

Evolution in Community Governance: Building on What Works

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Introduction

This paper reports on findings from the project *Evolution in Community Governments: Building on What Works*.

The genesis of the project was a combination of earlier work undertaken by the researchers on the changing role of local government in Australia, and an awareness from the emerging literature on governance of a sense that the relationship between local government and its communities was undergoing a long-term and potentially significant shift.

Specifically, an opportunity was seen for a new look at the way community governance may be evolving in Australia through comparing the experience of local government with that of the community banking network of the Bendigo bank¹. Previous work assessing the role of the community banking network supported the assumption that, in making decisions on how to invest surpluses back in their communities, bank branches were moving towards a community governance approach.

This project drew first on both international and Australian literature, and then on a series of interviews with selected councils, community bank branches and experienced service/practitioners from both sectors. This paper provides an overview of the financial literature research, and then a series of vignettes from interviews with councils and community bank branches. It concludes with principal findings/recommendations.

No attempt was made to select a sample from either local government or community banking which could be seen as statistically robust. Instead, the researchers were looking for a range of experiences which would provide an overview of some of the innovations they believed were taking place within both sectors, and which could serve as the basis for developing a more substantial research programme if the initial findings suggested that this would be merited. Accordingly, the researchers selected 13 councils from across Australia drawing on their own personal knowledge and networks to choose councils whose experiences with community engagement and community governance were expected to provide valuable insights. The same approach was taken to selecting the six community bank branches chosen for interview.

¹ The Bendigo Bank (now formally the Bendigo & Adelaide Bank Ltd) is the 'parent' of a network of approximately 270 community bank branches. Branches are owned by companies based in the communities they serve and operate under a franchise from the Bendigo Bank which provides for branch income to be shared between the bank and the franchisee. The bank is responsible for all of the banking products and services, and plays a significant oversight role in terms of branch processes, staffing, prudential management etc. Individual companies are structured to ensure widespread ownership with an emphasis on maintaining ownership in the community. Branch profits go partly to reserves, partly to shareholders and partly for distribution within the community. Some older established and substantial branches are distributing as much as \$400,000-\$500,000 yearly. Governance is by a Board of Directors appointed by shareholders and made up typically of people with a combination of business and community experience. Most but not all directors serve without any remuneration - they explain that their return is the satisfaction they receive from serving the community.

Defining community governance

Based on insights from that and other work the researchers 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 different tiers of government, institutions of civil society, and private sector interests. We have taken the view that the critical issue about the definition of '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.

What the literature told us

An extensive review of literature on the changing role of local government, especially in terms of governance, supported the researchers' initial hypothesis that a very significant shift was beginning to take place in how local authorities and the communities they served approached issues of governance. For Australia, this could be seen most overtly in the statutory frameworks regulating local government within the different states.

International research suggests that the statutory shift represents a general trend, and one which is complemented both by changes of practice within local government itself and by community expectations (something also borne out by Australian research).

In Australia the statutory framework regulating how councils work with their communities has undergone quite major change, most recently with the requirement in most states for the preparation of a community strategic plan. This is a change from an essentially instrumental approach to consulting on the activities of the Council to the development of a long-term strategic perspective. As the guidelines for New South Wales' Integrated Planning and Reporting Framework expresses it, "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." (DLG 2010).

Internationally, the literature recognises a significant shift in the way in which people wish to engage with their local authorities with the downshifting from conventional electoral representation more towards consumer, network and participatory democracy (Haus & Sweeting 2006, Schaap et al 2009).

Understandings of governance are also shifting. 20 years ago Osbourne and Gaebler (1992) described governance as "the process by which we collectively solve our problems and meet our society's needs. Government is the instrument we use."

More recent formulations contrast government as the formal institutional processes of governing, with governance as the looser more collaborative arrangements now emerging through which societies take and implement decisions which no one actor, including government, can undertake on their own (OECD 2001; Kjaer 2004; Hambleton 2004) . There is a growing interest in the potential to engage communities (and individuals) not just as recipients of services but as participants in their design and delivery (Open Public Services White Paper 2011).

