deliberative processes. There is a real appetite for seeking input from representative samples of the community rather than only listening to the same voices. Councillors see the value of this approach as they are able to defend the decisions they make because the process was informed by the views of a wide range of stakeholders. But the current situation in which Councillors are the decision makers will remain. It is difficult to see final decision-making being devolved to the community. However, there will be more consultation and information sharing with the community to help people understand the priorities that Council has to balance when making decisions and allocating resources.

Playford City Council, SA

Playford is a diverse community in South Australia with 80,000 residents, made up of predominantly younger and older people with a smaller population of middle-aged residents. It is an outer urban Council containing commuters, horticultural communities and small businesses. In short it is a microcosm of Australia, as most economic activities can be found in Playford except mining and broad-acre farming. This presents a lot of opportunities but also many challenges.

What does community governance mean in Playford?

Everyone has a different view of what community governance means. Literally it means the community understanding, knowing and participating in some form of governance, perhaps through a mechanism such as the Council. There is a broader sense of community governance which extends beyond Council to include sporting clubs, schools, etc. and making sure that they have the correct governance procedures in place and an understanding of their role in the community. In general, community governance means an understanding of the common norms and values and proper or better ways of working and engaging with each other.

Community governance does not mean the whole community voting at a referendum every time a decision has to be made. Residents and community groups play their own roles in community governance, making sure that groups and clubs are run efficiently, that kids are safe when they play soccer, that the coaches are qualified and that the board is managing the money correctly.

Supporting community governance

The Mayor of Playford believes in small government. Government's role is to set the policies and frameworks within which the community and individuals can achieve their goals. Government sets boundaries within which communities are free to organise themselves, grow and develop. The Council also provides information and resources to support the community.

For example, the Australia Day committee was established to help run the events for the day. The committee is made up of community groups and its remit has grown to include the organisation of a major civic event. The Council takes overall responsibility for the framework and funding for this event but the actual organisation of the day is run by the committee.

The Council also has funding available to provide training for sporting and cultural clubs. The training includes information on how to market their business in order to become sustainable; how to access federal and state funding; how to engage with the community; and how to plan for succession. Some clubs in Playford have a good income stream but they need help in running and governing their organisations in order to improve and maintain their infrastructure and programmes. The Council is currently formulating a policy framework to provide training support which will fund things like company directors' courses. The population in Playford is large and growing, but the Council does not have an endless budget. It needs to prioritise the maintenance of existing infrastructure, so they are looking for ways to help the community to meet some of its own needs through sporting and culture clubs. In one example Playford provided matched funding (50:50) for the provision of some new lights at a sporting club, allowing the club to play in a better league and enabling them to take ownership of the running and maintenance of their facility.

There is also a Mayor's community leadership programme. The programme gives talented residents opportunities to improve their leadership skills, mentoring and managing them, and exposing them to different leadership roles around Adelaide.

The Playford Partnership Breakfast is another engagement tool facilitated by the Council. About 100 residents come together at these breakfasts to network and to listen to speakers on a wide variety of topics which affect the area. For example, a future breakfast was planned to feature the new head of the mechanised army battalion which has moved into the RAAF base in Playford, to discuss the impact of 700 people moving into the area from Darwin.

Clear roles for council and community

The Mayor of Playford believes that the community should be consulted and engaged, providing feedback and ideas, but ultimately the people who have been elected are accountable for decisions taken. The community elects its representatives every four years. If voters dislike the decisions their representatives make they can vote for someone else at the next election. Having said that, there is still a role for community engagement in terms of providing feedback and ideas.

There is a move in Playford towards a stronger emphasis on representative democracy/governance, seeking the community's views only when these can actually affect a decision. This is a shift away from generic or topic-based consultation and engagement. Interestingly, the Council has seen increased uptake of formal mechanisms for involvement in decision-making. As the Council withdraws from proactive engagement activities the community itself seems to be making more use

of more formal mechanisms. There has been a greater level of participation in terms of deputations, petitions and attendance at Council meetings. This is a very positive development as these are arenas where community participation can have a significant impact on decision-making.

The Playford Council has a good relationship with the state government. The Playford Partnership brings together local government, the local MPs from both political parties and the community in order to share what is happening at local and state levels. The mayor has a good relationship with MPs, and council staff have good relationships with their counterparts in state government (department heads and bureaucrats). The mayor sees himself as the Mayor of the Government of Playford rather than the Mayor of Playford Council in order to reinforce that he is representing a level of government. To get this vision to work they need federal and state governments to understand and know Playford. The partnership provides a direct line of communication between the different levels of government.

Playford provides some interesting learning points for community governance. The Council's approach is to build the capacity of communities to govern themselves, providing training and guidance for community groups, and then to take a step back to allow them to pursue their objectives within the framework set up by local government. In addition, the Council is reducing its engagement services as the view is that councillors have been elected to make decisions on behalf of community. This does not mean that residents do not have a voice, but rather that they can use formal channels such as deputations to input into decision-making.

Port Phillip City Council, VIC

Port Phillip is a densely populated inner Melbourne urban council with a population of approximately 90,000 residents represented by a Council of seven elected members. Over the years it has developed a reputation for being innovative in the way in which it seeks to engage with its communities, including a notable community summit held in 2006 where over 700 people gathered in the St Kilda Town Hall to create a shared vision for Port Phillip.

More recently, the Council elected in 2008 saw a change of five of the seven sitting councillors. One of the reasons for the change was a high level of community dissatisfaction of the way the previous council was managing community engagement in the St Kilda Triangle redevelopment. The newly elected Council placed a strong focus on its practice of democratic and corporate governance. The focus on governance performance became cemented in the Council plan as the first major strategic direction *'Engaging and Governing the City'* with a strong commitment to community engagement.

The Council also adopted a governance statement setting out the principles by which it would operate. Two of the most important from a community engagement perspective are:

- Council will accept full responsibility for its decisions while ensuring that those decisions are informed by effective engagement with the community.
- Decisions will be taken as close as practicable to the people affected to ensure that decisions are fully informed by local knowledge and needs.

Maintaining this balance between council responsibility for decisions, and effective engagement is the central theme of the Port Phillip story.

The Council has adopted a number of practices to support its commitment to greater engagement. These include the establishment of some 27 reference groups which provide community input into different policy initiatives that the council is considering. Each group operates under a set of terms of reference. The council calls for people interested in serving on a reference group to put

themselves forward and then selects members to reflect the balance of interest and experience it believes is required for the work of that group.

Council also developed an internal Communications and Engagement Strategy to assist the organisation move engagement from being somewhat separate from the principal activities of Council to becoming an integral part of the core support for council service delivery. Engagement is becoming part of 'the way we do things around here' building on a lot of good practice from the past. The communications and engagement unit now provides staff who are commencing major council initiatives with support and advice for communications and engagement in their project planning. A major feature of this will be the release of a comprehensive internal toolkit in early 2012 that has been designed using the experience and expertise of staff from across the organisation. An ongoing 'community of practice' and a learning and development program for staff are being implemented as part of this initiative.

Council have carried through their commitment to engagement on major issues. A prime example is the review of the St Kilda Festival. Council as a group were undecided on the future of the Festival and were acutely aware of the polarised views in relation to the Festival in the community. Some longer term residents are not in favour of the Festival due to concerns of the associated antisocial behaviour while many young people support and actively participate in the event. This diversity of views coupled with the complexity of issues surrounding such a major event that attracts 400,000 people, required a comprehensive process for the analysis of issues.

The St Kilda Festival Community Reference Group was one of the first reference groups established by the newly elected Council. It was a way for Council to bring some of the diverse voices together to assist Council in evaluating all the information (studies, community feedback, financials etc.) in making a final decision on the future of the Festival. There was some trepidation as to whether a group with such differing perspectives could work through the issues together. Over time success was evident by the respectful learning and an increasing acceptance of seeing things in a 'balanced' and a bigger picture perspective, even if they weren't all in total agreement.

The St Kilda Festival Review also sparked much public interest, particularly in the lead-up to the 30th anniversary of the event. The debate included lively on-line discussions. Apart from moderating online comments to ensure privacy protection, the full and colourful commentary was viewed as the nature of the medium and an important forum for gauging a broader community response to the Festival.

Council undertook to delay some decisions to allow for further consultation and engagement on those significant issues, prior to Council making a final decision in favour of continuing the Festival. The quality of its process was recognised when it was awarded the Victorian Local Government Association's (VLGA) inaugural John Jago Good Governance Award for its handling of the review.

Port Phillip's experience highlights a number of questions which will be important for councils, especially larger urban councils, as they move into more of a community engagement/community governance mode.

First is the balance between the commitment to consult and engage, and the need to take decisions. The Port Phillip Council is finding that there comes a time when consultation and engagement needs to cease even if agreement has not been reached, and a decision needs to be made – often in circumstances where the community itself remains divided on what should be done.

Next is the question of who leads and undertakes the engagement process. Seven elected members, even if they are prepared to commit themselves full-time, simply do not have the capacity to take part in every engagement exercise. The dilemma the council is wrestling how to balance the role of councillors as the community's elected representatives with the fact that facilitating community engagement requires the support of professionals skilled in this practice.

As part of this, the council is recognising the need, especially in a very diverse community, to be highly innovative in how it engages. It's partly a matter of recognising the different languages spoken in the area; it's partly recognising that people engage in very different ways and social media is becoming increasingly important.

It's also about understanding the cultural context and being prepared to deal with quite difficult issues. Councillors often have to play different roles, for example the roles of regulator and community advocate. One example which illustrates this is the experience of granting a new planning permit as the planning authority for the use of a community centre by community groups, including its use as a 'place of assembly'. The permit provided a range of groups, including a Muslim prayer group, continued access to the centre. The Muslim prayer group became a subject of public discrimination by an anti-Islamic group. Council responded with the mayor issuing a media statement, 'The City of Port Phillip is appalled to see our local planning process hijacked by an anti-Islamic group [Q Society], their despicable campaign attempted to spread fear and hatred through our local community and across Australia'. What was on the face of it a straightforward planning permit decision became a forum for Council to strongly state their commitment to the Charter of Human Rights and to affirm that 'racism will not be tolerated in our community'.

As the Port Phillip Council states in its Council Plan, there is a wide variety of roles Council plays, including 'Leader, Service Provider, Partner, Facilitator, Regulator, Advocate, Funder'. These roles are complex, can at times be seen as conflicting and are a great challenge for a newly elected Council in meeting growing community expectations and a changing external environment. The community is facing issues of climate change, a growing population and an increasing population density. The demographic is changing and there are now greater economic and social differences between those fully involved in civic life to those disconnected and disadvantaged. In this environment, strong community engagement will continue to dominate the work of council and its relationship with its community.

The Redlands, QLD

The Redlands is in south-east Queensland and is made up of 537 square kilometres of mainland and island communities with approximately 143,000 residents. It is located on Moreton Bay and borders Brisbane City, Logan City and the Gold Coast.

A track record of Community Engagement
The Redland Council has a strong track record of community engagement. They carried out a robust engagement process for the development of their community plan *Redlands 2030*. This process took over a year to plan and implement with the actual engagement work taking about one year to complete.

