

Fixing the hole in Australia's Heartland:

How Government needs to
work in remote Australia

September 2012

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Table of Contents

Abbreviations	4
Glossary of Terms	5
Remote Australia	6
Acknowledgements	7
Executive Summary	8
1. Voices of Remote Australia	15
1.1 Conversations	16
1.2 Concerns	18
1.3 Supporting Voices	20
1.4 Some Encouraging Successes	21
1.5 What People Say They Want But Don't Get	22
2. The Challenge of Governance in Remote Australia	23
2.1 Views of Remote Australia	23
2.2 Commissioned Research	24
2.3 Change and Contest	25
2.4 The National Interest in Remote Australia	26
2.5 Governance Reform in Remote Australia	28
2.6. Propositions about Remote Australia	30
2.7. Defining Features of Remote Australia	30
3. Changes in Australian Public Sector Governance: Implications for Remote Australia	35
3.1. Dysfunctional Governance in Remote Australia	36
3.1.1 Lopsided Governance and Responsibility	38
3.1.2 Organisational Deficits and Misalignments	40
3.1.3 Policy Over-reach and Administrative Under-reach	41
3.1.4 Inability to Reconcile Parochial and General Interests	44
3.1.5 Policy Turbulence and Instability	48
3.1.6 Mis-matches between Responsibilities and Resources	52
4. Framing Responses	55
4.1. Australian Responses to Governance Dysfunction in Remote Australia	56
4.1.1 Whole-of-Government	56
4.1.2 Strategic Interventions	56
4.1.3 Place-Based Co-production	58
4.2. Responses to Governance Dysfunctions in OECD Countries	59
4.2.1 Place-Based Approaches	59
4.2.2 Regional Innovation Strategies	59
4.2.3 Replacing principal-agent designs with experimentalist or pragmatist approaches	60

4.3 Lessons for Remote Australia	60
4.4 Lessons from Remote Australia	60
5. Principles for effective long-term governance in remote Australia	62
5.1. A Framework for Governance Reform in Remote Australia	65
5.2 Conditions Precedent to Successful Governance Reform	67
5.3 Growing the Voice of remote Australia: Next Steps for Community.	68
5.4 What are the next steps for a politician wanting to govern remote Australia well?	69

Case A: The Pilbara: An Option for Governance Reform 73

A.1 Context	74
A.2 Design Parameters	75
A.3 Principles, Scope and Mandate	76
A.4 Functions	76
A.5 Form	77
A.6 Authorities and Accountabilities	78
A.7 The Pilbara Challenge	79

Case B: Central Australia: Context for Governance Reform 83

B.1 Context	84
B.2 Next Steps: Towards Governance Reform in Central Australia	89

Endnotes 91

Boxed Text

A Personal Reflection in the Need for this Dialogue	15	Wiluna Shire	45
The Consequences of the 'Failed State' of remote Australia	26	Central West QLD overpowered by coastal pressure groups and external regulation	45
Port Hedland Community Submission on Outer Harbour Port Expansion	34	Pilbara shires unable to rate mining tenements: The impact of tax on the viability of communities	46
Business is Different in the Bush	37	Reconciling citizen rights and cultural obligations in the Pilbara	48
A decision on Pilbara development taken by the State but responsibility to diversify the economy placed with PDC	38	West Arnhem shire and the Wadeye COAG trial	49
Hermannsburg Hall	39	Hanging out the washing in a cyclone	50
Agreement Making in the Pilbara with Aboriginal People	40	The Wadeye Evaluation	51
Organisational barriers to local problem solving - Becoming the meat in the sandwich: Reflections of a former senior public servant in remote Australia.	42	Wadeye Five Years On	52
Pilbara Cities Vision	43	NT Local Government Reform	53
Thirsty Thursday in Tennant Creek	44	Shire IT bills greater than their rate base	54
		The Groote Eylandt and Bickerton Island Regional Partnership Agreement	64

Abbreviations

AACAP	Army Aboriginal Community Assistance Program
APS	Australian Public Service
ARHP	Aboriginal Rental Housing Program
BSRSF	Building Stronger Regions – Stronger Futures
CDEP	Community Development Employment Program
CHIP	Community Housing and Infrastructure Program
COAG	Council of Australian Governments
DKA	Desert Knowledge Australia
EPA	WA Environmental Protection Authority
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FHBH	Fixing Houses for Better Health
FIFO/DIDO	Fly-in-fly-out/Drive-in-drive-out
GRP	Gross regional product
ICC	Indigenous Co-ordination Centre
MAC	Management Advisory Committee
NAHS	National Aboriginal Health Strategy
NPM	New Public Management
NTER	Northern Territory Emergency Response
OECD	Organisation for Economic Co-operation and Development
ORIC	Office of the Registrar of Indigenous Organisations
PDC	Pilbara Development Commission
RAPAD	Remote Area Planning and Development Board
RDA	Regional Development Australia
RIS	Regional Innovation Strategy
SIHIP	Strategic Indigenous Housing and Infrastructure Program

Glossary of Terms

Authority where the rules of the agency trump all other rules of agencies with similar/equivalent mandates.

Compact an agreement where both the general public interest and the particular parochial interests are reconciled and reflected in a common set of goals. Compacts have two dimensions: agreements between public authorities at different levels, federal, state and territory through to local; and agreements between public, private sector and community organisations. A compact is a platform of mutual accountability to general provisional goals and common principles in which the intent/spirit is clear.

Decentralisation

is an act by which higher levels of government formally cede powers and authority (to plan, raise or allocate resources, or manage public functions) to actors and institutions at lower levels in a political, administrative and territorial hierarchy.

Effectiveness

is achieved by institutions when they are popularly regarded as adequately accomplishing their purpose and producing the intended result.

Governance of Government

the way governments go about making decisions; the way government engages with – and governs – its citizens and institutions. The use of the term 'governance' in this report refers to public sector governance unless otherwise indicated.

Legitimacy

is acquired by institutions when there is a broad based perception that arrangements and outcomes are proper, effective and just. Process legitimacy refers to the way in which decisions are made. Performance legitimacy refers to the products or outcomes of the process.

Management Advisory Committee

is a forum of Secretaries and Agency Heads established under the Public Service Act 1999 to advise the Australian Government on matters relating to the management of the Australian Public Service (APS).

New Public Management

as introduced to the public sector since the 1980's on the assumption that 'market oriented' policies and practises would lead to greater cost efficiency, competitive performance and leadership.

Place-based

the term used in this report to refer to activity in a geographic place or "community." The term has been used in the context of new "localism" policies and with other regional or territorial activity.

Place-centred

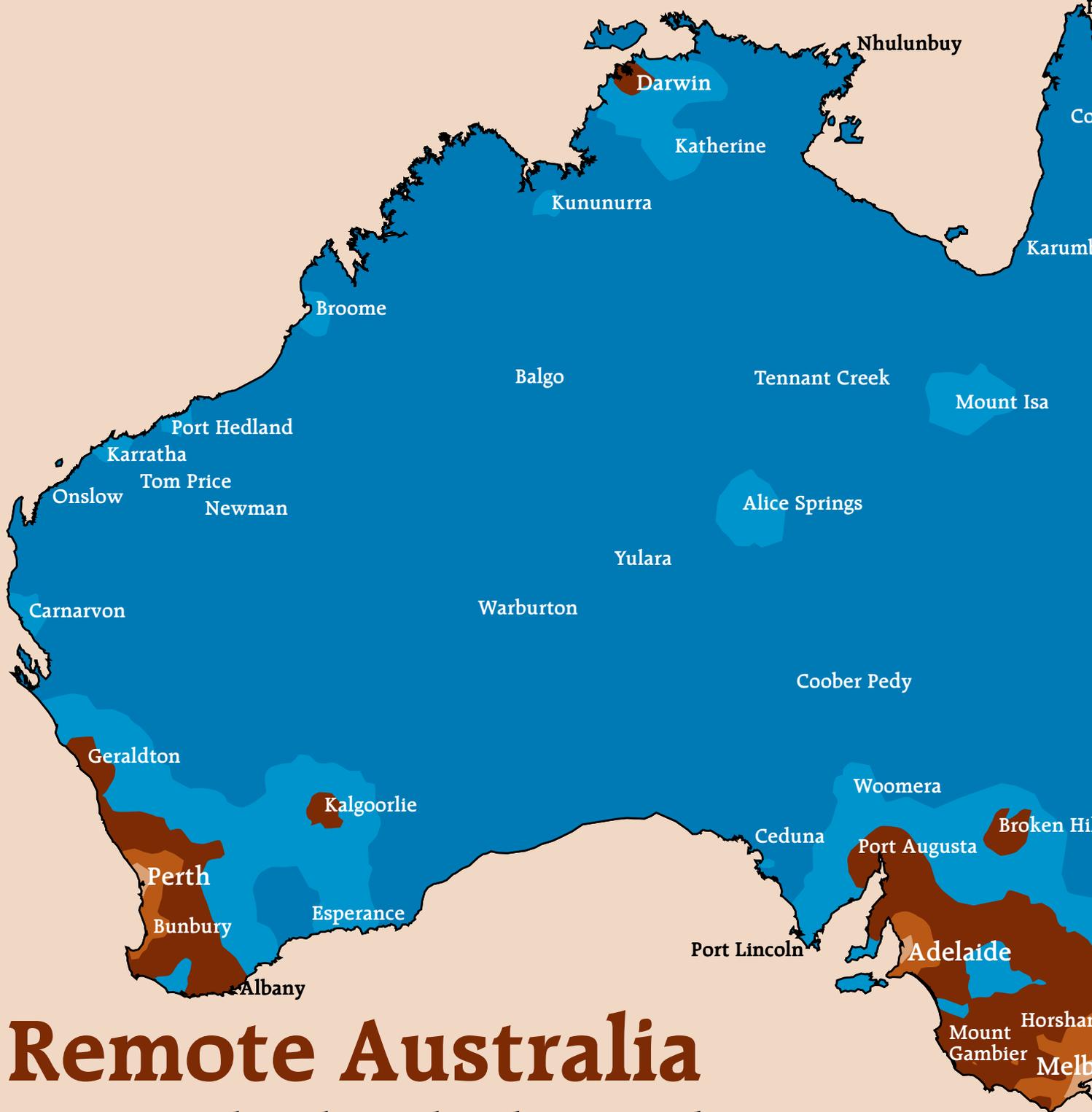
the term used in this report to refer to a point on a scale of governance that may transcend a number of geographic places. As such is a complex layered or tiered concept which should not be confused with or seen equivalent to place-based approaches.

Remote Australia

for the purpose of this report remote Australia is that part of the landmass that is at distance from centres of economic and political decision making. The figure on the following page describes the remote and very remote regions of Australia that form the basis of this report as our remoteFOCUS.

Subsidiarity

refers to the principle that decisions should be made at the level of governance most capable and most likely to bear the political consequences of the decision.

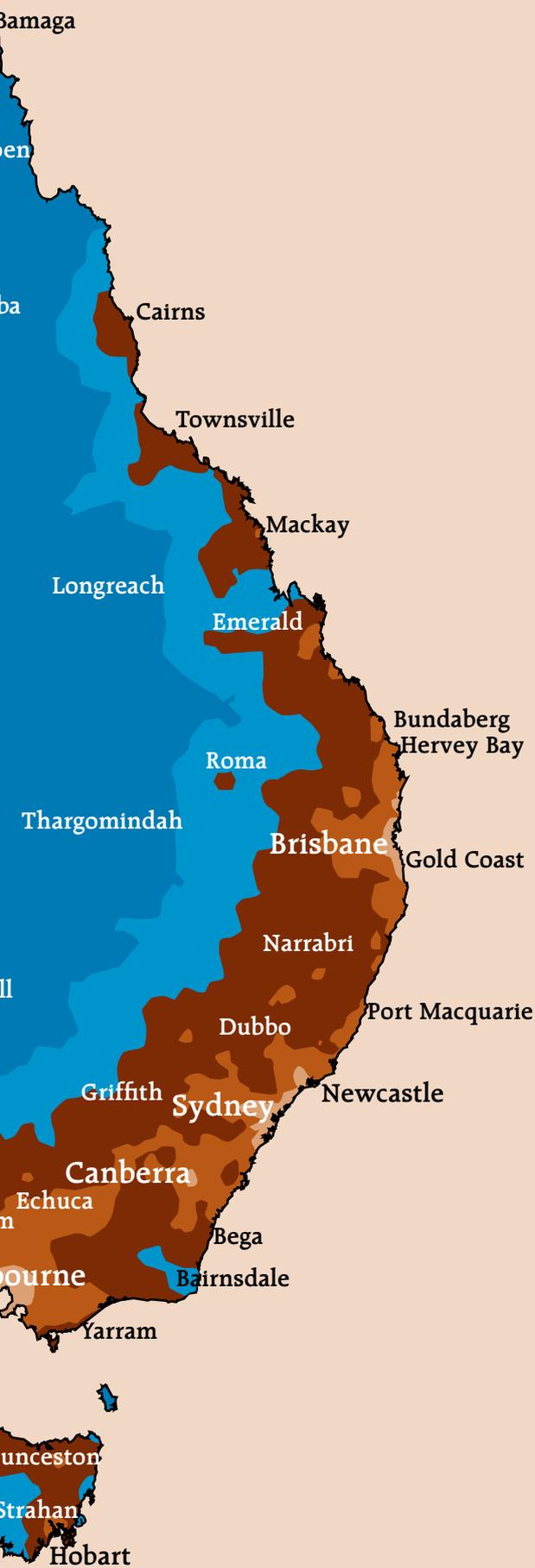


Remote Australia

Remote Australia is depicted on this map in the two shades of blue.

- Very Remote
- Remote
- Outer Regional
- Inner Regional
- Major Cities

Data Source: This map is based on the Accessibility Remoteness Index Australia 2006 map produced by GISCA and The University of Adelaide with information from the Australian Government, Geoscience Australia and the Australian Bureau of Statistics.



Acknowledgements

This report sets out the challenges of governance in remote Australia, advances a series of propositions and defining features of remote Australia and identifies ways to improve governance.

We examine changes in Australian public sector governance and the implications of those changes for remote Australia. In particular, we identify six aspects of dysfunctional governance evident in remote Australia.

In framing solutions we look to Australia's recent responses to governance dysfunction and identify responses adopted by other OECD countries as well as those in fragile and conflict affected settings in non-OECD locations.

We establish principles for effective long-term governance in remote Australia and capture them in a practical framework for governance reform incorporating conditions necessary to achieve and sustain this outcome.

The framework is applied to demonstrate the possibilities for application in the Pilbara and Central Australia.

The report is supported by a set of papers documenting, in detail, the conversation across remote Australia, the commissioned research undertaken to inform the report and more details of the context of the two worked examples. These papers by Professor Ian Marsh and Dr Mary Edmunds can be accessed at www.desertknowledge.com.au/remotefocus.

This report lays the foundation for taking forward the debate and negotiation to achieve significant governance reform for the benefit of remote Australians.

It is a product of many people's reflections and engagement with the issues confronting remote Australia. We acknowledge the contributions and hospitality of people from the north of Western Australia through central and northern Australia to central Queensland. The Australian Government and the Pilbara Development Commission through the Royalties for Regions program have supported this project. The West Australian Local Government Association, MacDonnell Shire Council and BHP Billiton have also contributed to different phases of the fieldwork.

Members of the remoteFOCUS reference group have steered the project and provided advice based on their considerable experience of remote Australia and public management.

Bruce Walker
remoteFOCUS Project Director

Executive Summary

Australia has changed significantly, and continues to change, in fundamental ways.

1980's

1990's

2000's

2012

85%

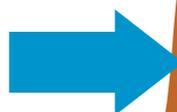
of our population now lives within
50km of the coast.

Over the past 30 years, it has become the most urbanised continent in the world. Australia's view of itself has shrunk to its coastal fringe. More than 85% of our population lives within 50km of the coastline and our system of democracy and national economy has progressively been altered to serve the coastal areas and the large mass of people in urban Australia.

In numerous ways, this has been at the expense of how remote Australia and its people and communities are governed, leading to what is nothing less than a crisis in governance, and an urgent need for systemic change.

Remote Australia is that part of the Australian landmass (approximately 85 per cent) distant from centres of economic and political decision-making. And yet it makes a significant contribution to national wealth with 60 per cent of the nation's mining platform operating in remote Australia. In effect, with the exception of the cities of Melbourne, Adelaide, Perth and their immediate hinterlands, remote Australia is what is left of the nation once you go beyond the plains west of the great divide.

and tame the space
One set of views
is centred on a desire to dominate



while the other lives in and adapts within it.

Many Australians view remote Australia in terms of extremes: variously as a last frontier, a vast unsettled and isolated terrain, a place of Aboriginal crisis, or the “heart” of the nation (often including a romanticised notion of the “rugged outback” life). It is also seen as an economic wasteland, a place of market failure and extreme poverty (even a “failed state”), somewhere to drive when you retire, or more recently a quarry for the mining boom driving the nation’s economic performance. To some it is a legitimate part of the Australian narrative only because of the heritage status of the pastoral industry and the major resource development projects scattered throughout it.

It is worth noting here the fundamental discord between these opinions and the thinking of many Aboriginal Australians, who see remote Australia as Country, a place that nourishes and provides meaning and identity: their spiritual and physical home. One set of views is centred on a desire to dominate and tame the space, while the other lives in and adapts within it. This discord is part of the complex contest that needs to be addressed and resolved.

How do the residents of remote Australia, a population larger than that of the ACT or of Tasmania spread over 85 per cent of the continent, see themselves and their situation? Largely, and fairly, as ill served by government.

The deep sense of disconnect and discontent recorded in our extensive consultations across remote Australia is captured in the five things people have constantly told us they want but don’t get:

- 1. A say in decisions which affect them.**
- 2. Equitable and sustainable financial flows.**
- 3. Better services and a locally responsive public service.**
- 4. Local control and accountability where possible.**
- 5. Inclusion in a greater Australian narrative.**

Accordingly, structural response to these concerns is required for successful governance.

The governance of remote Australia should not be cast as an ‘Aboriginal issue’ — it is about ineffective government arrangements, disengagement and national indifference.

These problems are too often perceived only in the context of the dysfunction of remote Aboriginal settlements and seen therefore as purely ‘Aboriginal’ issues rather than issues of government capability. That is a mistake. Many non-Aboriginal Australians face similar issues as a result of their remote location.

In remote Australia, either as a result of New Public Sector Management reforms or coincidental with their implementation in the face of global economic activity, the landscape of governance can be characterised through six ‘governance dysfunctions’.

In this remoteFOCUS report we advance five propositions, responding to two fundamental questions:

What is going wrong in remote Australia?

1. Remote Australia’s diverse regions are confronted by common issues: issues globally familiar and presenting complex local challenges. They are common to regions where people reside remotely from centres of economic and political power but are facing rapid social and economic change.
2. While it is important to recognise the limited influence that public policy can have on some aspects of these issues, present governance arrangements which have developed incrementally over 20 years or more are not well attuned to the current circumstances and emerging trends in remote Australia.
3. In the absence of a nationally accepted narrative that embraces micro-economic reform and establishes the national interest in remote Australia and a settlement pattern that supports that national interest, little is going to change, as initiatives will tend to be spasmodic rather than systemic. Solutions will at best be “band-aid”, rather than sustainable.

How can it be fixed?

4. There are many potential ways of remedying these structural governance problems, but the more promising prospects involve greater degrees - and varying patterns - of community engagement and decentralised governance. While this will inevitably take time, it is imperative that a start – a substantive start - be made. The general framework within which particular designs can be developed requires wide ranging regional engagement to resolve the specific application of these principles in particular locations. Application and details of the approach will differ from place to place and from time to time. Acceptance that there is no one size fits all solution is an important starting point.
5. While there is spasmodic attention on remote Australia (particularly on “crises” such as Aboriginal disadvantage, or as the social and personal fall-out of “fly-in-fly-out” workplace practices), normal politics and public administration are unlikely to achieve the structural reforms needed to address these issues, and others. Special purpose initiatives will be required and these will need cross-party political commitment and support from business, professional and community organisations.

We conclude that:

- Governance arrangements are a threshold cause of policy failure, and
- Policy for remote Australia needs to be separately conceived and framed, and “custom-built” to meet its specific circumstances and needs.
- The challenge in designing new approaches to governing and administering remote Australia is that a paradigm shift in policy is required - one that addresses and changes structurally embedded habits, practices, and approaches - and this cannot come from within the present governance framework.

The key outcome of the developing of new governance principles should be the creation of locally appropriate institutions that have sufficient authority, legitimacy and effectiveness to fulfil their functions. The current three-tiered system of government fails to do this adequately in remote Australia. In large parts of remote Australia Aboriginal organisations including Land Councils and Native Title Bodies provide effectively a fourth tier of governance adding to the complexity of arrangements.

The nature and pace of economic, social and technological change in remote Australia and the deep and consistent concerns expressed in our consultations with the people of remote Australia - and acknowledged in many government reports - necessitates creation of governance responses that meet the following requirements:

- A structure or institution with the authority and legitimacy to create and sustain a vision for a region is needed.

- For solutions to dysfunctional governance problems in remote Australia to be lasting, they should incorporate ‘negotiated compacts’ which adequately mandate institutions to mediate contests and reach durable agreements.
- Solutions are also likely to invoke place centred responses and regional innovations.
- ‘Resourcing must follow function’. This principle is less contentious, but is typically acknowledged only in the breach in Australian public policy.

In this report, it is proposed that with intense regional engagement, a governance reform process of six primary steps should be established. The steps can be summarised by the following terms: establish context; define design parameters; describe principles, scope and mandate; determine functions; design form; and determine accountabilities.

This report provides examples of how this approach to governance reform could be executed in the Pilbara and Central Australia. These examples illustrate both the general framework within which particular designs can be developed and the specific application of these principles in particular locations.

1.

establish context

2.

define design parameters

3. describe principles, scope & mandate

4. determine functions

5.

design form

6. determine accountabilities

Reforming public sector governance in remote Australia demands leadership at the top level of governments and a willingness to support real change for the good of remote Australians and the nation as a whole. See Section 5.4 of this report.

Initiatives such as **Royalties for Regions** and **Pilbara Cities** in Western Australia (politically-led, necessarily) are examples of serious attempts to find new approaches and reflect some elements of the principles to meet glaring needs. However, more comprehensive and preferably cross-partisan approaches are required – approaches that are embedded in regional engagement and are less affected by the political cycle.

Royalties for Regions is a unilateral (that is, State) policy which addresses the traditional failure to provide financial resources to regions sufficient to meet their legitimate needs and aspirations. The next step is to ensure all governments and the different Pilbara communities are on the same page – declaring Loyalty to Regions - and this cannot be done unilaterally. A particular necessity is the incorporation of Aboriginal interests into this process through their established representative structures.

In **Central Australia** there is a clear need for a unifying vision going beyond service provision and law-and-order and reliance on the boom-and-bust cycles of commodities, and focused on development of capacity and economic livelihoods, regional connectivity and innovation. With three levels of government, representative community organisations and a web of representative Aboriginal organisations the task is similar to that in the Pilbara - but in different circumstances, as detailed in the report.

What is required is an intense regional engagement around issues, needs, objectives, responsibilities and capabilities, and structures to develop new governance arrangements that meet the criteria outlined above. Such engagement across all sectors has to be mandated by political leadership in those sectors.

The application of the principles and framework outlined in this report is demonstrated through provisional examples to develop possible options for governance reform in the Pilbara and a context for regional engagement in Central Australia. These examples will be enhanced through further and wider public engagement to refine and alter the analysis. However, as now written they demonstrate in a preliminary way how the principles and process outlined in the report might be applied if concerned stakeholders chose to mandate serious reform.

Policy development and administration for remote Australia is largely determined within State and Territory borders. As a result there is a fragmented approach. Major decisions affecting remote Australia are almost entirely made in capital and regional centres on the coast or in Canberra, with little understanding of its key drivers and its unique setting. Instead, strategic and context-specific action is required to achieve positive outcomes.

Reform of this nature and scope will not be easy, nor will it be uniform. In some situations existing legislation and organisational resources will have to be used to initiate serious reform.

One approach would be for high level political support to establish a small number of trials, or ‘innovation’ regions or zones, where the principles and approach outlined in the report are applied, with the specific aim of developing an on-going process of learning, consensus and regional capacity building - a starting point with a defined scale and scope. This will help build momentum for change and provide “proof by good example” of the efficacy of such change.

Another option would be for the Productivity Commission to investigate the capacity for such a governance reform to act as a micro-economic stimulant for remote Australia.

And ultimately there is a critical need for an on-going institution such as an Outback Commission that has the mandate and authority to focus on remote Australia and its regions, change the dynamic of under-development that afflicts the regions, and sustain a momentum for change and regional coordination that is specific to remote Australia.

For some, the ‘failed state’ declaration for remote Australia in the remote FOCUS prospectus (2008) may have seemed “over the top”. But denial of the damage being done through the continuing failure of governance (despite good intentions) helps perpetuate an institutional and national indifference which creates despair and loss of hope for those impacted by that failure of governance.

And to choose indifference over reform is to become a bystander: to succumb to the fears and prejudices of a

The hole of Australia

The Australian Archipelago:
90% of Australians experience
this as Australia every day.

Our Nation, unified with
its heartland.

The whole of Australia

largely ignorant (of the problems in remote Australia) majority and relieve oneself of the burden of leadership and initiative. To not respond to evidence of persistent systemic failure is to effectively dispute that evidence, or to imply that a response would be of little or no consequence. Even worse, it is to suggest that the people of remote Australia are not as important as people living in the populated cities along the coastal fringe.

It is not a case of whether or not we know what to do, but rather of having the collective will to do it. The market will not define the national interest in remote Australia and its peoples. Only political and civic leadership will drive the necessary reforms.

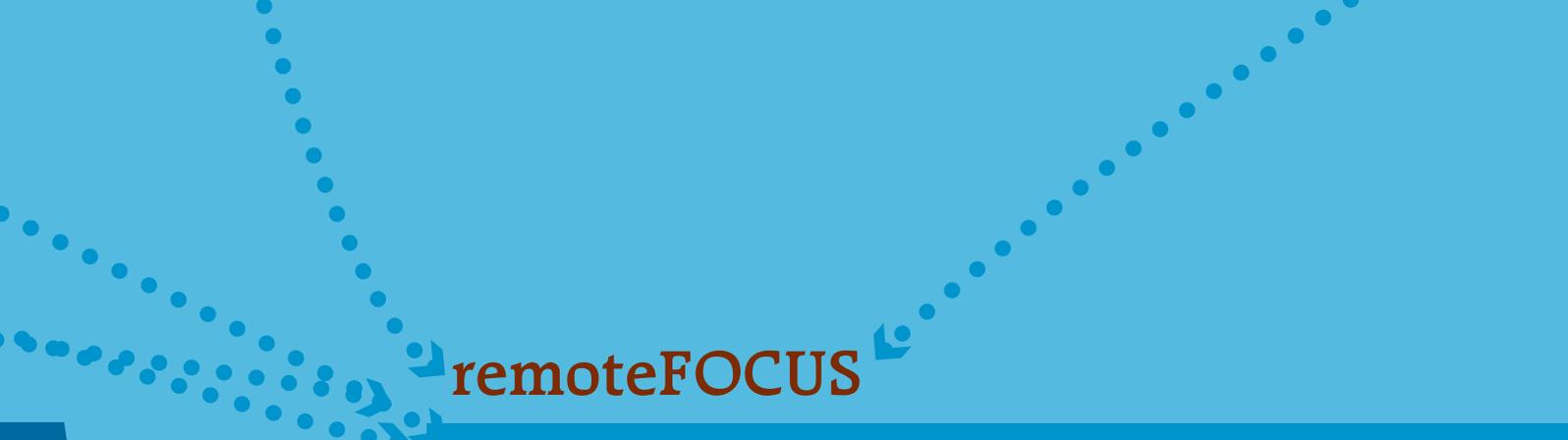
It is easy politics to hide behind concepts of representational democracy and market economics and waive the needs of remote Australia in favour of the weight of public opinion and numbers in the serviced suburbs. For it is here that the majority of political leaders derive their authority and

maintain their relevance. This type of neglectful inequality is corrosive for the nation and rots Australia from within.

Furthermore, the economic cost (a common “mainstream” criterion) of deferring action, or refusing to reform is nationally significant. Investment now with a view to avoiding vastly higher costs both in terms of addressing disadvantage and relocation is prudent and in the national interest. There are aspects of our national interest and identity that we lose by making the wrong decisions over and over again or by neglecting to make a decision at all.

Is the current governance of remote Australia good, or even adequate? We think not. Is it fair and just? We think not.

Can Australia properly be a nation while there is this hole in our heartland? We think not.



remoteFOCUS

remoteFOCUS is a group of concerned Australians with extensive experience in dealing with regional and remote Australia. remoteFOCUS has embarked on a major engagement and discussion process to develop practical sustainable cost-effective options to greatly improve governance, policy and infrastructure and service delivery in remote Australia.

We have been informed by our own and others' close community engagement and consultations; analysis of national and international thinking and experience; and commissioned research of Aboriginal governance in the Pilbara and of initiatives directed at addressing governance dysfunctions identified across regions where people reside remote from centres of economic decision making and political power but are facing rapid social and economic change. As a networked and shared endeavour guided by serious analysis, we aim to stimulate beneficial systemic change for all people in remote Australia.

Remote Australia is distant from services and in many places distant from the decision making points of global economic activity; a region that everywhere is on the periphery of the political dynamic that drives Australian democracy.

And yet it also encompasses places, events and stories that have given national and international significance to Australia. It contains some of the iconic symbols of the nation spread across 85% of the landmass, with "only" 5% of the population.

Through the remoteFOCUS project we have accumulated evidence of the way governments govern this heartland of the Australian landmass. We seek to offer alternatives that aim to address some of the systemic drivers which contribute to the difficulties of governing the vast, valuable and sparsely populated backyard of the nation.

Our report is principally concerned with the way government is structured to make decisions and carry them out. **Our intent is to fix the hole in Australia's heartland.**

This report should not be news to government since we have also drawn evidence from governments' own reports, reviews, policy statements and political promises. It certainly is not news to the people of remote Australia.

1. Voices of Remote Australia

New approaches, new thinking and new commitment are urgently needed in regard to remote Australia. With so much of our country's wealth generated there, so much national and international attention on the dysfunctions experienced by some of our most vulnerable citizens, and so much at stake, more of the same - or working harder on and inherently perpetuating the old 'solutions' - is not an option.

It is therefore with a deep sense of obligation that we present this report, to open an active national discussion around the benefits of strategic structural reform across remote Australia in the national interest - as a key element of micro economic reform that is needed not just for the benefit

of the 5% of Australians occupying 85% of the land mass, but for all Australians.

The 'desert knowledge' movement began 15 years ago when people living and working in desert Australia, at the heart of remote Australia, developed a

vision for a revitalized and expanded knowledge sector in the desert economy. At the core of this movement today is Desert Knowledge Australia (DKA), a statutory authority of the Northern Territory Government. It has a national and international mandate to help bring about change to sustain and enhance the lives and livelihoods of all desert peoples.

Through this strong and recognisable presence Desert Knowledge Australia connects people across desert and remote Australia to each other as they use and create knowledge derived from a 'whole-of-desert' system approach.