Central to the workings of local government is an understanding of what is meant by the term 'community'. The legal mandate of councils is normally expressed in terms of 'the community' without any clear statement of what the community might actually be. Victorian legislation requires the council to be "responsible and accountable to the local community". Councils in New South Wales (and other jurisdictions) are required to prepare a community strategic plan.

Both the literature and local government practice suggests that the meaning is complex, and in different circumstances, carries with it very different implications. Blacher (2006), the head of the then Department for Victorian Communities, observes that "by communities we should include communities of interest and identity as well as traditional communities of place in local government". Other writers emphasise the distinction between relational communities and geographical communities (Totikidis, Armstrong and Francis 2005).

Research suggests strongly that in practice both local government, and local government researchers and academics, take a pragmatic approach to the challenge of identifying communities - what is more important is whether the term has utility in the context in which it is used, rather than seeking to find one specific definition. Stoker (2007) presenting the case for a new localism based on community, does so without any definition or description of what he means by the term.

The relationship between local authorities and their citizens is also changing. In Australia turnout at local authority elections has been in decline (Russell 2004). In England declining turnout has been associated with factors such as increasing representation ratios, and declining trust in local government with citizens feeling more distant from their councils (Purdam et al 2008; Sorabji 2006).

More recent European research suggests a shift from electoral participation to other forms of engagement - consumer, network and participatory democracy - as citizens focus more directly on the specific issues which concern them (Haus & Sweeting 2006; Schaap et al 2009).

In England there is a growing emphasis on devolution, based both on the view that governments have become too engaged in the lives of their citizens, and some recognition that effectiveness in the delivery of major social services requires strong local connections, networks and knowledge. A succession of policy shifts such as total place, the big society and now Open Public Services, and the about to be passed localism bill point to a new and more important role both for councils and the communities they serve.

Governance

Conventionally, in Australia, the term governance within local government has referred to corporate governance, including the organisational processes which underpin it. Illustrative of a range of guides supporting this view is The Good Governance Guide, The Principles of Good Governance with Local Government (Exiter & Good Governance Advisory Group 2004).

It is now becoming more common for councils to make the direct link between good governance in the conventional sense, and the broader understanding of good governance as part of the democratic process. The governance manual for the Surf Coast Shire states "The Surf Shire Council is committed to promoting the well-being of the Shire's residents and

use good governance as the key to democracy at work. Good governance... also includes the way that local governments engage with their communities." (Surf Coast Shire 2009).

The 'Just Communities' action research undertaken between 2006 and 2008² examined the practice of democratic governance by councils (Just Communities 2010) and developed what has become known as the GEM relationship model:

G – Democratic governance: Where leadership and decision-making by elected Councillors is based on a sound appreciation of community issues and needs and a commitment to effective community engagement in the political process.

E – Civic engagement: Where councils employ effective techniques to enable active citizens to influence the formulation and implementation of public policies that affect their daily lives.

M – Organisation management: Where public value management policies and practices are embedded in the workplace culture, acknowledge citizen participation rights and ensure that the outcomes of community engagement inform decision-making.

Shifting to community governance

Internationally, and within Australia, the shift to what our research considers to be community governance has been at least partly triggered by legislative changes requiring councils to engage more comprehensively with the communities they serve. In New Zealand the inclusion in the Local Government Act 2002 of a requirement for councils to facilitate the identification of community outcomes (regardless of who had responsibility for achieving them), and to prepare long-term Council community plans based on those outcomes was a significant shift towards working collaboratively at the community level to discuss preferred futures and how to achieve them. Experience in practice fell short of expectations (McKinlay 2004) and the legislation has since been clawed back, but the emphasis on working with communities, rather than simply imposing council views represented an important change in the understanding of the role of local government in that country.

In Australia the requirement for councils in Victoria to facilitate the development of community plans was an important shift which, over time, has resulted in a number of councils working collaboratively with individual communities in their districts, and drawing on their communities' identified priorities in preparing their own strategic and operational plans (West and Raysmith 2007).