The role of Councillors in community engagement
Initially there were tensions among Councillors over community engagement. Councillors felt they already understood the community's interests. Some long-term councillors had been meeting with their constituents for years and felt they knew what was needed in their divisions. In order to gain Councillors' support for community engagement, the Council involved them right from the beginning. Councillors were kept informed and approved all stages including identifying the

methodology and approach for developing the community plan. Throughout the engagement process itself Councillors were involved in, but did not lead, activities. They attended as many functions as they chose but they could not influence people's feedback or participation. The approach taken not only resulted in the development of the community plan but was also a process for strengthening civic engagement.

The present Council came in on a platform of better community engagement. They believe in the process. Equally, the executive leadership group and senior managers are committed to community engagement, through a Community Engagement Policy, strategy and good practice. At the same time, legislation has been enacted to mandate the development of community plans.

Developing the Community Plan

Historically the Council has always engaged with the community but perhaps it has not listened as well as it could have. As a result the community was fairly cynical about certain types of engagement. The Council had to show that they were doing something different and that participation was worthwhile. For the development of the Community Plan the Council used a wide range of different techniques which brought out a great deal of new data:

Community Reference Group

As part of the Redland 2030 project a reference group was established to provide feedback to Council on the content and the results that were coming out of the engagement process. The group also stayed on to help ensure that the Community Plan translated into the Council's Corporate Plan. To constitute the group the Council advertised for volunteers and selected members on the basis of certain criteria to ensure they had a Community Reference Group of 45 residents that was representative of the demographics of the community and of the sectors it contained. The group had one Aboriginal member. Over 30 people attended each meeting or workshop.

The Reference Group debated and discussed the data coming out of the engagement activities. For example, the engagement processes identified 17 themes. These were collapsed into eight outcome areas for the Plan. One outcome area, 'Quandamooka Country', caused a lot of division within the group. During the workshop where this outcome was discussed one table of Reference Group members was strongly in support of this theme, one table opposed, one table was silent and one table was fairly supportive. This was a difficult moment in the process because it touched on deep-seated views of Aboriginal people.

Opponents questioned the need to single out a particular ethnic group in the Plan. During the workshop the group's Aboriginal member stood up and explained the significance and difference of being the first people rather than a specific ethnic group. In the end the Reference Group voted on whether to adopt this outcome and the majority were in support of including it in the plan.

When drafting the Community Plan, Council staff checked language with the reference group to make sure it accurately captured the community's intent. For example, in terms of designated conservation areas it had to be made clear whether the community was saying that they wanted these restricted from use. That is, was everyone to be excluded or did they want to allow some access to these spaces? The reference group also helped to clarify the important nuances in the Plan. For example, did the community see Redlands as world leaders, Australian leaders or just in the mix in terms of dealing with a particular issue? The reference group did argue over some issues, perhaps advocating for a particular interest so Council staff had to keep coming back to the data to make sure that these points of view were reflected in the evidence generated by the engagement processes.

Different points of view and levels of understanding

One of the challenges in developing the Community Plan lay in identifying different points of view and hearing different voices (i.e. not just those able to voice their points of view but also quieter voices that may have constituted a majority).

There are many voices in community engagement. It is a challenge to identify them and to know which ones to listen to, amplify or put aside. It requires skill and experience to identify the voices that skew results through manipulating engagement processes (by stacking meetings for example). It is important to have many checks and balances in place to triangulate and validate results. One important tool for this was an online feedback network.
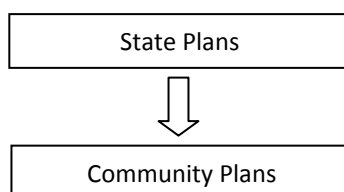
A second example of different levels of understanding comes from the Quandamooka Country outcome. The online feedback process showed that generally 80%–90% of respondents were in agreement with the identified outcomes. For Quandamooka Country, however, the percentage of respondents who agreed and strongly agreed with this outcome was only 61%, a sharp contrast to the level of agreement in other parts of the Redlands. This data and accompanying written explanations show that people did not understand this outcome. The issue was new to them. These results give Council a good indication of what needs to be done to move forward on Quandamooka Country. A first step is to work with the community to raise awareness and increase levels of understanding of this issue.

Structural adaptations to accommodate community engagement

As part of the 2030 project Council staff were trained in facilitation, and came to understand that the process did not have to be threatening. One example of the strength of building staff capacity was Council rates staff working with the residents directly during workshops, which was unprecedented. Staff were appreciative of the confidence shown in their ability to carry out community engagement processes themselves. Once staff members gain this skill in-house a council no longer needs to hire external expertise.

The importance of context: The role of the state

Results from the engagement process showed that the community did not want the population of Redlands to increase, in contrast to state-level planning which anticipates growth in south east Queensland. When the state was developing the new Local Government Act the issue of the relationship between community and state planning documents was a hot issue. State staff were conceptualising state-level plans informing community plans i.e.:

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│   Community Plans    │
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The legislation freed community planning from the state in that it said that the process must take context into account. As a result, state and community plans run in parallel, and local processes are not bound by state or regional plans. There is, however, an obvious tension when community plans and state-level planning conflict. This puts local government in a difficult position because they are at the interface between state policy and community aspirations.

Some further key points arising from the experience in Redlands on community engagement which are relevant for community governance include:

- Strong community engagement processes bring up a diversity of points of view. Skill and expertise is required to tease out the main threads and make sure the process is not being dominated by particular groups and that less vocal residents (who may be in the majority) also have their voices heard.
- Community engagement requires resourcing in terms of time, staff and costs for activities.
- Councillors and senior management staff need to be supportive and champion engagement processes.
- There is a tension and sometimes a direct contradiction between state-level and local planning, especially when local plans are based on strong community engagement processes.
- Councils have an educative role with regard to community engagement, helping residents to understand the context and to respect the diversity of needs and priorities within communities.

Surf Coast Shire, VIC

The Surf Coast Shire is among the fastest growing regional municipalities in Victoria (average growth of 3.06% annually for the past 15 years). It is popular both as a permanent place to live and as a second home. Large numbers of holidaymakers and visitors stay in the Shire at peak season. The Great Ocean Road, which starts in Torquay, attracts over 2.5 million travellers annually. The permanent population is 24,124 (2006 Census) which more than trebles at peak holiday times.

Bringing the community into decision-making

The Council in recent years has been working through the transition from making decisions on behalf of the community in the sense of imposing a council view, to recognising that communities actually do have a right and capacity to influence and determine their future.

There is an expectation that staff will have carried out community engagement, in accordance with the Council's community engagement framework, on any matter which is referred to the Council for decision. Among other things the Council is trying to move away from the formal statutory requirements for consultation, going above and beyond these whilst recognising the need to comply with its statutory obligations.

The Council's approach was summed up as 'we all live in and are part of the community and so should think about what opportunities we would want to have if we were community members responding to a council initiative – it's very much an evolving approach'.

It makes extensive use of section 86 committees (committees of council that can be made up entirely of non-council members) which are seen as an invaluable tool, especially in regional areas. Among other things, these provide people with an opportunity to develop leadership capability and to get involved in community issues without the need to be an elected member – it's about community strengthening.

For the past 10 years the Council has run a community leadership development programme which complements the use of section 86 committees.

Community leadership

The Shire is continuing to evolve the way it works with its communities. A current example is moving to the development of township-based infrastructure plans, with the township of Lorne being the first. Lorne has a permanent population of 900 which grows to between 20,000 and 30,000 at the height of summer. The actual preparation will be handled by the Shire's professional staff because of

the need for that level of expertise, but the Shire is recognising that the community has an important role in helping determine how to meet its infrastructure needs.

The Council has brought together a 'committee of influencers' to provide community input. It is made up of about 12 people selected by the Council after consultation with community organisations within the township. It is supported by a staff member who has been seconded to help the committee look at options, and provide technical input.

This initiative can be seen as a shift towards a place-based approach, but does raise some issues the Council intends to address, including:

- How should members of a community group, formed to play a significant role in helping shape a council decision, be selected? Should they be selected in the way the Lorne Committee was chosen? If this approach is going to be used extensively, is there a case for developing some kind of community franchise to elect members?
- Is there a risk that reliance on community groups to influence decision-making could be seen as diluting the Council's authority?

Widening the span of community engagement

The Council has also put a lot of thought into how it engages with people who have an interest in the Shire, but live outside its boundaries. Among the initiatives it has adopted are the use of 'Bang the Table' for major proposals (a web-based tool which supports a community budgeting approach) to make it easy for people outside the Shire to engage, and holding meetings in Ballarat which has the greatest concentration of absentee owners – about 50% of the Shire's part-time residents.

Another initiative is the school leavers plan. The townships of Lorne and Torquay are popular holiday destinations for school leavers. The Council operates a registration programme to capture some details about school leavers holidaying in the two townships, including the school they attended (there is an incentive associated with registration). This gives the Council the information it needs to go back to the principals of the main schools from which students come to tell them about Surf Coast Shire as part of preparing school leavers for what to expect.

Both of these initiatives are part of seeing the community as not just the people who actually live in Shire, but also the people for whom Surf Coast Shire is an important destination.

City of Swan, WA

The City of Swan encompasses a diverse area of land collectively known as the Swan District. Stretching over 1,043 square kilometres, the City is located in Perth's north-eastern metropolitan region in the Swan Valley, centred approximately 20 km north-east of the Perth Central business district (CBD). The City contains a blend of residential, commercial, industrial and rural land. It is the largest local government area in metropolitan Perth. It covers an area of more than 1000 square kilometres and has approximately 114,560 residents.

A focus on place management

Swan has adopted a place management approach to community governance. Unique to Western Australian local government, this approach provides residents with increased opportunities to work with the City to create solutions for their own local areas. The City has five place management areas: Altone, Ballajura, Ellenbrook, Rural and Midland. These are further divided into 13 smaller areas which are referred to as place planning areas.

The five place management areas each has a decentralised place office which is the base for the place team of community development staff, place managers, youth development staff, operational staff etc. The office facilitates customer service and community capacity building and information sharing, and supports residents to participate in decision-making. These offices also facilitate the two-way flow of information between council and community.

Community (residents') associations are supported in each of the place management areas. In one case a Community Development Officer has also established a network for community associations to help in organisation and to act as a conduit for communication between these associations and the City of Swan.

Place, councillors and community

Depending on whether delegated authority is given by the CEO, Councillors have a direct relationship with the place managers for their areas in order to comply with the Local Government Act. Place Managers support councillors to understand city processes, especially when newly elected.

Staff also educate the community on whom to contact in other government agencies with regard to a particular concern. In addition they organise information sessions around particular issues such as safety and invite the different agencies (police etc.) to attend and explain how they can support the community.

The City provides training sessions for community groups to assist them to develop their own leadership and governance capacities. There is also a project underway to support the development of Indigenous capacity. This has resulted in the development of an Indigenous corporation which will ultimately take responsibility for managing key resources such as the Yagan Memorial Park and will work toward the development of an Indigenous cultural centre.

The benefits of place management

From a council's perspective a place management approach can ameliorate or mitigate some of the 'outrage' which can come about as a result of complex decisions which have to be taken. It enables the council to access the opinions and thoughts of a wide range of people, not just the 'squeaky wheels'. In terms of best practice, this approach means the council can be more responsive to changing community needs and enables a localised focus so that services are not provided city wide when they are only needed in a specific area, resulting in a more efficient use of resources.

