21 April 2014

Committee Secretary
Joint Standing Committee on the National Capital and External Territories
PO Box 6021
Parliament House
Canberra ACT 2600

Re: Governance in the Indian Ocean Territories

I am writing in response to the inquiry into governance in the Indian Ocean Territories. The terms of reference include:

The interaction between formal institutions and the Indian Ocean communities, reviewing:

- The role of the Administrator and the capacity (and appropriateness) of the Administrator taking on a stronger decision-making role
- Existing consultation mechanisms undertaken by government representatives, including the IOT Regional Development Organisation, and best practice for similar small remote communities' engagement with Australian and state governments
- Local government's role in supporting and representing communities in the Indian Ocean Territories
- Opportunities to strengthen and diversify the economy, whilst maintaining and celebrating the unique cultural identity of the Indian Ocean Territories.

The focus of this submission relates to the third dot point, specifically, local government's role in supporting and representing communities.

This submission provides a brief background to the Australian Centre of Excellence for Local Government, and an overview of the research the Centre has undertaken of relevance to the inquiry. Of note is the Centre's knowledge and expertise in rural, remote and Indigenous local government in Australia, and the concluding recommendations contained in this submission are based on this research.

About the Centre for Local Government at the University of Technology Sydney and the Australian Centre of Excellence for Local Government

The Centre for Local Government at the University of Technology Sydney (UTS) is Australia's premier university-based local government education, research and consultancy centre, with partnerships across the government and non-government sector. UTS also hosts and administers the Australian Centre of Excellence for Local Government (ACELG) which was formed in 2009 with the mandate to enhance professionalism and skills in local government, showcase innovation and best practice, and facilitate a better-informed policy debate. It began life as a consortium of universities and professional associations.

ACELG themes of relevance to the terms of reference

Both centres have a strong research base, and ACELG in particular has produced a number of research papers, tools and guides that are relevant to the terms of reference for this inquiry. Since its establishment in 2009, ACELG has operated a program of activities aimed at addressing the capacity building needs of small rural, remote and Indigenous local governments. ACELG has identified a cohort of 105 local governments in Australia for targeted assistance under its rural-remote and Indigenous local government program. ACELG characterises this category of local governments thus:

> Small rural-remote and Indigenous councils operate in a different context to urban and provincial councils. They are typically resource-poor and highly dependent on grants. They experience severe difficulties in attracting and retaining staff.

> At the same time, their communities look to councils to ensure that adequate health services (particularly primary health care), education (including tertiary education), transport, and arts, cultural and recreational facilities are provided. They expect local government not only to be a competent service provider, but also to be an advocate, facilitator and partner in service delivery by Commonwealth and State/Territory governments.

ACELG's role in assisting rural-remote and Indigenous local governments has been directed towards improving the capacity of local governments to provide strong leadership and good local governance for their communities. This is made clear in the Centre's Project Plan:

> The rural-remote and Indigenous program will initially seek to identify those areas in which the Centre can most usefully assist these councils, and the best means of providing assistance to complement any assistance the Centre may be able to provide.

> The program will involve scoping studies and developing case examples drawn from both previous and contemporary studies, and the sharing of information and 'lessons learned'.

Challenges facing rural-remote and Indigenous local government

ACELG has identified the following challenges facing rural-remote and Indigenous local government across the country:

Financial sustainability
Rural-remote and Indigenous local governments face severe financial sustainability challenges, with limited opportunities to raise revenue from rates and annual charges. Most are dependent on grants from state/territory and federal governments to provide core services.

Expectations and role
Rural-remote and Indigenous local government is under immense pressure to provide a wider range of services to its constituents. In its review of local government revenue raising capacity, the Productivity Commission noted:

> …rural and remote local governments appear to provide a broader range of services than urban local governments as they fill service gaps that would be undertaken in other spheres of government or the private sector in urban areas.[1]

---

[1] Australian Government Productivity Commission (2008). *Assessing Local Government Revenue Capacity*. Melbourne: Australian Government Productivity Commission.

Remoteness
Rural-remote and Indigenous local governments face unique challenges due to their remote location, size, dispersion of population and scope of services provided.