In New South Wales the recently introduced Integrated Planning and Reporting Framework, and the role of councils' community strategic plans in IPART decisions on applications for exemption from the rate (where the extent of community engagement is a primary criterion) and is acting as both a requirement and incentive for innovation in working with communities.

Apart from statutory requirements, a number of different influences can be seen in the shift to a greater involvement of communities in council decision-making. The growing interest in new localism (Stoker 2005) and subsidiarity (Galligan 1998) stresses the importance of decisions being taken at the lowest possible level and in collaboration with the community.

² A joint initiative of the Local Government Community Development and Services Association of Australia and the Centre for Local Government, University of Technology, Sydney

Place shaping and governance of place came to prominence in the report of the Lyons enquiry into Local Government funding in the UK (Lyons 2007) with its emphasis on the creative use of powers and influences to promote the general well-being of the community and its citizens. In Australia Mant (2008) has argued that place management along with systems management are the essential responsibilities of the outcomes organisation.

Community engagement, rather than community consultation, is now seen as the preferred approach for councils in working with their communities (I&DeA 2010). Reddel (2004) argues for involving a wider range of community actors in public decision making both from the perspective of strengthening democracy and protecting the public interest.

Robin Hambleton who is Professor of City Leadership at the University of the West of England at Bristol has played a leading role in rethinking governance and leadership. He argues (Hambleton 2008) that the challenge for local government is to redefine local leadership and replace hierarchical approaches with a collaborative approach towards common goals.

Among other influences credited with influencing the shift to more of a community governance approach at the impact of globalisation, marketisation and the information revolution (Kamarck and Nye 2002) and the effect of local government reforms based on a new public management approach. Hambleton (2004) and Gallop (2006) see the new emphasis on community governance as a response to diminished citizenship as the result of a new public management approach and the growth of managerialism. Sproats (2000) presents community governance as the countervailing aspect to corporate governance, arguing that the focus of local government reform had been largely on more efficient management and service delivery.

Some challenges

A number of authors identify challenges with the shift to more of a community governance approach - which involves much more in the way of collaborative relationships and partnership working. Sullivan & Skelcher (2002) argue five levels of collaborative capacity are required: strategic, governance, operational, practice, and community and citizen capacity. Considine and Giguere (2008) argue that government must be convinced that the partnership approach design by the local community is in its own interests (observers of the UK reforms of recent years would argue that it is the interest of the central bureaucracy as much as of elected government which must be satisfied).

Fuller and Geddes (2008) highlight the conflict between partnership working and the traditional vertical accountability rules of government structures. McKinlay (2010) points to community distrust of central and local government, a reluctance of higher tiers of government to "let go" and a resource imbalance between especially higher tiers of government and communities as barriers to building a community governance approach.

Skelcher (2008) notes the potential for localism to encourage parochialism and self interest on the part of residents. Stoker (2005) stresses the importance of support, training and resources from government.

A cautionary note

Victorian local government's experience with community planning is the most extensive single government directed initiative in Australia today to encourage greater involvement of communities. Hess and Adams (2007) argues that it was in part a reaction by the Labour government which came to office in 1999 against the new public management approach of the previous government. They emphasise the importance of the word 'for' in the title of the new ministry responsible for local government, the Department for Victorian Communities. West and Raysmith (op. cit.) in evaluation of community planning experience find that although it was still work in progress on balance it was seen as positive by both councils and communities.

On the other hand, Mowbray (2011) presents a less enthusiastic assessment:

As in other countries and contexts, close analysis reveals that what is represented as inclusive and empowering community engagement is effectively about containment and control. Community development needs to address the nature and implications of such policies and programmes, as well as the evolving nature of the local state and the opportunities for change that may be available. It would then be more likely extend beyond its marginalized status in local government, to try to use the institution as a whole in the pursuit of social justice.

Summary

The literature presents a diverse range of experiences and interpretations of the evolving practice in the relationships between local authorities and the communities they represent. It is consistent with a view that there is both a need to change, and a number of different approaches to change emerging, but at the same time significant resistance (inertia) in existing systems of government to the changes required to move to a governance approach. We turn now to findings from the interviews to get a sense of what is actually happening in practice.