The process is collaborative which is empowering and nurtures better, more resilient decisions. For example, if council staff work on issues to do with a particular street, they may conceptualise it in terms of different functions or business units e.g. traffic management, pedestrian and/or disabled access or the health of street trees. When they talk to the community about this street it is presented in a more holistic way, i.e. how the street is actually used on a day-to-day basis by motorists and pedestrians alike. Working in this more holistic way changes the kinds of questions asked when consulting the community on how they use a particular resource, i.e. not just how the traffic is managed but how this integrates with pedestrian use and access of the street. This can reduce the amount of consultation that is needed.

Place management enables councils to understand what people in their communities are thinking, and as a result take better decisions.

Wyndham has experienced the largest and fastest growth in all Victorian local government areas and is the third-fastest growing local government area in Australia. The estimated population as at June 2011 was 158,202 people representing a 7.1 per cent annual growth rate. Its estimated residential population is set to exceed 245,000 people by 2021.

Spanning 542 square kilometres on a coastal plain on the western fringe of Melbourne, the city is home to a diversity of sectors: strong industrial and technology districts; two major retail precincts; intensive vegetable growing areas; and grazing lands.

The Council's major challenge is managing high growth in a diverse area which is a mix of old-established settlements and new housing developments, to help cope with population growth in metropolitan Melbourne.

Community diversity

Part of this challenge is how to engage effectively with a community which is diverse both ethnically and in terms of residents' connections to the area. This includes recognising the many different types of communities – geographic communities, communities of interest, old and new communities, and locally focused and externally focused communities (living in Wyndham but commuting long distances to work in other parts of Melbourne).

The Council appreciates the importance of recognising that planning for growth can split communities rather than bring them together unless care is taken to understand the different interests involved.

One issue the Council has focused on is the importance of understanding how best to engage with people so that they can become genuinely involved – which among other things means understanding the implications of cultural differences.

Town hall meetings

Wyndham has had a tradition of holding town hall meetings with elected members, at which elected members have presented to the audience. Changing understandings of community, and the special needs of a high growth area, have seen the Council shifting from a traditional 'talking at people' approach to acting more as a facilitator and coping with the challenge of how to provide information in a way people can easily access and utilise.

Council and councillor roles

Among the issues the Council is seeking to address is the respective roles of elected members and officers in engagement. Councillors have varying amounts of time which they can commit, and engagement, especially in view of the different interests within a diverse community, can be very time consuming.

It is also a challenge for elected members to move from their traditional ways of engaging with the community to an approach which is more a series of 'community conversations', with elected members playing a facilitator role. This can be a challenge for Councils and for councillors who may wish to present as the expert or 'provide information'.

Community governance is seen as not just being about matters for which the Council itself is responsible. The Council recognises it has an important role to play as an advocate on behalf of its community, and it draws a distinction between lobbying and advocacy, seeing the former as largely

political and the latter as evidenced-based intervention. Good advocacy depends on good argument and good partnerships – it's about knowledge of and ownership of the issues.

Like many councils, the organisation is traditionally functionally based. It recognises that the demands of effective community engagement are better met through a place-based approach, especially with programs such as community development in harder-to-reach communities. This also raises the question of the level at which decisions are taken. Should there be greater devolution to a community level, perhaps through the use of section 86 committees? Does this become a challenge to the role of elected members? What about capability – should the Council provide training for any groups to whom advisory roles or decision-making authority is delegated, and how should it handle the possibility that elected members might see this as training their competition or taking away their role as decision makers, or their role the voice of the community.

Evolution rather than 'grand plan'
The Council recognises that it is likely to be more involved in shared decision making, partnerships and other forms of collaboration with its communities than it has been in the past. Its approach is very much an evolutionary one, taking a step-by-step rather than a 'grand plan' approach to developing community governance. This is because the Council believes community governance could be relatively risky as it may raise expectations, thereby creating the potential for conflict with the current views of elected members and because the ability of the organisation to manage such a change on decision making responsibility may be limited. The Council also has concerns that, community governance may bring with it the risk of displacing a focus on the day-to-day practice of engagement with concern about a distant end-point.

Tweed Shire, NSW

The Tweed Shire on the far north coast of New South Wales has a population of approximately 80,000 people spread across a number of rural townships. It is a large geographic area and very diverse. The Shire boundaries are the boundaries of a natural catchment. Proximity to the Queensland border means that the Tweed is heavily influenced by South East Queensland and is involved in a range of partnerships with that region, for example the Broadband alliance.

Shared decision making
The views of the seven councillors are quite mixed, with some holding a more traditional view that they are elected to make decisions on behalf of their community and others holding the view that part of the process of becoming informed is to seek wider community input.

There are different views within the Council regarding the extent to which Council should delegate decision making to community committees. While some have particular expertise, committee members may pre-judge issues and don't always keep processes confidential or wait until all the information is in before making a decision. If they go the media before a decision is made, it can undermine the process.

Democratic representation
The Council is keen to involve more than the active few, for example the same people who write to the paper each week, and to not be overly influenced by those who take advantage of opinion forums. In any consultation process they also seek to take into account the 25% of owners/ratepayers who live outside the area.

A priority for the Council is to improve democratic representation in decision making through establishing a randomly selected and democratically representative citizen's panel. The Council's biggest obstacle to doing this is getting access to the right information as they have a database only

of ratepayers. *'Only the electoral commission can tell us about the 10,000 people who aren't ratepayers but we want to hear from them as well.'*

A diverse range of methods was used to consult as wide a range of groups in the community as possible in the preparation of the community strategic plan. *'We actually went to where ordinary people go – to shopping centres, markets, clubs, tried to think where do those people we don't reach go? We had a barbeque at the skate park and used the* Koori Mail*.'*

Those involved in decision making need to understand budgeting constraints and the need for a process of prioritising spending. In discussing examples of participatory budgeting, the interviewee referred to other councils who undertook that process, and used it to say 'you told us you want this level of service; this is what is needed to pay for it'. Participatory budgeting was seen as a good community education tool as to constraints such as the costs involved in projects, risk management and occupational health and safety considerations which really don't contribute to the end product, but which we expect as a society.

The role of council as community advocate
As with many other NSW councils, Tweed Shire is responding to the NSW Integrated Planning and Reporting legislation which requires that community plans address the range of needs expressed by the community. Some of those needs, such as crime prevention, aren't under council control. To be effective advocates, elected representatives need to have good relationships with state and federal elected members.

Tweed Shire does have a good relationship with the two state parliament members and the federal member for the Tweed. For example Murwillimbah residents lobbied the Council about a lack of hospital provision, and this was included in the Community Strategic Plan and taken up with the relevant members of parliament.

The Council is faced with a challenge which many councils have to contend with: attracting councillors with effective leadership skills who have the time and ability to be more accessible to their communities, and to be more involved, rather than just devolve their responsibilities to non-elected groups and committees.

Making shared governance arrangement work
Barriers experienced by the Council in shared arrangements with non-government organisations include the difficulty of maintaining agreements over time. Governance arrangements can fall down when boards and elected bodies change and new members have different agendas or want to stop funding for particular projects. Without contractual arrangements lasting ten years or more, organisations aren't going to want to commit to an agreement. Continuity of good leadership in all the organisations involved is crucial to the success of community governance arrangements.

The Council does look into opportunities for coordination between councils to maximise the use of facilities and resources for community benefit. An example concerned a park in the Gold Coast area where facilities sit idle most of the week and which could potentially be a multi-purpose facility shared between organisations. However questions arose around which locality would get the better deal, and so the interests of the different parties at the time can undermine the opportunities for shared arrangements.

Other factors that were suggested as being important to influences on whether community governance as effective included: whether there was an active community which wanted to be part

of decision making; whether the transparency to which local government is subject is used as a political tool; and whether the media contributes to proper debate or is merely a divisive influence.

The Shire of Wiluna is 966 kilometres north east of Perth in Western Australia and covers 184,000 square kilometres. The population of the Shire is 2,000 according to ABS statistics – including the 'fly in fly outs'. There are eight mines in the Wiluna Shire but none of the employees live in town. The actual population is around 450 people including pastoralists. About 350 of these live in the town of Wiluna.

Approach of Wiluna Shire to community engagement

The Council makes it a priority to seek feedback on everything that it does and to seek the views of people outside of formal council processes. For example the Council regularly runs a series of community barbeques, each with a different theme. Sometimes they get 40–60 people, which is highly successful for such a small community.

For the community strategic planning process, the Council set up seven focus groups, and arranged the times and locations to be convenient to the community, for example at the local hotel. It was important to Council to hear the views of the silent majority, and not allow the vocal minority to dominate the process. Their approach was to 'under promise and over deliver' – an approach which was applauded by the community. The focus was on community values and how the Council could, through its strategic plan, achieve what the community wanted, for example the employment of the local Mardu people on council projects. Council fed back what people had told them so the community could comment on other viewpoints and could also see that their comments were recorded.

It's three years down the track (since the strategic plan was developed) and now if questions come up about it, the community has the answers because they were part of the decision making process. From time to time the posters used in the consultation are put up around the town to remind people that they're part of the decision making process in Wiluna.

Regional collaboration and advocacy

Wiluna participates in collaborative governance arrangements through the Regional Partnership Agreement (RPA). It is a forum and a partnership that brings together the Aboriginal community of Wiluna (the Mardu) with all levels of government and the eight mining companies that are already operating in this region or are planning to do so. The aim is to work in partnership to achieve sustainable social and economic outcomes for the Aboriginal people within the Shire of Wiluna.

The council feels that this is a genuinely collaborative arrangement and a successful model for governance. The Mardu people have been able to take their aspirations to the highest level of government through the RPA mechanism and they have succeeded in being an effective advocate for the community. For example community representatives know where and how to focus their lobbying efforts when attempting to get the last section of road to Wiluna sealed.

Factors in the success of shared governance arrangements

The success of the community governance arrangements at Wiluna are attributed to a number of factors:

▪ The RPA Coordinator understands the importance of staying neutral and not being aligned to any one agency

- Checks and balances are built into the systems so no one can mislead or manipulate anyone else, and people are encouraged to put everything on the table and deal with the facts
- While mining company representatives face frustrations, they are learning that this due to a clash of cultures and that it takes time to build trust and you can't force it
- All parties, including the mining companies are being held to account in regard to their responsibilities to the community.

Culture and community governance

While the Council sees its role as much more than taking care of 'roads, rates and rubbish', the attitude that Council is still the centre of decision making is harder to shift. More thought needs to be given to how to communicate this different approach to governance.

The Council recognises that the relationships that they're forming across communities are important, and take hard work – especially because they're dealing in a cross-cultural context. Wiluna Shire also used to be dominated by pastoralists, and when the Mardu people won control of the Council the pastoralists excluded themselves from the town. However there is greater harmony now as there is a better understanding that the Council needs to be representative of the whole community. It has helped that there have now been two shire administrations that made no apologies for sharing governance with the Mardu people – even in the face of criticism in the wider white community.

The challenge for the white community was to be mature enough to accept that the Mardu could determine their own destiny and to let go of the attitude that they know best. Important lessons are being learned about power relationships and that when people have things to lose, they get very protective and can malign those bringing about changes to how decisions are made. A key part of the leadership role of council is educating the white community about the need to close the gap between Indigenous and non-Indigenous people.