A Personal Reflection in the Need for this Dialogue

In 2007 I led a state-wide community consultation in Western Australia about the idea of a Human Rights Bill. We visited the regions, Kimberley, Pilbara, Mid West, South West, Goldfields and held public meetings. What we found was more of a demand for economic and social rights than civil and political rights. People felt short changed and attitudes to government (not political parties but government generally) were uniformly in terms of "them" not understanding "us". "They don't speak our language" was a common expression. Disillusion and even at times despair were evident. Meetings in the remote towns often were tearful accounts of shameful failures by governments and their agencies severely impacting on lives and well being. I had been familiar with the complaints from Aboriginal communities and organisations over a long period about government inconsistency, irregularity of funding, ever changing personnel and the failure to listen. But these complaints were not just the complaints of Aboriginal people (and who listens to them?) but the complaints of those town folk, black, white or brindle, remote from the metropolitan decision makers and administrators.

As we involved in the remoteFOCUS project have talked with people in meetings in remote regions about how government works the same complaints recur. They seem well based. Whenever I meet people in remote regions in any context I hear them asking for a say in decisions affecting them, asking for accountability to them (not just to distant authorities), asking for fair funding and less stop-go funding. They ask to be treated as though they are a part, an important part, of Australia rather than some forgotten place getting attention from a distant capital when there is a crisis or a mine to be developed.

I have also been a sometime participant and long time observer of honest attempts by governments to do better. The uniformity of failure to match results with good intentions makes it clear to me that failure is not a matter of partisan politics, of lack of good intentions, of just getting policy settings wrong, or of having the wrong people. There is a system failure here; the present instruments of government are not fit for use in remote Australia.

Fred Chaney AO

1.1 Conversations

On April 1 and 2 2008, Desert Knowledge Australia, with financial assistance from BHP Billiton, RioTinto and the WA Local Government Association (WALGA), convened a group of 28 people¹ at the Hale School in Perth to consider the crisis facing remote Australia and the apparent failure of Australian governments to adequately govern and engage with the country's vast remote regions. The group of government, industry and community members had extensive experience in dealing with remote Australia, and produced a prospectus aimed at highlighting the urgent need for reconsideration of how governments engage, administer and govern remote Australia.

To quote from the remoteFOCUS prospectus:

The situation in remote Australia has reached crisis point, with clear evidence that there is a 'failed state' at the heart of our nation and, if not addressed, there will be dire economic, social, cultural, environmental and security consequences for Australia as a whole. Many of these dire predictions are now apparent.

This is not an 'Indigenous issue'—it is an issue of ineffective government arrangements and disengagement. These problems are too often perceived only in the context of the dysfunction of remote Indigenous settlements and seen therefore as purely 'Indigenous' issues rather than issues of government capability. That is a mistake.²

The forum participants concluded that the ongoing economic, social and environmental issues which bedevil remote Australia would not be resolved by merely applying the tools available under existing institutional and governance frameworks. Notwithstanding good intentions, current government policies, funding mechanisms and programs were deemed inadequate or demonstrably failing.

The prospectus framed and informed a public consultation process about remote Australia—how it should be governed and how the remote regions could be included in a modern integrated Australia.

Key messages from these conversations inform this report, as it derives its authority from the messages given by people at the 'spinifex roots' of remote Australia.

Through the **Desert Knowledge Australia Inter-regional Virtual Meeting Place Network**, sites in New South Wales, Northern Territory, South Australia, Queensland and Western Australia were linked to discuss the prospectus. There was consistent and strong support of the key challenges raised in the prospectus, particularly the experience of being at the tail-end of "government governance". For example, participants spoke passionately of the removal of the regional partnerships program without having a strategy to respond to the pending applications.

In the Kimberley there is no infrastructure so people don't want to stay and can't stay. Because the population is low, the government won't invest in infrastructure so the workers continue in the FIFO (fly-in-fly-out) model. If there is no infrastructure, mining on its own won't support people to live there. FIFO results in no government investment.

Every time there is a change in government they want to make changes, but why are we expected to put our lives on hold whilst the new government gets organised. No one else has the right to step into a job and put everything on hold until they've learned the job.

Participants shared a perception that remote Australians don't have a voice—"the Government only thinks of us when there is a crisis": Regions get attention or reaction from government because of media pressure not for strategic reasons.

Remote Australia is faced with the 'tyranny of democracy'.

We don't want to portray remote Australia as a 'basket case' but the magnitude of the issues to be addressed requires a proactive and positive engagement with governments.

People were very alert to a range of issues including cost-shifting from Commonwealth and state governments to local government; a housing crisis in many remote regions; and government staff in remote regions not having the resources and power to actually do things.

Regions need government support to build economic resilience not just band-aid social issues.

Across the network was a compelling sense that remote Australia is part of the solution, not a set of intractable problems. Solutions need to be pursued and emanate from remote Australia.

In partnership with the Yothu Yindi Foundation, Desert Knowledge Australia held remoteFOCUS workshops at the **Garma Festival** in 2008 and 2009.

The workshops attracted more than 100 committed and energised Aboriginal and non-Aboriginal participants involved in research, service delivery and/or who were residents of towns and communities in remote Australia. They identified major issues requiring institutional and social transformation in remote regions of Australia including recurrent themes around:

- Using local knowledge
- How to derive authority and responsibility for local solutions

- The use of partnerships and adoption of programs that work across government agencies, and
- Recognising diversity in culture, leadership and development among communities and building specific programs appropriate to those conditions.

The workshops suggested the need to research and address:

- How to reflect local governance in legal structures and the barriers and support mechanisms that maintain the existing mentality in federal, state and local government, including the “anthropology” of bureaucracies and how they respond to remote Australia
- How to take data and experience gained from pilot projects and engineer wider implementation within a framework of citizenship rights and the many systems of Aboriginal governance
- How to foster decision-making processes with emphasis on building the participation of youth

These consultations are documented in chapter 3 of the remoteFOCUS compendium: The Challenge, Conversation, Commissioned Papers and Regional Studies of Remote Australia.



The remoteFOCUS workshops at the Garma Festival in 2008.

1.2 Concerns

A **Desert Knowledge Australia** remoteFOCUS workshop in November 2010 gathered a large and diverse group of community people and public servants from remote Australia to frame and refine eight key concerns that would have to be addressed in order to judge success of public sector governance reforms across remote Australia.

Key Concern 1: Local Planning, Budget Development and Control

In remote Australia, people and institutions are often disempowered by what they see as institutional indifference. People feel they are located at the end of a long process or supply chain for services provided by government. Services delivered often do not meet local

needs or reflect local circumstances. Inevitably responses to needs are 'siloed' leading to a lack of coordination between services. Critically, these arrangements work against people taking responsibility for themselves.

Key Concern 2: Focused, Flexible and Sustainable Funding for Remote Australia

At present funding, funding criteria and rules relating to delivery and acquittal are centrally determined and provide little opportunity for local variation and for cross-program coordination and integration. This one-size fits all approach inhibits capacity to shape and deliver policy that meets the diverse circumstances across remote Australia, as well as limiting capacity for cross-agency integration. The rules and

focus of programs and funding streams designed to meet the needs of the 95% of the Australian population that do not live in remote Australia are too often not appropriate to the remote context. There is an urgent need to simplify and reduce the fragmentation of funding streams, increase flexibility and promote local discretion, reduce compliance overheads, and extend funding cycles to three to five years.

Key Concern 3: Strategic Commonwealth Investment in Remote Australia

Commonwealth funding streams to states and territories that are supposed to take into account the 'disability factors' of remote circumstances and demographic profiles do not

fully take account of the realities, costs and circumstances in remote Australia. Most importantly, there is no guarantee that these funds are applied to remote Australia.

Key Concern 4: Sustained Long Term Investment in Local Communities and Institutions (Civil Society)

Remote Australia is characterised by inadequate institutional capacity and governance arrangements that significantly undermine efforts to improve outcomes, deliver meaningful services and improve underlying conditions. Local communities, regions and institutions too often struggle to

effectively engage with governments and with the issues that government is trying to tackle. Governments, likewise, too often do not have the capacity, capability, perspective or governance arrangements to effectively engage with the issues and with local communities and institutions.

Key Concern 5: Ensuring Continuity and Effectiveness of Public Servants Servicing Remote Australia

Public servants do not have attractive or rewarding career incentives to work in remote Australia. As a result remote Australia suffers from a chronically high turnover of public servants. Consequently little accumulated knowledge is retained in public institutions. There are few incentives

to 'see through' specific initiatives and there is weak accountability for achieving tangible outcomes. The result is a fragmented unduly high cost and inconsistent interface between governments and remote citizens in which frustration erodes positive working relationships.

Key Concern 6: Closing the Gap between Intentions and Outcomes

Governments contract other institutions to deliver services in remote Australia. This model does not work. The transparency and accountability of the contracting process and the relationship between the service purchaser and the

provider plays a significant role in the ongoing difficulties in achieving effective service delivery and development of realistic and effective programs that address local needs and conditions. It also skews data and policy development.

Key Concern 7: A National Social and Economic Strategy for Remote Australia

There is no strategy, no considered development framework and, despite many successive attempts, little coordination amongst the tiers of government, the various jurisdictions or the people and communities that make up remote Australia. Current approaches are universally ad hoc and non-systemic. The three tiers of government and community structures do not have shared and clearly expressed objectives. As a result, there is no sense of the future that might guide and inspire Aboriginal and non-Aboriginal Australians to have the confidence and certainty to make commitments to living and investing in remote Australia.

The positive potential of remote Australia is unrealised. There are unrealised linkages and synergies, and too much duplication. There is no framework to guide and inspire a cogent consideration and development of Aboriginal futures and how these interact with the rest of the community, the nation and the global economy. There are ongoing reactive and costly interventions to address crises, and a need for special measures to address long-term neglect. An integrated, careful and considered long-term settlement and population plan, implementation and investment strategy, and monitoring process is urgently required.



Key Concern 8: A Commission for Outback/Remote Australia

Both policy development and administration for remote Australia is largely determined within State and Territory borders. As a result there is a fragmented approach. Major decisions affecting remote Australia are almost entirely made in capital and regional centres on the coast, with little understanding of its key drivers and its unique setting. Instead, strategic and context-specific action is required to achieve positive outcomes. There is a critical need for an on-going institution that has the mandate and authority to create a sustainable focus on remote Australia, change the dynamic of under-development that afflicts the region, and

achieve momentum for change and regional coordination that is specific to remote Australia.

These key concerns created the framework for the discussions and project from which this report was derived. Fieldwork and commissioned research sought to gather evidence and perspectives that would refine and amplify them. A full account of the conversation and commissioned research is found in the Compendium document³.

During the course of the remoteFOCUS project there were significant political developments: federally, with the

formation of a portfolio titled **Regional Australia**, and in Western Australia with the establishment of **Royalties for Regions** wherein the 'regions' assumed a greater priority in the eyes of government.

Support to Desert Knowledge Australia from the **Pilbara Development Commission** as well as the Australian Government enabled the remoteFOCUS project to take place

throughout the Pilbara region, through visits, a number of public community meetings, commissioned research around Aboriginal engagement in the **Pilbara Cities** vision and how that should be addressed in governance reform, presentations to regional business gatherings, meeting with shires and through attendance and presentation at a number of Pilbara Dialogue events where the Pilbara Cities and Pilbara regional development issues were discussed.

1.3 Supporting Voices

We found evidence of the key concerns in the statements of ministers and senior officials.

In his address to the National Press Club in September 2010, the Federal Minister for Regional Australia, Regional Development and Local Government, Simon Crean, outlined a number of principles that apply to remote Australia:

Local empowerment is about recognising that in our federalist structure, the needs and aspiration of our people can best be met by allowing decision making about their economic, social and environmental wellbeing to be made closer and closer to the people most affected by those decisions...

The Minister's emphasis in his speech links the central principle of local engagement closely with diverse and sustainable social and environmental, not just economic, development.

Upon his retirement after 36 years working in the Australian Public Service (APS), Dr Ken Matthews⁴ outlined the issues that he had observed in his policy work and constant dialogue with people of regional and remote Australia.

Regional Australia is a much bigger policy and delivery challenge for the Australian Public Service than most public servants so far realise. The challenge for public administrators is therefore more than simply to introduce one parallel 'regional' policy to complement our traditional metropolitan oriented policies. Many of our policies and programs will have to be comprehensively regionalised and localised—to multiple regions and localities.

Matthews is concerned that Federal public servants no longer have independent channels that enable them to 'keep their ears to the ground' in regional Australia and he questions whether the APS will be able to adjust its usual analytical tools to accommodate regional policy requirements.

The APS will need more sophisticated project selection methodologies to capture the non-monetary, community and externality values of the rural road.

There is more to this than just political judgment by ministers.

He foresaw the next set of challenges that would confront the APS, given the 'new paradigm' of priority for regional Australia.

Like metropolitan Australians, regional Australians over the next decade will be looking for more accessible agencies—on screen, on phone and in home. Like metropolitan Australians they will increasingly expect more timely services and correspondence. Like metropolitan Australians, regional Australians will expect more personalised and tailored public services. They will want to know by name their contact officers in the APS and will be impatient with agencies' constant re-organisation and staff changes. They will also be impatient with apparently artificial functional separations between different agencies, and for that matter, different levels of government. Governments will have to organise themselves to be more unified externally and 'keep the spaghetti behind the counter.'

However, unlike metropolitan Australians, regional Australians will more than ever be expecting Government services to be localised and spatially delivered. They will want their services to be tuned to their particular communities and their regions. On the one hand they will expect to be able to participate in decisions about their regions. On the other they will sometimes startle the city-based Australian Public Service by exhibiting consultation fatigue (because so often in smaller communities it is the same people who must front all the consultation processes)"...

Writing in 2005, Dr Peter Shergold AC, the former Secretary of the Department of the Prime Minister and Cabinet and a primary author of the current government framework, observed:

We need to drive governance programs in the direction of connectedness. Programs need to be made more flexible, responsive to community needs and priorities and delivered in a holistic manner... More importantly, there needs to be a delivery of programs in a seamless manner to local communities.

In a further speech in 2006, he voiced his personal frustration at the persistent failure to achieve significant change:

I am aware that, for some 15 years as a public administrator, too much of what I have done on behalf of government for the very best of motives has had

the very worst of outcomes ... In my personal opinion three things need to be done... We need to tailor government programs to the particular circumstances of discrete communities ... We must ensure that discretionary government expenditures are negotiated to goals that address local needs ... Community challenges are almost invariably holistic in their nature and require a variety of programs from all three tiers of government to be delivered in a coordinated whole of government manner...

These particular sentiments are echoed in more general terms in many recent reports on broader public sector reform.

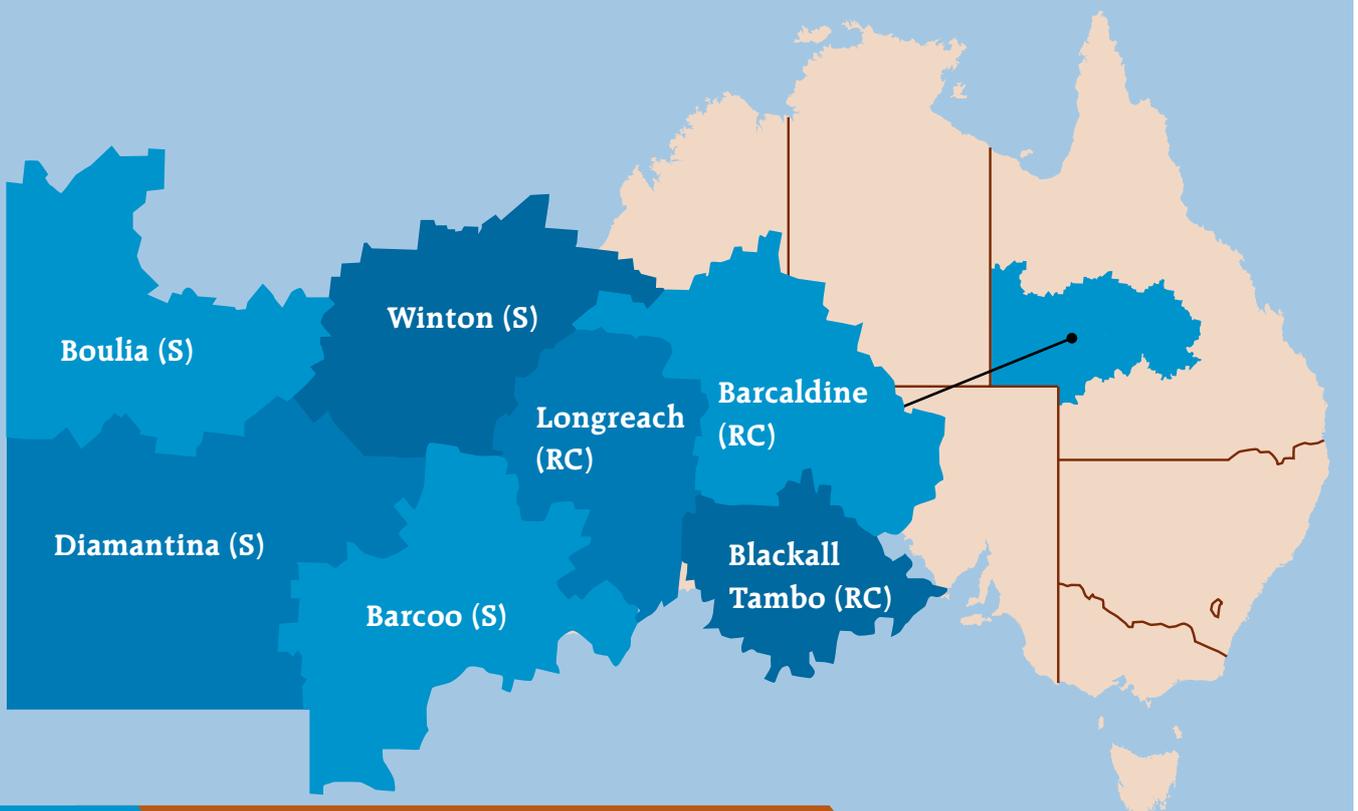
1.4 Some Encouraging Successes

We have drawn inspiration from some outstanding examples of how people in remote Australia have responded and adapted to the governance dysfunctions in evidence across remote Australia which we describe at length in the report.

The formation of the RAPAD Company by seven shires in Central West Queensland in response to the retreat of public services and their shared need to argue regionally for services is a very good example of a local place based response to the issues presented. Within the RAPAD group many imaginative roles are being undertaken by the

individual councils to ensure community amenities are maintained at desired standards:

In the absence of any other feasible service providers, local councils must provide a large range of essential services. For instance, there are not many councils in Australia that provide the postal services (as in Barcoo and Ilfracombe); offer banking facilities (Blackall, Boulia, Tambo and Winton); a café (as in Boulia, Isisford and Winton); undertaker services (Barcoo, Blackall, Boulia, Ilfracombe and Tambo); real estate agency activities (Diamantina); operate general stores



Diagram

The seven shires that make up the RAPAD Company (source, RAPAD).

(Ilfracombe and Isisford); provide freight services (Isisford); or operate the local newspaper (Blackall)... In addition, each council provides extensive support to the numerous community and sporting organisations in their boundaries.⁵

The ground-breaking work documented in the **Groote Eylandt and Bickerton Island Regional Partnership**

Agreement⁶ shows that it is possible to adapt and achieve progress within existing government structures, although constraints around enduring mandates, financing and engagement at all levels of government suggest such initiatives would be enhanced by a structural governance reform.



1.5 WHAT PEOPLE SAY
THEY WANT BUT DON'T GET

1.5 What People Say They Want But Don't Get

From our consultations we conclude that people in remote Australia want but currently do not get:

- 1. A say in decisions which affect them.**
- 2. Equitable and sustainable financial flows.**
- 3. Better services and a locally responsive public service.**
- 4. Local control and accountability where possible.**
- 5. Inclusion in a greater Australian narrative.**

Structural response to these concerns is required for successful governance.

Our report seeks to carry the voices of remote Australia to encourage, facilitate and lead the case for reform.

2. The Challenge of Governance in Remote Australia

2.1 Views of Remote Australia

Australia has changed, and continues to change, in fundamental ways. Over the past 30 years, it has become the most urbanised continent in the world. Australia's view of itself has shrunk to the coastal fringe. More than 85% of our population lives within 50km of the coastline and our system of democracy and national economy has progressively been altered to serve the coastal areas and the large mass of people in urban Australia.

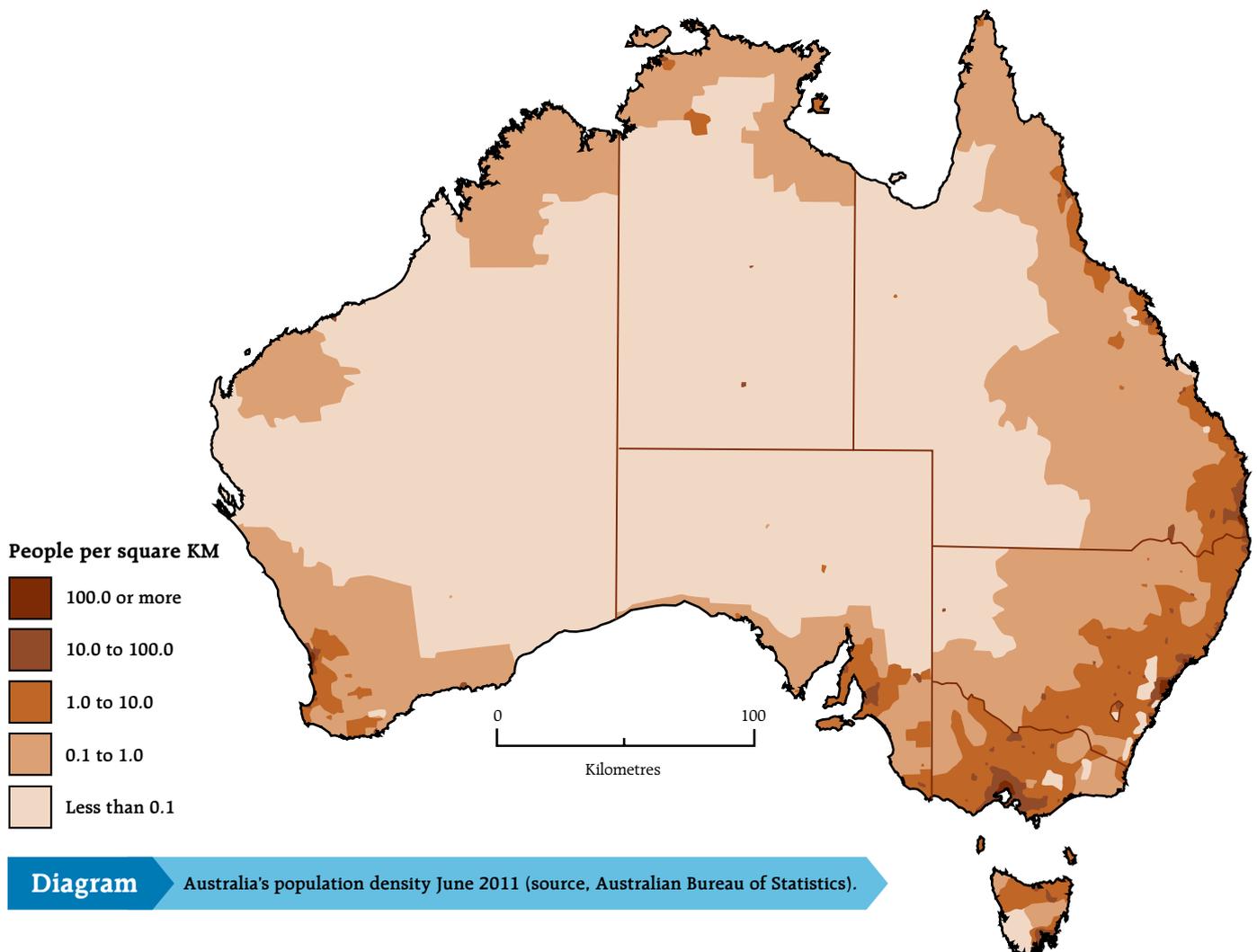
And remote Australia has changed, because:

- The pattern of settlement has changed as transport and communication technology has changed travel patterns,
- The nature of mining operations and workplace practices has changed,
- The nature of family pastoral leaseholds has changed,
- The tourist industry has changed, and

- The approach of governments to Aboriginal settlements has changed

Across most of this area, you won't find significant hospitals, high schools, universities, banks, police stations, and thriving market opportunities. And yet there are more people resident in remote Australia than in Tasmania or Canberra. They are just hidden in the backyards of the States and Territory.

Many Australians view remote Australia in terms of extremes: variously as a last frontier, a vast unsettled and isolated terrain, a place of Aboriginal crisis, the heart of the nation. But it is also seen as an economic wasteland, a place of market failure and extreme poverty (even a "failed state"), somewhere to drive when you retire and of course the quarry for the mining boom that is driving the economic performance of the nation. To some it has legitimacy in



Australian nationhood only because of the heritage status of the pastoral industry and the major resource development projects that are scattered throughout the remote regions.

The discord is striking between these opinions and the thinking of many Aboriginal Australians who see remote Australia as Country, a place that nourishes and provides meaning and identity. One set of views is centred on a desire to dominate and tame it while the other lives in and adapts within it. This discord is part of the complex contest that needs to be addressed and resolved.

The distorted 'extremes' view from non-remote Australia leads to a failure to appreciate the social, economic and ecological crisis facing remote Australia which has significant consequences for the nation as a whole.

Remote Australia is by definition distant—and displaced—from the everyday attentions of government. Successive

and sincere efforts to 'make a difference' have generally failed. This is because remote Australia usually only enters the national conscience when the spotlight is on some spectacular artifice of nature, human calamity or when viewed as a 'risky' place. Unstructured and ephemeral attention is not conducive to level-headed policy-making.

Remote Australia is too often perceived only in the context of the dysfunction of remote Aboriginal settlements and seen, therefore, as purely an 'Aboriginal' issue. That is a mistake. In fact, this report argues that a major proportion of the remote Aboriginal disadvantage is derived 'more from their remoteness than from cultural or racial drivers, and need to be tackled primarily as part of a set of remote issues...'⁷ Predominantly non-Aboriginal settlements in remote Australia suffer from similar issues relating to the governance of government, that is the way government is structured to make decisions and carry them out.

2.2 Commissioned Research

The engagement and consultation process described in Chapter One was supplemented by the commissioned research undertaken to inform the report. Professor Ian Marsh was commissioned to investigate five areas pertinent to and arising from our community conversations.⁸

- 1. What have been the changes to how governments and public servants function as a result of globalisation and centralisation of governance?**
- 2. What are the implications for better services and sustainable funding of those services that can be drawn from an examination of the mainstreaming of services to Aboriginal people in remote Australia?**
- 3. What have been the structural barriers confronted in attempting to respond to Aboriginal issues through strategic whole of government approaches?**
- 4. How have other countries with similar governance traditions attempted to give agency, voice, local control and accountability to people living in marginal or peripheral places and what trends or changes have occurred, particularly the trend to place-based governance and regional innovation systems?**
- 5. How might the strategic challenges for remote Australia be reframed?**

In early discussions with the Pilbara Development Commission and the four local government bodies providing services across the Pilbara, it was made clear they all felt there were difficulties in taking account of the interests and engagement of Aboriginal people of the region.

Ironically, the Pilbara is a notable exception to our identification of the governance problems of remote Australia being generally misunderstood as belonging solely to the realm of

Aboriginal public policy. In the recent flurry of planning for the region, including the WA Planning Commission's Pilbara Planning and Infrastructure Framework (2011) and the establishment of Pilbara Cities, the focus has been on attracting more long-term residents from outside and working towards building a more sustainable community. This may be an alternative "vision splendid" but, in its elaboration, Pilbara Aboriginal people—a key group of long-term residents—have been all but invisible.

How the multiple and, as the papers show, important Pilbara Aboriginal organisations meshed with the existing planned or proposed Pilbara governance or administrative structures is not established.

In view of these deficits and, with support from the PDC, we commissioned Dr Mary Edmunds to prepare a series of papers:

1. A socio-political overview of Aboriginal people in the Pilbara and a report on the dynamics of engagement between Aboriginal people and the institutions of the Pilbara including State, Commonwealth and local government, and industry and other Aboriginal organisations.
2. Specific targeted studies in the Pilbara that will inform the remoteFOCUS project on ways Aboriginal people can draw the greatest benefit from developments in the Pilbara and the establishment of the Pilbara Cities agenda; and
3. From the overview and case studies, distil evidence-based learnings and recommendations, as a basis for strategic and positive ways for Aboriginal people to pursue their aspirations through engagement/involvement in governance reforms in the Pilbara and the associated investments occurring in that region.

These papers⁹ individually and collectively, vividly illustrate the resultant effects of the governance dysfunctions of current governance structures and practices affecting remote Australia and identified as part of the broader remoteFOCUS project.

2.3 Change and Contest

Remote Australia has changed. Originally, Aboriginal people lived on Country across remote Australia using the land, resources and spirit of that country to provide sustenance and livelihoods. With European settlement, beginning on the east coast and pushing into the regional and remote areas of the country, new land uses and resource allocations were forced on the Aboriginal inhabitants and the history of contact, change and new land settlement began to evolve. That evolution continues.

The push from the coastal regions into what is now rural and remote Australia was driven by the nation's need to sustain life with food and water and then, through agricultural and pastoral development (initially through

wheat, sheep and cattle), an economy. Today the national interest is served more in remote Australia through extraction of mineral resources.

Relevant to this report the nature of the conquest and the damaging consequences of dispossession continue to shape people's behavioural response to change. However, significant as this history is, it is less important than the recognition that there was and continues to be a contest largely emanating from the changes in use and governance of the land and the impact of a global economy on remote Australia.

Designing governance systems that can 'settle' conflicts as they arise is a key objective of our work.

2.4 The National Interest in Remote Australia

If you take a slice across the heartland of the Australian desert region of remote Australia, it is possible to see that remote Australia has in the past contributed significantly to the national interest.

Longreach, in far-western Queensland, was a transition point where the pastoral industry connected with the cities of the coast by rail. This region gave the nation an early watershed moment in politics and workers' rights - the first big shearers' strike; 'Waltzing Matilda' was crafted as the iconic Australian 'anthem of the bush', and Australia's national airline, Qantas, was born, and our first aircraft were manufactured.

Adjacent to far-western Queensland is Central Australia and Alice Springs. Aboriginal people have historically gathered at what is now Alice Springs, as a meeting place and a point of exchange. Alice Springs was a key communication link between Australia and the European world since the Telegraph Station was established in 1872. In many respects, there is no reason for Alice Springs to exist other than its location at the mid-point of any travel between the east and west or north and south of the nation and the role it continues to play as the communication and service hub not just within Australia but in a global context. The town is at the heart of the Australian-American defence alliance, providing strategic communications services at the Joint Defence Scientific and Research Facility at Pine Gap.

Also, Central Australia continues to attract national interest because of the widespread publicity given to social problems in Alice Springs. The contest for Country and the economic outcomes that flow from different uses of Country along with the clash and contest that results from attempts, good and not-so-good, to close gaps in living standards are at the heart of a constant tension between Aboriginal and non-Aboriginal people. All too quickly swept aside in national coverage of contemporary social issues is the past and present contribution of dislocation and dispossession resulting from earlier contest and change in the region. Much of that contest continues without settlement.