The interviews

13 councils and six community bank branches were selected for interview (appendix I lists the interviewees).

Semi structured interviews were conducted by telephone with a senior executive of each of the 19 interviewees, using a common questionnaire which had been developed by the researchers and tested with both council and community bank representatives. Following the completion of those interviews, six councils and two community banks were selected for face-to-face interviews for a more in-depth discussion of the issues which had come out of the first round of interviews.

The themes covered in the interviews were:

- Defining community - to which the typical answer was "it is what it is" - depending on the issue it could be one or more of a geographic community, a community of interest, an ethnic community ...
- The role of the organisation's governing body in relation both to the organisation, and its community.

- The governing body's approach to shared decision-making (that is shared with the community in some respect).
- The organisation's role in expressing community aspirations (typically advocacy to higher tiers of government).
- The prerequisites for effective community governance.
- The benefits and disbenefits of a community governance approach.
- Looking ahead - looking out five or 10 years how did they think decisions would be taken?

The responses reflected both some commonalities but also some very significant differences often associated with the size and location of the organisation - with differences being significantly greater within the council grouping than amongst community bank branches.

In contrast with processes which have a strong statutory base to them, the innovations which individual councils were adopting in looking for new ways of working with their communities were very much based on local circumstance, local history and the particular pressures to which they were responding. This we concluded is a very real strength of the way in which a community governance approach is evolving within local government. It should remain free of any statutory direction. There is obvious merit in sharing experience and the project report recommends the development of a website as a means for documenting and sharing the different experiences of councils which have embarked on a community governance approach.

The diversity of experiences, the nature of the innovations being developed, and the issues they raise are best illustrated by a series of vignettes selected from the interviews, both with councils and with community bank branches.

Councils

Brewarrina Shire Council

Brewarrina is a remote rural shire in western New South Wales. Like many small shires, covers a large area, has a small population, and a high proportion of indigenous people. It's remote from major state or federal government services and often left to its own devices.

Access to dental care was a major issue for the local population. The council took the initiative, recognising it didn't have the skills to run a service but seeing its role as one of identifying who could help, and facilitating their involvement. It negotiated with Griffith University for final year dental students to provide a service, and used its powers under the Local Government Act to set up a governance structure involving the University, local area health services, other providers and community organisations.

This award-winning project reflected the council's recognition of its primary role in governance within the community, taking responsibility to facilitate access to services even although the council had no formal responsibility.

Central Coast Council Tasmania

This council was formed from the amalgamation of Ulverstone and Penguin councils. Since amalgamation, the council has focused on place management and has come to understand that this requires more than operating within the traditional practices of local government. The underpinning philosophy is that place shaping is everyone's responsibility: community; business; public sector; and local and central governments.

It has recognised the 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. In order to do this it is exploring the potential of social enterprise as a means of harnessing community capacity to collectively achieve a range of social and economic development outcomes.

Golden Plains Shire

This Shire has been one of the success stories of community planning in Victoria. It's predominantly rural with a number of small population centres, with its council plan recognizing 35 separate communities 22 of which have established community planning groups.

Key to its success has been treating the community plans as owned by the respective communities, not the council. This is reinforced by using independent facilitators to support community planning, rather than seconding council officers.

Community planning began with a focus on micro-issues (the location of a pedestrian crossing, or parking outside a school) but as communities have grown in confidence and experience, the focus has shifted to more significant outcome related issues. This is being helped by the way the council itself handles community plans. First, it is now ended that each council meeting receives a presentation from a community planning group. Second, council officers review community plans as a whole to identify and report to council on generic issues.

Several years ago access to health services emerged as the top priority - the few services within the Shire were concentrated at one end. The council itself took the initiative of establishing the Golden Plains Health Planning Forum linking together state agencies, service providers and community representatives. This forum has been successful in advocating for and receiving the resource commitments to build significant new local health facilities substantially improving access to services. Interest is now shifting to access to education which current community plans identify as now the top priority.