Compliance costs
As rural-remote and Indigenous local governments typically derive a high proportion of revenue from tied grants, grant administration forms a large part of their functions. The councils also face complex and rigid statutory and administrative compliance under the legislative frameworks of each jurisdiction, which are often viewed as excessive due to the fact that the prevailing legislation is developed as a 'one-size-fits-all' solution without recognising the diversity of size, capacity, resources, skills and other circumstances of each local government unit.

Governance challenges
ACELG's scoping studies identified a number of impediments to the provision of good governance in rural-remote and Indigenous local government. These include the limited pool of candidates in small communities to run for civic office; the absence of strong strategic leadership; poor governance policies, systems and practices; inability to access governance skills and capabilities; the generally low level of Indigenous community participation and engagement; and poor understanding of community engagement methodologies, particularly for hard to reach communities.

Workforce development
Local government faces skills shortages and competition from other sectors able to offer higher paying jobs and better career development prospects.

Organisation capacity, particularly in relation to financial and asset management
Most Australian states and the Northern Territory require local government to develop long term financial and asset management plans, but many rural-remote and Indigenous local governments have difficulty building staff capacity and developing robust plans.

Senior management capacity and support
Senior managers play a vital role in the provision of good financial and administrative management and quality governance in rural-remote and Indigenous local government. Due to the difficulty of recruiting and retaining senior executives, however, it is often left to the CEO to provide strategic direction to both the council organisation and the community with little support, thereby adding to the workload and increasing the possibility of burnout.

Regional collaboration and resource sharing
Many of the traditional means of achieving economies of scale and scope used in local government in Australia (such as amalgamation and consolidation) are not suitable in rural-remote and Indigenous local governments, due mainly to remoteness and the tyranny of distance.

Summary of research outputs

A summary of relevant outputs under the Centre's rural-remote and Indigenous local government research program follows. Many of the outputs deal with the important issue of governance of remote locations. These documents are available to download from ACELG's website here.

A Capacity Building Strategy for Rural-Remote and Indigenous Local Government (2011)

Following the production of scoping studies into the capacity building needs of rural-remote and Indigenous local governments in Western Australia, Queensland and the Northern Territory and a national roundtable of stakeholders, ACELG produced a national capacity building strategy for rural-

remote and Indigenous local government. The strategy identifies ten strategic priorities for capacity building:

1. Role and expectations of rural-remote and Indigenous local government
2. Local government service delivery to remote and Indigenous communities
3. Financial capability and asset management
4. Statutory and administrative compliance
5. Governance development and community engagement
6. Senior management capacity and support
7. Workforce development
8. Regional collaboration and resource sharing
9. Appropriate operational systems
10. External engagement and relationship building.

Role and Expectations of Rural-Remote and Indigenous Local Government (2011)

The *Capacity Building Strategy for Rural-Remote and Indigenous Local Government* noted that the current demands and expectations placed on rural-remote and Indigenous local government are unsustainable, especially if they are left to grow unchecked. The Centre prepared this report to gain a clearer picture of some of these financial challenges and to assist in developing capacity to provide sustainable local governance for local communities. Some of the key observations from the report are:

▪   Identifying service priorities is a matter for each council to determine, rendering it almost impossible to propose a core set of local government services
▪   Councils need to base decisions about the scope and scale of services on a robust community, corporate and strategic planning process that links to long term financial planning
▪   The ability for rural-remote and Indigenous councils to choose what services they deliver is limited because of their lack of own source revenue or untied grants
▪   The regulatory and administrative burden imposed on local governments and how this constrains councils from what should be their core focus of delivering services that meet constituents' needs and expectations.

Local Government Service Delivery to Remote Indigenous Communities (2012)

This report presents the findings of an investigation into models for the funding and delivery of local government services in remote Indigenous communities in Australia. The study was undertaken by ACELG in partnership with the Western Australian Department of Local Government. The research reviewed and analysed models and approaches in various jurisdictions across Australia and elsewhere to identify key principles and success factors underpinning leading practices and innovative solutions to current challenges in service delivery.

The paper includes a set of guiding principles to assist the design or further development of funding and service delivery models in the future. The guiding principles derived from this research are summarised under the broad thematic areas that emerged from the case studies as follows:

▪   Regionalised vs. community-based service delivery
▪   Effect of regionalisation on community governance
▪   Service delivery benchmarking
▪   Co-ordination of funding and service delivery
▪   Addressing resourcing challenges
▪   Impacts on employment and economic development.