To the west of Central Australia, the vast Pilbara region stretches across to the coast of north-western Australia. Forgotten and ignored for much of the last 200 years, the Pilbara is now the most significant of the resource-rich zones that will dominate the future of remote Australia this century. Already contributing considerably to the national wealth, the Pilbara in many ways is the touchstone of the nation's relationship with the emerging new world economy focussed on China, and, further into the future, India. It has provided a welcome domestic stimulus through the growth and expansion to the mining centres in the north of WA where there are now more aircraft movements in a day than in any other towns of similar size in Australia. A virtual population of 'fly-in-fly-out' workers, almost equivalent in

The Consequences of the 'Failed State' of remote Australia¹⁰

The increasing social crisis in (and drift of population from) remote Australia has disturbing ramifications for Australia's national security. A coherent societal structure throughout remote Australia, with its networked infrastructure of settlements, roads, airstrips and communication systems, should be supported as an important plank of Australia's defence system in one of the most vulnerable regions of the nation. Australia's defence against possible threats and breaches of security – including bio-security – is made all the more difficult when remote Australia itself is gripped by social and economic crisis.

(The network of settlements and population also provides important support for the ever-increasing number of outback travellers.)

There is an escalating cost in public outlays particularly in the health, welfare and other social services, and justice areas. State and Territory government budgets are increasingly feeling the impact of poor health outcomes as greater numbers of Aboriginal people occupy scarce (and getting scarcer) hospital beds in the public health system for serious illnesses such as renal failure. Continuing poor education outcomes

make effective community governance and development hard to generate and sustain. The increasing focus on law and order intervention and substantial police recruitment to remote Australia will inevitably lead to a need to expand the immensely costly prison system.

Without a proactive and coherent investment strategy that addresses Aboriginal impoverishment and the impact of FIFO/DIDO workforce practices in Remote Australia the demographic trends point to an exponentially increasing cost in public expenditure.

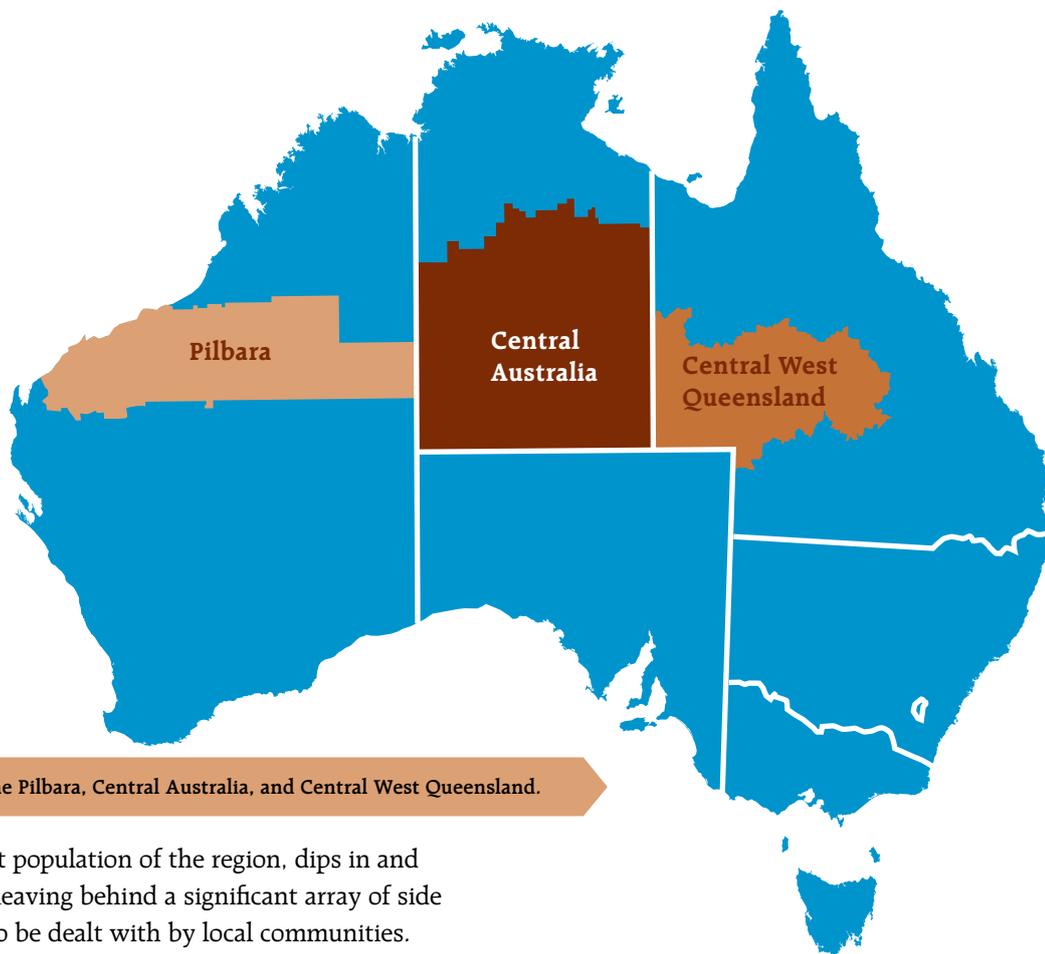


Diagram The Pilbara, Central Australia, and Central West Queensland.

size to the resident population of the region, dips in and out of the region, leaving behind a significant array of side effects that have to be dealt with by local communities.

Consultations in these three regions show that the drivers of change in the regions originate well beyond the remits of local and state governments, even though they are ostensibly mandated to provide for the residents of the regions. Each of the regional towns is deemed to be sub-optimal in size and resourcing and ability to respond to the pace and scale of economic change confronting the residents. All are distant from the centres of power and the next major governance level. Most people living in Australia's coastal urban centres have a limited interest in or indifference to the impact of these changes on local communities.

The remoteFOCUS Prospectus argued strongly that the cost of remote Australia languishing as a 'failed state' is so grave that it constitutes a sovereign risk to the entire Australian nation.

This social crisis in remote Australia has serious implications for the nation in managing and sustaining the prosperity from resource development. The Department of Foreign Affairs and Trade estimates that minerals and fuels exports amounted to \$135 Billion in 2010. This was the single biggest contributor to the Australian economy. Resource commodities including iron ore and coal made up 47.5 per cent of Australia's exports¹¹.

Approximately 60% of mining platforms operate in remote Australia¹² and in 2008 84% of all current mining development was taking place in desert Australia.¹³ The

mining industry's capacity to recruit skilled labour to regions of social crisis and depleting services is a serious issue for the long-term sustainability of the mining industry in remote Australia. In addition, the mining industry is a potential source of significant revenue for Aboriginal interests from native title and other agreements. However, in the absence of a regulatory and regional development framework, and in the context of fragile Aboriginal communities and regional governance structures, this new source of wealth may add to the crisis in remote Australia through promoting community conflict.

There are strong grounds for concluding that the ownership, settlement and active land use of a significant proportion of remote Australia by a substantial and growing Aboriginal population, along with the infrastructure networks which accompany this population, contributes in multiple ways to the strengthening of the nation's security¹⁴.

Something has happened over the past 30 years to diminish the voice, the strength and the potency of the messages and ideas coming from remote places. Earlier generations acknowledged that regional inequalities were structural, the consequences of living in a big country with a sparse population, but in the 1980s and 1990s, the hey-day of neo-liberalism in Australia, regions were encouraged to take responsibility for their own futures by becoming more self-reliant, more entrepreneurial, more creative¹⁵.

2.5 Governance Reform in Remote Australia

There are a series of common issues present across remote Australia whether we are talking with people in the pastoral, Aboriginal, tourist or resource sectors.

Whilst we argue strongly that the problems are not specific to Aboriginal people and their settlements, a significant part of the report nevertheless examines public sector governance in the context of Aboriginal matters. This is because, apart from the recent Pilbara Cities initiative and the Royalties for Regions policy in WA and the emerging North Australia agenda, broad-ranging remote Australia policy is targeted almost exclusively on Aboriginal matters. It is also the case that the effects of the governance dysfunctions highlighted in this report have their earliest and most obvious impact on Aboriginal domains. In a perverse way this emphasis on Aboriginal policy serves to inflame the sense of conflict described earlier.

We advance several propositions that suggest the development of Aboriginal policy separately will not provide sustainable outcomes for them or people of remote Australia as a whole. However, in order to understand the difficulty governments face in governing remote Australia, and in the absence of more comprehensive policy pertaining to remote Australia as a whole, (beyond the more particularised debates around the resource sector, coal seam gas, FIFO and viability of homelands etc..) we are required to focus on governments' track records in delivery of Aboriginal services and from there to derive general principles that impact the whole of remote Australia.

This report will not be news to government, as we have also drawn our evidence from government reports, reviews, policy statements and political promises. Well-meaning and well-intentioned efforts by senior public servants and politicians demonstrate they know about the problem but are thwarted in their concerns by the inability of our current system of governance to be able to respond to the identified needs. Put starkly, knowing what needs to be done is different from being able to do it .

The Treasury Red Book (2010) warned the incoming Gillard Government:

The extent to which regional policies can influence settlement patterns is likely to

be limited ... Historical experience shows regional settlement policies are expensive and inefficient and result in an inefficient allocation of resources. This will be particularly the case in a full employment economy where any short term employment and economic gains of one locality will inevitably come at the expense of another...¹⁷

This comment ignores the fact that because of the scope and scale of remote Australia and relevant issues, and policy levers used in the past, 'regional policy' was destined to have a poor track record. Contrary to the advice above—and, indeed inevitably—governments continue to be actively involved in remote Australia. It is not a matter of 'if' there is a 'regional policy'. What government itself has identified is that in remote regions different approaches are needed. What has not occurred is a shift in how policy relates to economic geography—i.e. the spatial outcomes of how the economy is regulated, and in turn the governance architecture responsible for implementing policy. It is the latter element, the governance architecture, which is the subject of this report.

Our findings lead to a range of conclusions, some of them seemingly at odds with others. Specifically:

- 1. We demonstrate that governance arrangements are a threshold cause of policy failure.** Centralised protocols and siloed departments undercut local responsiveness. Effective governance can ultimately only be achieved with the active involvement of the affected citizens. But this essential **mobilisation is negated by the present governance framework and cannot be remedied within it.**
- 2. Policy for remote Australia needs to be separately conceived and framed.** In essence, the circumstances and challenges of remote Australia are wholly different from those that confront citizens in metropolitan

areas. The role of government in the economy that may be appropriate for metropolitan communities does not fit remote Australia. **The prosperous mining precincts, the homeland settlements and communal economies and the great pastoral estates all implicate government in a primary economic role quite unlike that elsewhere in Australia.**

3. The challenge in designing new policies for remote Australia is a strategic one: a fundamental rethink is required. A paradigm shift in policy—one that challenges structurally embedded habits, practices, and approaches—will always be hard to accomplish. This is terribly hard in Australia's policy system which has few, if any, platforms which can host exchanges on complex systemic reform. **An appropriate discussion of possible new policy frameworks—one that is sufficiently open to new evidence and new concepts, that is serial and sufficiently protracted, and that is not immediately politicised in partisan debates—is very difficult in the present Australian policy system.**

The capacity and right of citizens to participate in the choices that affect them is integral to any conception of governance. This acknowledges a democratic right of choice as being of primary importance¹⁸. Moreover, this right is seeded, cultivated and exercised through voice and through direct and practical engagements. Of course, powerless and marginalised citizens can be uncomfortable conversationalists¹⁹. Choice is embedded in western ideas of democracy but this is essentially ethnocentric and can be juxtaposed to negotiated adaptive forms of governance in Aboriginal contexts. In regions with limited resources exercise of choice by one group can stimulate the

contest and change that underpins our argument for governance reform.

These considerations are critical in the development of policy both for remote Australia and specifically for Aboriginal Australians. If equal democratic citizenship, as both practice and orientation, is the objective, then the development of institutional arrangements that effectively empower the agency of Aboriginal Australians is a pre-eminent challenge.

Transforming present governance approaches presents formidable challenges—and from the outset their scale needs to be recognised. Contextualised approaches are required. But there can be no contextualised solutions until governance²⁰ itself is significantly reconfigured.

At the heart of this report is the claim: there is an imperative need to reframe governance in and for remote Australia. Much that is happening in remote Australia, given the historical policy experience and the nature of the drivers of change in remote Australia, is beyond ready influence by public policy alone. **The governance gap cannot be solved by ad hoc adaptations.** It is clear that administrative measures (exhortations to joined-up and better co-ordinated approaches, sorting out the siloes and interventions of different sorts) whilst positive in intent just will not cut through. There are no 'magic bullet' solutions. **To integrate legitimate national and state concerns with local interests, basic structural change is required. The alternative is merely 'more of the same'.** The simplest test is to ask would we need extraordinary interventions in remote Australia if the ordinary systems of government were working?

There are unresolved questions which are at the heart of the difficulties experienced by government in governing remote Australia.

- Who determines the priorities for remote Australia?
- Who holds and shapes the narrative that provides direction for remote Australians and links them to the national interest?

2.6. Propositions about Remote Australia

In our engagements across remote Australia, communities have consistently expressed five expectations about what they want in governance. They want a say in decisions that affect them; equitable and sustainable financial flows that underpin decisions; better services and a locally responsive public service; local control and accountability where possible; and inclusion in the greater Australian narrative.

In response, we advance five propositions.

1. Remote Australia is confronted by common issues and these issues are globally familiar though extraordinarily diverse and complex local challenges. They are common to regions where people reside remotely from centres of economic and political power but are facing rapid social and economic change.
2. While it is important to recognise the limited influence that simply improving public policies can have on some aspects of these issues, present governance arrangements make it more difficult to effectively and legitimately respond to the current circumstances and emerging trends in remote Australia.
3. Among the range of possible responses to these governance challenges, the more promising prospects involve greater degrees—and varying patterns—of decentralised governance and community engagement.
4. While the present dispensation of national and state/territory politics has prompted a high degree of attention to remote Australia (particularly Aboriginal disadvantage and FIFO/DIDO workplace practices), normal representative politics is unlikely to result in the structural reforms needed to address these issues since the structures themselves are geared to the 95% of the population living in more settled areas. Special purpose initiatives are required, and these need cross-party political commitment and support from business, professional and community organisations.
5. In the absence of a narrative that embraces micro-economic reform and establishes the national interest in remote Australia, and a settlement pattern that supports that national interest, little is going to change, as initiatives will be ad hoc rather than systematic.

2.7. Defining Features of Remote Australia

Scholars have sought to define what distinguishes remote Australia from other regions of the country to better understand the constraints on equitable and sustainable development.²¹

We have drawn on their work and have identified seven linked features (see **Figure 1.**) which provide a lens through which we have examined our regional engagements. Our aim is to draw common insights from the challenges they depict and to frame possible responses.

The extremes of climate in remote Australia, coupled with scarcity of other resources, result in low and variable primary agricultural activity. Remote Australia has a dispersed network of largely Aboriginal towns and outstations and substantial pockets of mineral resources, the extraction of which creates enclaves of highly mobile and

highly paid populations. Other towns are predominantly administrative and service centres with mixed populations and Aboriginal people in a minority. The scattered and low-density settlement patterns mean that people in remote Australia are almost always distant from markets and the urban centres where decisions which affect their lives are made. The expectations and experience of urban Australians for and of remote Australia are mismatched with those of the people who live in remote Australia.

These features combine to produce three flow-on effects: Local economies perform poorly; the wider economic multipliers of investment are limited; and the funding and regulatory decisions made by governments have a significant impact on economic livelihoods.

Low population densities and mobile populations, combined with great distances to urban centres create deficits in how



Figure 1.
A framework for understanding the challenges facing remote Australia (see full explanation of Desert System page 16 supporting documents)

people are represented politically, services are administered, and people access their entitlements as Australian citizens.

Finally, many have observed that remote Australia attracts particular kinds of people and has particular kinds of social relationships. People in remote Australia have developed unique ways of living in challenging environments and exploiting opportunities but, in general, local institutions are being overwhelmed by the changes taking place, many are unsuited to the tasks they confront and, as a consequence, they are unable to create durable and equitable arrangements to manage conflict, deliver services or sponsor entrepreneurial activity.

The impacts of climatic extremes, poor soils and rainfall on patterns of settlement and mobility in remote Australia are relatively well known. Less well appreciated are the features that flow-on from these biophysical and geographic factors, in particular the implications for the contests that occur to secure rights to exploit available resources.

Low and scattered population density, and long distances to centres where economic and political decisions are made are key issues, especially in light of the long term and prominent role of government in remote Australia. Trends over time are likely to accentuate this feature of remoteness. Save for a few on the perimeters of natural resource enclaves, middle and small towns are likely to continue to stagnate. As a consequence of the way the resources sector engages with state, territory and federal structures the local tax base will continue to contract.

Young non-Aboriginal people will continue to migrate from remote Australia, primarily because of the range of opportunities cities and provincial towns offer in jobs and education, entertainment and lifestyles. Correspondingly, the proportion of Aboriginal people in small to mid-size towns is likely to increase, as a result of migration from settlements in the hinterlands of towns and general Aboriginal population increase, and driven also by the uncertain future created by unstable national policy about the status of remote and outstation settlements²².

The nature of remote economies, and trends over time, offer few prospects to counter this outlook. Borrowing from experience of developing countries, the economies of remote Australia are variously referred to as dual, bifurcated or asymmetrical. In this respect, they have several common features²³. Historically, while the exploitation of natural resources—minerals, fisheries, agriculture and cattle—in these regions has contributed significantly to national wealth, the scale of wealth extracted has not been matched by investment in local labour, nor benefits in surrounding communities²⁴. Indeed, many in remote Australia argue that they are unfairly burdened by the adverse effects of an appreciating exchange rate, increasing costs of labour and changes to FIFO/DIDO workplace practices, uneven investment capital, and changes to everyday life that has largely occurred as a consequence of the natural wealth extracted from their regions. Productivity in the formal economy is much lower in remote Australia, reflecting long term declines in investment in machinery, equipment and intangible assets, and chronic under-investment by the

public sector in industry assistance—except for substantial levels of support for tourism and related construction activity because of the much larger local economic multipliers and local votes they generate²⁵.

Supply lines for mineral resource exploitation are largely independent of local businesses. The economic benefits of the present mining boom—partly because of changes in the capital composition of mining—tend to accrue disproportionately to urban centres like Perth, where mining companies, contractors and service operators and most of the workers are located (and spend their wealth) such that large areas of (remote) Western Australia have become Perth's hinterland²⁶. In remote Australia, increases in mining activity often come at the cost of the tourist sector as accommodation and airlines are committed to the resource sector and service costs escalate as it becomes more difficult to retain labour.

The part of remote Australia's 'dual economies' not geared to export comprises people who owe their income either to public sector wages, pensions or royalties, or to enterprises and occupations that are dependent on demands these incomes create. Close analysis of Central Australian economy reveals that a significant share of it relies on the stimulus provided by the public sector, service industries, and pensions and royalties either generated by or actually flowing directly to Aboriginal families. But equally striking is that very little money generated by the local economies flows into the pockets of Aboriginal people. For the most part, money that flows into the non-Aboriginal communities goes to other businesses and non-Aboriginal households. It seems clear that natural resource royalty equivalents and employment opportunities accessed by Aboriginal people have made little difference to their socio-economic status or independence²⁷.

Peculiarities in remote economies are matched by distinctive patterns of governance, representative politics and public sector administration. The urban bias in Australian representative politics is now coming in for sharp review, but the 'representational deficit' faced by remote Australia is deeper than party politics; it is structural and repeated across many jurisdictions of governance. One analysis claims the entire north of Australia, 20% of the nation's landmass, is administered by only four of a total of 56 Natural Resource Management Boards. Federal budgetary allocations for natural resource management on a dollars-per-area basis, are such that the natural resource management budget for the Northern Territory would need to increase 227 times to meet current investment levels for the ACT, or 116 times to meet NRM investments in Victoria²⁸. Equally bizarre patterns are evident in local government allocations determined on a per capita basis. Jurisdictions

like the Northern Territory with one sixth of the Australian land mass receive less in local government assistance than is notionally allocated to the population of Geelong²⁹. Regional Development Australia has declared 55 regions across Australia, though less than 15 of these regional development areas cover 85% of landmass, with NT as one whole region despite its distinctly different agri-economies.

While such comparisons may appear simplistic, these geographically induced and governance-related inequalities are exacerbated by a distinct urban bias to politics within Australia, resulting in political processes that skew investments in services, create administrative inefficiencies and reproduce geographic and social inequities. Aggregating remote Australia within a national regional development category is ultimately unhelpful and in some respects entrenches urban bias. In the Northern Territory, Commonwealth money allocated for services in remote areas has been systematically diverted in the past decade to provide for the priorities of Darwin³⁰. In Western Australia, mining royalties largely derived from the regions provided little by way of support for regions such as the Pilbara or Kimberley until the 2008 election, when a narrow margin led to the new state government adopting a concerted regional development policy. Only Queensland has pursued remote area expansion with any commitment or lasting success: an example of which is the establishment of a set of viable irrigation and broad acre agricultural industries along the Great Divide³¹.

The limited representation of remote Australia in formal politics also means that basic administrative anomalies go uncorrected and those policies incongruent with regional realities receive less challenge than they warrant. Public sector workforce profiles are light on front-line service workers and heavy on administration which, in turn, favours the centralisation of bureaucratic controls and management capacity in urban areas. The categories used to define and measure 'remoteness' further contribute to its under-representation in politics and administration. Populations are under-counted and the classifications and definitions created and used are crude, subjective, inadequate and restrictive. As a result, concludes Dennis Griffith, a statistical geographer, "the disadvantage of remote communities ... is significantly understated or often totally excluded"³².

A most recent example of biased perspectives on remote Australia is projected in the NBN rollout where the satellite 'solution' that will provide broadband to 7% of Australians remote from urban areas will provide download speeds at a tenth of the speed as their city cousins and upload speeds at 100th of the city fibre-based solution. This will work against real engagement in industry and commerce and limit

the opportunity for the remote parts of Australia to actively contribute into the economy and provide service to distant markets. This limitation has the potential to significantly impede new opportunities for services and new industry in remote Australia and presumes at the outset that remote Australia has nothing to offer at an affordable cost. The reality is that the nation simply could not afford to offer a 'fibre-to-the-home solution' to every remote home, but the lack of concerted effort to minimise the reality of this digital divide, through leveraging and extending existing infrastructure to minimise the disparity further highlights the reality of remote Australia being the forgotten backyard of the nation.

The deficits and defects in how remote Australia is represented in political and administrative processes pave the way for serious misalignment between commitments and practices, and between policies and the underlying reality. For instance, according to an NT Council of Social Services analysis, in 2009 the NT Government was underspending to the tune of \$500 million on categories of social welfare for which Commonwealth grants had been received³³. Similarly, the social dysfunction—the violence and abuse, morbidity and psychological problems—typical of mid- and small-sized predominantly Aboriginal townships are well known. It is clear that these problems are far less evident in small family or clan-based outstations and homeland centres. In fact, in some, people thrive³⁴. Despite this, for nearly two decades, governments have been steadily and, more recently, precipitously reducing support for settlements and livelihoods that economic rationalism labels as being 'uneconomic'³⁵.

The final box in Figure 1.1. pertaining to the social capital of remote Australia is more complex to explain and more difficult to support with evidence. It may be fairly argued that remote Australia attracts and is inhabited by distinctive people—the 'outback culture'. It is not doubted that Aboriginal cultures have distinctive norms and outlooks, ways of making decisions and organising business, politics and social life. And given the complex and diverse environments and the shifting and always uncertain fortunes of business opportunities, it is reasonable to assume that generally the business people of remote Australia who do well will have finely-tuned local knowledge about how to survive in these circumstances. But this kind of knowledge is not always abundant, nor is it necessarily well suited to coping with the kinds of externally induced challenges and opportunities now emerging across remote Australia.

For some time it has been apparent that the labour market in remote Australia is far less efficient than elsewhere, a point exacerbated by the premature attempt to retire the

CDEP scheme. With few exceptions, these regions face chronic skills shortages and depend on 'import' of labour, particularly the FIFO phenomenon. A highly mobile population moving across great distances, a growing share of which is 'expatriate' in its outlook and commitment, is not tuned to local diversity and is unlikely to seek durable innovations in business or service delivery. Also, high turn-over means that it is difficult to maintain a mass of local institutional memory. This in turn makes it more difficult to build reliable, trusted networks and means that already thinly spread institutions become more fragile.

Our consultations across remote Australia reveal that many local organisations are overwhelmed by, or unable to match, the particular demands of dealing with externally driven change. Central Australia has recently been beset by a sequence of social issues leading to calls for strong law and order solutions. Increasingly individuals and institutions are concerned with personal security and safety, the delivery of public services, and the promotion of local economic livelihoods. It is apparently proving difficult to create durable organisations capable of resolving disputes, to reach fair outcomes and ensure agreements are honoured. What this means is that in order to survive, be effective and legitimate, local organisations need to be endowed with responsibilities, skills and resources different from those required elsewhere in Australia. However progressively one or more of the tiers of government have taken up or assumed functions previously delivered by community organisations and this has served to exacerbate decline of local institutions and local capacity.



Port Hedland Community Submission on Outer Harbour Port Expansion³⁶

Balancing community aspiration with the demands of a working port poses imponderable problems for decision-makers and local residents.

If the port shuts down for a day, it can cost somewhere between \$50 and \$60 million. The proposed outer harbour extension of the port by BHP Billiton entails expenditure close to the total sum allocated by the Commonwealth to infrastructure works at the time of the 2008 global financial crisis, and will almost double the Port's output.

Against this background a community coalition comprising the Port Hedland Progress Association, Port Hedland Soroptimists International and the West End Action Group lodged a submission with the EPA setting out their concerns and aspirations around the Outer Harbour development. Their submission called for partnerships with industry, business and government and long-term planning. Other conversations highlighted the sense of the community being overwhelmed by the boom: "it is harder for people to organise to get things done and there are so many people moving through that it seems nobody respects the place as they indulge in short-term solutions".

The Outer Harbour Port Expansion will see Port Hedland become one of the world's largest working ports. Unlike other world ports, it is not built adjacent to a major city with all the facilities that are necessary and efficient for sustainable living. Port Hedland, a town of 20,200 people, does not have a butcher or a bakery or a dry cleaner.

The submission notes that while the mining industry has a plan for 40-50 years, the town operates on much shorter 5-10 year plans with

government funding committed year by year, and from election to election. The community leaders are calling for long-term sustainable industries and investments in universities, innovation, recycling, alternative power and energy sources, tourism and food production that redress the imbalance in the local economy or at least allow the local economy to cope better with the pressure it is experiencing. They argue that a 50-year plan with government and industry will result in private investment.

They expressed concern that BHP Billiton representatives had assured community members there will be no impact on the town's infrastructure from the 2000 FIFO construction workers building the port extension and the 300 permanent FIFO workers. This was not the view of the townsfolk who argued that the EPA evaluation of possible effects on the community and infrastructure was done in isolation from and did not take into account other cumulative impacts of other industry expansion taking place in the region.

The submission also outlined concerns that 80% of the town's water supply was used to control

dust on the industrial stockpiles. Port Hedland also boasts the highest per capita recreational boat ownership in Australia and uncertainty about the impact of port expansions on recreational use of the harbour is shown in the submission. The town has seen a recent increase in the volume of flights, but the availability and affordability of seats for the public has actually been reduced by the number of seats taken up by FIFO workers. The community knows that converting some of the FIFO workers into local residents would increase the critical mass required to stimulate further investment but is struggling to find mechanisms through which they can pursue these opportunities.

Expenditure through Royalties for Regions and investments by BHP Billiton are helping relieve some pressures but the pace of change is such that it is almost impossible to catch up. Residents find it difficult to follow these things up locally because nobody from the Department of State Development lives in the Pilbara and furthermore none of the mining company decision makers is present in the north either, as it contains production sites, rather than decision-making centres.



3. Changes in Australian Public Sector Governance: Implications for Remote Australia

At first glance, the theme of the World Bank flagship report, the **World Development Report 2011, Conflict, Security and Development** might seem a long way from remote Australia. But the external and internal stresses identified in the **World Development Report 2011** as being associated with fragility and conflict resonate strongly with what people living in remote Australia had to say throughout our consultations with them.

Remote Australia is a region where economic growth on a per capita basis is lower than for Australia as a whole, where long-term trends are punctuated by the boom and bust of construction around enclaves of natural resource development, new tourist opportunities and infrastructure or in response to government investment associated with a strategic intervention. An increasingly youthful population has expectations raised by improved education, the internet and exposure to rich urban lifestyles. When they can, skilled young people migrate out, just as an increasing number of others are arriving to take advantage of opportunities fuelled by external investment in the resources sector. Remaining locals observe in-comers enjoying superlative incomes from jobs that too often seem beyond their reach, and remitting their wealth back home rather than investing in their local area. Income distribution is skewed according to which economy you are hooked into (export, services, welfare, or the Aboriginal 'social enterprise' economy), or according to where you live, or your ancestry.

Private sector activity—the small business retailer, the baker, the butcher, the local franchisees of national businesses, banks and insurance companies—is feeling the effects of rising costs of labour, transport, accommodation and otherwise doing business. Thirty small businesses are reported to have closed in Karratha in 2010-11. Like small to medium-sized business, government services are retreating from many areas and most services are being outsourced. Some services, like policing, are seen as responding only to extremes of family crisis, or to brief periods when remote people and regions show up in the national imagination as risky places and prompt extraordinary, but ultimately ephemeral responses. In response to pressures such as these, some local communities have responded creatively.

For example, a report by the coalition of local councils in Far West Queensland, RAPAD, documents the many imaginative roles that are being undertaken by individual councils to ensure community amenities are maintained at desired standards³⁷.

In regions such as the Pilbara and Central Australia, the outcomes of economic change and public policy are 'asymmetrical' and uncertain. Some outcomes improve—life expectancy, young child mortality—but elsewhere gaps between different sections of the population, (Aboriginal and non-Aboriginal, expatriate FIFO and local residents) get dramatically wider. Yet other indicators, perhaps domestic violence or the loss or destruction of property, appear to remain stubbornly at unacceptably high levels.³⁸ For local people, the variations are often less important than the common theme running through peoples' descriptions of their situation, and this seems to apply whether in remote Australia or fragile and conflicted settings elsewhere. This common theme is a strong sense of perceived injustice, of being socially excluded, frustrated by the apparent inability of government to move beyond rhetorical commitments and blaming (others) to achieve real improvements in personal security, quality of services, recognition for work done, or access to employment opportunities. Along with this theme of perceived injustice is the feeling that opportunities are unfairly distributed, that others receive undue attention, services or investment or job opportunities. The perception is that politics too is skewed to the interests of distant urban populations or expatriate public servants oriented to long-term futures elsewhere, and that the only constants in dealings with government are the continual change in policies and programs, the ensuing uncertainty and unpredictability. And there is a feeling that local institutions

are simply not up to dealing with the pace of change, are being overwhelmed by multiple confusing and conflicting demands, and are not providing effective places for debating the issues, reaching and holding to agreements. As the **World Development Report 2011** suggests, when this occurs, public institutions suffer a long-term corrosion of legitimacy, people withdraw their support and trust, and everyday life becomes more fraught and sometimes more conflicted³⁹.