Yarra Ranges Council, VIC

Yarra Ranges Shire is located on metropolitan Melbourne's eastern fringe. It was formed in 1994 after the amalgamation of the former Healesville, Lilydale, Sherbrooke and Upper Yarra Shires. Home to a population of 145,000, Yarra Ranges covers approximately 2,500 square kilometres. The Shire stretches from the densely populated outer suburbs up into the surrounding foothills, agricultural valleys and forested areas of the Great Dividing Ranges. It is one of Victoria's largest, most varied and scenic municipalities. It also has the largest area of any metropolitan council. There are more than 55 suburbs, townships, small communities and rural areas in the Yarra Ranges**.**

Transition towards community governance

The Yarra Ranges Council can be seen as being in a process of transition from a traditional representative model of local government to a much stronger emphasis on community engagement, heading towards a community governance approach.

The Council has formally adopted the IAP2 model. Individual councillors, and the Council itself, will however depart from its principles if they believe that on a particular issue, the Council should be the decision maker. The Council's principal strategic document, Vision 2020, does express a strong commitment to community involvement in decision making and was developed through a very wide ranging process of community involvement.

The Council is party to a number of initiatives reflecting a move towards more of a community governance approach. It has adopted a policy for the establishment of self-selected township groups – that is, groups selected by individual townships themselves, rather than by the Council.

The Council supports a township forum which meets quarterly to consider matters of common interest, and has adopted a position statement on township groups which emphasises the Council's interest that they be broad-based, financially independent and sustainable, and operate effectively. A council officer has responsibility for servicing the forum, and providing support for individual township groups in capability development and advice on how to access council funding for eligible projects/activities. The link between township groups and elected members is maintained in part through the appointment of individual councillors, usually the ward councillor, to township groups, and through reports to Councillors via Councillor Information Bulletins.

Generally relationships between township groups and the Council at both the elected member level and the officer level are positive although there are still occasionally tensions over whether township groups may be trespassing on the role of elected members and/or training potential competitors for election to the Council, with some elected members expressing concern that township groups could be emerging as a fourth tier of government. Inherently, this is a conflict between two separate views of the role of elected members: should they operate within a representative democracy approach or a participatory democracy approach?

The Yarra Ranges–Bendigo Bank Partnership

Another initiative was the establishment of the Yarra Ranges Bendigo Bank Partnership in 2007 as a means of facilitating relationships between the Bendigo bank branches within the Shire the Council and other key stakeholders such as the Department of Planning and Community Development. There are seven community bank companies in the Yarra Ranges, and they own a total of 12 branches. An evaluation in 2010 identified a number of benefits from the partnership, but also a number of matters which need to be addressed including very different understandings amongst partnership members about the role of the partnership, mainly because of the absence of any terms of reference.

What the evaluation also established was quite different objectives on the part of community bank branches on the one hand and the Council on the other. The Council was interested in establishing greater collaboration in addressing community needs as identified through its community planning and consultation, including needs that might require a 'whole of Shire' approach. Individual community bank branches, on the other hand, were more interested in projects that specifically benefited their own catchment areas (in order to raise their profile and support business development) and were looking to the partnership to bring additional funding to the table to support community bank projects.

In essence the evaluation concluded that there was real value in the partnership but also a need for much greater clarity, including specific terms of reference and a better understanding, particularly on the part of community bank representatives, of the processes of government, and of the constraints under which different tiers of government make decisions on the allocation of resources.

Future issues

The Council itself continues to review its various engagement and community governance initiatives. One issue it has identified is how local government, generally, can best move to more of a community governance approach. Does this require some kind of external circuit breaker, perhaps legislation? What backgrounds or qualifications should people putting themselves up for election have? And what professional development is needed if councillors are to lead a community governance approach?

B.3   The Community Banks

The purpose of the exploratory interviews with people from community banks was to gain a broad overview of experience within different community banks of their engagement with their communities, including the extent to which they might be working in a community governance mode. What we found was a wide variety of different approaches reflecting the different circumstances of the community banks selected for interview. The banks included rural, remote, urban, large, and small banks. Each one had a different history in terms of how it worked with its communities, and with local government).

Each community bank reported different experiences, degrees of understanding and approaches to how they work with their communities in managing their distributions. This is to be expected from what is essentially a snapshot of the relatively early stages of the evolution of a unique and new model.

In this section we record the stories of the different community banks, highlighting from the interviews with each the main points we believe will contribute to an understanding of what is happening, and an awareness of what initiatives may be helpful to facilitate the further evolution of the part which community banking may play in community governance.

Cummins District Community Bank, SA

The place

Cummins is a town on South Australia's Eyre Peninsula, north of Port Lincoln city. It is predominantly an established farming service centre. The town population is about 800, the district population about 3,000. It covers 2,500–3,000 square kilometres. It is a generally prosperous and stable predominantly Protestant Anglo-Saxon community. Wealth is distributed fairly evenly, and the less well-off tend to be individuals rather than identifiable sub-groups. The disadvantage that does occur is related more to seasonal variation. Being farming community means that in a bad season (i.e. drought) everyone is relatively disadvantaged. This shows up for example, in the demand for child care: people are able to pay in good seasons, but less so in bad times.

The major industries are sheep and grain growing. There is no real industry except for agriculture-related support services such as transport.

The district is strongly community-oriented with active volunteer support. Sporting bodies and social groups are very active.

The bank

The Cummins branch was established 10 years ago. It is one of two community banks (there is also one agency) on the Lower Eyre Peninsula and it maintains good connections to the other community bank and the agency in the region. As mandated by the Bendigo model, each branch runs its own business with its own local brand.

The Cummins board sees itself as unique among community banks in the amount of community involvement it experiences. The board is quite large (10 members) and has a very strong cross-section of community representation, and a good age and gender balance, which the board consciously maintains. Directors have extensive knowledge of their community and a high level of community involvement. This means there is rarely a decision that doesn't have some element of conflict of interest, even if only loosely. In the case of a direct conflict, the board member concerned will stand back from the decision. Most conflicts are handled openly and pragmatically, and with a clear understanding that board members don't push their own barrows.

There is always a strong level of interest in serving on the board, and no shortage of good candidates at AGMs. Passion for the community is an essential quality. Cross-membership on the Shire since the branch's inception has ensured good interchange between the Shire and bank, as a matter of course.

The bank places a high level of importance on communication to encourage the community to be *au fait* with the bank's role and its capacity for community support – including being clear about what it can and can't do. People's knowledge is still growing.

Community involvement

The bank equates its business catchment with what it regards as its community, crossing two local councils: the Shires of Lower Eyre Peninsula (based in Cummins) and Tumby Bay. The bank's primary Shire relationship is with Lower Eyre Peninsula. There is a community bank in Port Lincoln and a new branch in Tumby Bay. For now, there is a bit of a mismatch of geographical catchments and a mismatch between the small Cummins District branch and the various tiers of government.

The board's decisions are made with a view to being even-handed across the whole district, and are based on the merits of each application/project rather than on individual community interests. Priorities are determined by defining categories of need, rather than according to which section of the community or community group the application comes from. Health and education are current priorities. The bank is more inclined to support a project if it comes from an area or community with a strong customer base.

The bank has an active relationship with the Shire and the bank is the only source of real money for larger projects. The Shire was able to appreciate the advantages of the community bank concept from the start, and transferred nearly all of its banking business to the branch.

Decision making

While the Cummins District branch doesn't consult formally with the community on a regular basis, it has twice held formal consultations which began when the bank reached the point of having significant funding to distribute. These facilitated sessions were open to all and were assisted by the Bendigo Bank's National Community Enterprise Manager. They had two purposes: one was to promote the grants programme and inform people about how to use it; the other was to ask what people wanted funding to be spent on – a 'tell us what you think' opportunity. The resulting wish-list gave the bank a good idea of how local people were thinking, and a sense of the community's priorities. The branch intends to repeat the event every two or so years.

The bank runs an annual grants programme. It develops guidelines on which areas it will consider supporting, in 'dialogue' with community groups, and encourages community groups to put grant proposals forward. The bank draws on its own knowledge and awareness to allocate funding in ways that best match local needs. By the time applications are submitted, the bank tends to have good background on them. The process is helped by the fact that board members all sit on other community bodies.

With the mix of backgrounds and skills on the board, and board members' close community connections, the board is well positioned as a repository for what it needs to know. There is a degree of informal looking-forward through the bank's own foreknowledge of what may produce a funding application in a future year's round.

One of the bank's directors observed that a strength of the community banks generally is that they are close to the ground. In contrast to a government department which might decide to build a facility for a community regardless of whether the community wants it (past examples are school

gyms and libraries), the community banks know the local context, know the capabilities and skills of the community organisations and the people in them, and know how to tap into these resources. They are thus able to use their community funding very efficiently.

The Cummins District bank leaves to the Shire the process of public consultations – which the Shire undertakes for its own strategic planning. The bank's decision making on major projects tends to 'dovetail' with the Shire's. An example was the building of a sporting complex for the district and wider region. A critical element in making the project happen was the provision of foundation funding from the bank as the only party with the necessary disposable money and as facilitator for leveraging other funding from the Shire, federal government grants and external sources. Two members of the board sat on the committee to progress the project.

The bank and the Shire work directly together. Regular meetings are held at CEO to level 'see where they're heading and what we can do'. The bank and Shire have actively established other ways to engage which include a community development officer position funded 50:50 by the Shire and the bank (this has been successful in facilitating regular informal liaison), a six-month staff exchange programme and joint collaborative projects. An example of the latter was a project to repair the roof of a community hall. The bank had already committed funding for painting the hall when it was found that the roof was collapsing. The Shire, which is responsible for the hall, came to the bank with a request to re-allocate the earlier grant, given that the roof was a more urgent priority. The bank agreed. Painting was deferred for further joint discussion, and with the roof danger averted, a management plan was set in place for developing the hall. In exercising its commitment to re-investing in the community, the bank had the advantage of being free of the limitations affecting the Shire. The bank was comfortable about pushing ahead in one area and not another, and was not constrained by legislative responsibilities.

A further example of the bank's interaction with the community is that board members act as facilitators with larger organisations in the community, notably the school and hospital. This is a two-way exchange – the bank provides information on what funding is available and the school and hospital advise the bank on their priorities. In a joint effort between the bank and the hospital in 2010 a purpose-designed house was built with rooms for visiting specialists and accommodation for locums. The bank participated in identifying the need, and enabled the hospital to make it happen. The bank has also funded scholarships to help to address the shortage of midwives. Cummins currently has a reasonable standard of aged care, but the bank could potentially pick this issue up through the processes they have in place with the hospital.

Looking to the future
The bank subscribes to the view that 'once you've painted all the sports clubs and fixed them up, it's time to move to the next level'. The Cummins District branch has reached the stage of moving towards community-driven decision-making and collaboration on bigger projects. On the agenda in the next two years is a community complex which would involve substantial funding from the bank, further to the $200,000 the bank has already granted.

The board is beginning to consider having more active input into the future direction of the community and a role in providing more capability (such as through the local Enterprise Committee), but hasn't yet worked out what this might involve or how it might do it. The formal structure they have in place with the hospital, school and Shire in some ways serves this purpose. The question for the bank is whether to take this to a deeper level.