In each of these instances, the council is acting primarily as a facilitator and enabler, supporting its communities in identifying their priorities, and using its skills to bring together the key players needed to find a solution.

Mosman Municipal Council

This, the second smallest Sydney council, is located in the northern beaches.

In community engagement, its emphasis has been on how to get past the 'usual voices' who generally make the most noise on any public issue. For years this has held the council back

from putting paid parking in at a very popular local beach because of vocal resistance from a few. The council finally decided to go ahead despite this, generating revenue of \$1.5 million per annum and financing a number of much-needed improvements at the beach. The community response has been very positive giving the council confidence that the 'silent majority' may have a different view from the most vocal submitters.

In seeking community views on what it thinks could be controversial issues, the council now uses a Community Conversation approach. Proposed streetscape improvements to its main thoroughfare provide an example. 50 participants were randomly selected by a market research company, listened to a presentation on the proposals and used electronic voting to choose their preferred options.

The council is also very active online. As well as using the community conversation approach, it has recently established a separate online forum called *Big Ideas*. This is designed as a community forum which residents can use to put up their own ideas for Mosman at any time, and talk to each other with the purpose that over time this will become an important forum for helping shape the community's future. Input into council decision-making is facilitated by a quarterly report on *Big Idea* contributions.

Playford City Council

Playford is a medium-sized peri-urban council within the Adelaide metropolitan area.

Its Mayor believes in small government but not in the conventional new public management style. Although the council takes the approach that it was elected to decide (vote us out if you don't like what we do), it also places a strong emphasis on building community capability and on acting as an advocate for the community to higher tiers of government.

It makes funding available to provide training for sporting and cultural clubs on matters such as how to market their business to become sustainable, how to access federal and state funding, how to engage with the community and how to plan for succession.

For the Council, community engagement is a way of receiving feedback and ideas, rather than a shift towards some form of shared decision-making. At the community level this has been accompanied by a greater level of participation in terms of deputations, petitions and attendance at council meetings.

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 allowing them to pursue their objectives within the framework set up by local government.

Port Phillip City Council

The 2008 elections for Port Phillip City Council resulted in five new councillors out of a total of seven. The change is largely attributed to a very high profile public consultation over the future of the St Kilda Triangle which many residents believed had not been well handled. Members of the new council campaigned on a commitment to community engagement.

One of its first steps when elected was to adopt a governance statement by which it would operate, and including the following commitments:

- 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.

The council also makes extensive use of community reference groups, each operating under an agreed terms of reference. The council advertises for members, setting out the purpose of the group, and selects members to reflect what it sees as the balance of interest and experience required. Some groups will be project specific and others ongoing.

Internally, the council has developed eight Communications and Engagement Strategy intended to move engagement to being part of "the way we do things around here". An ongoing 'community of practice' and a learning and development programme for staff are being implemented as part of this.

The council's strong commitment to engagement has raised a couple of issues which is now working through. The first is at what point do you stop engaging and start deciding. It has found that even with quite comprehensive engagement, it may not necessarily get community agreement but nonetheless will need to make a decision.

The second is the respective roles of elected members (seven for a community of 90,000) and council staff. The sheer scale of the work involved, and the need occasionally for professional skills with engagement, suggests that perhaps as a general rule staff should lead engagement, with elected members providing overview and support.

A third is the importance, especially in a very diverse community, to be highly innovative, sensitive to the number of different languages spoken, and the cultural context, as well as the need for clarity around which hat the council may be wearing - regulator, provider or community advocate?

Surf Coast Shire Council

Over the past few years, building on its experience with community planning, the Council has been working through the shift from councillors as decision-makers, taking decisions on behalf of the community and a sense of imposing a council view, to recognising the communities actually do have a right and capacity to influence and determine their future.

Amongst the initiatives it has put in place are extensive use of section 86 committees (council subcommittees which need not have any council elected members on them) and community leadership development program.

As a popular holiday destination, it has a lot of absentee owners, and has been proactive in engaging with them, including holding meetings in Ballarat which the council's rating records show is where a lot of its absentee owners are based.