It is not our contention that the issues and challenges facing remote Australia have gone unnoticed. And we are mindful that remote Australia presents tough challenges, many of which may be immune to solutions through public policy

3.1. Dysfunctional Governance in Remote Australia

We noted earlier that remote Australia is characterised by a dual economy. On the one hand global industries operating in remote Australia bring with them opportunities and distorting forces which drive inequality in regions. Globalisation drives the changes and contest. New public management reforms evolve to regulate the effects of change and deliver services and welfare support to communities who are engaging with global capital or seeking to live alongside the effects of change.

Over the past two decades Australia's overall governmental framework has changed more or less in tandem with what has been occurring worldwide as economic globalisation expanded. These governmental changes progressed after the elections of the Labor governments from 1983 and were, for the most part, deeply entrenched and extended through the Howard years (1996-2007).

The evidence assembled in this report demonstrates conclusively that the present configuration of governance policy and practice, despite and perhaps partly as a result of globalisation and almost three decades of public sector reforms, is not working in remote Australia. **We argue that current governance arrangements are a threshold cause of policy failure in remote Australia.**

This section maps the key shifts that have occurred and considers their unintended dysfunctional consequences.

In relation to the economy, the 2008 global economic crisis did not lead to any fundamental change in the commitment made by consecutive governments after 1983 to rely on markets as the primary determinants of industry development and employment opportunities. Indeed, the present federal government's attempt to better regulate the booming natural resource economy for the common wealth

announcements. The region, on the one hand, includes citizens who by any measure are the most peripheral to the mainstream economy and politics and, on the other, people who are intricately and beneficially linked with unprecedented global shifts in economic and political power. It is also clear that the significant reforms implemented over the past two decades in how governments manage the economy and deliver services and commitments on public welfare have had very uneven effects in remote Australia. Indeed, as will be argued below, because of the distinctive features of remote Australia surveyed above, the unintended effects of shifts in public sector governance are more pronounced there and, on the whole, negative.

underlined the fact that this view is deeply embedded, not just in a resistant globalised business community, but also with many of Australian voters who have no recollection of a more active government role in influencing how the benefits and costs of economic activity are distributed socially and geographically. The background materials produced by our work have not examined the merits of different macro-economic policy settings. But we are not convinced that the present policy stance is suited to 'dual economy' regions. It is not suited to the part of the economy that is so completely dominated by transnational corporate investors and commodity cycles. Nor is it suited to the other part, which is by far the larger geographic area, where economic activity, employment and welfare is, de facto, mostly the result of government spending.

In relation to service delivery, following the Hilmer review⁴⁰ of competition policy in 1993, there has been a steady shift away from a direct provision of services by government towards arms-length, performance-based contractual arrangements, with for-profit or NGO providers undertaking front-end responsibilities, and progressively more elaborate accountability arrangements being applied to discipline and monitor their performance and results achieved. While this shift has produced many inventive approaches to service delivery in mainstream Australia, in remote contexts they have compounded the problems it was hoped that they would resolve. Failures in these modalities have both prompted and been further complicated by top-down, crisis-driven interventions. These have created a terrain marked by policy uncertainty, institutional fragmentation and partially implemented experiments.

The provision of welfare and direct support for income security and livelihoods has increasingly stressed

the concept of recipient 'responsibility' and has been accompanied by much tighter central management and the development of control systems and other arrangements designed to enhance mutual obligation. In both service provision and welfare/livelihood support, policy is described as 'closing the gap'.

Whether these gaps are between Aboriginal and non-Aboriginal Australians, or between remote regions and mainstream urban Australia, it is evident that unless there are opportunities for meaningful employment or social enterprise, "responsibility" will be a hollow concept.

In this context, there are severe limits to what can be achieved through demanding more efficient service delivery or statutorily imposed responsibility and "mutual obligation". A policy hoping to deliver dramatic shifts in social and economic outcomes through this route amounts to just 'pushing on a string'. Moreover, across-the-board paternalistic or crisis-driven engagements also ignore or undermine the kinds of responsible behaviour and

home-grown solutions that had been developing, albeit unevenly, in particular communities.

These shifts in public policy aimed to increase the responsiveness of the public service to elected representatives, and of governments to people, either as citizens with entitlements, or as clients of public services.

The tally of benefits and costs arising from the so-called New Public Management (NPM) revolution in public sector governance has been much debated, in OECD rich country contexts as much as in developing countries.

Across the board, these reforms have been associated with:

- The inexorable rise in executive power
- Political and administrative centralisation
- The fragmentation or siloing of government, and
- Problems of accountability.

Business is Different in the Bush⁴³

The text below highlights the frustration resulting from application of principles that in 'normal' circumstances in urban Australia make sense, but become a nonsense in remote Australia. If achieving the best governance possible rather than the application of protective rules is the ultimate arbiter, then local flexibility is required.

A remote Aboriginal community corporation had gone broke. A former merchant banker with strong general management and board experience at an international level, and with specific expertise in strategic planning and business systems, volunteered to spend time working with the community corporation to restore its operations.

One of his tasks was to plan for an AGM and to ensure appropriate candidates stood for election to the board as several members of the board were proposing to stand down.

In his judgment, the corporation had gone broke because of an inept non-Aboriginal CEO. ORIC put

in an administrator for 6 months and those on the board when this happened were technically unable to act as directors for up to 5 years. It is a small community with no pool of qualified potential directors. Given the problems were caused by the CEO, ORIC advised they would not object to some of the 2009 board members being re-elected to the board in 2011. But it was then pointed out that the FaHCSIA funding agreements had in the fine print a provision that the reappointment of any director who had been in office when the company became insolvent would be a default event under the funding agreements.

The businessman wrote to FaHCSIA explaining the circumstances, pointing out that the insolvency was not the fault of the board members, that ORIC was not proposing to object, and asking for their agreement to the appointment of a small number of disallowed board members on the basis that in his opinion they were the best candidates the community had.

It took weeks to get any response despite a number of phone calls. It would seem that the issue went up and down the FaHCSIA hierarchy with no-one willing or possibly able to make a decision. Eventually FaHCSIA said no, they couldn't allow any exemption to the banned directors, asserting their obligation to protect the taxpayers' money.

"It was clear that everyone obviously knew what was the practical thing to do but the delegations and systems in place did not let them approve the request," said the businessman.

"It was irritating that when the community had tried to do something for itself and elect a good board, the FaHCSIA team was, for whatever reason, unable to make a timely and totally logical decision".

"This was clear evidence of insufficient 'flexibility and discretion at the local level' and a lack of sufficiently experienced and empowered public servants."

Our commissioned research⁴² has examined these evaluations in relation to remote Australia—including, in particular, how people in these regions perceive the state of play—and in comparable OECD and developing country contexts.

We find in remote Australia, that either as a result of NPM reforms or coincidental with their implementation in the face of global economic activity, **the landscape of governance can be characterised through six ‘governance dysfunctions’.**

3.1.1 Lopsided Governance and Responsibility

Two distinct asymmetries in public sector governance have emerged that have significantly impacted on how people in remote Australia relate to the state/public sector. Some governance capabilities have receded while others have been enhanced.

On the one side there has been a shift in how government engages in the economy to achieve particular distributional outcomes, and how public spending is managed to guarantee service delivery outcomes. In the former, government has withdrawn from a direct role to an enabling role, such that government relies on market actors and forces to achieve social policy outcomes. The outsourcing of the bulk of

A decision on Pilbara development taken by the State but responsibility to diversify the economy placed with PDC⁴⁴

The Pilbara Cities vision carries significant flow-on for communities in the Pilbara. The cities are proposed in response to the longevity projected for the mineral and energy resource industries in the area. The State and the Commonwealth make their arrangements directly with these industries but the implications for local communities are less evident in the agreements reached.

During fieldwork, a visit to the President of the Shire of Ashburton was squeezed in between discussions with delegations from Chevron, who were discussing the planned workers camp at Onslow with something like 3000 people about to descend on the Shire, and a busload of people from Fortescue Mining discussing their plans for accommodation in the town. In between him handling questions from Shire staff about contracting, and turning his attention to a new initiative being promoted by Gumala Aboriginal Association, he spoke of

the council’s initiative in opening up new serviced land on the edge of Tom Price. The Shire President revealed the fact that more money won’t necessarily help the Shire because they are unable to house more shire workers in Tom Price to deliver base services. The Shire has a base population of about 6,500 with a budget almost 3 times that of Alice Springs (which has a population of 28,000). Few Shire Presidents outside the Pilbara would be dealing with such a range and scale of issues.

We met with small business people and long term residents of the Pilbara who are being encouraged to actively pursue a program of economic diversification, with some thinking of developing tourist potential for the region. The Pilbara Development Commission has been mandated to pursue greater economic diversity across the Pilbara. However, the state government appears to be withdrawing tourism resources and

Tourism WA does not recognize any Pilbara asset as a “top 15” developmental priority. Tourism WA has closed its regional offices as part of its recent restructure and Australia’s North West has closed its Pilbara office. It is almost impossible to get accommodation in any of the Pilbara towns and equally difficult to get a seat on a plane. If you drive, the caravan parks are full of contract workers. Pilbara residents are attempting to make their own business investment decisions in an environment when a change in commodity prices could sink their own much smaller investment in business. These are confusing and conflicting messages coming from central government to local communities.

Local institutions are overwhelmed by the scale of the investment occurring around them and the restriction of their choices as a result of that investment.

service delivery to the private sector has also changed the relationships government has with the clients of services.

On the other side, government has greatly enlarged two types of capacity in remote Australia: the capacity to supervise, audit otherwise discipline the accountability of service providers, and the capacity to determine how transfers made to individuals and households for welfare and income support are used.

The increase in central, executive power is a pointer to a second kind of asymmetry, namely, a shift in the assignments of responsibility between citizens and government, and within government at different levels of territorial scale. **While the power to define problems and priorities has become more centralised in public authorities, the onus of responsibility for solving problems has been assigned to local communities, households and individuals.** Certainly, public policy acknowledges that many of the key drivers of change are external, but problems are typically cast as 'local'—poor service delivery, dependency and violence, corruption and inefficiency, lack of will or commitment—with the strong presumption that their resolution is a local responsibility.

In remote Australia, as in similar regions elsewhere in the world, the combined effects of these two asymmetries are most noticeable in respect to economic livelihoods. **For much of remote Australia, public policy remains blind to the fact that geography and globalisation conspire against an even spread of economic opportunity, and that viable economic livelihoods in remote Australia require an innovative blending of the formal economy, 'hybrid' or social enterprise economies, and public sector equity, risk mitigation and enablement.**⁴⁵

Dealing with this blind spot requires skills and capabilities that successive governments have underinvested in. But furthermore, where problems of livelihood are seen principally as local in cause, and where government has been persuaded that its primary role is to close gaps through the provision of social service, and to police waste and failures to observe fiduciary standards, this places it in a particular kind of relationship with remote Australians: **It creates unrealistic expectations that health and education are the primary determinants of economic outcomes, it permits powerful market players to limit the scope of their local corporate responsibility in the same way, and it encourages higher levels of both government and business to speak to remote Australians in a moralistic and accusatory manner.**

The over-prescription and misplaced assignment of responsibility on local organisations and people to respond and resolve problems inevitably places on them the burden of failure. Where apparent failure is repeated, as it has

Hermannsburg Hall⁴⁶

A remote Northern Territory community has waited 18 months for federal funding to construct a new recreational hall for Indigenous youth and has submitted its application proposal 40 times.

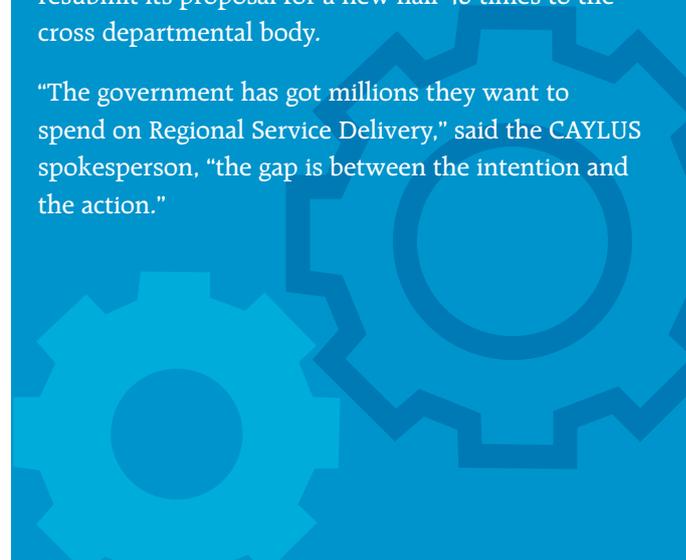
Central Australian Youth Link Up Service (CAYLUS) says it highlights the bureaucratic obstacles preventing the federal government from effectively "closing the gap".

The Aboriginal community of Hermannsburg is 140km west of Alice Springs and consists of 1200 people. It is one of only two communities in the lower NT eligible for Regional Service Delivery funding to tackle disadvantage in remote areas.

Negotiations over the hall were conducted with the NT tripartite group involving federal and NT government representatives. A spokesperson for the Indigenous Affairs Department confirmed the NT tripartite group gave in principle support in 2010.

A spokesman for CAYLUS said, "the bureaucrats said they would do this and that. A month later they were all gone. The big cogs are always changing". The principal negotiator in the tripartite group has changed 15 times and CAYLUS has been forced to resubmit its proposal for a new hall 40 times to the cross departmental body.

"The government has got millions they want to spend on Regional Service Delivery," said the CAYLUS spokesperson, "the gap is between the intention and the action."



tended to be, government will feel compelled to mount 'crisis' responses and to behave in ways that further undermine local capacity and legitimacy, confidence and trust.

3.1.2 Organisational Deficits and Misalignments

The asymmetries of governance and responsibility tend to be closely associated with organisational arrangements that are not 'fit for purpose' and, as a result, with a misalignment of needs and responses in remote Australia. This is particularly marked in regard to Aboriginal Australians, but while their experiences sharply illustrate the challenges, they are in the same category as those encountered in most engagements between public sector and local organisations in all remote communities. As noted in background papers to this report, Aboriginal Australians in remote Australia have a wide array of different forms of organisation for dealing with mining-related private sector enterprises.⁴⁷

This contrasts with the patchy success in crafting organisations that result in durable and mutually beneficial interactions with the public sector. Aboriginal Australians do not have equivalent structures of political representation—with the demise of the ATSIC councils—and recent efforts at mainstreaming—e.g., the NT Shires replacing Community Councils—have tended to make Aboriginal political interests less visible, involved and animated. This winding back of specific Aboriginal organisational structures is contrary to our finding that Aboriginal organisations in the Pilbara are the main point of civic engagement: places where Aboriginal people

Agreement Making in the Pilbara with Aboriginal People⁴⁹

The economically over-heated Pilbara provides a classic demonstration of the effects of the 'resource curse', the scale and pace of recent cycles of resource boom have threatened to overwhelm the capacity, not just of local people and institutions, but also of governments, to manage either their social or economic environments. Only in the past few years has government attempted to take back some control over this key region in remote Australia in order to fulfil its 'responsibility to provide an institutional framework that enables civil society and economic and social development'⁵⁰.

One of the challenges for government in this task is addressing the misalignment between the way government is organised and the organisational structures of Aboriginal people. The importance of Indigenous sector organisations goes beyond their service function to the core of social rights in a liberal democracy...Indigenous not-for-profit organisations are the primary means for most Indigenous people to make themselves visible as citizens within a polity of which they form a small minority⁵¹.

Aboriginal organisations play a key role in the Pilbara, even in the absence of a formal regional body and in spite of the relentless pressure being exerted on them. While other Pilbara residents may privilege their status as citizens in their relations with the state, for Pilbara Aboriginal people this relationship, even as citizens, is largely mediated through organisations. Sullivan also points out⁵² that Aboriginal people, particularly in regional and remote areas, do not achieve their understanding of civic engagement with the wider society from schools or through the media, but through engagement with their local organisations. This is true in the Pilbara, whether the organisations are focused on dealing with the state or, as in the case of Gumala, with resource companies and an absence of government.

Despite their marginalisation from the broader planning, there is vigorous and sustained Aboriginal activity happening across the Pilbara, mainly through organisations, and Aboriginal people want to be included as equal partners in making decisions about the future of their

country, at both local and regional levels. Ironically, the major resource companies like Rio Tinto, BHP Billiton, and Woodside understand this, even if they struggle to implement it adequately. Government has been slower to catch up. Yet a priority for government must be to find better ways of including Aboriginal people in decision-making for the future

A fundamental problem is that government services are essentially citizen services and entitlements rather than group or collective community entitlements. Whilst it is generally acknowledged that mining companies have been more innovative in their negotiations the structure of native title enables them to deal with representative groups. From a government perspective their policy frameworks respond principally to individual choice and individual citizen rights.

There are fewer points of alignment between Aboriginal organisational structures and their tiered autonomy and the organisation of government services around individual access.

gain practical experience of participatory engagement, in challenges of acceptable representation, and in the critical need for cultural legitimacy.⁴⁸

The public sector has been frustrated by what it perceives to be chronic internal deficiencies in client groups, and by an inability to recognise strengths and capacities that appear in unfamiliar forms of organisation. Governments have tended to respond by encouraging forms of organisation and behaviour that mimic public sector arrangements and practices. Typically, forms of organisation are copied from elsewhere, imported and pasted into often quite different (and inappropriate) circumstances. Several common consequences of what in development literature is called 'isomorphic mimicry'⁵³ have been observed in remote Australia and in fragile and conflicted settings across the world.

It is much easier to create an organisation that looks like it is capable of performing its functions—with all the de jure forms of organisational charts, rules and procedures, staff and resources—than it is to create one that actually functions in the way it should. While the sharing of organisation arrangements from elsewhere, and the mixing of them with those already existing locally, is the essence of successful social change, the key to their durability and legitimacy is that this process actually occurs over time as a result of local bargaining, debate and dialogue.

3.1.3 Policy Over-reach and Administrative Under-reach

Disconnects between policy and practice occur in all governance, whether this be at the higher reaches of the public sector or in local, non-state organisations. But in remote Australia the tendency for policy commitments to be over-reaching and for administrative performance to correspondingly under-reach is more severe and pronounced. As noted earlier, (see box on Hermannsburg Hall) there are several reasons why policy makers may not be attuned to local realities: the representational deficits, extremes of diversity and lack of knowledge, category errors that become more pronounced over extended lines of communication, etc. Similarly, local knowledge may be rich, but not applied or readily applicable to policy decisions, or, conversely, extremely poor because of an over-reliance on expatriate labour, or lost as people orbit from one locality to another, and these are also reasons why policy commitments can be over-reaching.

These disjunctures are also more evident in remote Australia because of a known track record of commitments being made beyond what is simply feasible from an administrative and fiscal point of view. The establishment of the NT Shires may well fall into this category. In situations where 'everyone knows' that administrative capacity will fall short

Where this process is truncated and or where forms of organisation are imposed through an executive shortcut (as, for example, a condition of assistance), it will typically follow that organisations will buckle as a result of premature or inappropriate 'load bearing'. Often social contestation will focus on the organisation norms, structures and procedures rather than on the purposes or functions that the organisation is there to serve. A good example of this process may be found in the discussion on Marnda Mia in the Pilbara.⁵⁴

It follows that such organisations will be less capable of reaching agreements and compacts amongst their members or with external agencies, and it will be more difficult for them to sustain collective-action decisions over time. Such organisational arrangements are likely to be marked by an over-supply of 'voice' that is not connected with mechanisms that can mobilise power over time or implement commitments. What has been observed in relation to remote settlements, for instance, is found throughout the contexts where public sectors and communities are aid-dependent. In both, there is no necessary connection between supply and demand for services and there is empirical evidence to suggest that service providers proliferate even where effective demand is absent.⁵⁵

on requirements, leaders (be they external or local) are more inclined to mobilise their constituencies by what they say, than by what they do. In other words, they rely for their legitimacy more on rhetoric—on the grand claims of a new 'strategy', a response to 'crisis', a new commitment, a 'fresh start'—than leaders in more mainstream polities where administrative capacity is better resourced and, notably, more accountable to political leaders who in turn are more directly incentivised by citizens to perform. In other words, in mainstream contexts leaders political and administrative, achieve legitimacy on both a 'say' and 'do' basis. In remote Australia, the normal route to legitimacy (by gaining legitimacy through effective follow-through) is not so easily available. This is one reason the legitimacy of leaders and organisations corrodes over time. It is in this context that the 'Closing the Gap' framework developed by COAG will be sorely tested.

In practice, the breach between policy and practice becomes greater where administrative functions (e.g. service delivery) are being fragmented by outsourcing, and where at the same time responsibilities to plan, oversee and account for results are being 'shuffled' up and down levels of the system. But it is evident in remote Australia that administrative

Organisational barriers to local problem solving - Becoming the meat in the sandwich: Reflections of a former senior public servant in remote Australia.⁵⁶

"There are certainly barriers to working across government in jurisdictions, and efforts to implement 'whole of government' approaches are fraught. I have seen first-hand the turf wars that erupt when the autonomy or authority of chief executives is perceived to be under challenge. Hard won resources are protected fiercely and priority is generally given to the agency's remit rather than consideration of 'the greater good'.

Similar challenges exist within agencies, between siloed branches and between the centre and the regions. In my experience most chief executives are centralist. In my role I fought long and hard for adequate staffing to address the issues I had been sent to the region to resolve, for capacity to make decisions appropriate to the context, and for allocation of discretionary budget to fund local initiatives. I made some gains when there was a chief executive who was supportive of regionalisation and devolved decision making, but these were unsustainable beyond our tenure and as I understand it almost everything that had been gained for the region has since been clawed back by the centre.

In my experience heads of divisions within agencies do not like to relinquish control, whether it be because of a belief they know

best, a lack of trust, resistance to a diminution of power, even a fear of being 'shown up'. Providing a high quality service to the public is not always the main driver. This is not to say that there are not terrific public servants who work very hard to make a difference, but it can be an uphill battle that requires courage, resilience and stickability. My colleagues have included many such people, but also the ideologically driven, those who, if not racist, are judgmental about Aboriginal people, and those who are worn out or defeated by the scale of the challenge.

It was often a less than pleasant experience to be a senior public servant from my jurisdiction in meetings with the Commonwealth. They had no interest in hearing alternative viewpoints or suggestions. The agenda had been set in Canberra. We were told, very directly, not to waste time planning but to 'get on with it', to report ad nauseam and not deviate from the Canberra-determined areas of activity.

I believe innovation and flexibility are some of the most difficult requirements to achieve in the public service. Risk aversion is rife, and this often starts at the ministerial level and cascades down through the organisation. In my experience, willingness to have a go, to try new things, to take risks, mostly occurs on the ground, in pockets, often at

a distance from the centre. These are not attributes that are generally rewarded. "Don't ask for permission, ask for forgiveness—but don't ask for forgiveness for the same thing twice" is bandied about, but I don't think most public servants feel safe to embrace this maxim. Many major policies have implementation strategies from which officers are reluctant to deviate, particularly given the often onerous and rigid reporting requirements for every task and sub-task identified in the strategy. The Commonwealth in particular is very fond of activity reporting, and of collecting 'good news stories'. This encourages and sustains a culture of compliance.

There are numerous instances that could be cited where a change of government or simply a change of Minister, either nationally or at the jurisdictional level, has led to the abandonment of particular policies or programs, perhaps not on a whim, but for reasons that are difficult to fathom. This can be very disheartening and bewildering for people on the ground. Communities find the constant shifts in policies, programs and personnel confusing and frustrating. Similar situations can arise when there is a change of Chief Executive in an agency, or sometimes even if the change is merely at a level further down the hierarchy."

under-reach in performance is more pronounced as a result of the asymmetries between where responsibility lies to define problems and priorities, and where responsibility to solve them tends to be assigned. Where problems are defined by external agencies as being 'local', this often results in local managers and organisations being

constrained by a narrow degree of discretion and by contractual arrangements that make implementers accountable for only a narrow range of outputs. This in turn reproduces the notorious problem of 'siloed' public sector responses to complex problems, and the failures of whole-of-government coordination.⁵⁷

Where managers are responsible to manage, but have discretion only within a relatively narrow range of classes of outputs, the veracity and salience of which has already been established at higher levels, it can be difficult for local managers to respond with the degree of nuance needed to meet diverse and particular local circumstances and demands. The record shows that managers under these circumstances tend to 'retreat' into conservative

interpretations of their brief, or alternately to 'break fences' and circumvent the rules and then create reporting fictions that 'everything was done according to rule'. In any event, these kinds of response to administrative under-reaching lead to problems of morale, burnout and turn-over. This, in turn, adds to the shortage of capable, context-aware policy makers and managers, and thus reproduces both policy over-reach and administrative under-reach.⁵⁸

Pilbara Cities Vision⁵⁹

Pilbara Cities is a major initiative by the WA State Government to encourage more people to live and settle in the Pilbara. The government will invest nearly \$1billion through Royalties for Regions funding over its term of office, to make it happen.

The region is the powerhouse of Australia's economy and the vision is to make it a place that is also more attractive for more people to live in with modern vibrant cities and towns, and quality services and facilities.

Exponential growth within the resource sector in the Pilbara region has led to record population growth. This rapid growth has led to higher costs of living, placing extreme pressure on services and infrastructure in the region. Pilbara Cities aims to address the issues associated with this significant growth by building the population of Karratha and Port Hedland into modern, vibrant cities of 50,000 people each, and Newman to 15,000 people, by 2035 with other Pilbara towns growing into more attractive, sustainable regional centres and local communities able to support and deliver a skilled workforce for major economic projects in the Pilbara.

The key role of the General Manager of the new Pilbara Cities office is to lead and direct the management and strategic direction of transformational projects consistent with the Pilbara Cities Vision, to revitalise the Pilbara

by seeking to fund 'Alliance Packages' across strategic issues and locations in the region.

Faced by:

- Housing that is less affordable due to very high demand
- Infrastructure upgrades/ expansion not keeping pace with growth
- Small business numbers that have declined, partly due to rising costs
- Education and health services that are below expectations
- Aging and inadequate community services facilities, and
- A sense of community that is in decline, adversely impacted by workforce FIFO rosters and 12 hour shifts,

one could be excused for thinking there was a degree of unreality in the role.

The GM and the Pilbara Cities project have no legislative authority as such and the GM relies on the provisions of the Land Administration Act to leverage outcomes that will lead to achievement of the Pilbara Cities Vision. The GM is required to adopt a 'big picture' perspective to ensure that government, industry, business and community objectives are aligned. His other point of influence is \$1bn of Royalties for Regions funding to provide direction and incentive to others.

The GM works with key stakeholders to ensure projects align with the Department of Planning's Pilbara Planning and Infrastructure Framework and the local strategic land use planning initiatives of the four Pilbara Local Government Authorities.

The General Manager Pilbara Cities has carriage of one of the most exciting and challenging visions in Australia, coordinating higher level inputs and community level concerns for amenity and services while spending a significant amount of time in the air between Perth and the Pilbara, dissolving silos, fostering partnerships, pulling budgets together, and attending as many as possible meetings of the wide range of Boards and Commissions that impact in Pilbara Cities—while at the same time avoiding burnout. He has 12 staff.

His lack of statutory authority limits his capacity to carry out his mandate. His best leverage with the majors comes from his Minister's "land" function, though this is of course something of a stretching (or overburdening) of that function and illustrates the limits on "whole of government" coordinating positions which have rhetorical support but which lack actual legal authority over what they are coordinating.

New bilateral negotiations between the Commonwealth and the states and territories see the Commonwealth withdrawing, or more correctly ceding, responsibility for all but three key items—housing, employment and welfare—to the state level. Adjustments to the NT MOU have seen effective abandonment of investment in 500 small homeland communities in favour of investment in larger hub towns unevenly dispersed across the NT. Recently

announced funding for homelands represents only a 10 year aggregate of annual funding already available for outstations under the current MOU. Whilst these are examples of policy shuffling, the reality on the ground is that what local people will expect from each level of government and what is offered will be different, and managers on the ground will carry the brunt of that misperception.

3.1.4 Inability to Reconcile Parochial and General Interests

It follows from the above features of governance in remote Australia that it will be difficult to achieve mutually acceptable and therefore durable balances between the parochial local interest, and the general, or mainstream, public interest. The centralisation of executive power will incline policy decisions towards the general interest, often triggering considerable local protest. On the other hand, the inability to implement these decisions consistently over vast areas incorporating great local differences will encourage fragmented and parochial practices that are seldom held

to account to the general interest, save for the periodic barn-storming of an audit firm sent out from the urban headquarters, or a journalist on the loose from a major daily newspaper.

The challenges of reconciling general interests and parochial interests are always greater in geographically large jurisdictions where there are great differences in wealth, welfare, and identity markers of race, ethnicity and class. Australia's federalism is the honourable legacy of a century of hard fought contest and bargaining, but it remains true that the policies designed for and by the 95% of the country that lives in cities do not necessarily serve the parochial needs of remote Australia.

There is an array of local, shire, state and territory and national government bodies, but judging by the overwhelming consensus in consultations held across remote Australia, people do not believe these organisations are necessarily suited to mediating the kinds of social contestation needed to achieve a more acceptable balance in how public wealth is distributed, how the costs and benefits of economic change are allocated, or how the 'Australian narrative' is constructed.

Instead of this balance, there appears to be in remote Australia a set of restrictions that in many cases are inappropriate and impose unreasonable burdens on public service and business institutions. This can be shown in relation to minimum standards, "credentialism"—over-reliance on formal qualification eclipsing the value of experience—in the labour market, and the disproportionate accountability requirements imposed on remote Australia.

The policy community that has questioned the 'viability' of remote communities on the basis of inappropriate criteria and 'economic thresholds' for service delivery⁶³, and the continued currency of this policy stance through the NTER and NT MOU is one poignant instance of the failure to achieve a satisfactory balance of general and parochial interests. We say this not simply because:

Thirsty Thursday in Tennant Creek⁶⁰

The Julalikari Council in Tennant Creek provides services for Aboriginal people in the Barkly region of the NT. The Council's CEO Pat Brahim says rates of substance abuse are worse now than 10 years ago when there was a ban on the sale of takeaway alcohol on Centrelink pay days—a system known as 'thirsty Thursday'.

But Centrelink now allows welfare recipients to choose the day they are paid and Pat Brahim says that has made it impossible to reintroduce thirsty Thursdays. "When they had thirsty Thursday people could have one day of rest but with individuals now picking their actual pay days there is alcohol every day of the week and that is having a huge impact on people's health and employment".

Pat Brahim says this is just one example of how bureaucratic changes introduced over the past decade are having a serious negative impact locally on Aboriginal people. She says unless bureaucrats start to listen to Aboriginal organisations on the ground the situation will continue to deteriorate as the population numbers boom and the rivers of groll continue to flow.

Wiluna Shire⁶¹

The Wiluna Shire commissioned work that confirmed the major impediment to the success of the National Indigenous Reform Agreement in the mid-west of WA was a lack of critical strategic transport infrastructure to link communities to essential services.

The mid-west region is strategically interconnected, economically and socially, with the Central Desert, Gascoyne, Pilbara and the Goldfields regions of WA. Yet the physical connection - the transport infrastructure - is lacking, thereby limiting opportunities for resource, agriculture, tourism and investment in small business enterprise. All would greatly contribute to the social and economic wellbeing of surrounding remote communities.