Meanwhile, there is work to do to strengthen their communication processes, to continue to maintain good relationships with the Council, school and hospital and to recruit 'good community people' to the board to ensure well-rounded and collaborative decision-making.

Gingin Community Bank, WA

The place

The Gingin Community Bank in Western Australia has two full branches, in the towns of Gingin and Lancelin. Its catchment aligns with the Gingin Shire, just beyond the northern fringe of the Perth metropolitan area, which covers an area of just over 3,200 square kilometres and has a population over 4,500.

The Shire claims to be one of the fastest growing and developing rural shires in Western Australia. The area is predominantly rural with a (declining) fishing industry on the coast and cattle and cereal-growing inland. It is becoming more diversified, with horticulture and tourism on the increase. In socio-economic terms it is fairly uniformly middle class, reasonably comfortable while not affluent, and predominantly Anglo-Saxon with some immigrant workers.

The inland agricultural town of Gingin is the administrative centre and seat of government, 92 kilometres north of Perth. It is a mature, settled community. In contrast, Lancelin is a coastal fishing town with a majority of outside 'weekender' property owners and is a holiday and tourist destination. The population of 500 swells up to 5,000 during summer and 11–12,000 for its special events (e.g. wind surfing competitions).

The bank

The Gingin branch opened in 2001 with strong local support. Unlike most small towns, the catalyst was not the withdrawal of commercial banking – Gingin at the time had no banking services. There were many hurdles to jump, not least the challenge of raising enough capital from a small community to meet the Bendigo Bank's benchmark. The Shire became a customer of the branch only recently, after a prolonged debate over the merits for the Shire of a commercial return on its investments versus a community return. Despite these challenges, the branch 'broke even' from the start and was in profit within 13 months.

A year after opening, the potential for extending banking services into the coastal areas became apparent, and an agency was set up in Lancelin, in premises shared with the Shire. In a win-win outcome, sharing premises allowed the bank to meet the requirement for two people to be on site for security reasons. The agency grew quickly and became a branch in 2006. The increased patronage and business allowed a strong dividend performance which has assisted in fostering an image of success and good governance, instilling confidence within the community.

The Gingin and Lancelin branches were together inducted into the Bendigo and Adelaide Bank's Hall of Fame in 2010. There is only one winner each year.

The diversity of skills, backgrounds and community connections of board members is a great strength, and an important resource for the community. Board membership includes a person with federal government experience and one who holds a lead position on the Shire.

Community involvement

The bank aims to take a 'whole of district' approach to community support. Despite a 'them and us' divide between the inland and coastal districts which makes it challenging to get the community to

pull together, the bank deliberately aims to be even-handed and neutral in its community funding, focusing on where the needs are. 'We let the community tell us what they want.'

The bank takes the view that if there is enough drive in the community for a project to be brought to the bank for support, and if a needs assessment has been done and the project is financially viable (the bank checks this), then the project is likely to be funded.

The bank provides grants to a wide cross-section of community organisations. At the start, applications were mostly from small sporting clubs and the like wanting to upgrade facilities. Most of these needs have been satisfied. People have now come to recognise the bank's potential as a source of funding for more substantial projects that benefit a wider catchment. Examples are a sound shell and a disability and arts centre.

As the bank grows, so does its capacity to fund large projects. From an initial small pot the bank has put out nearly $140,000 in each of the past two years and can see itself reaching $250,000 a year.

The board has been a proactive player in community development. For example, it has been looking at ways to curb the loss of young people to the metropolitan area for employment. Another example has been the bank's support for a multi-purpose building in Lancelin combining a disability arts organisation and mental health service with a facility for visiting doctors from Perth designed to remove the need for people to go to the city for treatment.

The bank works on the principle that if $4 is needed, it wants to provide the last $1. It will willingly partner with federal, state or local government to achieve this, and will often suggest other funding sources to an applicant, using the bank's knowledge of sources that might be relevant to the particular project, e.g. wheat belt money. The bank may also step in to close funding shortfalls left if other sources do not come through.

Decision-making

The bank sees strategic planning for the community as a role for the Shire, and believes the Shire is the appropriate channel for canvassing community views on what should happen in the town. In rural areas it is also the Shire that has the capacity (staff etc.) to lead and 'orchestrate' larger projects.

While the bank sees its role as a facilitating one, it is not averse to taking a lead role when called for. Such was the case with an application from the Lions Club for $10,000 funding for a rotunda. The question the board asked was, is this what the community really wants, or something bigger? A board member got involved and encouraged the applicants to think instead about a facility capable of generating revenue from events such as jazz festivals. The result was a very successful music bowl jointly supported by the Lions, the Shire, Lotteries WA and the bank which contributed $60,000. This was a good example of the bank influencing and shaping the community's idea of what would make a real difference. It was also an example of the bank's desire to work with others to achieve the best outcomes. They have a complementary relationship with the Shire, the Shire being able to provide the 'in-kind component' for a project, such as doing the earth-moving, while the bank provides the cash.

The bank has also worked with the Shire on larger issues, one example being aged care. There is a desire to keep older people living within their own community, recognising that they can be valuable mentors and that moving away means disconnection for families. One of the bank's community forums identified retirement living for people up to 75 years of age as the focus, because medical care for people over 75 could not be provided locally, so the 'older old' will have to move to be near

the necessary health services. The bank commissioned and funded a feasibility study for older people's housing which identified problems with the Shire over land development and use, and is now turning its mind to how these problems can be addressed.

One advantage the bank has compared to the Shire is greater freedom to fund innovative community initiatives. There is an element of gut feeling in the bank's decisions about what to fund, and the ability to pick up things that are falling between the cracks and to respond quickly, without having to tick all the boxes as required of local government.

Gingin, like many small communities, has an abundance of community groups and services, and the bank is happy to take advice from anyone keen and interested.

The bank has twice held community forums which have stood it in good stead when evaluating grant applications, and tends to be guided by the degree of support in the community for a project. The forums have produced a number of ideas for community projects including a retirement village. The bank must balance these with the interests of its shareholders and the value of the asset they own. Money needs to be allocated carefully. The bank does not want to be seen as a cash cow.

Looking to the future
Throughout its 10 years in business the Gingin branch has maintained steady growth, and continues to do so. Its capacity to be a significant source of community development will continue to grow accordingly.

A key element in the bank's plans is its close connection to the community, and the sense of local ownership and pride in the bank's success. The message that it is the *community's* bank community support will remain the focus for promoting the bank, and a barometer of success. 'If we lost it, we'd be no different from any other bank.' There was every reason to expect this approach to continue to work.

The bank believes there is potential for a bigger leadership role – for the Gingin branch in particular and for community banks generally. The present chairman sees a potentially greater leadership role arising from the loss of Shires under amalgamations. 'Shires might go, but the banks will remain!' At the very least, bigger regional councils with two or three community banks within their boundaries will change the dynamics, as compared with the 1:1 footprint between community banks and Shires that currently characterises rural areas.

Board succession is an issue for the future, with a number of board members due to retire and a consequent loss of experience. The voluntary nature of the role means that shoulder-tapping is invariably necessary. The bank's priority will be to protect its business base – avoiding customers 'turning off' their business with the bank.

Logan Community Bank, QSL

The place
Logan City is a Local Government Area (LGA) in South East Queensland situated between Brisbane to the north and Gold Coast to the south. In population terms, Logan City is the third largest LGA in Queensland and the fifth or sixth largest city in Australia.

Council amalgamations in 2008 halved the number of Queensland councils. Logan picked up part of the Gold Coast and a rural area to the west, more than tripling in area and adding nearly 80,000 people to its population.

The amalgamations have created some big challenges. The annexed rural district to the west included areas with unmade roads and no sewerage, and a low socio-economic profile. The result is a cross-section of poorer (western) and affluent (eastern) areas, and a contrast between extremely rural and wholly urban areas. The enlargement of Logan City LGA also greatly increased its ethnic diversity.

Logan City tends to be a transit city between Brisbane as a destination city and the Gold Coast as a tourism hub. It is heavily dominated by small business. Investment is coming into the city which now has its own TAFE College, hospital and other facilities, but so far larger companies have not come to the area. Rapid growth is occurring. Satellite cities are developing, starting out as rural hubs. There are areas which have become pockets of development and the government is putting its weight behind them.

The bank

The original intention for community banking in Logan was for one or two branches. However, the newly appointed board received strong support and saw the potential for covering the whole Logan area. The result, after talks with Bendigo Bank, in 2002, was Australia's first 'super' community bank project – initially with four sites, and now a total of five in different areas of the city, under the auspices of Logan Community Financial Services Limited.

As well as managers for each of the branches, there is an area manager with oversight of the whole operation. The bank has a formal structure of community committees and a major projects committee. A skills matrix which is used to select board members includes an age profile (the youngest member is 40) and ethnic representation (introduced when they noticed an ethnic gap on the board) and they have a youth advocate who attends as adviser/observer.

The wholly urban nature of Logan gives the bank a distinctly different set of issues compared to the mainly rural communities in which other community banks have been established. One aspect of this, Bank representatives believe, is that it is easier in small rural communities to use peer-to-peer relationships with councils and community organisations at the grassroots, and to get the best leverage ('a bit from here and a bit from there'). In highly urbanised areas, politics and lobbying can confuse the message. It is also harder in busy urban areas for a community bank to get known.

The bank has $340 million on its books (expected to grow to $400 million in the next two years), and 1150 shareholders.

Community involvement

The bank sees its community involvement as occurring both through its banking services and through its community projects. The two go hand in hand.

With five banks in different areas of the city, and most of Logan having community bank coverage, effort was put into achieving a balance between needs of specific groups in the community and the community as a whole. There is an emphasis on taking a 'ground up' approach rather than 'sky down'. This involves looking to the parts of the community that need the most help. The reasoning is that if the needy parts of the community can be fixed, the community overall benefits.

This means the bank needed to ask 'what's in it for us', in the sense of a two-way exchange. Building the banking business was crucial for satisfying shareholders, just as much as it was for growing the capacity for supporting the community. Thus while a project may be very much driven by the community benefits it offers, there will also be a strong element of reciprocity – for example, working with ethnic community organisations that have members who might be encouraged to bank

with the community bank and thus generate more funding for the community. In another example, the bank has looked at a sponsorship arrangement with a local aged care provider to supply banking and financial services and advice for residents.

Decision-making

The bank has well-structured processes for determining where its funding goes. To identify priorities for major projects, forums are held in different parts of the city which utilise the expertise of the Bendigo Bank's community engagement team. These forums have provided the bank with its best experience of effective community governance. 'Strategic' community players are invited, including leaders from various community organisations and senior politicians (federal, state and local).

Through these forums the bank gathers enough information to identify the community's real priorities, and has delivered on a number of the ideas put forward – for example driver education programmes targeted at young people in schools, the needs of ethnic communities and a community business. The forums are also a good way to manage expectations, as the objectives of the forums are clearly laid out (identifying the 'ten or so' major issues the bank should work towards, and projects where the bank might be a conduit for gaining support from other sources).

The bank believes that for any community initiative to be successful it has to have people who are drivers in the community – it needs public involvement, capability and commitment beyond the bank itself, to make projects work. The bank learned this many years ago when they took on a Bendigo Bank-initiated project that failed to get all the parties involved and in the end it was a costly mistake. They are now very focused on project viability and on having good accountability in place.