A recent initiative is the move to develop township-based infrastructure plans. In the first township involved, the council has brought together a "committee of influencers" selected by the council after a discussion with community organisations, and supported by a seconded council officer to provide advice on technical issues. It's a partial shift towards a place-based management approach but for the council raises some issues including how

representative the committee of influencers actually is, and whether it shouldn't look at other means of trying to establish community-based committees, including local election?

City of Swan, Western Australia

This council has consciously adopted a place management approach, restructuring the way it operates so as to move from a functionally based approach. It now has five place management areas further divided into 13 smaller areas referred to as place planning areas.

Each of the place management areas as a decentralised place office which is the base for staff working in the area and facilitating engagement with the community. This includes supporting community (residents') associations.

The council finds that a place management approach makes it easier to deal with complex issues, and produces better decisions more in accordance with the way in which residents actually think about issues - for example, a street related issue will now be dealt with holistically recognising the different ways the street is used by the community and the different meanings it has, rather than simply being treated as a matter for (say) traffic management, street furniture, caring for verges or some other aspect of the total use of the street.

Place management also makes it easier to develop areas specific solutions, rather than solutions which are likely to be rolled out across the whole of the council's district.

Yarra Ranges Shire Council

Yarra Ranges is a large peri-urban council on the outskirts of the Melbourne metropolitan area.

It's in transition from a conditional approach to decision-making to a much stronger emphasis on community engagement. The Council has adopted the IAP2 although it will depart from it on individual decisions where councillors believe that they should decide.

It is very much a council made up of a number of smaller settlements and communities, with more than 55 suburbs, townships, small communities and rural areas within its district. An important initiative within its community engagement approach is the way it works with what are known as township groups. These groups are autonomous, and a decision on whether to establish them, and what their focus should be, is left to individual communities although the Council's Community Strengthening Unit will provide advice on matters such as structure, and support with capability building. The council supports a township forum which meets quarterly to consider issues of common interest, including relationship with the council and access to resources to support township group activity.

The council has established a set of criteria which it applies when considering whether a community group qualifies as a township group eligible to join the forum, and access the support which the council provides. The criteria are that a township group should:

- Be financially independent and sustainable;
- Operate effectively;
- Be inclusive of a diverse range of community sectors; and

- Be continually reinvigorated with new members and leadership.

An ongoing but essentially positive tension is the role of township groups. Are they simply local community groups dealing with peripheral issues, or are they potentially an emergent fourth tier of government which may gradually become the principal decision makers in respect of their own areas?

Community bank branches

In contrast with local government, community branches do not operate within the statutory determined framework governing consultation and decision-making on the assumption that clear and transparent accountability to members as required decision by decision. Instead, they have a high level of discretion. To the extent that there is accountability for their decision-making on distributions to the community, in formal terms it is to the local community bank shareholders.

In practice the directors of individual community bank companies are normally appointed because of a combination of good business skills and a track record of working with and on behalf of the community. Bank directors will typically have been officeholders in one or more community organisations, perhaps an elected member of the local council, and active in the local business community and service organisations.

All of the banks which were interviewed reports that their decision-making is generally based on very good networks and knowledge of what is happening within their communities so that they will typically have a very good understanding of the capability of different organisations, and the viability of the proposals which they are putting forward.

Support for decision-making on distributions comes through the Bendigo bank in two separate ways. The Bendigo bank itself has a specialist community engagement team which provides advice (but not direction) to individual branches. In addition, the Community Enterprise Foundation, which was established by the bank, provides specialist services to individual bank branches to assist with the taxation aspects of grantmaking, operating an Australian Taxation Office approved donor advised philanthropic trust the use of which has the effect of enabling distributions to be made out of pre-tax profits.

Experience suggests that the typical community bank branch goes through something of an evolutionary cycle in its approach to community distributions. In the early stages, the typical branch will make known that it has funds available for distribution and invite applications. Most will usually be from sporting or other community organisations looking for money to help with deferred maintenance on buildings, replace equipment etc.