Despite Wiluna sitting at the core of intensive mineral deposits, there is no sealed road access to

the west. Wiluna and Meekatharra are separated by 182 kilometres of unsealed and unsafe road. The Goldfields Highway that runs through Meekatharra is a key strategic freight, tourist and inter-town route running north and south of Meekatharra. Sealing the road west of Wiluna to Meekatharra would open up Wiluna and importantly improve delivery of health and community services from Meekatharra and Geraldton.

Separate discussions have centred on building a 230km stretch of road north of Kalgoorlie linking Wiluna to the Great Northern Highway north of Meekatharra. This connection would find favour with road haulage operators but it will not deliver real benefit to the Wiluna community. It would leave the town as the main centre of the Shire facing severe growth difficulties.

Resolving difficult conundrums such as this where tonnage hauled is likely to prevail over the lives and well-being of regional communities is a difficult issue to resolve from a distance. A delegation of Wiluna Shire Councillors met the WA Minister for Regional Development, who advised that an announcement would be made before the next election. The announcement would clarify how the government proposes to open up the Central Desert to the Pilbara, either by creating a new route joining the Great Northern Highway to the north, or by sealing the last stretch of the Goldfields Highway, i.e. the Wiluna-Meekatharra Road.

Central West QLD overpowered by coastal pressure groups and external regulation⁶²

People in central western Queensland observed that whereas they would have once been consulted (because of their local knowledge) on local topics such as the Lake Eyre Basin or pastoral weeds, they were now being trumped by well-organised and connected environment groups based in the coastal, urban regions of Queensland. Accordingly, these groups were better able to exercise

political power by weight of numbers compared to remote Australians.

Residents also observed a growing number of regulations that had been introduced and which required them to undertake training or to secure blue cards, etc. They have also observed a decline in people willing to volunteer because of the additional weight of governance

and regulatory requirements. People in communities volunteer to work for the community - because they have a passion for the people and the causes. Imposed processes are now destroying the culture of co-operation and volunteerism that had previously existed, leading to a sense of hopelessness and people walking away from community service.

- At least seven reports since 1991 had explicitly “highlighted” the degree of child safety and sex abuse concerns
- This policy sector wrongly categorised a wide range of settlements as ‘homeland communities’
- The claims made about the comparative human development outcomes of settlements of different scale are open to challenge—and will have dramatic implications for the 500-plus settlements most severely affected by the cuts to funding.
- We are concerned that the larger settlement ‘hubs’ favoured by this policy of economic rationalism are most likely “nonviable” if subjected to the same (dubious) economic threshold analysis.

Rather, **it is that this rendering of the general interest was once again imposed on these communities (and the nation) through an executive short-cut—through yet another ‘strategic intervention’—as a one-sized**

solution that over-rode and repudiated an array of intermediate and local level efforts to cope with governance, security and welfare challenges, and in doing so adding, in the long term, to the graveyard of partially implemented policy solutions.

It is appropriate to raise questions about how public entitlements—services legitimately considered as rights—are delivered in different settlements in remote Australia. But it is problematic to invoke general, indeed often global, standards and metrics on what is acceptable or viable. “The truth is that people can choose to make almost any scale of settlement and remoteness work if they are prepared to adjust their aspirations and take on an appropriate service delivery model”.⁶⁴

The nature of remote Australia is such that there are some locations and kinds of settlement where it will be impossible, regardless of the delivery and governance model,

Pilbara shires unable to rate mining tenements: The impact of tax on the viability of communities⁶⁵

Historically because of the way agreements have been reached between the large mining companies and the WA Government the miners have been exempted from paying rates on their mines or processing sites. The Town of Port Hedland recovers around \$17.5m in rates and the salaries of the staff cost \$17.8m alongside a total budget of \$168m, which incorporates other income from the airport fees and the waste disposal fees, state grants of various types and (on a project basis) funding from BHP Billiton.

Many of the Pilbara towns were originally company towns and a number are still serviced by electricity generation designed for the mines and production sites. While ever the miners negotiate with government and the Premier of the State directly, they undermine normalisation of the Pilbara. Good governance doesn’t operate properly and sustainably on grace and favour.

“FIFO” has also impacted on the rate base and general revenues of the Town. FIFO accelerated when the Commonwealth government introduced Fringe Benefit Tax and companies had to pay it on company-owned housing occupied by staff. “FIFO” avoided this and at the same time the periods FIFO workers spent working in the special tax zones meant they were able to gain extra financial advantage.

An example of this anomaly is that a FIFO mining engineer resident in a leafy suburb of Perth and working at Leinster WA could recover a tax rebate as high as \$2975 pa or \$57 per week if he or she had a dependent spouse and four children. On the other hand, a truck driver living at Gascoyne Junction is entitled to \$338 pa or \$6.50 per week—yet he/she lives over 160km from an urban centre of less than 7,000 persons in a community of less than 100 people without a hospital, medical or police

services, or general store—and the community is seasonally isolated.

In another example, a lifetime resident of the Pilbara with a 25 year work history with Rio Tinto is moving to Perth and switching to FIFO where he can get a better roster of “8 on 6 off”, can rent his Pilbara house out for over \$2,000 per week, and recovers more pay, including the zone allowance.

People need to be rewarded for making their place in the community but at the moment there is effectively a disincentive, and they are effectively taxed for living there. In this instance, governance arrangements and policies have actually contributed to the alleged “unviable” nature of settlement in remote Australia.

to provide services or to run businesses in ways that satisfy generalised minimum standards. Similarly, prohibitive effects have occurred in a range of vocations where credentialism—again, motivated by the need to protect standards—has driven para-professionals out of the labour market—as has been most marked in environmental health. For instance, programs like Fixing Houses for Better Health were able to demonstrate that a well-constructed house could improve health. The unintended outcome of increased regulation and accountability to standards was that Aboriginal people were gradually disenfranchised from the one area, building, where males were particularly competent and practiced. Thus the general interest, when tied to a chronic shortage of qualified people in remote Australia has been detrimental to service delivery and livelihoods, and has thereby inhibited the search for appropriate technological solutions to delivering services.

The consequences of the lack of organisational means to achieve fair and lasting balances between the perceived general (or wider) and parochial interest are also felt in the disproportionate restrictions and accountability demands placed on remote Australian organisations. From early this century, renewed efforts were made to deal with the public sector fragmentation and inflexibility that was so evidently hindering the ability of programs to adapt to diverse local circumstances. “Whole-of-government” arrangements at the local level aimed to provide better coordination and adaptive discretion to managers and service delivery agencies. Ironically, coordination and discretion became a casualty of the over-riding general interest to ‘minimise risk’—to protect higher level government priorities and fiduciary standards—and this resulted in an increase in the number of funding programs, and a disproportionately higher increase in the number and stringency of accountability and reporting obligations imposed on local organisations.



Photo Port Hedland in the Pilbara region

Reconciling citizen rights and cultural obligations in the Pilbara⁶⁷

Consistent advice from people living in the Pilbara and working in the institutions in the region is that outside of the negotiations between resource companies and specific native title holding groups there has been a failure to bring Aboriginal people into meaningful partnerships that will ensure they achieve the full benefit of the Pilbara vision and opportunity. This is potentially a serious and chronic problem for all the parties. Government cannot dictate changes.

How the people of the Pilbara resolve the coexisting realities of Aboriginal people with entrenched communal and legal rights (and income streams and land holdings) and specific identities determined by culture and contract, and the desire of these same groups of people wishing to derive benefit as individuals from settlements and services provided by government will be an ongoing challenge.

Aboriginal people have a significant role to play if the vision is to be achieved. They hold substantial title rights to land across the Pilbara and they will lock in substantial income from communal royalty equivalents from these rights. In areas where there is a contest for resources, the agreement and negotiating process actually reinforces individual and communal identities and rivalries.

In a context of continuing economic change, there will be conflicts between Aboriginal groups and resource companies and government which will need to be resolved in a permanent and relatively workable way.

That there is scope for workable structures is suggested by other instances where Aboriginal people have worked their way through analogous issues. This is exemplified in the formation of the Pilbara Indigenous Marine Reference Group in the Pilbara.⁶⁸ The RPA development on Groote Eylandt⁶⁹ is a more systematic and long term example of a workable outcome. In both cases, people and governments have been united through common purpose, defined responsibilities, defined resource commitments for all parties and defined timelines for action.

The evidence... points to the vulnerability of Indigenous governance structures trying to deal with the growing demands of resources boom, land negotiations, and very significant streams of new revenue from agreements with resource companies. Aboriginal people and organisations are being thrust into a complex web of negotiations and responsibilities. They are often forced to rely on hired expertise and assistance to import skills not

available within the community. There is no mechanism to ensure integrity on the part of advisers and to promote capacity growth in governance. The Indigenous Community Governance Project has documented the effect of crippling stresses on the Indigenous organisations that are trying to cope with labyrinthine government funding arrangements, duplication and red tape, cross-jurisdictional inefficiencies, and the confusing array of overlapping short-term niche programs alongside a list of large scale commercial negotiations.

Achieving a meaningful place for Pilbara Aboriginal people within the stated goal for Pilbara Cities is clearly highly complex and therefore daunting. There is positive and important engagement through the Royalties for Regions and collaboration between the Department of Indigenous Affairs and Pilbara Cities; but the principal focus is not on integrating or consolidating Aboriginal residents with a broader population. Rather, it is on encouraging long-term migration to the Pilbara of outsiders, who will not just live but die there, with a key performance indicator for the success of sustainability being 'when the cemeteries are full'.⁷⁰

3.1.5 Policy Turbulence and Instability

People and territories at the periphery of political power suffer, for various reasons, the worst effects of policy turbulence and instability in regard to how responsibilities are assigned up and down and across the system of

government and between government, the community and private sector. Such turbulence has been noted as a feature of the public sector reforms in Australia and elsewhere since the early 1980s (see Marsh chapter 6 in compendium), but has been a particular affliction of outstations, remote communities and town camps.⁷¹ Moreover, it is a feature of contemporary populist, short term politics bedevilled by political conflicts which are germane to electoral cycles

and positioning and undermine effective public policy despite - as has been the case in remote Australia under the auspices of the Management Advisory Committee (MAC) - repeated efforts to achieve stability and whole of government coordination (2002), devolve responsibility (2009) and deal with 'wicked problems' (2007). The net effect is to blur, and ultimately destroy, the two-sided relationships of accountability between citizens and governments, and between governments at different levels of jurisdiction and territorial scale.

Policy turbulence in regard to remote Australia can be seen as the cumulative effect of the four governance dysfunctions described to this point. The refrain is familiar: programs come and go with bewildering rapidity, new policies are announced even before existing policy has been implemented and tested, and new program requirements are sent out, to be layered over others already struggling to be implemented (and adding to existing layers of reporting, inexorably increasing the overall quantity of reporting).

This is not only a function of Aboriginal policy. In the Pilbara, there has been a number of shire, regional, state and federal government strategic plans produced over the past three years, all attempting to adjust to the rapidity of change confronting them.

This has several well-known consequences. One, evident in our consultations, is how it fuels animosity towards government and corrodes the trust and confidence essential for any form of organisation to work. The NT Emergency Intervention conforms to a much longer running pattern, but, nevertheless, it is a powerful contemporary example.

The rapid evolution of planning and coordination in the Pilbara is a further example of this effect. The additional burden on local shires of growth-induced planning requirements quickly outstripped local capacity. The response was to interpose a General Manager of Pilbara Cities, to break through red tape, shortcut processes to meet deadlines and, more recently, centralise regional development functions with the WA Regional Development Council.

It is of course appropriate that innovations and refinements occur in policy, but these instances underline the strong conclusion from our investigations that the present institutional arrangements for negotiating policy change are inadequate. They are too ad hoc, interim and 'pilot' in nature, and made too fragile by the lack of a statutory basis. As proposed in subsequent sections of this report, new robust forms of regional, territorially responsible institutions are required that are primarily accountable to the interests of people residing in remote Australia.

West Arnhem shire and the Wadeye COAG trial⁷²

In the West Arnhem Shire in the NT, governance arrangements had been developing slowly since 2004 through protracted negotiations engaging relevant groups and communities, and a new governance structure had been settled. But in 2007, the combination of the creation of new super shires and the Intervention unceremoniously aborted these arrangements, leaving behind a frustrated and cynical local community.⁷³ Similarly, when a crisis erupted at the COAG Wadeye trial site, the Commonwealth government resorted to a more coercive approach characteristic of hierarchical or contract government. The legitimately elected Thamururr Regional Council, with whom the Commonwealth had signed the COAG trial agreement, was by-passed, thereby undermining the very Aboriginal governance structure the Commonwealth had partnered with only four years before, and to which it remains formally committed in the NT bilateral agreement.

Even with the introduction of new vehicles through which policy contests are able to occur, it should still be possible to reduce the shuffling of responsibilities to make and implement policy up and down different levels of government authority. The shuffling in assignment of responsibility has produced in remote Australia extreme cases where responsibilities are occupied by so many levels and agencies of government and contracted private sector that it is nearly impossible to track accountability for outcomes.

Housing is a classic example: state, territory and national governments deliver both mainstream and Aboriginal housing and housing-related programs, and even within the national government, there has been a number of separate Aboriginal housing programs (CHIP/NAHS, CHIP/AACAP, FHBH) all delivering housing and essential services at the community level, along with ARHP which funds the states and territories to deliver housing at the community level.⁷⁵ Recent attempts to provide better coordination and management through the SIHIP alliance contracting approach have introduced another corporatised layer of accountability into the process adding to the blurring of accountability.

Sorting out the most appropriate level of authority and the nature of that authority is only partly a technical issue—i.e., resolvable by application of the principle of 'subsidiarity'.

Hanging out the washing in a cyclone⁷⁴

Many attempts have been made to coordinate and sustain efforts—by state and local governments, the mining sector—to diversify the economy, enrich the quality of life and reduce the cost of living. But the rate of change and the underpinning government legal and financial arrangements are such that competing or conflicting governance and administrative arrangements too often impede co-ordination.

How do you establish sound governance in such a complex and changing environment?

How do you plan new cities and operate a business in a region like the Pilbara when the reality is that there are probably thousands of people not in this region who are making decisions every day that have a direct impact on this region?

All levels of government—commonwealth, state, and local—as well as industry bodies are taking an active role in planning for the Pilbara and the management of current, proposed, and expansion projects. This has resulted in frenetic activity levels of some complexity. In addition to normal departmental responsibilities for their various portfolios—the State government has largely as a result of the Royalties for Regions program introduced in 2008 established or redefined a number of specialist bodies to oversee Pilbara matters.

The Pilbara Regional Council is a statutory body established in 2000 by the four Pilbara shires: Ashburton, East Pilbara, Roebourne, and the Town of Port Hedland. Its

aims are to take a regional approach to service delivery and to act as a collective voice to government and industry.

The **Pilbara Development Commission** is one of nine Regional Development Commissions in WA. The Commissions is a progressive, strategically focused and effective leader in the social and economic development of the Pilbara. It works successfully to inform, partner with and advocate for Pilbara communities

The WA **Regional Development Council** is the peak advisory body to the Western Australian Government on regional development issues.

The **Pilbara Regional Planning Committee** is one of six regional planning committees set up to advise the WA Planning Commission, the statutory authority with state-wide responsibilities for urban, rural, and regional land use planning and land development matters.

The **Pilbara Industry Consultative Council** (PICC) was set up in 2006 with member companies BHP Billiton Iron Ore, Chevron Australia, North West shelf venture, Rio Tinto Iron Ore, Woodside. Fortescue Metals Groups (FMG) is now also a member. Its key commitments are twofold: to increase Indigenous participation in employment in the Pilbara and the sustainability of Pilbara towns.

Regional Development Australia (RDA) is a Commonwealth entity

to bring together all levels of government to support the growth and development of regional Australia.

Regional Development Australia Pilbara Committee (Pilbara RDA) was previously the Pilbara Area Consultative Committee, now part of the RDA network.

The **Office of Northern Australia** was also established in 2008 to provide policy advice to the Australian Government on sustainable development issues in, or affecting, northern Australia.

The WA Planning Commission's (**Pilbara Regional Planning Committee**) 2011 draft Pilbara planning and infrastructure framework is the latest, and only one but perhaps the most ambitious, of a number of regional plans that have emerged in recent years.

In 2008, the Pilbara Area Consultative Committee—now Pilbara RDA—produced The Pilbara Plan, identifying 43 'essential projects' in conjunction with the Pilbara Development Commission and the Pilbara Regional Council. This formed the basis of RDA Pilbara's August 2010 Preliminary Pilbara Regional Plan.

In 2008 and 2010, the Pilbara Industry's Community Council commissioned reports, planning for resources growth in the Pilbara, focusing on employment and population projections to 2020.

In all jurisdictions, shuffling—continual churning in how authority to act and spend money is assigned to different levels of government—is a normal part of politics. But in peripheral areas, lower levels of authority are most prone to the destructive effects of shuffling—uncertainty, disciplining, continual change, etc.

Research in desert Australia reveals that leaders in local governments and community agencies are less concerned with the relative merits of alternative government policies, than they are frustrated with seemingly endless and largely fruitless rounds of policy changes seeking improvements.⁷⁶ But this is felt at higher levels as well, with states and territories compelled, by decisions of higher authority or

circumstances, to accept responsibility for settlements, programs or spheres of policy that they believe are beyond their capacity.

For example, the NT Government has found it almost impossible to develop an affordable policy in relation to outstations.

The greatest danger arising from the disappointing outcomes of the COAG Wadeye trial, and from similar problems with other COAG trials, was that the wrong lessons would be learned, for example simply moving on to another 'model' of intervention.⁷⁷

The Wadeye Evaluation⁷⁸

Wadeye was selected as the sole Northern Territory site for a COAG trial led for the Commonwealth by the Secretary of the then Department of Family and Community Services (FaCS).

As part of the trial, a Shared Responsibility Agreement (SRA) was signed between the Commonwealth Government, the Northern Territory, and Thamarurr Council in March 2003. The SRA identified three priority areas for action: Women and families; Youth; and Housing and Construction.

The optimism shown in regard to the trial proved to be misplaced. An evaluation report by Bill Gray AM indicated significant failure of the Wadeye trial to achieve its objectives. Contrary to the trial's objective of a reduction in red tape, the burden of administering funds increased markedly. Flexible funding and streamlining did not eventuate.

Experience of communications within and between governments was mixed with a reduction in effective communication as the trial progressed. The Federal Government's objective of improving engagement with Aboriginal families and communities was not achieved. There was a significant breakdown in relations with Thamarurr. Other key structures or processes agreed under the SRA, such as Priority Working Groups, either faltered, or never became operational.

The Wadeye COAG trial showed that the 'whole-of-government' approach to service delivery was difficult to implement, required a major investment of time and resources, and was yet to demonstrate that it provided a reliable and realistic platform for the administration of Aboriginal affairs.

The greatest danger arising from the disappointing outcomes of the

COAG Wadeye trial, and from similar problems with other COAG trials, was that the wrong lessons would be learned, e.g. simply moving on to another 'model' of intervention. The Government moved to abandon the COAG trials. There was an evident lack of enthusiasm for continuing with the COAG model for service delivery to communities.⁷⁹

The new approach to be implemented was two-pronged—it delegated down the authority for agreement-making for service delivery (by giving ICC managers authority to commit in a single SRA up to \$100,000, and State managers up to \$500,000), and moved it up to high-level agreements between the Commonwealth and state and territory governments on strategic interventions ('intensive' interventions) in designated regions or communities - usually communities deemed to be 'in crisis'.

It was clear that this interventionist model would put the strategic decision-making clearly in the hands of government—the Aboriginal community was to become involved after the decision to intervene had been made. Although this strategic intervention approach was initially a top-down bilateral decision in respect of the region or community chosen, it was claimed that subsequently the detailed planning of the implementation of the intervention would be done in close consultation with other stakeholders, including Indigenous community members and traditional owners.⁸⁰

It should be noted that these comments, and the analysis on which they were based, were made a good year in advance of the NTER. In fact, the 2006 Social Justice Report noted that a new division, the Strategic Interventions Task Force, had been established in FaHCSIA to administer the interventions, and targeted particularly at communities considered to be in crisis.

Wadeye Five Years On⁸¹

Wadeye, with its population of 3000, the largest Aboriginal community in the Northern Territory, and long a byword for trouble and tension, is well on the road to a stable future of its own making.

The vital ingredients for the Wadeye renaissance over recent years have been straightforward: the launch of a new style of governance structure squarely built on regional traditions; the provision of well paid, continuing local employment, backed by sustained, intensive public funding; a holiday from hostile media coverage, and—from a most unlikely quarter—the infusion of strict unbending discipline into the younger generations.

Bureaucrats were bereft of viable ideas. But behind the scenes, among the local leaders, a deep negotiation was underway, and it produced, in 2003, a pact: a revival of the area's traditional political architecture.

Five years on, the rundown settlement is turning into a well-established town.

3.1.6 Mis-matches between Responsibilities and Resources

A founding principle of international policy on good governance is that 'resourcing follows function' or, more prosaically, that the chain of accountability leading from citizens to elected leaders to administrators resulting in the delivery of public entitlements is irrevocably broken where resourcing is inadequate, unpredictable and not transparently linked to source.

In remote Australia, research documents three things.

1. Funding made available has been consistently less than the costs of obligations to deliver services.
2. Funding has been made available in ways that undermine the ability of local authorities to operate effectively.
3. Huge backlogs in capital infrastructure remain unmet either through incapacity of local government funding or Commonwealth grant mechanisms.⁸²

Long-term and programmatically consistent funding for services and infrastructure development, operations and maintenance has been absent. Instead, funding commitments are typically patchy, cobbled together from a number of sources including, regular transfers, one-off capital grants, short term pilots, mining royalties, mining company endowments, and public sector grants like CDEF.⁸³

This sixth feature of governance in remote Australia is a logical conclusion of those preceding, and its underlying drivers may be summarised in technical and political terms. Technically, it is much more difficult to determine the resources needed for governments to meet and sustain their responsibilities in remote Australia. The diverse needs of people and settlements spread thinly over vast areas are much less understood, poorly and often inaccurately portrayed in available data, and thus tend to be assumed on a unit or area cost basis that has been developed for mainstream Australia and against benchmarks apparently applicable there. But the technical failures that underpin the misalignment of functions and resourcing occur principally because remote Australia is less politically represented than the mainstream, for all the reasons noted to this point in the report.

NT Local Government Reform⁸⁴

At self-government in 1978, the NT had just four local governments in its major urban centres. During the 1980s the NT Government encouraged the development of local governments in smaller urban centres and outlying areas under the Community Government provisions of its Local Government Act.

In 1999, the NT Government noted that of the 68 local governments many had populations of around 300 and that in these situations the amount required for even a basic level of administration impacted seriously on the money available for services. They also noted some local governments faced continuing difficulties in attracting sufficient numbers of qualified, competent and ethical staff. Current councils were deemed to be too small for the achievement of economies of scale.

The NT Government argued that councils with a population of less than 2000 people encountered greater difficulties in

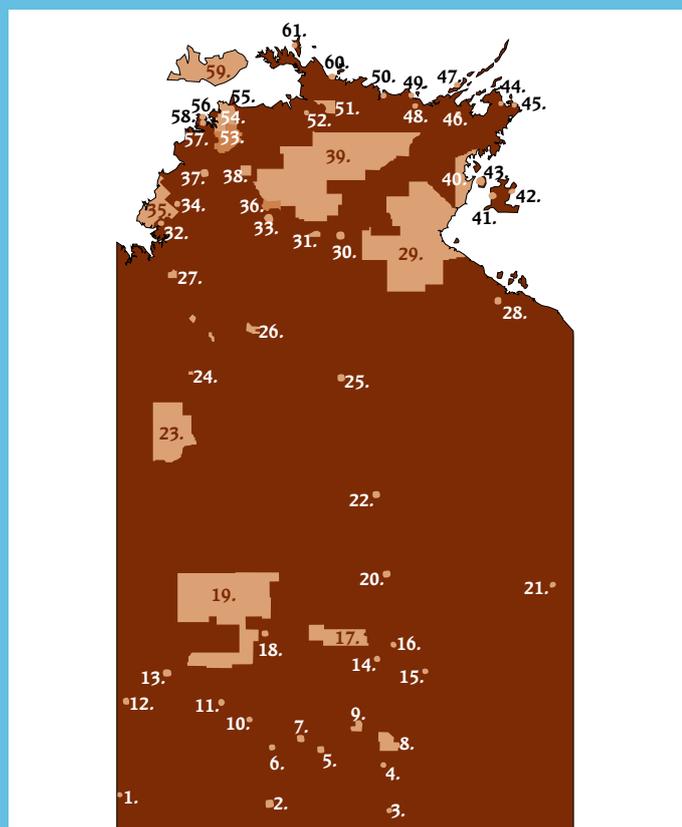
maintaining adequate levels of administration and service delivery over the longer term. In many ways, the NT Government was pushing for larger regional multi settlement local governments while acknowledging respect for single settlement localism.

In 2003, the Minister Ah Kit announced a Building Stronger Regions-Stronger Futures (BSRBF) policy that recast regional development as economic development local government and service delivery.

He proposed a voluntary regional upscaling into new regional authorities.

The sudden demise of the BSRSF policy owed much to the ideological dissatisfaction and implementation difficulties experienced by government bureaucrats in trying to accommodate Indigenous ideas about 'regions' and representation for local government and their consensus modes of decision-making about these matters.

Discussion and decision-making time, internal negotiations and sensitive facilitation—all of which challenged the capacity, commitment and resources of both the NT and Australian Governments were inadequate for the task at hand. The political imperative for fast results chafed at the more measured pace of voluntary regionalisation and in the meantime several NT community and association Councils had collapsed owing to poor financial administration and governance.



Diagram

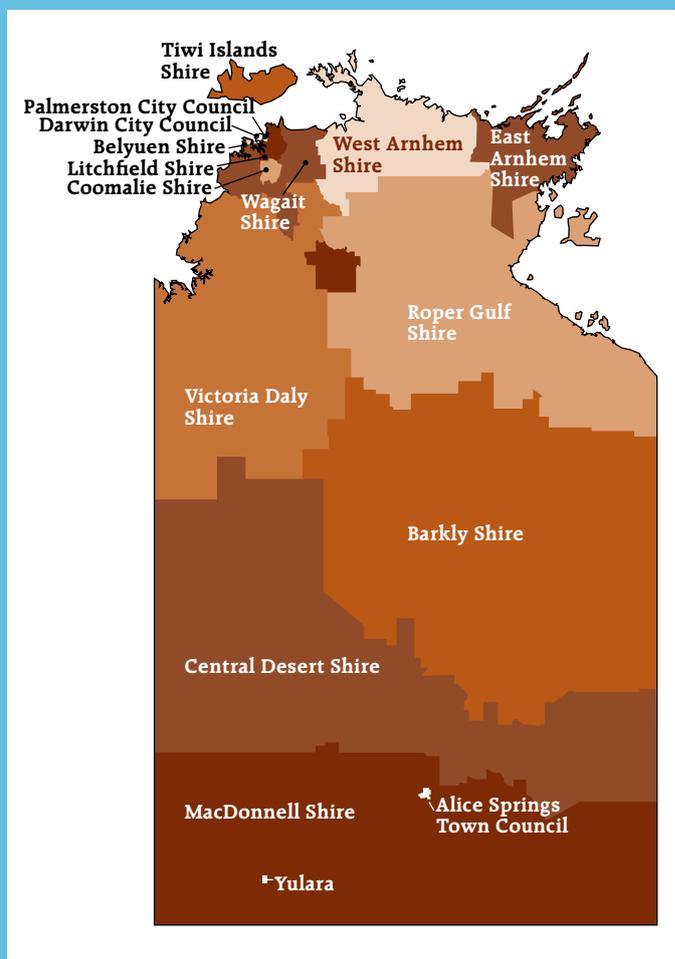
NT Municipalities pre Local Government Reform (source, NT Department Housing Local Government and Regional Services).

- | | | | |
|--|---|---|---|
| 1. Jilkminggan Community Council | 9. Alice Springs Town Council | 17. Anmatjere Community Council | 41. Angurugu Community Council |
| 2. Imanpa Community Incorporated Council | 10. Ikuntji Community Council Incorporated | 18. Yuelamu Community Incorporated Council | 42. Umbakumba Community Council Incorporated |
| 3. Aputula Housing Association | 11. Watiyawanu Community Council | 19. Yuendumu Community Council | 43. Milyakburra Community Council |
| 4. Tapatjatjaka Community Council | 12. Walunguru Incorporated Council | 20. Ali Curung Council Association Incorporated Council | 44. Marngarr Community Council |
| 5. Wallace Rockhole Community Council | 13. Nyirripi Community Incorporated Council | 21. Alpurrurulam Community Council | 45. Yirkkala Dhanbul Community Association Incorporated Council |
| 6. Areyonga Council Incorporated | 14. Urapuntja Council | 22. Tennant Creek Town Council | 46. Gapuwiyak Community Incorporated Council |
| 7. Ntaria Council | 15. Arltarlpilta Community Council | 23. Lajamanu Community Council | 47. Galiwin'ku Community Incorporated Council |
| 8. Ltyentye Apurte Community Council | 16. Aherrenge Association Incorporated | 24. Daguragu Community Council | 48. Ramingining Community Council Incorporated |
| | | 25. Elliot District Community Council | 49. Milingimbi Community Incorporated Council |
| | | 26. Walangeri Ngumpinku Community Council | 50. Maningrida Community Incorporated Council |
| | | 27. Timber Creek Community Council | 51. Jabiru Town Council |
| | | 28. Borroloola Community Council | 52. Kunbarllanjinja Community Council |
| | | 29. Yugul Mangi Community | 53. Coomalie Community |
| | | 30. Jilkminggan Community | 54. Litchfield Shire |
| | | 31. Mataranka Community | 55. City of Palmerston |
| | | 32. Nganmariyanga Community Incorporated Council | 56. City of Darwin |
| | | 33. Binjari Community | 57. Belyuen |
| | | 34. Peppimenarti Community Council Incorporated | 58. Cox Peninsula |
| | | 35. Thamarrurr Regional Council | 59. Tiwi Islands Community Council |
| | | 36. Katherine Town Council | 60. Warwui Community Incorporated Council |
| | | 37. Nauiyu Nambiyu Community | 61. Minjilang Community Incorporated Council |
| | | 38. Pine Creek Community Council | |
| | | 39. Nyirranggulung Mardrulk Ngadberre Regional Council | |
| | | 40. Numbulwar Numburindi Community Council | |

In October 2006, the new local government Minister McAdam announced another round of local government reform. The new framework was to develop municipalities and 'regional shires' that would cover the entire Territory from July 2008. The new Minister indicated that a Shire of less than 5000 people would struggle to be sustainable.

In January 2007, Minister McAdam announced there would be just 4 municipalities and nine shires.

In July 2008, the foreshadowed new shire arrangements took place. Fifty-seven small community government councils that covered about 5% of the NT's landmass amalgamated into eight larger shires that in conjunction with the municipal councils now cover 100% of the NT's sparsely populated land mass. The mess and heartache created by the rapidity of policy announcements and the subtle changing and churning caused by the process of the birth of the Shires was largely overshadowed by the impact of the NT Emergency Response in mid 2007. The misalignment between the objectives of the NT Local Government Reform and the Commonwealth Emergency Response drew attention away from the under resourcing of the local government mandate.