The bank has had experiences of trying to drive projects itself in situations where the community group involved had limited capacity. This just got the bank embroiled in 'throwing money at things and putting band-aids on wounds, not solving anything'. The bank's approach now is to aim to be more collaborative in the way it gets involved, and to give its time in a 'community service sense' such as by providing guidance and support.

Full consultation is not always necessary. There have been occasions when the benefits of a project, and the support for it in the community, were so obvious – or a response was needed so quickly – that the bank felt able to make the decision to go ahead on the basis of the knowledge and judgement around the board table. 'We don't need a three-month process.' One example was the PCYC community bus which didn't need much community consultation. The bank did due diligence on its $120,000 contribution, and knew that shareholders viewed it very favourably. The Lockyer flood was another example. The Council needed funds for a charitable day for the flood workers. For the bank, it was simple decision. 'We just went with our hearts and put our hand in our pockets.'

In line with its view that it isn't 'all things to all people' the bank's aim is to concentrate on the things it knows it can do effectively, and to find partners in the community it can work with to 'grow' projects. The bank doesn't want to 'go it alone', and will entertain partnerships with others – such as the local Council. The contributions from the Council can be in the form of joint funding or providing 'in kind' support such as a venue. In one example, concern about youth suicide identified that a number of organisations were already tackling the issue but that information was not flowing between them. Rather than creating yet another programme, it was decided to work on setting up better communication. The bank is supporting the development of a website for this purpose.

The bank uses its 'freedom' under the community bank charter to make balanced decisions and, when appropriate, to put in strategies to achieve the desired outcomes from the projects it supports. Having a diversity of people on the board is seen as an important way to ensure the right

checks and balances. A priority for the bank is to capitalise on the skills and passions of its board members. The bank puts a lot of store on clear internal decision-making, and going back to inform the community what decisions have been made, and why. The bank has its own successful annual think-tank session where they sit down as a team, including all the managers, to set strong strategic objectives. They deliberately take a focus of between one and three years ahead.

The bank keeps out of the politics of local government but has good relationships with most of the public figures in the area. It makes a point of finding out where decisions will be made and who the driver of a project will be if it gets off the ground. It is 'new-ish' territory for the bank and an aspect of the process it wants to become better at. The Logan Council is not an investor in the bank, but the two parties are developing a partnership that involves working together on a range of community projects.

The bank places a high priority on communicating with and informing its shareholders. However participation in AGMs is, as is common in such organisations, low.

Looking to the future
The board has a policy of not looking too far ahead. With fast changing demographics and changing community needs, they have found that going out no further than three years (and mostly just one year) is realistic and achievable, and ensures they are not simply going with the status quo. Community organisations themselves don't find it easy to look too far ahead.

The opportunity for leverage is a great strength of community governance. A successful example of this was with the recent floods. The branch went in with the local Council dollar for dollar. There could be scope for finding more leverage opportunities with state and federal governments, provided it could be done without getting tied into the politics, and without losing the bank's clarity of purpose.

Mt Barker Community Bank, WA

The place
Mt Barker lies in the rural southern Western Australian Shire of Plantagenet and is the Shire's commercial centre, servicing the surrounding farming areas. The main economic activities are viticulture, grains, plantation timber, sheep and cattle.

The town is among the lower socio-economic areas of the state with average household incomes somewhat below the national average. There are few wealthy people and a high proportion of wage earners in low paid jobs. Local people nevertheless feel they are better off than those living in the big cities. Migration from Perth has brought people into the town 'downsizing' for retirement, living on pensions and attracted by lower-cost housing. The Shire itself is geographically large with a population of just under 5000, with 900 in the town of Mt Barker which has a number of small satellite centres.

The town and its surrounding area have a long history of strongly community-minded people and is described by the current chairman of the bank as a 'capable community'. People get together to make things happen.

The bank
The Mt Barker Community Bank was founded 10 years ago as a true 'grassroots' response to the closure of two commercial banks in the town. A well-supported public meeting led to the formation of a committee comprising people who put up their own money to get a community bank branch off the ground. There are now 480 shareholders, all local.

As with other rural community banks, the bank struggled in its early years to get established. People were initially sceptical about the likelihood of its survival and needed to understand, and be convinced of, the benefits of becoming customers, and to see the benefits to the wider community of both the availability of community banking services and the potential for a growing source of funds for community projects. It was four years before the bank's portfolio turned the corner into profitability – a milestone for every community bank in terms of being able to establish a grant programme. People progressively moved their banking over to the community bank which, over nine years, put $280,000 back into the community and paid $160,000 in dividends.

Two critical elements in this success were the board's confidence, from the outset, in building the financial viability of the bank, and the fact that the nine-member board was drawn from around the Shire, and came with strong local community connections. Also significant was the support of the Shire 'from Day One'. The Shire does the majority of its banking business with the bank.

The board and management remain focused on the need to maintain the upward virtuous spiral of getting its name out into the community, building its reputation as a locally owned, all-round banking service and making the community aware of its commitment to being an involved and interested contributor to the development of the community, actively supporting community initiatives. As the bank generates more business, so its ability to support the community grows.

Community involvement

Three elements drive the bank's approach to community involvement. The first is raising awareness in the community of how the community bank model works, with its local ownership/local management, viability as a financial institution and commitment to and capacity for funding community development. This is no small challenge. The second element is a focus on helping to build the capability and community will for people to work together, and the third is a focus on using the bank's leverage to recruit other funders. Both of these reinforce the bank's chosen role as facilitator rather than leader in the community.

The bank has always seen the whole Shire as its constituent community, and its catchment area as equating with the Shire boundaries. It has a policy of (and puts effort into) achieving an even spread of funding across the Shire. In practice, most funded projects are around the town of Mt Barker. The board does however recognise 'communities within communities'. The Shire has four distinct small township communities, each with its own character, economic base and attractions as a place to live. Small grants go to these individual centres. The bank then supports larger projects that serve at least the four communities, and smaller areas beyond these.

Opportunities to grow the bank's business can be a factor in the allocation of funding. Thus the bank might put loan funding into a section of the community that has the potential to generate new business, encouraging people to use the bank for normal bank services and allowing the bank in turn to grow its community support. It's a two-way thing, with the bank 'selling' its community support as its point of difference.

A key aspect of Mt Barker's approach to community support is to look for opportunities to gain leverage, and wider benefits, from its own available funding by working cooperatively with others. The primary example of this is the bank's excellent relationship with the Shire, which has resulted in using the two entities' complementary resources for major projects – such as the building of a medical centre. The funds contributed jointly by the Shire and the bank brought in state and federal grants, and sufficient overall funding to create a 'county class' centre.

The Shire and the bank have also cooperated over the development of aged care community homes, with the Shire contributing land and the bank providing funding. Further opportunity for cooperation are provided by the proximity of two other community bank branches. The three branches have joined to fund projects, giving greater coverage.

Leverage has also come in the form of the bank's policy of not funding local projects in their entirety, perhaps giving just enough to push the project along. In the case of a proposal to repair a community hall, the bank pledged $3,000, enough base funding for the community to raise $25,000 and get the job done. This is the bank in its role as a facilitator in building community self-reliance.

Decision-making

The bank does not want to be seen as taking a lead role in community decision-making, and does not put itself 'out front'. It will occasionally take the lead 'when no-one else will' in identifying a need and approaching groups with ideas on a 'how about it' basis.

Mostly, however, the bank sees itself as a facilitator, playing a linking and supporting role, and tries to connect to people when looking at community needs and making grant decisions. Rather than involving the community in decision-making, the bank's aims are: to make people aware of its desire to be involved and of its capacity to provide funding; to build its own knowledge and feel for community needs; and to engender a sense of partnership with the community.

This is achieved in a number of ways:

- The annual advertised grant round. Applications go through a rigorous 'due diligence' process involving assessment by a board committee. Each application is followed up by a board member, and care is taken to get a good feel for the project through discussion with the applicants. Strong weighting is given to the contribution that members of community clubs make through voluntary time and skills – all part of the total community effort.

- Community forums, using the format developed by Bendigo Bank and with the leadership guidance of the main bank's community enterprise manager. Mt Barker has had good participation at its forums – about 50 to 60 attendees, which is quite significant for a small community.

- The local bank's AGM. A point is made of inviting grant recipients to give a short talk at the AGM which, as well as boosting attendance above the typical 'two or three', spreads the word about the bank's community activity and the outcomes. This has been well received. While three or four groups were invited to present at the 2010 AGM, others stood up spontaneously and told their stories.

- Working with other entities on major projects. There are three major funders in the Shire, namely the Shire itself, the local cooperative and the community bank, so some degree of liaison is desirable. The three funders don't do joint projects, but the Shire and the bank may complement each other with their respective contributions to a significant project. An example was a Shire-based medical centre, the funding for which was $200,000 short. The bank was looking for an 'iconic' project at the time. The outcome was an interest-free loan from the bank to the Shire for this sum. Another example is a new project, a church-initiated community centre. The Shire was automatically involved as it's a Shire building on long-term lease to the church, and the Shire will own the eventual asset. The community bank is providing $150,000. Thus both parties are involved in the development, but it is not a joint project as such.

- Drawing on the experience and knowledge of board members ('we are not flying blind'). The board places particular importance on being representative of interests across the Shire and actively invites different views from across the community.

- Seeking outside expertise when required. An example was using the community-building expertise of the Bendigo Bank's community enterprise manager to lead a community forum.

- One-to-one contact between bank staff and people in the community.

Looking to the future

The Mt Barker branch sees itself as well placed to take on growth and challenge. There is plenty of scope ahead in both regards. Ten years on, the branch is now getting up to scale, able to undertake larger projects with the Shire and generate major benefits to the whole community. The capability is there, as is well demonstrated by the medical centre and community aged care projects. Critical future issues for the health and success of the community are education and aged care.

Strathmore Community Bank, VIC

The place

Strathmore is an established residential area within the district of the Moonee Valley City Council in Melbourne. It is a relatively prosperous community with a very high percentage of home ownership, and it is within easy commuting distance of central Melbourne. It is largely suburban in character with no significant business or retail centres.

The bank

The Strathmore Community Bank was established 10 years ago as one of the very first metropolitan branches within Bendigo Bank's community banking network. The immediate trigger was the closure of the two bank branches in the community's principal shopping strip. There was a very real threat to the viability of remaining businesses. The local community jumped at the opportunity to create a community bank, building on the then Bendigo slogan 'bring the bank back to town'.

At the time, most of the people who contributed as shareholders did so more in the belief that they were supporting a community initiative rather than in the expectation that the bank would generate a commercial return on their investment. However, the bank has turned out to be one of the most successful within the entire Bendigo community banking network. Shareholders have received attractive returns on their investment, and the bank has reinvested very substantial amounts in its community – now in the order of $400,000–$500,000 annually.

Bank directors are volunteers, receiving no directors' fees. The typical director contributes 5–7 hours a week, much of this in dealing with community issues. The bank has two board committees: grants and sponsorship; and marketing.

Engaging with the bank's shareholders, and encouraging people to put themselves forward as directors, are two ongoing issues for the bank. The bank's annual general meeting normally attracts around 15 of the bank's 270 shareholders, and the low attendance concerns the board because of its wish for greater connection with shareholders. It is more successful with its annual pre-Christmas shareholders' function which usually attracts around 120 shareholders.