Over time, much of this 'backlog' will gradually be dealt with and the branch will start looking for other priorities for distribution - perhaps joint projects with other funders; perhaps seeking to be innovative in identifying critical community priorities which need to be addressed. It is at this stage that community banking starts to move into a community governance mode, seeking to identify what are the community's priorities and how best to address them.

It is also at this stage branches will start working much more closely with the local authority authorities, drawing on their work in identifying community priorities through their community strategic plans, and other research and policy development activity. All

of the branches with whom we spoke told us in effect that there was no point in seeking to replicate the work which the council had already done. This is an important finding. We began the research with the hypothesis that community bank branches themselves could become independent players in community governance, especially if they started developing their own community plans (there were signs that this could start to happen). Instead it seems that community bank branches are in effect endorsing the unique role of local government in working with communities to determine their preferred futures and how best to achieve those.

We turn now to provide a brief overview of the experience of three of the community bank branches which were interviewed.

Mt Barker

This community bank serves a relatively low income area in the southern WA Shire of Plantagenet. It was founded 10 years ago as a true "grassroots" response to the closure of the two commercial banks serving the town. Its initial focus was on building a viable banking business which was helped by strong support from the local Shire which placed most of its banking business with the bank.

The bank operates an annual advertised grant round with applications being carefully reviewed by a board committee. Strong weight is given to the contribution the members of organisations make through voluntary time and skills.

The bank works collaboratively with the Shire and with the local co-operative which is also a significant community funder. As an example, the bank and the Shire worked collaboratively in the building of a medical centre, with each contributing resources but also working together to leverage state and federal funding.

Generally the bank sees itself as a facilitator playing a linking and supporting role in the community. 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.

Logan Community Bank

This bank was initially established with the intention of operating one perhaps two branches but saw the opportunity to cover the entire Logan area and now operates five separate branches.

The entire area is urban and with a quite diverse mix including significant socio-economic differences across the city. The bank believes this gives it a very different set of issues from those which confront the typical rural or regional community bank where community banking began. It's much harder to use peer-to-peer relationships with councils and community organisations at the grassroots, and to get the best leverage.

The bank makes extensive use of community forums which it holds in different parts of the city with the support of the Bendigo Bank's community engagement team. These 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). These forums are used to gather information on the real community priorities and the bank has delivered on a number of the ideas put forward - for example driver education programs targeted at young people in schools.

The bank prefers not to "go it alone" but to work in partnership with others in the community.

It also recognises and uses the flexibility it has to make quick decisions when this is required. The Lockyer flood provides an example. The council needed funds for a charitable day for the flood workers. For the bank it was a simple decision "we just went with our hearts and put our hand in our pockets".

It stays out of the politics of local government but with the council is developing a partnership which involves working together on a range of community projects.

Strathmore Community Bank

Strathmore is an established residential area within the district of the Moonee Valley City Council in inner Melbourne.

It was one of the first metro branches established within the Bendigo network. The immediate trigger was the potential loss of both of the existing commercial bank branches servicing the local shopping area. A group of local business people will lead the initiative to start the branch building on the Bendigo slogan "bring the bank back to town".

Historically, the bank has typically taken a reactive approach in its grantmaking, responding to requests for funding rather than setting priorities or proactively seeking out opportunities. It has relied very much on the local knowledge and networks of bank directors most of whom have a long history of involvement with community organisations.

Among its more proactive initiatives, who has responded to the annual fund-raising appeal of the royal children's Hospital in Melbourne not by contributing to the general appeal, but by sponsoring a number of neo-natal beds which it sees as a direct service to its own community. It is also provided a discretionary fund for principles of local primary school to use at their discretion for need within the school community (for example, paying the cost of a school camp fee for a family which cannot afford it).

Some 12 months ago the Bendigo Bank approached the Moonee Valley City Council to discuss the development of a meaningful relationship between the council and Bendigo branches (both company-owned and community) within Moonee Valley. The result was the establishment of the Moonee Valley Partnership Forum, serviced by the Council, as a venue through which to discuss various community projects which the council itself is developing or promoting.