Diagram

NT Municipalities post Local Government Reform (source, NT Department Housing Local Government and Regional Services).

Shire IT bills greater than their rate base⁸⁵

One early initiative of the new NT shires was to have a consistent IT platform across all shires. The initial system worked nowhere near as well as had been hoped. This was largely explained by the urgency in getting ready for hand-over.

This made it difficult for shires to produce accurate financial reports from their computer system. The Barkly Shire quickly ditched the system after struggling for a year to establish the fundamental accounting and financial system.

The company contracted to develop the systems was a Brisbane-based firm. A new association named ShireBiz was established to own the financial system in the name of each of the shires with each shire CEO being a director. Barkly Shire is committed to almost \$700,000 in residual costs for software, hardware and support that they cannot use.

This is the residual cost of the shires contract with the provider that was imposed on all shires by the NT Government. For the next 3 years it appeared that two-thirds of the council's discretionary budget was spent on financial management, IT and communications.

In the case of the Central Desert Shire, the amount in their budget for the business systems represents about twice what they receive from rates.

The original ShireBiz system was configured wrongly for the Northern Territory and a remediation project had to be established to fix it. The assessment of the person hired to fix the problems noted from every perspective, timing, project management it was doomed to failure. The configuration was wrong; there was no consultation with shire councils about what sort of accounts they had. There appeared to be no

evidence of proper project plans and commitments.

There were people involved from the department but a number of those key people left the project before the shires were due to go live. There was no-one in his view who was looking at how the shires would operate in a holistic way. The time frame was crazy—there was no way they could have effectively implemented a solution for a stable shire council in that period of time.

When asked to estimate the cost of remediation of the ShireBiz program, it was estimated at between \$3.5 and \$4.5 million. The system was judged to have failed because of the systemic and administrative shortcomings on the part of those charged with administering local government reform in the NT.

4. Framing Responses

Many of the problems we have described are universally encountered by public institutions. We have reviewed international and local experience to understand why these governance dysfunctions appear in exaggerated form in remote Australia. We have found that these problems typically arise where two particular elements come together.

First, these problems are pronounced in contexts undergoing rapid change as a result of decisions made by external parties. Typically, these changes are associated with corporate commercial decisions to exploit natural resources or decisions by governments to strategically intervene in a territory for military or security reasons. International aid and development agencies can also distort local circumstances where large projects inject funds for humanitarian purposes.

Second, these governance problems are evident where repeated rounds of new public sector/management reforms have been occurring.

In both cases, these effects are more pronounced in places geographically remote from centres of economic, political and administrative decision making.

We now turn to considering ways to frame responses to the challenges presented by these governance dysfunctions. Our approach rests on three points.

- 1.** For large parts of remote Australia, policies that presume that the market will deliver positive outcomes—in services, settlement patterns, environmental management, and wider social inclusion—rests on a fiction that a market actually exists. The national interest in remote Australia therefore needs clarity of purpose and a resolute and continuing engagement by governments at all levels accompanied by significant systemic reform.
- 2.** Given the diverse nature of remote Australia, it follows that there is no single solution applicable across all remote Australia. Magic bullet solutions, whereby it is imagined that solutions can be achieved through manipulation of a few ‘key variables’, are certain to fail.
- 3.** Nonetheless, based on our review of experience of remote Australia, and global trends in how generically similar problems across a wide range of situations are being tackled, we feel that a higher degree of local autonomy—possibly including the creation of new authorities on a regional basis—will be required. If coupled with greater clarity and stability in the assignment of responsibilities amongst local, regional and higher level authorities and, crucially, adequate and predictable financing, this is likely to both improve the quality of outcomes and increase accountability for the achievement of those outcomes.

4.1. Australian Responses to Governance Dysfunction in Remote Australia

The current circumstances of remote Australia are characterised by contests: controversy and dispute among residents and business around policy changes in Aboriginal affairs and about fly-in-fly-out (FIFO) workplace practices which place new demands on local communities; competition between the resource and tourist sectors for personnel, accommodation and seats on planes; and changing attitudes to live animal exports are all examples indicative of current contest.

In its simplest form, such contest is reflected in the consistency of concerns expressed in the five things people say they “want but don’t get.” (chapter 1.1)

In urban settings markets and political institutions are much better able to mediate disputes and contests and produce outcomes which are durable and considered fair. Where national or global interest imposes itself in remote Australia, the local market and political institutions are less able to cope and as a result institutions are overwhelmed and unable to sustain productive solutions and outcomes over time. And the six governance dysfunctions ensure government is unable to provide effective relief. (chapter 2.1)

Governments are recognising that for large parts of remote Australia the notion that the market will deliver positive outcomes—in services, settlement patterns, environmental management, and wider social inclusion—is a fiction. **The national interest in remote Australia therefore needs clarity of purpose and resolute and continuing engagement by governments at all levels, accompanied by significant systemic reform.**

Governments with active programs in remote Australia have to become facilitators of diverse agencies (non government and private sector) to offset their poor capacity and their inability to cede control.

In Australia, two broad responses—‘whole-of-government’, and ‘strategic interventions’—to these governance challenges have been evident over the past decade, and are outlined in the following sections. Their key elements overlap and indeed, in some respects, the latter is simply a more selective or “strong” or “heavy” version of the former. We also observe the emergence of more recent trends to focus on place based investments in some human services sectors.

4.1.1 Whole-of-Government

Whole-of-government approaches typically entail substantially increased investment in the public sector, arrangements to enhance central strategy and executive control, and efforts to ‘join up’ multiple agencies of government, often through joint agency/funding agreements. Two MAC⁸⁶ reports⁸⁷ (2004, 2007) described the changes in organisation and processes needed to make a whole-of-government approach work. These include ‘substantial’ cross-agency agreements, outcomes-oriented budgeting, provision of greater discretion to frontline staff, and stability in commitments over time. What these features point to is that whole-of-government approaches

will not work without proper devolution of authority, funding, accountability and coordinated organisation. More to the point, it is clear that fundamental shifts in structural relations are needed between central and local authorities, and among influential private sector players, community members and representatives of public authorities.⁸⁸

4.1.2 Strategic Interventions

Strategic interventions have often been designed to add authority and a selective focus on key issues to whole-of-government approaches. Australia’s experience with strategic interventions in East Timor, the Solomon Islands and the Northern Territory (The Northern Territory

Emergency Response—NTER—exemplified 'strategic intervention') demonstrates that focus and resources can be mobilised to deliver tangible results rapidly.

But while such strategic interventions signal resolute commitment by higher levels of authority, experience also shows that whatever the gains, they tend to be short-lived,

unless accompanied by investments in long-term reforms to governance structures and practices.

Strategic interventions have become a feature of government responses to crisis and conflict and the key elements are common across contexts as diverse as remote Australia, Afghanistan and Solomon Islands.⁸⁹

The political and administrative elements of strategic interventions include:

- 1.** Creation of special purpose executive arrangements that have the effect of centralising authority and over-riding the powers and functions of lower level authorities. The effect of these executive arrangements is to suspend lower-level representative political processes, to allow rapid import of externally defined 'best practice' (attempted) solutions to problems.
- 2.** Whole-of-government action at the local level, directed by representatives of central authorities to ensure focused attention on problems perceived to lie at that local level.
- 3.** Selective engagements with community organisations to deliver services (such as social services, small infrastructure, local justice and dispute resolution services) according to priorities established at higher levels, along with sharpened administrative arrangements to hold them to account.



The Australian Defence Force was deployed in the early stages of the NTER.

These elements of strategic interventions enable governments, at the highest level, to create direct relations with communities and individuals at the local level perceived to be 'at risk' or 'risky'—as in the case of the NT Emergency Response, in which the Federal Government acted to directly link with children at risk. Strategic interventions also enable higher level authorities to cut through or bypass existing agencies, to break administrative log-jams to act on a select set of problems, whether they be the management of household incomes, the delivery of health services or, in extreme cases, the deployment of command and control agencies—such as the armed forces—to surmount logistical and communication challenges.

Unlike the negative aspects of NT intervention, the policy initiative of the Western Australian government to invest in two cities in the north in the Pilbara has local political support. However, it is in many respects a co-ordinated form of intervention aimed at catching up with the impacts of global change and demand for commodities and bears many of the political and administrative elements of a whole-of-government response.

These types of responses to crisis can have several merits. They can deliver a quick dividend in security and stability—in terms of personal and public safety—and the executive short cuts of strategic interventions can quickly channel large volumes of resources into services and infrastructure in remote places. Dealing with logjams/bottlenecks speedily can be highly popular. The appointment of Coordinators General (NTER) or a General Manager (Pilbara Cities) places executive staff in control of local institutions with direct lines of accountability to the central government or external authorities (e.g., the Regional Assistance Mission to Solomon Islands following Australia's response to violent conflict). These approaches are able to police local areas, put kids in school, deliver additional primary health care, get infrastructure built and set off a round of small community projects geared to needs as diverse as local justice, health care, savings and credit and provision of local infrastructure, including housing.

There is extensive literature on strategic interventions that also points to the profound limitations of this approach.⁹⁰ Three seem to be particularly pertinent for remote Australia.

First, strategic interventions tend to over-ride local authorities and arrangements. This disables local organisations and often leads them to redirect their energies to resisting the reforms being implemented, irrespective of their merits. Thus, productive engagements that would allow external agencies to tailor their interventions to local conditions are less likely to occur.

Second, the administrative arrangements and institutions created through strategic interventions often prove to be unsustainably expensive and unable to bear the responsibilities assigned to them when the special conditions (funding, authority) of the intervention no longer apply.

Third, and not surprisingly, strategic interventions tend to face common problems in regard to 'exit strategies', i.e. how to transfer responsibilities back to the existing local agencies which had been sidelined by the intervention itself. This commonly sets off a cycle in which neither the local agencies, nor the external agencies created by the strategic intervention, are locally regarded as effective or legitimate.

It is undoubtedly the case that strategic interventions and whole-of-government approaches will be considered appropriate for particular, short-term crises, or will be deployed where there is no appetite for longer-term, lasting solutions to the governance dysfunctions noted earlier but they are not a substitute for governance reform.

4.1.3 Place-Based Co-production

In parallel with the above responses some agencies of government at Commonwealth and State levels are rapidly moving towards place based investment approaches that give citizens greater control. This is particularly evident in the disabilities sector where carers and families are being engaged in co-producing and co-managing services.

In WA local area coordinators have been located across the State as groups are given control though they still receive public funding.

The Commonwealth is also reviewing the Finance Management Act to better support this new way of operating. This is a welcome shift in emphasis however, in remote Australia even if such arrangements were to be instituted individuals often would not be able to purchase services for the reasons outlined earlier in this report. In remote Australia there is limited capacity to benefit from such place based initiatives without a wider set of reforms in support. Never the less the trend to co-production is a welcome initiative of government and the reforms in governance promoted in this report will add value to this changed approach.

4.2. Responses to Governance Dysfunctions in OECD Countries

Where a sense of crisis is not evident and longer term solutions are being sought, experience gained from OECD countries, and the international community's response to circumstances in conflicted and institutionally fragile countries, indicates that a new set of policy principles are being applied.

The UK, OECD and some developing countries have actively reviewed past experience with matters such as decentralisation, regionalism, and rural development to distil lessons that go beyond the essentially centralising orientations that are the kernel of New Public Management (NPM)⁹¹. Much of this new policy revisits past experience in place, community development practice, regional planning and innovation and learning.

In the UK, OECD and developing countries, emerging policy responses have included place-based approaches, regional innovation strategies and 'experimentalist' or pragmatist policy designs.⁹²

These responses provide increasingly popular policy mechanisms seeking to represent the next move in the development of public management in regions.

4.2.1 Place-Based Approaches

In the UK, 'Big Society' place-based initiatives led to a new Localism Bill, tabled in December 2010. The Bill sought to devolve greater powers to councils and neighbourhoods to give local communities more control over local services and service delivery and planning decisions. The economic downturn in Europe has made progress challenging and unresolved issues around bundling of funds, new analytic tools to determine spatial scale, and to value 'community development', political accountability and local coordination are still being addressed. However the shift to decentralised (place centred) governance and place-based approaches offers the only viable public policy alternative for the future.

The OECD has developed frameworks for designing place-based arrangements to address a variety of elements, including economic development and innovation, social development, city and rural development, unemployment, deprived areas and high needs contexts. In these frameworks governance reform is a threshold condition for advancing action.

4.2.2 Regional Innovation Strategies

Regional innovation strategies which switch from over-reliance on compensatory and redistributive approaches, to arrangements which can identify and capitalise on opportunities, have grown as a mechanism to identify and achieve place based opportunities recognising and emphasising that employment is a key to social and economic development. They shift the focus of economic strategy from markets to capabilities, because these capabilities develop at regional not economy wide levels.

Regional development occurs as localised capabilities are mobilised in response to change. Regions gain competitive advantage by mobilising all their assets, including institutional and governmental capabilities. In the past, local capabilities have been the key to surviving in remote Australia but many of these capabilities and institutions don't travel well when dealing with globally induced change or opportunity. A Regional Innovation Strategy (RIS) shifts the regional policy paradigm, enabling a platform for building a provisional consensus around the steps that need to be taken to realise opportunities. However, taken alone a Regional Innovation Strategy potentially short-circuits the governance question.

4.2.3 Replacing principal-agent designs with experimentalist or pragmatist approaches

Under modern public management procurement practice, external agents are often contracted to deliver services. A central tenet of principal-agent theory is that the principal can determine desired outcomes in advance. Pre-determined performance metrics allow the principal to hold the agent accountable for outcomes and elaborate contractual, co-production, outsourcing and reporting structures have developed in a variety of fields.

An 'experimentalist' or pragmatist approach presents an alternative that promises to shift exchanges from a primarily

punitive to a primarily learning basis. These approaches recast the terms of accountability from a process that concentrates on conformance (with goals and rules), to ongoing monitoring, mutual reflection and shared responsibility.

Pragmatist or experimental principles entail an approach to the management of inter-governmental and purchaser-provider relations wholly different from the structure now dominant in remote Australia.

These emerging policy responses could be developed for use in the remote Australian context but remain subsidiary to, and will only be effective within, a significantly new and more effective governance system.

4.3 Lessons for Remote Australia

A number of lessons may be drawn from a review of OECD and fragile state contexts:

- Economic policy and practice, rather than a singular focus on improved subsidies, welfare and 'services', must be at the heart of policy on remote Australia.
- But under such economic policy, government needs to do more than set macro-economic conditions—it needs to become an active partner in business/livelihood with community and private sector.
- Agglomeration, regional integration, and regional connectivity are keys to any innovative response.
- In the context of regional policy 'place-centred' governance is a more realistic concept than 'place-based' concepts. Place-centred is a complex layered concept which should not be confused with or made equivalent to place as a geographic area or 'community' or other spatial scale. Place-centred governance is determined by mandate, not by location.
- Government could stimulate capacity in remote Australia through micro-economic reform including adoption of more innovative regional and procurement policies.

4.4 Lessons from Remote Australia

And in reviewing the current state of remote Australia the following lessons can be drawn:

- It is not clear who, if anyone, is setting the priorities for remote Australia and what those priorities are.
- The current arrangements—comprising three tiers of government and a series of ad hoc regional arrangements—appear to be incapable of resolving both the priorities and the contests that need to take place around these arrangements.
- The structure and configuration of institutions across remote Australia are therefore largely not "custom-built" or fit for their particular purpose.

- Consideration of economic circumstances is crucial in establishing priorities in remote Australia and the private sector has been more successful in working through these issues than has government.
- Failure to innovate is most marked in the public sector.
- The five things residents of remote Australia say they “want but don’t get” fuel the discontent and unhappiness consistently conveyed through our consultations and discussions.

At the outset of the chapter we indicated our response rested on three points. The way forward therefore needs to take account of what we have learned in relation to those points.

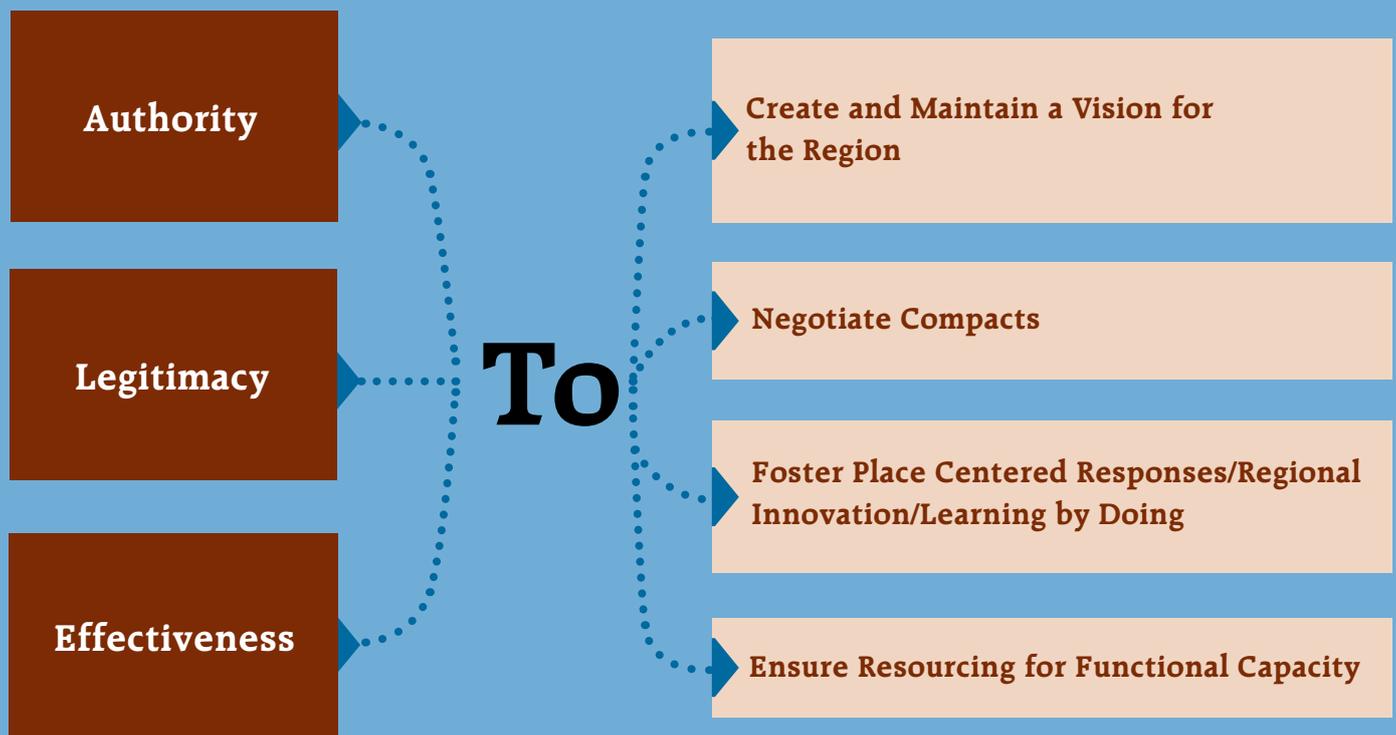
- 1. The national interest in remote Australia needs clarity of purpose and a resolute and continuing engagement by governments at all levels accompanied by significant systemic reform.**
 - The national interest requires that governments are mandated to be an active participant in remote Australia because of the absence of a functioning market and a critical mass of people to ensure real security, services and safety for all across the remote Australian landmass. Principally this requires a vision or narrative about remote Australia and its place in the nation. The absence of vision leads to the hole in our national heartland that this report—and the remoteFOCUS initiative—is devoted to resolving.
- 2. There is no single solution applicable across all remote or outback Australia.**
 - Whilst there is a need to focus nationally on remote Australia local and regional responses to the pressures and drivers delivering ongoing localised contests need to be addressed differently in each case. Our work has shown that solutions in the Pilbara will be found through different approaches to solutions that might arise in central Australia or in north Australia. However whilst there is no one size solution the framework proposed as a result of our work can be consistently applied to develop a range of place based solutions
- 3. A higher degree of local autonomy—possibly including the creation of new authorities on a regional basis—coupled with adequate and predictable financing is likely to both improve the quality of outcomes and increase accountability for the achievement of those outcomes.**
 - Place, people, partnerships and connectivity are factors in stimulating new innovative responses and it is more likely than not that existing regional structures, whilst being involved, will not be the best and most appropriate models to move initiatives forward. In addition the emerging practice around place based and place paced approaches will need to be nuanced to account for place centred governance responses where mandates are assigned to multiple ‘places’ in the governance system.

5. Principles for effective long-term governance in remote Australia

The key outcome of the application of new governance principles is to create locally appropriate institutions which have sufficient authority, legitimacy and effectiveness to fulfil their functions.

New Governance Principles

The nature and pace of change in remote Australia, the ongoing contest as people respond and adjust to change, necessitates creation of regional governance structures that have:



By **authority** we mean that the rules of the agency trump all other rules of agencies with similar/equivalent mandates.

Legitimacy is the degree to which citizens within the agency's jurisdiction perceive and accept that it has the right to do what it does.

Effectiveness refers to an institution's capacity for purposeful action—to set policy, to plan and procure outcomes, and to hold officials accountable.

The nature and pace of economic, social and technological change in remote Australia, and the consistency of the concerns expressed in our consultations and engagement with the people of remote Australia necessitates the creation of governance responses that meet the following four principles:

1. Authority and Legitimacy

The institution must have the authority and legitimacy to create and sustain a vision for the region. The crafting of a vision which unites, identifies criteria for "success", and provides a strategic framework for all regional interests, is a fundamental prerequisite for the achieving of such authority and legitimacy.

2. Negotiated Compacts

Lasting solutions to dysfunctional governance in remote Australia will require '**negotiated compacts**'. These compacts have two dimensions: agreements between public authorities at different levels—federal/state/ local; and agreements between public sector, private sector and community organisations. What this principle makes clear is that a reorientation of public policy toward place-centred approaches is neither an abdication by higher authorities of their obligations and responsibilities to citizens in remote Australia, nor does it necessarily mean the creation of 'autonomous authorities' at the local level to operate independently. Rather, it is a form of 'dual compact' where the general public interest and the particular parochial interests are all reflected in a common set of goals. More particularly, general goals would require endorsement by the highest levels—parliament, a regulatory authority, or the relevant corporate boards—and they would be revised in response to proposals by lower-level units responsible for defining particular needs and ways of executing key aspects of the tasks required to realise the goals.⁹⁴

To achieve durable compacts, new forms of institution may be needed which have the authority, legitimacy and effectiveness to carry out the essential tasks of mandating, mediating and settling contests. In common with findings from OECD experience, such a new form would aim to deal

with 'information gap' asymmetries. It would recognise and include in consultation processes, 'the policy challenge' and agree to resolve it via the principle of subsidiarity. It would agree, at the principle level, to adopt a range of metrics (not just standard, general measures e.g., uniformity in service, compliance standards) when considering priorities/reaching decisions, thus confronting the 'objective gap'.⁹⁵

To be credible, the scope of the negotiated compacts required for remote Australia would need to extend beyond the typical reach of whole-of-government approaches and strategic interventions and give special emphasis to economic-livelihood outcomes. This would entail recognising that achieving more inclusive economic outcomes for remote Australia will require federal and state commitments to capital investments, and social enterprise and industry policy at an unprecedented scale—and maintained over a long period.

While there is no unambiguous empirical evidence or consensus about what drives "viable economies" in remote areas, there is consensus internationally on two points.

- a. Governments everywhere have a poor record of directing global market forces into particular geographic locations or industry sectors.⁹⁷ Thus, economic policy that artificially nominates settlements as 'growth hubs' or aims to coerce economic agglomeration by turning off funding for particular classes of settlement is not likely to prove a successful policy.
- b. There is consensus that it is critically important to facilitate connections between remote areas and centres of economic activity, to enable mobility, access to services and the phenomena in remote Australia known as 'orbiting'.⁹⁸

Compacts have been used as an instrument of the US Congress to grant native nations authority and funding to run services following a period of contracting and capability development. The Native American Challenge requires eligible entities to negotiate and enter agreements (Native American Challenge Compacts) with the United States that in general serve to allocate the roles, responsibilities, and resources to be dedicated by each of the parties, and set out clearly defined and measurable goals to be achieved.⁹⁹

3. Place-centred responses and regional innovations

Lasting solutions to dysfunctional governance in remote Australia will most likely require the creation of **place-centred responses and regional innovations**.

The key element of a place-centred approach is the introduction of an authority with comprehensive oversight at regional levels whereby any jurisdictional overlaps are negotiated and worked through to such an extent they do not impede the carrying forward of the unifying vision and the effectiveness or legitimacy of the agency.

However, the mission of, and authorities and outreach structures associated with, such an agency need to be responsive to local imperatives and capable of tailoring flexibility to local circumstances. These are prioritised although, of course, in no way trump wider interests and concerns. So the challenge is one of appropriate design, and there is naturally no “one-size-fits-all” solution. Functionally, such an authority should oversee three basic public sector responsibilities: maintaining peace and security across the region; ensuring the service needs and entitlements of the region’s population are met in a socially just and locally acceptable way; and to foster economic livelihoods.

In remote Australia, regional innovation approaches have the capacity to shift the focus of economic strategy from markets to capabilities and from compensatory and redistributive approaches to arrangements that can identify and capitalise on opportunities across a range of place-centred processes.

4. ‘Resourcing must follow function’

Less contentious but typically acknowledged in the breach in Australian public policy—is the fourth principle, that **‘resourcing must follow function’**. Consistent with the agreements reached about the powers and functions of place-centred authority, long-term agreements are required to ensure that chronic gaps in local fiscal and human resource capacity are addressed over time.

Budget pooling and fiscal transparency of all sources alongside procurement reform at federal, state/territory/shire, and special-purpose levels, plus corporate financing, should be pursued.

The Groote Eylandt and Bickerton Island Regional Partnership Agreement⁹⁶

The Groote Eylandt RPA is a working example of the application of some of the principles espoused in this report and is therefore a useful demonstration of the gains which can be made by going beyond attempts to coordinate or intervene. The Groote RPA is a positive example where COAG lessons learned and local place based approaches have been applied through the application of compacts and local resourcing. The process managed to get the critical players on the same page.

It accepts and endorses the legitimacy of the role of the three levels of government and of the Land Council and clarifies the mandate and financial obligations of each of them.

It has involved the resourcing of a dedicated secretariat to help drive implementation and the resourcing of the Land Council to engage external expertise when required to assist in settling and adjusting mandates through the different iterations of the agreement and dealing with

problems among the participants (peace making).

It has provided a means of having accountability for outcomes.

It demonstrates that clarity of objectives and having shared objectives is a tool for improved performance at all levels.

5.1. A Framework for Governance Reform in Remote Australia

We have identified a consistent set of claims and concerns expressed by people living in remote Australia, and a consistent uniformity of analysis by government and other analysts on whole-of-government responses to the impacts of rapid change in marginal, peripheral or remote contexts.

Reviews of OECD and non-OECD experience in regional governance have directed attention at place-based and regional innovation responses while showing that “one size does not fit all”. However the adoption of place-based or regional innovation approaches in the absence of place-centred governance reform is likely to become just another form of community development intervention-style response that is unlikely to deliver success in the long term.

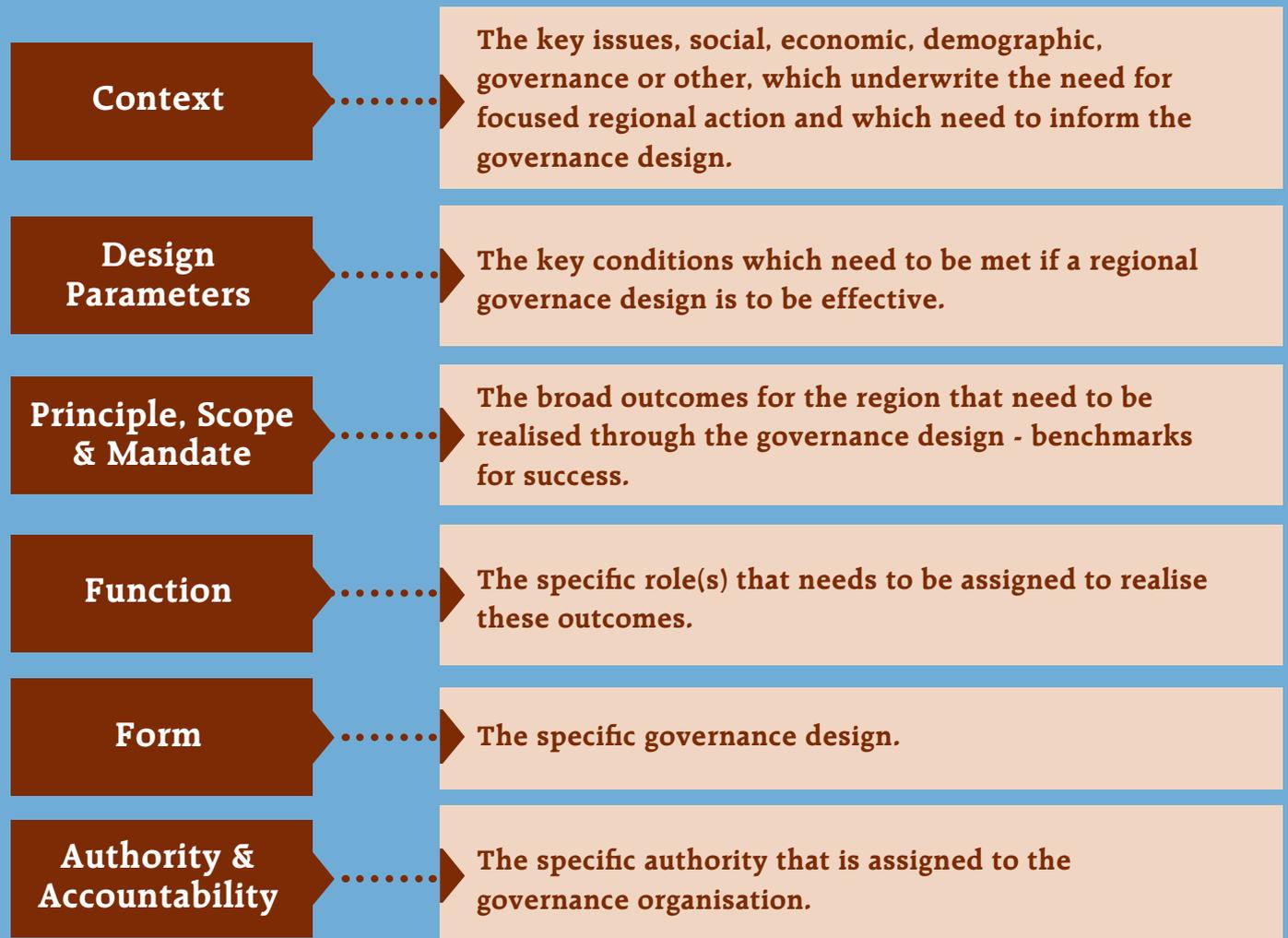
On the basis of these analyses, we have concluded that without systemic change in the way that governments

conceive of and govern in remote Australia, there will only be ephemeral and insignificant improvements that will not sustain a pattern of good governance across the nation, and the consistency and magnitude of issues encountered and concerns expressed, across remote Australia will not diminish.

The general framework within which particular designs can be developed requires wide-ranging regional engagement to resolve the specific application of these principles in particular locations.