Community involvement

As a bank in a metropolitan area, its catchment has no clear geographic boundaries – in contrast with most rural and regional community banks. Instead, it relies on analysis of customer postcode information to get an understanding of what its actual catchment area is.

Over the years most of the bank's grant making has been focused on local community organisations and sporting bodies. It holds formal grant making rounds twice a year, but in practice will accept applications at any time and normally will make grant decisions each month. Until recently the bank took a reactive approach, waiting for applications to come to it rather than specifically looking for opportunities to fund activity in the community. The board's networks across the community have meant that generally people are aware of the bank's existence and the potential to apply for grant support.

Recently however, the bank has placed a number of sports clubs on a three-year funding arrangement to give them a measure of certainty for their own financial planning. They also have an incentive scheme in place for sporting clubs who refer new business to the bank (although when bank management present grant applications to the sponsorship committee or the board for decision there is a deliberate policy of not mentioning whether or not the applicant is a customer).

Notwithstanding its local focus, the board does acknowledge a responsibility to the wider community, and the bank has made donations for flood and bushfire victims and has assisted in some overseas relief work.

It has also taken a more proactive approach with some of its activities. Its response to the annual fund-raising appeal of the Royal Children's Hospital in Melbourne has been not to contribute to the general appeal, but to sponsor a number of neo-natal beds which it believes meets a real need. It also provides a service to young families in its own community. It has provided a discretionary fund for principals of local primary schools which they can use for needs within the school – for example covering the cost of a school camp fee for children whose families cannot afford it.

The bank is also involved in supporting youth development, something it believes is can promote by being tapping into the support of the council and its knowledge of the community.

One concern for the bank is to avoid funding activities it believes should be the responsibility of government (local, state or federal). It declined a request for funding assistance to redevelop some public toilets on the basis that this was a council responsibility. On the other hand the bank did, albeit reluctantly, provide some funding to assist local schools which had new buildings developed under the federal government's stimulus package but without any contribution to the cost of equipping the buildings. It granted each school in this situation $20,000.

Another challenge for the bank is that, because it operates substantially in a built-up area, it finds it very hard to locate major projects to tap into. This makes it attractive for the bank to work with the Council.

Decision-making

The bank's decisions on community distributions have historically been very much based on the knowledge and networks of directors, all of whom come from the local community and most of whom have a history of involvement with various community organisations.

Some 12 months ago Bendigo Bank approached the Moonee Valley City Council to discuss how to develop a meaningful relationship between the Bank's branches in the area and the Council. The result was the establishment of the Moonee Valley Partnership Forum which links together the Council, the Bendigo Bank itself (represented by its regional manager) and the five Bendigo Bank branches within the Council's area (three community bank branches and two company owned banks).

The Council itself services the Partnership Forum, and prepares an agenda, the main focus of which is presenting to Bendigo Bank branches various community projects the Council is involved with and for which it is seeking support.

One of the attractions for the Strathmore branch of working more closely with the Council is that volunteer directors simply do not have the time to develop the same kind of detailed and research-based knowledge of the community which the Council is able to develop with the resources it possesses. Being able to tap into the Council's knowledge is a real advantage, although the bank also recognises the need to manage the potential risk that its grant making activity becomes driven by Council priorities.

The Partnership Forum may result in the five Bendigo branches collectively supporting a council project. Sponsorship of the Moonee Valley City Council Leisure Challenge, which was designed to increase the level of physical activity of local residents, and to promote the importance of a healthy balanced lifestyle, is one example. It may also result in the bank agreeing to support Council-backed projects. The upgrade and expansion of the Strathmore Children's Centre is one example.

Looking to the future
Working more closely with the Council will be the main emphasis in the work of the bank over the next year or two, including advising the Council on what the bank would be prepared to do in respect of emerging issues. The bank will also be looking at how it can extend its reach outside of its conventional catchment area, possibly with further initiatives equivalent to its recently established funding arrangement with the Glenroy Sports Club in the City of Moreland.

Wentworth and District Community Bank, NSW

The place
Wentworth Shire covers an area of 26,000 square kilometres and has a population of approximately 8,000. Its principal towns are Wentworth with a population of 1400, Dareton with a population of 800 (principally Aboriginal), and Baronga and Gol Gol, the main growth area within the Shire. Wentworth itself is not growing. It has a static population and is becoming more of a retirement town because of a lack of employment opportunities. Wentworth Shire is in New South Wales on the border with Victoria, 1,075 km from Sydney, 585 km from Melbourne and 420 km from Adelaide.

The bank
The bank is one of five community banks in the Bendigo network which are structured as a not-for-profit entities, rather than as companies with shareholders. Instead it has members who pay a one-off lifetime subscription of $10.

The bank's profitability peaked immediately prior to the global financial crisis. Currently it earns a business profit in the range of $300,000–$400,000 per annum and holds reserves of $1 million.

The board is totally voluntary. Board members 'have their own jobs and lives to run' and can be spread thin as they tend to be the same people who are actively involved in other community organisations.

The bank has a close relationship with the Shire Council, a relationships which is assisted by the fact that the mayor and one other councillor are also directors of the bank. Although this brings benefits, it can also create difficulties at the governance level. If a matter comes before the bank board which involves the Council, the council directors are required to declare a conflict of interest and withdraw. They face the same issue at a council meeting if a matter involving the bank comes before the Council.

Community involvement

The bank operates an annual community grants program, inviting proposals for donations, grants and sponsorship. The total amount will normally be in the range $100,000–$150,000 and up to 25 groups will usually benefit. These are the core of the bank's routine distribution process. In addition, it is also increasingly involved in larger projects which draw not just on its funding capacity, but on the nature of its relationships within the community.

Decision-making

The board relies very much on the knowledge and networks of directors to keep it informed about what is happening in the community, and to review applications for grants. Most directors are actively involved with a number of different community organisations.

The board also relies on the Shire Council's consultation processes to provide it with information on community priorities. Especially in a small community, the bank sees no merit in two different organisations each consulting the community on what its priorities are. The board does, however, occasionally consult on specific issues in which it has an interest and which may not necessarily come up through council processes. In 2010 it sponsored an independent facilitator to hold a series of community workshops on the theme of building better rural communities.

The bank has the ability to act as broker to bring together co-funders to support major projects. A recent example is the building of an ambulance centre. Until recently Wentworth had to rely on a voluntary ambulance service dispatched by a rural ambulance service across the border in Victoria. Volunteers were paid a small amount for each call-out, but paid this into a fund being accumulated to help provide a better service, which had grown to $250,000. The bank facilitated the coming together of the ambulance service with its accumulated fund, the New South Wales rural ambulance service as the provider of support and communication facilities, the Shire which provided the site and the bank which put up $100,000 to complete the funding.

The bank can also play a pivotal role in helping resolve contentious issues within the community, especially in situations which may be politically sensitive, or where statutory or other constraints (including fixed spending commitments) may make it difficult for the Council to take the lead. An example was a significant local sporting facility which had been built at a time when very few women were engaged with the sport concerned. As a consequence, changing room and toilet facilities were designed for men only. This was becoming a real issue especially as there was now a perceived need to engage more young women, especially Indigenous women, in the sport but the facility did not permit this. The bank initiated discussions with councillors and with representatives of user groups, and was able to develop the obvious solution, and make it practical by putting up funding.

One advantage the bank has is that its directors are all astute business people who are good at judging the practical realities of ideas. It operates in a very different context from the Council with its statutory requirements and other processes, and is thus able to bring in strengths where the Council may be less well placed, especially in terms of the ability to make and implement decisions in a timely way.

Another advantage is the bank's ability to generate leverage because it can put up funding which is entirely discretionary (in the sense that it is solely the prerogative of the board to determine how it should be spent). The bank expects that the ability to put some money on the table as part of convincing the state and/or the federal government to come to the party will become more and more important.

Looking to the future

The bank's focus has been very much on filling the gaps that matter – small grants to a lot of small groups to meet their needs, for example, upgrading the Guide Hall and the football clubrooms. They are now getting to the stage at which they have covered a lot of the backlog of unmet needs and the applications they are receiving are moving more into the area of 'wants' – things that would be nice to have but which are not essential for the applicant's continued operations.

This suggests it is now time for the bank to start looking at the major issues that require a collective effort, for example, infrastructure, local crime (which is partly an Indigenous youth issue associated with high levels of unemployment) and childcare (to cope with the expected growth of the Shire).

ATTACHMENT C: Practitioner/Observer Interviews

Interviews with individual councils and community banks were supplemented by interviews with selected individuals with long-standing involvement in local government and community banking respectively. The purpose was to balance the material from interviews with individual councils and banks with sector overviews of people with extensive experience and the ability to take a 'helicopter' view.

For local government, the practitioners/observers all had extensive careers working in senior positions in or with local government as executives, researchers, policy advisors, state government officials or with sector peak organisations (and in most cases more than one of these roles).

For community banking, the practitioners/observers selected for interview had all had an in-depth involvement with the development of community banking as a concept, and with the community banking network as a whole. In contrast with most of the people interviewed from individual community banks, they were well placed to take a network-wide view but one which was also informed by a very extensive knowledge of the experience of individual community banks.

C.1   Local government

The interviewees confirmed that there is a growing interest within local government in new approaches to governance, and in better understanding what works in achieving better outcomes for communities.

In reflecting on the extent to which community governance as a concept is understood, it was felt that while the understanding varied between different parts of council, there is generally only a minimal to moderate understanding. In the opinion of one interviewee that was in part a reflection of the difficulty of pinning down a discrete definition:

> It seems to me that community governance cannot be tightly defined: it's an idea, an approach, a way of thinking – reflecting the reality that society is complex and that sometimes government can neither row nor steer – events just unfold. Community governance can thus be either top-down or bottom-up, structured or unstructured. Often people, community groups, banks, councils etc. will be engaged in some form of community governance without realising it.

Another interviewee felt that there needed to be a compelling case if the notion of community governance was to gain traction in local government; for example, we need to work very differently if key societal challenges such as urban sustainability are to be effectively met.

 Interviewees from Victoria and NSW referred to some of the changes that they had observed as a result of the introduction of new legislative requirements for community plans. It was felt, for example, that the NSW Integrated Planning and Reporting framework, which has a focus on community wellbeing, is building awareness of and support for a community governance approach.

One interviewee referred to the challenges presented for elected members and for officers arising out of Victoria's community planning process:

> It's challenged officers' perceptions of themselves as experts, as communities have put themselves forward as knowing their own issues, and it's challenged elected members perception of themselves as representatives – the people who decide.

The difficulty councillors face in balancing their different roles was acknowledged. Councillors have clearly defined statutory responsibilities. For example they are required to decide on contested development issues, but they are also being challenged to facilitate wider community participation in decision-making. Sometimes these are in conflict.

Interviewees were interested in how a place-based approach can facilitate shared decision-making and better outcomes for communities, acknowledging that decision-making will play out very differently depending on the particular circumstances:

> The Yarra Ranges guidelines seem to me to represent such an understanding: some townships will have a committee, some won't; some committees will be strong, others weak; the council will provide support in a flexible way having dedicated some discretionary funds for that purpose; councillors (ward based) will get involved as appropriate, and that will vary too from place to place.