Community Engagement in Rural-Remote and Indigenous Local Government (2012)

This study considers whether rural-remote and Indigenous local governments in Australia have developed robust community engagement processes. The research explored:

- What community engagement rural-remote and Indigenous local government in Australia undertakes
- Barriers and unique challenges rural-remote and Indigenous local governments face when engaging with their communities
- Community engagement strategies and methodologies local governments find effective and ineffective
- Gaps in the community engagement knowledge and resources of rural-remote and Indigenous local government
- The most useful options for improving community engagement by RRI local government.

Rural-Remote and Indigenous Community Engagement Resources (2013)

In response to the above research, ACELG reviewed the availability of community engagement toolkits, guides, manuals, templates and training courses available to local government, and assessed their suitability for Rural-Remote and Indigenous councils. ACELG's website includes information and links for a wide range of community engagement resources that may be useful for rural-remote and Indigenous local governments.

Online Community Engagement Toolkit for Rural-Remote and Indigenous Local Government (2014)

ACELG has developed a toolkit to assist rural-remote and Indigenous local governments to improve their engagement with the communities they serve. There are plenty of guides, handbooks and toolkits on community engagement, but this toolkit has been specially designed for the needs and circumstances of rural, remote and Indigenous councils. The toolkit is designed to be a practical guide for councillors and staff of smaller councils to improve how they engage the community, by following simple tips and advice and using practical tools and methods that are suited to their circumstances. The toolkit can be viewed on ACELG's website.

Attraction and Retention of CEOs and Senior Staff in Rural-Remote and Indigenous Local Government (2014)

Attraction and retention of CEOs and senior staff to remote locations was identified as a key challenge in a 2012 survey of council CEOs undertaken by ACELG. It is an issue which has flow-on effects on small communities. In response, ACELG produced a resource to help rural-remote and Indigenous councils with the critical task of recruiting and retaining senior staff.

The resource is published in two volumes. A Research Report identifies how RRI councils can improve their ability to attract and retain CEOs and senior staff to their councils, and a practical 'How To Guide' prepared for mayors and councillors provides tools for improving recruitment practices, increasing retention rates and better managing performance planning for CEOs and senior staff at RRI councils.

Integrated Long-Term Planning: An Information and Resource Manual for Rural-Remote and Indigenous Councils (2014)

This resource provides practical assistance to rural-remote and Indigenous councils in Australia looking to adopt integrated long-term planning processes. The manual presents key resources for considering an integrated long-term planning (ITLP) approach, including:

- Foundation principles about ITLP with time-saving research and examples of community planning goals, strategies and indicators, plus a comparative table of council planning requirements from all jurisdictions
- Case studies from councils using an ILTP approach
- Practical templates for developing a community plan, a council or corporate plan, and a community engagement plan
- An inventory of current Australian local government ILTP resources.

Conclusion

Local government has a crucial role in providing civic leadership, good governance and service delivery in supporting local communities. Quality governance is required to deliver a strong system of local government and ACELG's research has identified a number of impediments to the provision of good governance in rural-remote and Indigenous local government. These include the limited pool of candidates in small communities to run for civic office; the absence of strong strategic leadership; poor governance policies, systems and practices; inability to access governance skills and capabilities; the generally low level of Indigenous community participation and engagement; and poor understanding of community engagement methodologies, particularly for hard to reach communities.

ACELG's rural-remote and Indigenous local government program has sought to address some of these issues by the production of research, tools and guides in partnership with jurisdictions, representative bodies and professional associations. However, a long-term view is required and a concerted effort needed to build the capacity of rural-remote and Indigenous local government to support local communities. As local government is often the only level of government "in residence" in remote locations, it is important to ensure local government has the skills, resources and capacity to be a worthy inter-governmental partner. This requires a partnership approach between all levels of government and key stakeholders.

ACELG would be pleased to expand on any of the points outlined in this submission.

Further contact

For further information, please contact ACELG's Deputy Director, Melissa Gibbs, at
melissa.gibbs@acelg.org.au

Yours sincerely

Roberta Ryan
Associate Professor and Director
UTS Centre for Local Government and
Australian Centre of Excellence for Local Government