The Strathmore branch values its relationship with the council recognising 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 with its resources possesses. As with other community bank branches now working more closely with their councils, the bank sees being able to tap into the Council's knowledge as a real advantage but one which needs to be balanced by managing the potential risk that its own grantmaking policies become driven by council priorities.

Principal findings/recommendations

For councils

- Development of community governance initiatives should remain free of statutory direction.
- There appears to be a positive response to candidates who campaign on a platform of improved community engagement.
- Size and geography both matter. It is easier to promote a strategy of community engagement/governance when the council has a series of discrete and identifiable communities than in an intense especially developing urban environment.
- Community governance is driving a shift in the role of elected members from the standard representative model - we were elected to govern - to one of seeking to take the community with them issue by issue. It is a potentially difficult shift, carries with it a need for ongoing professional development, raises questions about the respective roles of elected members and professional staff in managing engagement and requires skill in managing expectations, including the understanding that the council in most cases will remain the final decision maker.
- Community engagement/governance places additional demands on communities themselves raising the need for capability development so that people have the skills required to cope in what are often complex environments. The issue of complexity itself is often at the heart of how to handle community engagement - both the complexity inherent in many of the issues which councils are now dealing with, and complexity inherent in the silo-based structures of our multilayered systems of government. Helping communities address this is an important challenge for councils.
- Place-based management may in practice virtually amount to a condition precedent for a genuinely effective and comprehensive approach to community engagement/governance. A number of councils are starting to recognise this, and redesign their structures to shift away from a silo-based approach.
- A greater emphasis on community engagement/governance highlights that councils perform three separate and significant roles on behalf of their communities: decision-making (and implementation within areas which are their formal responsibility); facilitating in the sense of helping communities develop initiatives which they themselves may take; and advocating in the sense of evidence-based representation on behalf of their communities to third parties including higher tiers of government.

Recognising that this study itself is very much in the nature of a preliminary consideration of the issues involved, the recommendations for local government from the project cover:

- Reviewing the different roles of elected members, management and communities in community governance. Ideally the review would be undertaken by or on behalf

of the sector itself (with representation from across Australia) rather than by a higher tier of government.

- Establishing a means through which councils (and others) involved with community governance can share their experience. One initiative to consider is the development of a website as a means for documenting and sharing the different experiences of councils which have embarked on a community governance approach, and the concerns this experience has raised.
- Providing professional development/capability training both for elected members, for council management and for community groups who may be involved in community governance activity.
- A future study could focus on success factors for community governance from a community perspective exploring the conditions under which communities succeed in establishing real community governance as a way of working.

For community banks

- It seems likely that the community reinvestment activity of community bank branches will become an increasingly important contributor to community governance within their catchments - a number of community bank branches are already significant funders within their individual communities, and projections suggest that this will continue to grow, perhaps exponentially.
- The growing recognition of the importance of good knowledge about the nature of community needs, and different means for addressing, is likely to see increased collaboration between local government and community banking, with community banks relying on their local councils to provide evidence-based information on local needs and priorities.

In turn these findings led to the following recommendations in respect of community banking, targeted primarily to local government, that local government as a sector should:

- Be pro-active in working with community banking in order to support the community governance potential of community banking. This may be best achieved by working collaboratively with the community banking strategic advisory board.
- Consider both whether and how the community banking model could be extended to communities not currently served by a community bank, and how the model could be applied to other market based services.

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Appendix I Interviews

The Councils

Brewarrina Shire Council, NSW
Central Coast Council, Tasmania
City of Swan, Western Australia
Golden Plains Shire, Victoria
Mosman Municipal Council, NSW
Playford City Council, South Australia
Port Phillip City Council, Victoria
Redland City Council, Queensland
Surf Coast Shire, Victoria
Tweed Shire, NSW
Wiluna Shire, Western Australia
Wyndham City Council, Victoria
Yarra Ranges Council, Victoria

The Community Banks

Cummins District Community Bank, SA
Gingin Community Bank, WA
Logan Community bank, Qld
Mt Barker Community Bank, WA
Strathmore Community bank, Victoria
Wentworth and District Community Bank, NSW