The leadership style needed to facilitate this was also discussed:

> This could be described as 'facilitative, place-based leadership' on the part of the council – a light touch responding to and supporting local initiative. Conceptually, the same approach could apply to relations with a Bendigo branch – it's just that the latter would have cash of its own to put on the table as part of a collaborative effort.

Another interviewee drew from his own experience of place-based approaches in pointing out that unilateral decisions about services or infrastructure can be made [by council for example] that undermine shared decision-making. This interviewee also felt that the delegation powers by council was limited and that Australia could learn from the Los Angeles model in which decision-making, for issues relating to issues including crime and social cohesion, is devolved to the neighbourhood level.

One interviewee spoke about community engagement approaches as a means of developing the community's ability to manage its own affairs. The benefits include enabling the community to lift its sights from very micro-level issues to quite macro-level ones over time. One example used was Golden Plains Council in Victoria and the journey which their community planning groups have been on – from relatively micro-local issues to transport, access to health (the Golden Plains Health Planning Forum) and now education.

Some interviewees reflected on the possible barriers for those advocating a community governance approach:

> It's perhaps easier in some ways to reflect on how councils can make a mess of this: patch protection, an overly managerialist approach, one-size-fits-all policies, an impermeable organisation structure, a narrow pre-occupation with perceived 'core business', too few councillors and/or application of a 'board of directors' model in such a way as to sever the 'natural ' link between elected representatives and their constituents, etc.

Despite this word of caution, interviewees working with the community planning and community engagement processes over recent times have been impressed by the degree of involvement and the resulting improved capacity to deal with issues at a local level. All the interviewees have been involved in local government forums that look at the future of local government, and can point to the strong interest in the sector for finding new ways of working that will result in better outcomes for communities.

C.2   Community banking

Community banking began some 12 years ago with the establishment of the first community bank branch in the rural Victorian townships of Rupanyup and Minyip.

In business terms this was seen as a shrewd response to an opportunity created by widespread closures of bank branches in rural and regional Australia by Australia's major banks. The underlying rationale went deeper, and reflected the origins of the Bendigo Bank as a local financial institution (originally a building society) committed to finding community-based solutions to community needs.

The initiative itself was put in the context of micro-economic reform. It used to be the case that a lot of matters were decided locally and capital only left the community as a result of local decisions. Banking is simply one example of an area in which changes have effectively disenfranchised many communities, shifting decisions critical to their future away from them, not just in geographical terms but in terms of the incentives and criteria which govern decision-making (shareholder value as opposed to shareholder value **plus** community value).

Community banking was developed after a review of international practice in institutions such as US community banks, and European cooperative banks (which combine the provision of banking services with substantial community support measures, including capability building and distribution of part of the bank's surplus for community purposes). Another influence was the belief that, in Australia, a lot of community structures have broken down in the sense that those involved have forgotten who their constituencies are. Community banking was described as being about turning a business into a cash flow, underpinning banking, and enabling the bank to feed into, not off the community. The Bendigo Bank's job is to give community banks an understanding that the most powerful thing they can do with surpluses is to rebuild the community's balance sheet. This can only be done locally.

An ambition for the bank is to ensure equal access for people in rural and regional Australia to the same banking, finance, technology and energy facilities that are available in major cities. Community banking is also a model which should counter churn for suppliers in fields such as telecommunications and energy.

It is a model which emphasises the autonomy of individual community bank branches in how they apply their surpluses. On the banking side, their franchise agreements ensure that their banking practices are consistent, and comply with Bendigo Bank's detailed requirements. This reflects the underlying ethos that community banking is about returning control to communities whilst also recognising the requirements of operating within a modern financial system.

Whilst remaining committed to the autonomy of individual community bank branches, the Bendigo Bank has also recognised the need to put in place a number of support mechanisms to underpin the operations of individual community bank branches. These include the development, within the Bank itself, of a dedicated community strengthening team whose role is to provide advice as required to community bank branches on building their relationships with the communities they serve, managing their distribution policies (if that advice is sought) and helping the bank boards themselves build their capability. The Bank has also developed a network-wide mechanism (the Community Enterprise Foundation) for facilitating both the tax effective application of surpluses for community purposes, and raising additional funds, typically for regional or national charitable purposes.

The Bank has also supported the formation of the Community Banking Strategic Advisory Board as a means of facilitating the regular exchange of experience amongst community bank branches, and starting the process of addressing collective issues. One example of individual bank branch support

for communities is the funding of retirement villages. As it was expressed, this is a case where central investment is going to be needed at a community level but the question is how that investment is made.

Despite the establishment of these mechanisms, the Bank seeks to operate with a light touch in relation to the community activities of individual community bank branches, consistent with the view that too many cooperative and community organisations in Australia have forgotten who their original constituencies were.

The Bank itself (as discussed in Section 3.1 above) has a clear idea of the life cycle of the typical community bank from taking a relatively reactive role in sponsoring individual local entities, to ultimately becoming a driver within the community as a vital part of future discussions and plans. However the Bank does not regard it as part of its role to intervene to direct or encourage community bank branches to adopt particular approaches at the local level.

The Community banking network has been in existence for a relatively short period of time. Most branches are less than six years old so that, in terms of their potential to generate surpluses for reinvestment in the community, it's likely that community banking's potential to generate funds will grow considerably. The Bendigo Bank recognises that this will raise issues for the efficient and effective use of surpluses, potentially triggering the need for a network-wide strategic approach to identifying and addressing the additional steps which may need to be taken to ensure that, despite growth, surpluses are applied effectively, whilst still recognising the autonomy of individual branches themselves.

Another factor which the Bendigo Bank is increasingly aware of is the extent to which individual branches can become an important part of the 'soft infrastructure' of the communities. They are one of the few, often the only, community controlled organisation which has the resource base and cash flow to maintain a permanent presence and invest time and effort into helping develop community-based responses to issues of community need.

The Bank will need to look more closely at how individual bank branches work with their local councils, and collectively at how the community banking network, at a regional, state wide or perhaps occasionally national level, works collaboratively with state and federal government in addressing major community needs.

ATTACHMENT D: Research Questions

QUESTIONS FOR TELEPHONE INTERVIEWS

Purpose

These questions were designed to explore how staff think about community governance – how the Council, in taking its own decisions or facilitating decisions taken within the community, understands the different roles of the Council and the community, and who should be responsible for what. See Section 1.3.2 for an explanation of how the interviews were conducted

Questions

1.   Defining 'community'

1.1   For decisions which affect your community:

(a)   do you think of the community as the whole of the area for which you are responsible (the Council's district? the bank branch's catchment area?); or

(b)   do you think about different (especially geographic) communities - individual townships, distinct neighbourhoods - and when it is appropriate to its tailor your decisions to fit their needs?

Please provide some practical examples.

2.   The role of the governing body

2.1   How does the governing body (that is, the elected members of the Council, or the Board of Directors of the community bank branch) understand the nature of its role in taking decisions on behalf of its communities? Does it see the task as being to take decisions:

(a)   on behalf of its community, based on members' own knowledge and the advice they receive from officers/staff?

(b)   in consultation with the community, actively seeking input from community members but reserving the right to decide after considering community feedback?

(c)   where possible acting as a facilitator so that decisions are made by or in partnership with the community? Think of this through examples such as the siting of a pedestrian crossing, or the creation of a major sports facility which might serve not just the district, but the surrounding region.

(d)   should your approach be influenced by the nature of the decision? For example, you may take quite different approaches with a major investment in community infrastructure, and a relatively minor (but important to the people affected) local initiative.
Please provide some practical examples.

3.   Shared decision-making

3.1   What is the governing body's practice in facilitating shared decision-making?

(a)   Does it have formal processes in place to support community decision-making?

(b)   If it does what processes, and how they work in practice?

(c)   What steps does the governing body take, or put in place through its organisation, to ensure that the community has the information it needs to play an informed role in decision-making? for example, do you use the Internet to explain council proposals, and get feedback from community? If you do, what arrangements do you make for people without Internet access or who are uncomfortable using the Internet?

Please provide some practical examples.

4.   *Your role in expressing community aspirations*

4.1   The increasing emphasis on community well-being, across economic, environmental and social outcomes, stresses the importance of the community, and its representatives, being able to engage effectively with the providers of a very wide range of services, including all three tiers of government. What is the governing body's view on how community aspirations on matters outside its formal responsibility ought to be expressed?

(a)   does it take the view that it should 'stick to its knitting' concentrating on its statutory (for the Council) or commercial (for the community bank) mandate?

(b)   alternatively does it recognise a role to act as a resource and advocate for its community in facilitating community decision-making on what should be expected from other service providers and how to realise those expectations?

4.2   If the governing body does recognise that role, how is that reflected in the its own activities, and the directions it gives the organisation?

4.3   What challenges does the governing body see in enabling community decision-making on what should be expected from other service providers - for example a contentious health, education or environmental issue which is the responsibility of the different tier of government?

Please provide some practical examples.

5.   *Prerequisites for effective community governance*

5.1   What is the governing body's understanding of the prerequisites for effective community governance? What barriers need to be overcome?

5.2   Does the governing body see a need to look for different means of community governance depending on the nature of the issue to be decided - for example does it encourage different arrangement/networks for deciding issues which are purely local (townships; neighbourhood) in their impact as compared with issues which have a district or branch catchment wide impact?

5.3   What needs to be done so that the community itself develops legitimate decision-making arrangements so that there is strong community support for the community governance process?

5.4   How important is it for community governance to have access to expert resources, and how should those resources be held accountable? For example, if a council officer is seconded to work with the community on developing (say) a strategy for positive ageing, is that officer

primarily responsible to the council, or to the community body or bodies with whom the officer is working?

6. Benefits and dis-benefits of a community governance approach

6.1 What does the governing body see as the benefits and dis-benefits of a community governance approach?

6.2 Consider, for example, whether community governance - handing decisions over to the community whenever it is feasible to do so - results in better decisions, that is, decisions which get the desired results at a lesser cost, or deliver better and more relevant results?

6.3 Does a community governance approach increase the 'degrees of freedom' for the governing body to take decisions on behalf of its community on matters not yet seen as appropriate for a community governance approach to decision-making?

6.4 What are the potential dis-benefits? For example, is there a risk of raising community expectations and placing demands on the governing body which it is unable to meet?

7. Looking ahead

7.1 Looking five, 10 years ahead, paint a picture of how you think major decisions within your community will be taken, and the respective roles of your governing body, and community governance structures.

Australian Centre for Excellence for Local Government (ACELG)

ACELG is a consortium of universities and professional bodies that have a strong commitment to the advancement of local government. This research was funded through the ACELG Research Partnership Program, established to assist councils and tertiary institutions conduct research that will benefit local government and build research capacity in the sector.

http://www.acelg.org.au/

The Municipal Association of Victoria (MAV)

Formed in 1879, the Municipal Association of Victoria (MAV) is the peak body for 78 Victorian councils. The MAV undertakes advocacy on behalf of its members and provides a wide range of services in supporting councils and councillors.

http://www.mav.asn.au/

Local Government Managers Australia (LGMA)

LGMA National is the leading professional association representing managers and aspiring managers in local government throughout Australia and Asia-Pacific. It was founded in October 1936 by Raymond West and, since that time, has continued to expand its charter and membership services and now has around 2,500 members. The purpose of the association is to promote excellence through the advancement of local government management.

http://www.lgma.org.au/