Critical to the success of this approach will be the need to be less concerned at the outset with the particular form (shape, type, scale) of institution, and to focus more on the issues to be dealt with, the functions that public authorities need to be able to fulfil and the

Framework for Governance Reform



distinction between form and function. And application of the approach will differ from place to place, and from time to time. Achieving agreement around the regional context is the starting point.

The next chapters of this report outline approaches to governance reform in two regions of remote Australia—the Pilbara and Central Australia. These approaches illustrate both the general framework within which particular designs can be developed, and the specific application of these principles in particular locations.

Through intense regional engagement a governance reform process with six primary steps is proposed, summarised by the following terms: context; design parameters; principles, scope and mandate; functions; form; and accountabilities.

Context: What are the issues in the region? This covers the specific key social, economic, demographic, governance or other features which underwrite the need for focused regional action and which need to inform the governance design.

Design parameters: Which agencies currently are/ or are not responsible? Based on the present governance arrangements and other specific features set out in the context, these parameters outline the key conditions which need to be met if a regional governance design is to be effective and sustainable.

Principles, scope and mandate: What are the agreed benchmarks for success? These describe the broad outcomes for the region that need to be realised through the governance design.

Function: Function refers to the specific role(s) and tasks that need to be assigned to realise these outcomes.

Form: This covers the specific governance design—the shape, jurisdiction, powers, responsibilities and resources available to an institution.

Authority and accountabilities: This covers the specific authority that is assigned to the coordinating organisation. For example, does it have political standing or is it rather a composite of other authorities, albeit one with independent standing, mission and roles. Both 'upwards' and 'downwards', accountability arrangements need to be defined. Upwards accountabilities will be to federal and state political and administrative authorities and agencies. Downwards accountabilities will be between the existing or putative regional structures and relevant local government, community and other representative bodies and organisations and local people.

5.2 Conditions Precedent to Successful Governance Reform

In response to our engagement process and findings, this report outlines a set of principles and a staged reform process for effective long-term governance across remote Australia. It also outlines a process for strategic governance review to deal with the complexity of issues associated with remote Australia.

We have established that there seems to be, currently, no way to bring about such fundamental reform. The underlying strategy questions remain unresolved and largely unaired outside specialist circles, and are largely isolated from each other.

We observed outbreaks of concern around **Stronger Futures in the NT** for Aboriginal people, and the **FIFO/DIDO workplace practices** across the resource-rich sectors of remote Australia, but no comprehensive appreciation of how these issues are linked. Discussion focuses on behavioural change, subsidies and workforce initiatives as necessary adaptive responses: but they are ad hoc responses.

An appropriate discussion of possible new governance arrangements which are sufficiently open to new evidence and new concepts, are serial and sufficiently sustained, and are not immediately politicised is, to say the least, very difficult in the present Australian policy system.

The integration of legitimate national, state and local interests through structural reform is unlikely to emerge from the public sector or conventional legislative processes. In fact, we argue, such efforts are negated by present governance arrangements.

Therefore, the most significant pre-conditions for the proposed reforms is a move towards cross-party political commitment and **a mandate from the senior elected leader in each jurisdiction** that seeks to address the long-term governance solutions for the benefit of remote Australia.

Only political leadership, such as that which produced an initiative and policy shift like Royalties for Regions in WA or mandated the NTER, but—importantly—aimed at systemic change to the way governments make decisions, operate and are accountable, will take us beyond a ‘we-must-try-harder’ mantra without regard to the efficacy of the system itself. This cannot be driven from within the bureaucracy, which is constituted within the status quo and bound by its rules. Political

leadership needs to come to the conclusion that there is a system problem not a policy problem.

Reform of this nature and scope will not be easy, nor will it be uniform. In some situations people will have to use existing legislation and organisational resources to initiate a start to reform.

Reform will be problematic unless the incorporation of Aboriginal perspectives is a non-negotiable condition precedent.

One approach would be high level political support to establish a small number of trials, or ‘innovation’ regions or zones, where the principles and approach outlined in the report are applied, with the specific aim of developing an on-going process of learning, consensus and regional capacity building—a starting point with a defined scale and scope. This will build momentum for change as required and potentially provide “proof by good example” of the efficacy of such change.

Irrespective of the starting point, this report establishes a number of clear criteria, including vision, authority, legitimacy and effectiveness against which reforms at any level can be evaluated.

- Is there a capacity to have a guiding vision or narrative that gives direction and explains the actions of all levels of government, that is, a shared vision?
- Is there a capacity to settle mandates?
- Is there a capacity to match mandates with funding and resources?
- Is there local accountability within the various administrative structures?
- Is there a capacity to review and adapt mandates as experience accumulates and learnings develop?
- Is there a body that is above the contest, authorised by the players to be responsible to oversee all of the above?

Another significant opportunity would be for the Productivity Commission to investigate the capacity for such a governance reform to act as a micro-economic stimulant for remote Australia.

At the level of community the concerns expressed in this report need to be articulated in localised contexts across remote Australia. The voices of community legitimise

concerns for politicians to respond to. In their own way community concerns provide the mandate for political leadership.

Continuing community articulation of why their concerns persist and how the current system of governance appears

unable to resolve these concerns is a fundamental condition precedent to establishing a mood and appetite for positive reform.

5.3 Growing the Voice of remote Australia: Next Steps for Community.

Reports of this type invariably list a series of recommendations for governments and other authorities to action.

This report however sets out to collect and reflect the voiced concerns of the people of remote Australia and it concludes with a call to action for people of remote Australia and the institutions and organisations who are concerned to act in the best interests of remote Australia.

We do this because it is ultimately the residents of remote Australia who will accept the authority and endorse the legitimacy of the governance reforms that are being promoted in this remoteFOCUS project.

This report has detailed a number of dimensions of governance dysfunction across remote Australia.

Whilst concluding that reform requires high level political commitment and a national narrative about remote Australia it also emphasises that the necessary reforms will only arise as a result of intense regional engagement in place based activities operating within a place centred governance framework.

We established that the reforms were systemic and not specific to Aboriginal interests alone, however, without their mandate and endorsement of the legitimacy of this approach for them, the possibilities for systemic reform are limited. We recognise however that having established principles and a framework now means there is an intense dialogue that needs to occur between Aboriginal people and their institutions with the concepts and proposals raised in this report.

There are a number of peak institutions and regional community organisations who can play an active role alongside concerned individuals. This project has attracted ongoing support from the Sidney Myer Fund, the Australian Government and the Western Australian Government through the Pilbara Development Commission.

This interest allows remoteFOCUS, through Desert Knowledge Australia, to visit and scope regional understanding and responses to the proposals advanced in the report.

Add Your Voice

We urge all Australians to add their voice and experience to the call for systemic change through the remoteFOCUS initiative.

Individuals and organisations living or working in, or affected by remote Australia are invited to visit our website and join the remoteFOCUS network.

Supporting documents are available on the Desert Knowledge Australia website: www.desertknowledge.com.au/Our-Programs/remote-FOCUS

5.4 What are the next steps for a politician wanting to govern remote Australia well?

Political leadership at all levels will have to mandate change based on:

1. Acceptance that the standard concerns set out in the report are based on reality and that more of the same will produce more of the same and therefore a changed approach to how government operates is needed.
2. Acceptance that:
 - if the three levels of government and the community (Aboriginal and non-Aboriginal) are working at cross purposes success is impossible because goals are different;
 - if members of the communities disagree with or do not support what governments are trying to do wicked problems (health education employment) will not be solved;
 - in remote Australia government is the main provider of an economy (as against having some industries and particularly mining which do not of themselves ensure an economy as against having an industry); and
 - different rules may need to be established for application in remote Australia, recognising the lack of market and other unique operational realities – for example purchaser-provider models of service delivery effective in metropolitan Australia may not be appropriate in remote areas.
3. Acceptance that there is a need to have:
 - shared goals (vision) based on a shared;
 - clarity of mandates, ie an acknowledgement of roles and responsibilities of each level of government and key community elements including Aboriginal communities;
 - funding and capability which matches mandates;
 - ability to adjust mandates and settle disputes over time as no arrangements will be perfect and circumstances will change;
 - an ability to look after all the above across the political cycle and according to agreed principles;
 - a body or agency authorised by the different levels of government and the community to keep the ring on all of the above otherwise left to themselves the different levels of government will revert to the norm and act in their separate interests and in the interest of metropolitan Australia;
 - appointments to lead such a body or agency that are authoritative by nature of those appointed rather than representative. Such appointments should extend beyond the political cycle and be accountable to the stakeholders against the criteria laid down by them.
4. Acceptance that to work through these issues in various places requires a resourced, skilled and independent process to be put in train, and an action/learning/innovation framework to be established.

In the Pilbara a valuable start has been made by the WA Government. Royalties for Regions is a unilateral (that is, State) policy which addresses the traditional failure to provide financial resources to regions sufficient to meet their legitimate needs and aspirations. Pilbara Cities is again a decision by the State to establish unilaterally a unifying vision going beyond ad hoc responses to particular issues. The next step is to ensure all governments and the different Pilbara communities are on the same page. And this cannot be done unilaterally. It needs the political leadership of all levels of government and the various elements of community in the Pilbara to agree to the need for the sort of approach set out above. A particular necessity is the incorporation of Aboriginal interests into this process through their established representative structures.

In Central Australia the need for a unifying vision going beyond service provision and law and order and reliance on the boom and bust cycles of commodities, focused on development of capacity and economic livelihoods, regional connectivity and innovation is clear. Again with three levels of government, representative community organisations and a web of representative Aboriginal organisations the task is similar to that in the Pilbara but in different circumstances, as detailed in the report.

What is required is an intense regional engagement around

- the issues in the region
- what needs to happen at each level of government and of communities themselves
- what are agreed objectives, what are we wanting to achieve
- who is responsible for what tasks including keeping everyone on track over time
- are the resources and capabilities matched to task
- what structure will have the authority and legitimacy to maintain this approach over time

Such engagement is best mandated by political leadership but RAPAD is a reminder that a similar process can be used in a partnership between local governments and communities to achieve changes involving those participants.

The Groote Eylandt RPA is a working example of the application of some of the principles espoused in this report and is therefore a useful demonstration of the gains which can be made by going beyond attempts to coordinate or intervene. The Groote RPA is a positive example where COAG lessons learned and local place based approaches have been applied through the application of compacts and local resourcing. The process technique managed to get the critical players on the same page.

- It accepts and endorses the legitimacy of the role of the three levels of government and of the Land Council and clarifies the mandate and financial obligations of each of them.
- It has involved the resourcing of a dedicated secretariat to help drive implementation and the resourcing of the Land Council to engage external expertise when required to assist in settling and adjusting mandates

through the different iterations of the agreement and dealing with problems among the participants (peace making).

- It has provided a means of having accountability for outcomes.
- It demonstrates that clarity of objectives and having shared objectives is a tool for improved performance at all levels.

This approach is demonstrated in more detail through provisional worked examples of the application of the principles and framework to develop possible options for governance reform in the Pilbara, and a context for regional engagement in Central Australia.

These examples will be enhanced through further and wider public engagement to refine and alter the analysis. However, as written they demonstrate in a preliminary way how the principles and process outlined in the report might be applied if concerned stakeholders chose to mandate serious reform.

Policy development and administration for remote Australia is largely determined within State and Territory borders. As a result there is a fragmented approach. Major decisions affecting remote Australia are almost entirely made in capital and regional centres on the coast or in Canberra, with little understanding of its key drivers and its unique setting. Instead, strategic and context-specific action is required to achieve positive outcomes. **There is a critical need for an on-going institution that has the mandate and authority to focus on remote Australia, change the dynamic of under-development that afflicts the region, and sustain a momentum for change and regional coordination that is specific to remote Australia—an Outback Commission by any other name.**

The establishment of an overarching body such as this will take some time, and will no doubt be hotly contested. In the mean-time iterative reform and learning (innovation) can and should be pursued. The principles and analysis outlined in this report can be applied at different places and levels, lessons learned and the approach refined, scaled and connected up. What is needed is a willingness to explore new approaches and perhaps make mistakes. Of course mistakes are presently being made as part of what is the 'normal way of doing things', but the system is self-levelling

and self-protecting. Learning from mistakes is innovation and true leadership and that is what is desperately needed in remote Australia. The compelling evidence of governance dysfunction in remote Australia demands this of the nation. National self-interest demands this of our governments. Local self-interest demands this of local leadership. The integrity of all individuals who could and should be part of the solution demands this.

It is easy politics to hide behind concepts of representational democracy and market economics and waive the needs of remote Australia in favour of the weight of public opinion and numbers in the serviced suburbs. For it is here where the majority of political leaders derive their authority and maintain their relevance. This type of neglectful inequality is corrosive for the nation and rots Australia from within.

Furthermore, the economic cost (a common “mainstream” criterion) of deferring action, or refusing to reform is nationally significant. Investment now with a view to avoiding vastly higher costs both in terms of addressing disadvantage and relocation is prudent and in the national interest. There are aspects of our national interest and identity that we lose by making the wrong decisions over and over again or by neglecting to make a decision at all.

For some the ‘failed state’ declaration for remote Australia in the 2008 remoteFOCUS Prospectus may have seemed “over the top”. But denial of the damage being done through the continuing failure of governance (despite good intentions)

helps perpetuate an institutional and national indifference which creates despair and loss of hope for those impacted by that failure of governance.

And to choose indifference over reform is to become a bystander; to succumb to the fears and prejudices of a largely ignorant (of the problems in remote Australia) expatriate majority and relieve oneself of the burden of leadership and initiative. To not respond to evidence of persistent systemic failure is to effectively dispute that evidence, or to imply that a response would be of little or no consequence. Even worse, it is to suggest that the people of remote Australia are an electoral abstraction and not as important as people living in the populated cities along the coastal fringe.

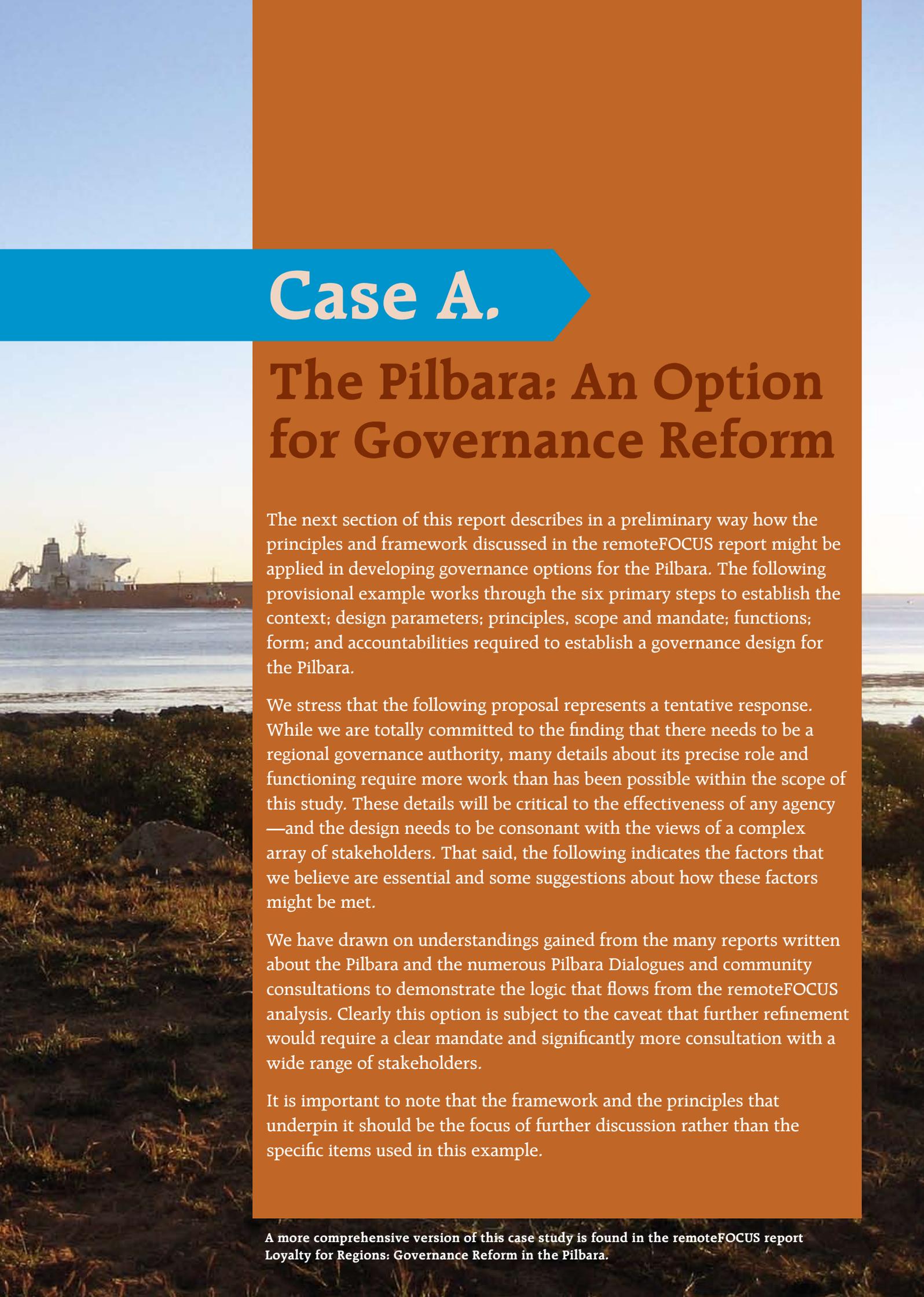
It is not a case of whether or not we know what to do, but rather a case of having the collective will to do it. The market will not define the national interest in remote Australia and its peoples. Only political and civic leadership will drive the necessary reforms.

We know what this might cost but we don’t appear to yet know what this is worth as a nation.

Is the current governance of remote Australia good, or even adequate? We think not. Is it fair and just? We think not. Is it right, can Australia properly be a nation while there is this hole in our heartland? We think not.

“If we cannot rise to the level of a justificatory narrative – if we lack the will to theorise our better instincts – then let us at least recall the well-documented cost of abandoning them.”¹⁰⁰





Case A.

The Pilbara: An Option for Governance Reform

The next section of this report describes in a preliminary way how the principles and framework discussed in the remoteFOCUS report might be applied in developing governance options for the Pilbara. The following provisional example works through the six primary steps to establish the context; design parameters; principles, scope and mandate; functions; form; and accountabilities required to establish a governance design for the Pilbara.

We stress that the following proposal represents a tentative response. While we are totally committed to the finding that there needs to be a regional governance authority, many details about its precise role and functioning require more work than has been possible within the scope of this study. These details will be critical to the effectiveness of any agency—and the design needs to be consonant with the views of a complex array of stakeholders. That said, the following indicates the factors that we believe are essential and some suggestions about how these factors might be met.

We have drawn on understandings gained from the many reports written about the Pilbara and the numerous Pilbara Dialogues and community consultations to demonstrate the logic that flows from the remoteFOCUS analysis. Clearly this option is subject to the caveat that further refinement would require a clear mandate and significantly more consultation with a wide range of stakeholders.

It is important to note that the framework and the principles that underpin it should be the focus of further discussion rather than the specific items used in this example.

A.1 Context

What are the issues in the region? This covers the key social, economic, demographic, governance or other features which underwrite the need for focused regional action and which need to inform the governance design.

The Pilbara has been historically and now almost entirely driven by economic imperatives rather than government imperatives and currently it is fair to say that government is in catch-up mode.

There is overwhelming community concern that rapid resource development, and in particular FIFO/DIDO workplace practices, has changed the nature of these communities and changed local community outcomes some of which are unsatisfactory.

In recognition of the pace of change, the longevity of the resources boom and the impact of that growth the WA Government, with some Commonwealth support has made significant commitments to community development including a revitalised vision for the Pilbara and intervention in the market. It has proclaimed two twin cities in the Pilbara together with other towns further inland. This vision is the first clear statement of a desired settlement pattern in the north by government since Premier Charles Court many years ago.

The WA government has completed a planning framework and has locked in budget and a limited amount of legal commitment through the Land Administration Act and Land Development Act.

The good intentions of the government are further evidenced by the investment in the Royalties for Regions funding in the Pilbara and is now evident in a range of infrastructure and social programs in the Pilbara. Most parties, however, would agree that the pace of change and the depth of demand for services and housing, particularly, mean there is a significant degree of catch-up required. This process is expected to finish in 2035. We infer that in order to achieve this outcome, institutional structures of a similar commitment and longevity will need to be in place to accompany this vision.

Local authority has been developed, albeit on a limited scale, through the appointment of a general manager to Pilbara Cities, the development of the WA Planning Framework and the work of the Pilbara Development Commission.

The Commonwealth government relies on RDA Pilbara to plan and engage on a regional basis, while Infrastructure Australia examines opportunities to contribute to major strategic infrastructure projects.

Consistent advice from people living in the region and working in regional institutions is that outside of the negotiations between resource companies, native-title holding groups and the WA Government on land issues there has been a failure to bring Aboriginal people into meaningful partnerships that will ensure they receive the full benefit of the Pilbara vision and opportunity. This is potentially a serious and chronic problem for all the parties. Changes cannot just be dictated by government. How the people of the Pilbara resolve the coexisting realities of Aboriginal people with entrenched legal and communal rights (and income streams and land holdings) and specific identities determined by culture and contract, and the desire of these same groups of people wishing to derive normal citizenship benefits as individuals from services provided by government will be an ongoing challenge. Whether the people of the Pilbara have a governance structure that enables them to meet this challenge is also an open question.¹⁰¹

Aboriginal people have a significant role to play if the vision is to be achieved. They hold substantial native title rights to land across the Pilbara, and they will lock in substantial income in the form of communal royalty equivalents from these rights.

Our earlier analysis has shown that in areas where there is a contest for resources, the agreement and negotiating process actually reinforces individual and communal identities and rivalries. In a context of continuing economic change, there will be conflicts between and within Aboriginal groups and between Aboriginal groups, resource companies and government which will need to be resolved in a permanent and relatively workable way.

There are examples of workable structures in which Aboriginal people have worked their way through analogous issues. This is exemplified in the formation of the Pilbara Indigenous Marine Reference Group in the Pilbara.¹⁰² The RPA development on Groote Eylandt¹⁰³ is a more systematic and long term example of a workable outcome. In both cases, people and governments have been united through finding common objectives and purpose, defined responsibilities, defined resource commitments for all parties and defined timelines for action.

Agreements that involve directed compensation or royalty equivalent payments to restricted outcomes can ultimately

be detrimental to the quality of governance arrangements which will be necessary to sustain a Pilbara Cities vision. Agreements that restrict or reduce capacity to decide what to do potentially limit the growth of good governance among Aboriginal people.

Local government is under-resourced for the challenges that it faces. Its capacity to generate revenue through property taxes is limited. This is because the resource companies engage through a state agreement process currently leaving local shires unable to rate the land resource companies develop for their operations. In this context, local shires must seek support from individual resource companies by 'grace and favour', not by right.

Current institutional structures are not effective or legitimate in either containing or resolving a productive contest on the geographic scale of the Pilbara because no single existing authority is mandated to act in the best interests of the Pilbara as a whole.

A.2 Design Parameters

Which agencies currently are/or are not responsible? Based on the present governance arrangements and other specific features set forth in the context, these express the key conditions which need to be met if a regional governance design is to be effective.

Given the various stakeholders who need to be engaged and the likely form that key pressures will take, any governance response in the Pilbara will need the capacity to:

- **Establish a shared vision between governments and communities,**
- **Negotiate compacts that provide clear mandate of responsibilities and a common platform for accountability at all levels of governance,**
- **Foster place-centred solutions and regional innovations, and**
- **Ensure resourcing for functional capacity.**

A.3 Principles, Scope and Mandate

What is agreed as the benchmarks for success? These describe the broad outcomes for the region that need to be realised through the governance design.

The governance body should endure over time and beyond political cycles. It should have a specific charter which empowers it to pursue:

- Social and economic benefits for the people of the Pilbara in balance with both the national and wider state-based interest,
- Social inclusion and equity across the Pilbara where Aboriginal people are integral not an add-on,
- Coordinated multi sector responses to economic and social change,
- Mechanisms to ensure transparency and accountability both 'upwards' and 'downwards',
- Coordinated multi-level responses to the contest of interests within and between government, business and Aboriginal interests,
- Environmentally and socially sustainable strategies for the Pilbara, and
- Practice subsidiarity to the optimum obtainable degree.

A.4 Functions

Function refers to the specific role(s) that need to be assigned to realise these outcomes.

There are six main functions that should be undertaken by such a body.

- Maintaining and promoting the Pilbara narrative,
- Brokering and settling agreements (peace-making where agreement is not possible),
- Clarifying the mandates of all levels of government and communities,
- Clarifying outcomes and service standards appropriate to place and scale,
- Matters on notice—anticipating, researching, monitoring, planning and developing strategy, and
- Conducting reviews and reporting, ongoing governance review and action learning.

An important unresolved issue concerns the role of this putative organisation in managing funding (or pooled funding) in relation to ongoing operations. Our view would be that operational delivery and funding disputes will undermine the legitimacy of the body to achieve its five main functions. The functions undertaken by this body should not be in competition with other institutions with specific service delivery requirements.

Through its strategic, synthesising and coordinating role, it would however have an authority that would enable it to shape the nature of the funding recommendations and the delivery of those services by external agencies in the interests of the Pilbara.

A.5 Form

This covers the specific governance design, the shape, jurisdiction, powers, responsibilities and resources available to an institution.

The two key aspects of the form of this body relate to how it is constituted legally and who owns it. The overriding condition that must be met is that the people (board members/trustees/directors) who govern the body are 'above the contest'.

It would be up to the various stakeholders to determine whether this could best be achieved through a legislated **commission or authority** or through a **company** established under the **Corporations Act** as a company wholly owned by the members along the lines of the RAPAD example, or through some other legal mechanism.

The **term** of people appointed to the 'board' of the new body should be for a longer period than the normal political cycle and the characteristics of the board members should align closely with the functions and mandate of the body.

The number of people appointed to the body should be smaller rather than being fully representative of a range of Pilbara interest, possibly 5-7 people.

In addition to the people who reside in the Pilbara, the natural interest groups who might comprise the membership are the federal, state, and local government structures that already exist. We have also argued that the Aboriginal interest in the region is deserving of its own recognition and will require appropriate negotiated processes to achieve full participation.

If these groups formed the natural **constituency** of interest in a new governance body to achieve an above-the-contest outcome, it is essential that the people appointed to run the body who are not representative of their direct interests but charged to serve the interests of the Pilbara plus other wider interests.

The governance of the body would be driven by a **charter** or set of rules that constrained the board or trustees to act only in the best interests of the Pilbara and its peoples. We acknowledge that at times this would leave this body in conflict with one or a number of its members and their accountabilities, however, resolving contests would be a principal role of the new body.

The body would be serviced by a **secretariat** and access to a network that would facilitate tasking and engagement of other actors in the region.

Budget and resources to fund the governance body could well be found within existing arrangements, noting, again, that resourcing must follow function and a level of funding certainty will be essential for success.

In order to be legitimate the body needs to be **located in the Pilbara** although in the early years it will no doubt be necessary to have a node in **Perth** (this has significant human and financial resource implications).

A.6 Authorities and Accountabilities

This covers the specific authority that is assigned to the coordinating organisation. For example, does it have political standing or is it a composite of other authorities, albeit one with independent standing, mission and roles.

Both 'upwards' and 'downwards' accountability arrangements need to be defined. 'Upwards' accountabilities will be to various federal and state political and administrative authorities and agencies; 'downwards' accountabilities will be between the existing and/or putative regional structures and relevant local government, community and other representative bodies and organisations and to local people.

With the overriding charter to act in the best interests of the Pilbara, the body will be required to influence Commonwealth agencies having interests and programs in the region, state agencies operating in the region and local and regional shires and regional authorities including Aboriginal organisations responsible for local outcomes.

In addition to the four shire institutions, the Pilbara Regional Council, Pilbara Development Commission, Office of Pilbara Cities, RDA Pilbara, share an interest and would require a relationship with the new body.

A critical issue is that a new governance body would require mandated authority to act and an ability to achieve the outcomes in the best interests of the Pilbara.

Accountability, ideally, might be through a reporting mechanism such as a joint (federal-state) parliamentary committee or through an auditor-general model. This would ensure that the body was accountable to the public in general but only when judged against its Charter or mandate.

To be effective this body must be capable of influencing the direction of expenditure and performance outcomes across each level of government and at local government level. It must also be capable of negotiating with the private sector to obtain an optimal alignment of interests. Unless the body can hold those responsible for expenditure of such funds accountable through some mechanism then it will not be able to achieve the mandate it has been set.

A.7 The Pilbara Challenge

The test of whether new arrangements will improve governance in the Pilbara is that any newly created body has the authority, effectiveness, and legitimacy that allow it to respond to the nature and pace of change in the Pilbara and the contest of positions in response to change.

Political leadership at all levels will have to mandate change based on:

1. Acceptance that the standard concerns set out in the report are based on reality and that more of the same will produce more of the same and therefore a changed approach to how government operates is needed.
2. Acceptance that
 - if the three levels of government and the communities (Aboriginal and non-Aboriginal alike) are working at cross purposes success is impossible because goals are different,
 - if members of the communities disagree with or do not support what governments are trying to do wicked problems (health education employment) will not be solved
 - in remote Australia government is the main provider of an economy (as against having some industries and particularly mining which do not of themselves ensure an economy as against having an industry), and
 - different rules may need to be established for application in the Pilbara, recognising the market distortion and other unique operational realities
3. Acceptance that there is a need to have;
 - shared goals (vision) based on a shared understanding of context and shared or agreed outcomes
4. Acceptance that to work through these issues in the Pilbara requires a resourced, skilled and independent process to be put in train, and an action/learning/innovation framework to be established.
 - clarity of mandates, ie an acknowledgement of roles and responsibilities of each level of government and key community elements including Aboriginal communities.
 - funding and capability which matches mandates.
 - ability to adjust mandates and settle disputes over time as no arrangements will be perfect and circumstances will change.
 - an ability to look after all the above across the political cycle and according to agreed principles.
 - a body or agency authorised by the different levels of government and the community to keep the ring on all of the above otherwise left to themselves the different levels of government will revert to the norm and act in their separate interests and in the interest of regions beyond the Pilbara.
 - appointments to lead such a body or agency that are authoritative by nature of those appointed rather than representative. Such appointments should extend beyond the political cycle and be accountable to the stakeholders against the criteria laid down by them.

In the Pilbara a valuable start has been made by the WA Government. Royalties for Regions is a unilateral (that is, State) policy which addresses the traditional failure to provide financial resources to regions sufficient to meet their legitimate needs and aspirations. Pilbara Cities is again a decision by the State to establish unilaterally a unifying vision going beyond ad hoc responses to particular issues.

The next step is to build loyalty to the region—to ensure state and local governments and the different Pilbara communities are on the same page—but this cannot be done unilaterally. It needs the political leadership of each level of government and the various elements of community in the Pilbara to agree to the need for the sort of approach set out above. Of particular concern is the incorporation of Aboriginal interests into this process through their established representative structures.

Such a body would need, by its composition and legal structure, to be above the contest and endure over time.

It may be possible to achieve this outcome through an adjustment of some existing structures, however, we would argue that the mandate and function proposed for such a governance body suggest a fresh start should be made.

An appropriate discussion of possible new governance arrangements which are sufficiently open to new evidence and new concepts, are serial and sufficiently sustained, and are not immediately politicised is, to say the least, very difficult in the present government policy system.

The integration of legitimate national, state and local interests through structural reform is unlikely to emerge from the public sector or conventional legislative processes. In fact, we argue, such efforts are negated by present governance arrangements.

The reality is that without a mandate for change from senior office holders in the Western Australia and potentially the Commonwealth, such reform will be difficult to achieve. Also, a reasonable level of cross party support in the early stages of development will be necessary to ensure the durability of the body.

Only political leadership, such as that which produced an initiative and policy shift like Royalties for Regions in WA aimed at systemic change to the way government makes decisions, operates and is accountable, will take us beyond a ‘we-must-try-harder’ mantra without regard to the efficacy of the system itself. This cannot be driven from within the bureaucracy, which is constituted within the status quo and bound by its rules. Political leadership needs to come to the conclusion that there is a system problem not a policy problem.

Reform of this nature and scope will not be easy, nor will it be uniform. In some situations people will have to use existing legislation and organisational resources to initiate a start to reform.

Reform will be problematic unless the incorporation of Aboriginal perspectives is a non-negotiable condition precedent. Inadequate and inconsistent resourcing of Aboriginal organisations and government agencies tasked with engaging in partnership with Aboriginal people will hinder attempts to improve governance design in the Pilbara. A prerequisite would be resourcing both government and Aboriginal organisations and communities of Aboriginal people were resourced to enable them to pursue partnership and greater understanding of the benefits and requirements of governance reform.

One approach would be high-level political support to establish a Pilbara trial where the principles and approach outlined in the report are applied, with the specific aim of developing an on-going process of learning, consensus and regional capacity building—a starting point with a defined scale and scope. This will build momentum for change as required and potentially provide “proof by good example” of the efficacy of such change.

Irrespective of the starting point, the remoteFOCUS report establishes a number of clear criteria, including vision, authority, legitimacy and effectiveness against which reforms at any level can be evaluated.

- **Is there a capacity to have a guiding vision or narrative that gives direction and explains the actions of all levels of government, that is, a shared vision?**
- **Is there a capacity to settle mandates?**
- **Is there a capacity to match mandates with funding and resources?**
- **Is there local accountability within the various administrative structures?**
- **Is there a capacity to review and adapt mandates as experience accumulates and learnings develop?**
- **Is there a body that is above the contest, authorised by the players to be responsible to oversee all of the above?**

At the level of community the concerns expressed in this report need to be articulated in localised contexts across the Pilbara. The voices of community legitimise concerns for politicians to respond to. In their own way community concerns provide the mandate for political leadership.

Continuing community articulation of why their concerns persist and how the current system of governance appears unable to resolve these concerns is a fundamental condition precedent to establishing a mood and appetite for positive reform.

It is now not a case of not knowing what to do, rather a case of having the collective will to do it. Only political and civic leadership will drive the necessary reforms.



Case B.

Central Australia: Context for Governance Reform

In Central Australia there is a clear need for a unifying vision that goes beyond service provision and law and order and reliance on the boom and bust cycles of commodities. A vision focused at least in part on development of capacity and economic livelihoods, regional connectivity and innovation. Again with three levels of government, representative community organisations, a business community and a web of representative Aboriginal organisations the task is formidable.

What is required is an intense regional engagement around the key social, economic, demographic, governance or other features which underwrite the need for focused regional action and which need to inform the governance design. The process needs to confirm:

- **the issues in the region**
- **what needs to happen at each level of government and of communities themselves**
- **what are agreed objectives, what are we wanting to achieve**
- **who is responsible for what tasks including keeping everyone on track over time**
- **are the resources and capabilities matched to task**
- **what structure will have the authority and legitimacy to maintain this approach over time**

An appropriate discussion of possible new governance arrangements needs to be open to new evidence and new concepts. It needs to be sustained and not immediately politicised.

The following is one possible context statement for Central Australia that might begin that conversation. Whilst it has a high degree of relevance, it is provided here not because it is the only context statement that could be generated but to highlight the need for a productive engagement across the whole community over a longer period of time to generate a more common understanding of both the context and the key conditions which need to be met if a regional governance design is to be effective. The very fact that the reader may disagree with this preliminary context statement highlights the importance of people developing together a reasonably shared understanding of the context before they proceed to the next steps required to build up the most suitable governance structures for their region.

The remoteFOCUS project was not resourced to conduct the full engagement necessary to provide a more definitive context statement or to progress to laying out design parameters required of better governance arrangements, or the principles, scope and mandate of any new structures, or its functions, form, or its authorities and accountabilities. However the following is provided as a preliminary overview, after which some next steps are suggested.

B.1 Context

Central Australia is a product of its history, its geography and its peoples.

- It covers 64% of the NT and contains 24% of the population.
- As a region, Central Australia has an estimated regional population of 48,000 people including 28,000 in Alice Springs, 3,500 in Tennant Creek and 8,137 in the Barkly Shire, 4,887 in the Central Desert Shire and 7,322 in the MacDonnell Shire.
- Its broad-based and relatively fragile economy has always been subject to fluctuations of the seasons and decision-making taken in places well removed from Central Australia.
- A social profile of the region reflects a political landscape that has effectively driven Aboriginal people away from major urban centres through:
 - The post-war assimilation investments in government communities, and
 - The Aboriginal desire to be close to Country, and
 - The response to the granting of land rights and native title.
- This settlement pattern reflects a response to the longstanding and still current intercultural tension of:
 - Pastoralists needing land and waterholes,
 - Tourists needing services and first-class accommodation,
 - A government class seeking to create public order and moderate the contest of values and land uses, and
 - Aboriginal people asserting their desire to sustain strong linkages to land and culture, and enjoying citizen's rights.

These core elements of settlement in Central Australia are now undergoing significant adjustment. Unlike the Pilbara, where the drive is from the expansion in the resources sector, the drive is from largely Commonwealth and Territory-led reforms of Aboriginal policy and significant financial investment in those reforms accompanied by a hope that the resources sector will also land in the Centre or that tourism will return if the dollar drops. Given the political profile of Central Australia, the normal processes of democratic government are unlikely to resolve the

underlying structural divisions exacerbated by these reforms. The region is in a state of economic transition.

Alice Springs is the major centre for the regional economy. The town has the range of infrastructure and services expected in a regional centre and its local economic base—government services (Aboriginal administration, health and defence related services), tourism, retail, transport and some manufacturing and pastoral and an expanding mining sector.

- It is the service hub for the communities of Central Australia plus the eastern part of Western Australia and the top of South Australia.
- It supplies services not available in any other town within a 1500km radius and is headquarters for two of the three shires in the region.
- Tennant Creek's population has decreased by 9% from 1996 to 2008 with an Aboriginal population in the Barkly Shire of 50% and 24% of the Aboriginal population below the age of 20 years with only 6% of the non-Aboriginal population under 20 years.

Projections have 5,000 Aboriginal people in the Barkly Shire and about 2,000 non-Aboriginal people. These demographic projections sit uncomfortably with the fact there are currently 171 businesses in Tennant Creek, 71% of businesses are locally owned but only 14% are owned by Aboriginal people or organisations. It would appear there needs to be a significant uptake of business by Aboriginal people if the local economy and local services are to be sustained.

Mining produces the biggest share of Gross Regional Product (GRP) in Central Australia including in the Barkly Shire but doesn't employ many people. The other larger government, health and community services sectors employ more people locally but they only represent about 9% of businesses. By far the largest number of businesses are in the property and retail area though these contribute little to GRP.

Twenty-four per cent of the Barkly regional population receive either Centrelink or Job Services network benefits.

Despite having an unemployment rate of just 2.5%, Alice Springs has a two-track economy where the unemployment rate for Aboriginal people sits at 14.2%.

Recent investment of the NT and Commonwealth governments in Aboriginal communities and town camps in Alice Springs and Tennant Creek Transition Plans have delivered a significant economic stimulus into the region.

The economic base of the region is currently precariously positioned and dependent on future government investment. The significant mining opportunities traditionally contribute to the boom and bust nature of the centre whereas tourism and the provision of services to

Aboriginal people have made a more consistent contribution to the region's growth. Failure to understand this would be a significant impediment to current policy reform. The recent rise in the Australian dollar has impacted on tourism and this fact in concert with changed policy settings in Aboriginal affairs have created increased uncertainty in Central Australia.

- Rolf Gerritsen, a Central Australian economist, estimates that if Aboriginal people were suddenly extracted from Central Australia the Alice Springs economy would shrink by 40% and there would be widespread out-migration of non-Aboriginal people.
- This is an indication of interdependency of the Aboriginal and non-Aboriginal populations, and the degree of dependence of Aboriginal people, the Central Australian communities and NT Government on national funding.
- The dilemma for all governments is that the pressure for Aboriginal people to move to find employment and services either has them converging on the hub or migrating further south to large coastal cities.
- If a consequence of these initiatives is to depopulate the remote regions of Australia matters of national strategic interest need to be weighed carefully and governments need

to have large programs to house, educate, and employ people in the immigration towns with little immediate capacity to fit easily into urban living.

Whilst the population estimates for Alice Springs have shown a recent increase they mask a decline in the non Aboriginal population (by 6% 2001-06) and an increase of in migration of Aboriginal people responding to restrictions in outlying communities and seeking opportunities and services available in Alice Springs.

- One of the challenges for Alice Springs is to build and sustain a workforce in a community which has a high turnover and recent decline in population.
- A significant adjustment would occur if government or defence retreated from the region. The Commonwealth has already shown it is disengaging with direct contact in Aboriginal communities.
- Surviving off these longer-term investments are something like 1,800 businesses.
- 79% are micro or small businesses.
- 83% of these businesses are reliant on other external government investment and the transient population (transaction costs of mobility) for their survival.
- These are largely property and business services, construction, retail and transport and storage. The value of the most numerous businesses is not reflective of the business contribution to GRP.
- The region is heavily dependent on government investment and public funds transfers with 35% of the region's population drawing Centrelink or Job Services network benefits.

The failure or inability of current governance arrangements to resolve the differences in values, ideas and land uses that have been at the heart of the intercultural space in Central Australia still challenge the region today.

- The dominance of Aboriginal issues has left the region without the capacity to tackle some of the future challenges. Nor has it allowed the region to develop the types of institutions that will enable contested views to be resolved over time.

- Another contest that remains unresolved is the relationship between the different levels of government and the shuffling of mandates and the lack of clarity around longer term directions for the region.
- The difficulties and underfunding of new shire arrangements and the separation of the largely Aboriginal interests into the shires as differentiated from the Municipality of Alice Springs is a further example of the failure to fully engage and respect the region as a total system rather than two systems requiring two systems of governance.
- At all levels of government there appears to be no one person or department responsible for taking an overview or a holistic view of the impact of change on the region: a view that examines the impact on business, environment and Aboriginal and non Aboriginal people who have invested in the region.

Local political realities in Central Australia are such that it is the large number of small business people (who often do not necessarily share either the values of Aboriginal people or of the pastoralists and land managers who are involved in the contest over land use), who are the group who influence political response and who generally support the policing or strategic intervention approach to stabilise the community in the short run rather than the more time and relationship intensive activities that engage Aboriginal people and build community institutions that can deal with and govern the contest of views.

- In this contest, government has increasingly assumed an executive role and adopted a managerial response but invariably that is a controlling role and it has distanced the community from the setting of policy.
- Executive government has used its power to take charge of delivery of service in order to improve human development indicators. It is now able to influence consumption, spending and security of individuals.
- A trade-off in this whole-of-government and strategic intervention approach is that the community has been largely disempowered and the way government has gone about procuring services in support of this approach

leaves little room for local suppliers to be innovative. Without that local innovation the adequacy of the measures in a sustainable sense are questionable.

There are also significant spill over effects in the region.

- Local institutions have become overloaded or where they have contested the executive approach been underfunded and disappeared.
- There has been an expectation created that the Shires will assume greater responsibility for the small communities abandoned by the Commonwealth and the NT Government as they consolidate their growth towns and hub and spoke models of service delivery.
- The interventions have seen an increase in seeing development of the region in security terms both in terms of active law and order crises within Alice Springs and the policing of pornography and alcohol in outlying communities.

In summary, it could be argued that the executive policy reforms increased rather than decreased marginalisation and typecast Aboriginal peoples' responses to the changed policy environment.

The managerial responses have mixed legitimacy among the people they are directed at and this has provided for contested and turbulent responses among some Aboriginal people and among the non Aboriginal population of central Australia with a consequent loss of hard won social capital. For more remote people it has created a feeling of despair and torpor.¹⁰⁴

The current Federal Government has renewed interest in regional Australia and has developed a large mix of specific programs. The challenge for governance reform is how to ensure these investments work in the best interests of the region.

Government has demonstrated its good intentions through a long-term commitment to targets to 'Close the Gaps' in a specific number of areas. This commitment has financial commitment, a commitment to be strategic and coordinated not only within the Commonwealth agencies but also between the Commonwealth and the Territory.

Executive control of housing, welfare and security services and social security payments complemented by the placement of government business managers in communities and adjusting the role of the Regional Indigenous Coordination Centres all point to a strong commitment by government.

However, returns from this endeavour appear patchy and, whilst improvements are noted, they are often ephemeral or are outpaced by even more significant improvement in the same indicator among non-Aboriginal populations. In that sense, gap closing may be a problematic measure.

There is a growing agreement within government that training of staff in community development techniques would be desirable and greater community engagement and meaningful consultation and negotiation would also assist in achieving government and community objectives however, there is currently no program to support this. This position is further developed in the remoteFOCUS submission to the **Senate Committee Stronger Futures Inquiry—submission 373**.¹⁰⁵

What is clear from the remoteFOCUS work is that despite a uniformity of analysis of what needs to be done and recognition at the highest levels that current outcomes are problematic, the system of government appears unable to make the necessary systemic adjustments. On our analysis many areas of current systems and practices need to be addressed systemically.

- It is clear that innovative economic policy rather than a singular focus on improved subsidies, welfare and services must be at the heart of policy on Central Australia.
- Economic policy requires more from government than setting macro-economic conditions—it needs to become an active partner in business/livelihood with community and private sector and it needs to be prepared to be innovative—more of the same regional development will not work.
- Agglomeration, regional integration, and regional connectivity are keys to an innovative response in Central Australia.
- Government could stimulate capacity in Central Australia through micro-economic reform including adoption of more innovative regional and procurement policies.
- The current arrangements comprising three tiers of government and a series of ad hoc regional arrangements overshadowed by localised law and order concerns, appear to be incapable of resolving both the priorities and the contests that need to take place around these arrangements.

- The structure and configuration of institutions across central Australia are, therefore, largely not fit for purpose.
- Failure to innovate is most marked in the public sector.
- For Central Australia, the national debate over rights and responsibilities of Aboriginal people and the general question of citizen rights and equity for all Australians has created service expectations that cannot be fiscally sustained in this region.

There are a number of inherent contradictions within the current policy mix impacting on Central Australia.

- 1. There is a lack of clarity of national purpose as to whether Aboriginal people can pursue cultural difference and whether as a result the nation is prepared to respect Aboriginal difference and allow a future for remote settlements that that difference reflects. At a more nuanced level what cultural difference is Australia prepared to accept, support and fund.**
- 2. As a consequence we currently have an unworkable settlement strategy in Central Australia where the hub and spoke service model of the growth towns strategy and the abandonment of homelands by the Commonwealth set a default policy of population movement to large regional centres without regard to economic issues and being indifferent to the consequences for a range of other employment and human service outcomes that result from such mass mobility.**
- 3. Central Australia has an inadequate economic base to support the infrastructure requirements and the recurrent effects of such a de facto de-population strategy. Fiscal federalism allows the Territory government to apply revenue assessed by the Grants Commission against needs of remote communities to be allocated independently of those community needs.**
- 4. The governance arrangements in Central Australia with elements of Commonwealth disengagement and a distant and largely over-stretched Territory government and grossly underfunded local governments means there is no effective or legitimate means to address concerns unless the Commonwealth invests significantly in regional renewal and alternative governance outcomes. This disengagement means that many of the elements of civic life normally present in a community are not evident in remote communities.**
- 5. Targets for change have been elusive and, in hindsight, judged chronically inadequate and opportunistic, chasing new projects or hoping for mining to arrive or commodity prices to increase. The employment targets required will require more than reliance on markets if government is to sustain any improvement in human development indicators.**

The response to these five concerns has been a managerial response that in ways unintended simply reproduces the problems.

B.2 Next Steps: Towards Governance Reform in Central Australia

What might then be the basis for a discussion around a new governance reform in Central Australia and what mechanisms might be used to facilitate that discussion?

One approach would be the establishment of a regional innovation trial where the principles and approach outlined in the report are applied, with the specific aim of developing an on-going process of learning, consensus and regional capacity building—a starting point with a defined scale and scope. This will build momentum for change as required and potentially provide “proof by good example” of the efficacy of such change.

The mix of economic and social issues evident in this context for Central Australia suggest a more systemic and holistic response is required to establish a platform for shared accountability and future development of the region. Regional connectedness and learning are part of the innovation process as proximity is a trigger for innovation.

The remoteFOCUS report suggests that place centred approaches and regional innovation strategies provide an effective mechanism for engaging the community and confirming the views of the multiple stakeholders required to create a shared vision. We are of the view that in order to be systemic this vision has to encompass the whole of Central Australia rather than a mere focus on Alice Springs.

Innovation in its broadest sense involves creating new ideas, and diffusing them into economies, driving changes which improve welfare and create economic growth. It is also increasingly dependent on interpersonal relationships as ideas develop within networks seeking solutions to particular problems. Where innovation takes place these relationships shape informal cultures and formal institutions to create more conducive environments for particular kinds of innovation. There is also a territorial dimension to innovation because innovation relationships depend on proximity for interaction and geographical proximity can allow actors to interact more easily.¹⁰⁶

Irrespective of the starting point, the remoteFOCUS report establishes a number of clear criteria, including vision, authority, legitimacy and effectiveness against which reforms at any level can be evaluated.

- Is there a capacity to have a guiding vision or narrative that gives direction and explains the actions of all levels of government, that is, a shared vision?
- Is there a capacity to settle mandates?
- Is there a capacity to match mandates with funding and resources?

- Is there local accountability within the various administrative structures?
- Is there a capacity to review and adapt mandates as experience accumulates and learnings develop?
- Is there a body that is above the contest, authorised by the players to be responsible to oversee all of the above?

The current three-tiered system of government fails to do this adequately in Central Australia. Land Councils and Native Title Bodies provide effectively a fourth tier of governance adding to the complexity of arrangements.

The test of whether new arrangements are possible in Central Australia is that the process of developing an innovation strategy is able to determine what type of regional governance arrangement will have the **authority, effectiveness, and legitimacy** to respond to the nature and pace of change in Central Australia and deliver on a regional innovation strategy.

Working through these issues requires a resourced, skilled and independent process to be put in train, and an action/learning/innovation framework to be established. It will also require a commitment from each level of government and leading Aboriginal organisations and the Land Council and Native Title Bodies.

We know that more of the same will produce more of the same and therefore a changed approach to how government operates is needed. We accept that:

- if the three levels of government and the community(ies) are working at cross purposes success is impossible because goals are different,
- if members of the communities disagree with or do not support what governments are trying to do wicked problems (health education employment) will not be solved
- in Central Australia government is the main provider of an economy (as against having some industries and particularly mining which do not of themselves ensure an economy as against having an industry), and
- in the short term the pressure of change may require unique operational realities.

As we noted in the Pilbara option, it is now not a case of not knowing what to do, rather a case of having the collective will to do it. Only political and civic leadership will drive the necessary reforms.

Endnotes

1. The remoteFOCUS group included Simon Balderstone AM, The Hon Fred Chaney AO, Kevin Dolman, Bill Gray AM, Bill Hart, John Huigen, Adam Levin, Tim Marney, Anthony Mitchell, Howard Pedersen, John Phillimore, Lieutenant General John Sanderson AC, Dr Peter Shergold AC, Dr Diane Smith, Dr Mark Stafford Smith, The Hon Tom Stephens MLA, Dr Bruce Walker, Neil Westbury PSM, Ben Wyatt MLA.
2. Desert Knowledge Australia 2008 remoteFOCUS: Revitalising Remote Australia. Prospectus. Version 1.9. Alice Springs, p3 (accessed at www.desertknowledge.com.au/Our-Programs/remoteFOCUS)
3. The remoteFOCUS compendium The Challenge, Conversation, Commissioned Papers and Regional Studies of Remote Australia, can be requested through remoteFOCUS@desertknowledge.com.au
4. Dr Ken Matthews AO served the Australian Public Service (APS) across five portfolios, working on issues in agriculture, mining, environment, natural resources management, water, regional services and regional infrastructure. Regional Australia was a common theme in his career.
5. Dollery Brian and Andrew Johnson, 2007, RAPAD (Remote Area Planning and Development Board) Report, Sustaining Outback Communities, Armidale: University of New England, 104
6. Groote Eylandt and Bickerton Island Regional Partnership Agreement, Progress Evaluation, February 2012, Tempo Strategies, pers comm
7. Stafford Smith, M and Cribb, J. (2009) 'Dry Times: A Blueprint for a Red Land', CSIRO Publishing, Melbourne, p143.
8. These papers are accessible in chapters 5-9 of the remoteFOCUS Compendium.
9. These papers are accessible in chapters 10-15 of the remoteFOCUS Compendium.
10. Desert Knowledge Australia 2008 remoteFOCUS: Revitalising Remote Australia. Prospectus. Version 1.9. Alice Springs, p9-10
11. Department of Foreign Affairs and Trade, Trade at a Glance 2011 available at www.dfat.gov.au/trade
12. Geoscience Australia, Australian Operating Mines Map, 1:10,000,000, January 2008, available at www.ga.gov.au/image_cache/GA11430.pdf
13. Stutsel, Melanie. (2008) "Resource Development in Desert Australia", Director Environmental and Social Policy, Minerals Council of Australia, Speech to 2008 Desert Knowledge Symposium, Alice Springs 5th November 2008.
14. Dillon, Michael and Neil Westbury, 2007, Beyond Humbug, transforming government engagement with Indigenous Australia, South Australia: Seaview Press p.35).
15. Brett, Judith. 'Fair Share: Country and City in Australia' Quarterly Essay, Issue 42, 2011, p52.
16. This thinking is demonstrated in the remoteFOCUS responses to the Stronger Futures Inquiry – submission 373 (www.aph.gov.au/Parliamentary_Business/Committees/Senate/Committees?url=clac_ctte/strong_future_nt_11/submissions.htm) as well as the recent FIFO/DIDO Workforce Practices inquiry – submission 169 (www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=ra/fifodido/subs.htm).
17. <http://www.treasury.gov.au/contentitem.asp?ContentID=1875&NavID=>
18. For a sensitive discussion of the complexity of choice in an Aboriginal context, particularly the tensions between individualist and collectivist patterns, see for example Tim Rowse (2002); also Pearson.
19. In a paper on ATSIC, Will Sanders describes its advocacy: in 1993 and again in 1997/98 against the Commonwealth and with the land councils in native title negotiations; in 1994/95 ATSIC attained accredited NGO status at the UN where it presented perspectives other than those of the government; in 1995 it presented a comprehensive reform program; from 2000 it was an active proponent for a treaty. Sanders comments: 'As this increasing independence was emerging, one analyst and ATSIC-insider suggested that this was a strategic mistake; that ATSIC was unnecessarily distancing itself from the executive processes of government where it had an advantage in comparison to other Aboriginal organisations...others saw independence as anomalous behaviour...I would argue that ATSIC was obliged to develop its independence from government in order to build credibility and legitimacy with its Aboriginal constituency. This was an achievement and strength for ATSIC not a mistake or an anomaly. (Sanders, 2004).
20. By governance we principally mean the way governments go about making decisions and the way it engages with – and governs - its citizens and institutions. This report is principally about government governance and its impact on remote Australia. Of course, remote institutions and communities have evolved and adapted their own governance arrangements to respond to present government governance arrangements and any change to government governance will necessitate some change to them. The overall governance of remote Australia and its communities is, of course, a dynamic interplay between government and

other governance arrangements but the greatest change will be driven through change in government governance because of the relativities in power and resources. We therefore use the term 'government governance' to ensure clarity of principal focus is maintained while recognising that other areas of governance need change as well. Trying to change the overall system of governance by changing just non-government governance is futile, while changing government governance will create local governance responses and change as a matter of course.

21. Examples include: Stafford-Smith, M (2008), 'The 'desert syndrome': a causal chain of factors characterising Outback Australia', the *Rangeland Journal*, 30:3-13; Larson, S (2010), 'The socio-economic features of northern Australia', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin: pp. 1-17; Robin, L. and S. Dovers (2007), 'NRM regions in Australia: the 'haves' and the 'have nots'', *Geographical Research*, 45(2): 273-290; Gerritsen, R. (2010), 'A post-colonial model for north Australian political economy: the case of the Northern Territory', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin
22. Mark Moran argues that the population of outstations and remote communities is likely to decline as funding stagnates or declines, but that many people "will stay put, and those that leave will be replaced by others moving back, irrespective of the decline in services and living conditions." Moran, M (2010). 'The Viability of 'Hub' Settlements', *Dialogue*, 29 (1): 38-51, p.45.
23. We draw in particular on the insights of Gerritsen, R. (2010), 'A post-colonial model for north Australian political economy: the case of the Northern Territory', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin: pp. 18-40. See also Russell, S, (2011) *The Hybrid Economy Topic Guide*, CAEPR, ANU College of Arts and Social Sciences.
24. Taylor, A., S. Larson, N. Stoeckl and D Carson 'The haves and have nots in Australia's Tropical North; new perspectives on a persisting problem, *Geographical Research*.
25. Gerritsen, R. (2010), 'A post-colonial model for north Australian political economy: the case of the Northern Territory', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin, p. 24).
26. Gerritsen, R. (2010), 'A post-colonial model for north Australian political economy: the case of the Northern Territory', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin, p. 31).
27. This conclusion is reached by Stoeckl (2010, p. 130) and evident in Altman J. (2009) 'Contestations over development', in J. Altman and D Martin (eds.) *Power, Culture, Economy: Indigenous Australians and Mining. Research Monographs No. 30*. CAEPR, Australian National University, Canberra; and Stanley, O (2010) 'Mining and Aboriginal Economic Development: expectations unfulfilled', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin: pp. 130-141.
28. Larson, S. (2010), 'The socio-economic features of northern Australia', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin: pp. 1-17, p.9.
29. Dillon, Michael and Neil Westbury, 2007, *Beyond Humbug, transforming government engagement with indigenous Australia*, South Australia: Seaview Press p.188).
30. Gerritsen for instance demonstrates the disproportionate effect of Darwin's expatriate population on spending on municipal services, urban sport and recreation and the pronounced deficits in basic services experienced by 30 percent of the population, see Gerritsen, R. (2010), 'The post-colonial state as an impediment to Aboriginal development: an Arnhem Land example', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin: pp. 70-85, p.78.
31. Rothwell, Nicholas, 20 August 2011, Sun sets on the pastoralists' wide domain, *The Australian*.
32. Griffith, D. (2010), 'How policy development methods— together with inadequate statistics and flawed classifications – have done, and still do, distort policy implementation in northern Australia', in R. Gerritsen (ed.) *North Australian Political Economy: issues and agendas*, Charles Darwin University Press, Darwin: pp. 41-54, p. 44.
33. *The Australian*, (24 October 2009).
34. Kerins, S. (2010). 'The Future of Homelands/Outstations', *Dialogue*, 29 (1): 52-59. P. 52.
35. Moran, M (2010). 'The Viability of 'Hub' Settlements', *Dialogue*, 29 (1): 38-51.
36. Information for this box was drawn from a submission on the Proposed Outer Harbour Development, Port Hedland by the Port Hedland Community Progress Association Inc, Soroptimists International and the West End Action Group to the WA Environment and Planning Authority, Perth, submitted 13 June 2011, pers comms.
37. Dollery Brian and Andrew Johnson, 2007, *RAPAD (Remote Area Planning and Development Board) Report, Sustaining Outback Communities*, Armidale: University of New England, 104.
38. Australian Government (2011) *Overcoming Indigenous Disadvantage: Key Indicators 2011*, Productivity Commission, Canberra.

39. World Bank (2011) World Development Report: security, conflict and development, The World Bank, Washington DC.
40. Hilmer, F., Rayner, M., Taperell, G., (1993), National Competition Policy, Report by the Independent Committee of Inquiry
41. Craig, D, and D Porter (2006), Development Beyond Neoliberalism: governance, poverty reduction and political economy, New York, Routledge.
42. See chapters 5-15 of the remoteFOCUS Compendium
43. This box was prepared by B Walker from personal correspondence with the former merchant banker quoted in the box. The person concerned prefers to remain anonymous.
44. This box was prepared by B Walker from field notes and interviews undertaken during field visits to the Pilbara in 2011.
45. Altman J C, 2009, Beyond Closing the Gap: Valuing Diversity in Indigenous Australia, CAEPR Working Paper No. 9, Canberra: Centre for Aboriginal Economic Policy Research, Australian National University.
46. Joe Kelly, The Weekend Australian, March 10-11 2012, p3.
47. See Edmunds chapter 10-15 in the remoteFOCUS Compendium
48. See Edmunds chapter 10 in the remoteFOCUS Compendium
49. For a full account read Edmunds, Mary. (2011) 'remoteFOCUS and Pilbara Aboriginal People'
50. Desert Knowledge Australia 2008 remoteFOCUS: Revitalising Remote Australia. Prospectus. Version 1.9. Alice Springs, p6.
51. Sullivan, Patrick 2011 Belonging together. Dealing with the politics of disenchantment in Australian Indigenous Policy. Canberra: Aboriginal Studies Press, p56.
52. Sullivan, Patrick 2011, p50.
53. On the dangers of isomorphic mimicry see for example, Pritchett, L and F de Weijer (2010) 'Fragile States: Stuck in a Capability Trap?' Background Paper prepared for the World Development Report 2010. <http://wdr2011.worldbank.org/fragile-states>. Accessed 9 September 2010.
54. See Edmunds chapter 15 in the remoteFOCUS Compendium
55. Moran, M and R. Elvin (2009), 'Coping with Complexity: Adaptive Governance in Desert Australia', *GeoJournal*, 74: 415-28.
56. This box was prepared by B Walker from personal correspondence with the former senior public servant in 2012. Correspondent prefers to remain anonymous.
57. See Marsh chapter 6-7 in the remoteFOCUS Compendium
58. This is not only a problem encountered in remote Australia. See Craig, D, and D Porter (2006). Development Beyond Neoliberalism: Poverty Reduction, Governance, Political Economy, Routledge, London, for accounts of similar processes in the quite different contexts of urban New Zealand, Uganda and Pakistan.
59. This box was prepared by B Walker from field notes, WA Government publications and interviews with the General Manager of Pilbara cities during 2011 and 2012.
60. Accessed 28/3/11 <http://www.abc.net.au/am/content/2011/s3175271.htm>. Return to text 51
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62. This box was prepared by B Walker from field notes and community discussions documented during visit to Longreach July 2011.
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Johns, Gary, n/d Submission to Indigenous Economic Development Strategy, Australian Catholic University, Public Policy Institute.
Various speeches and newspaper articles available from <http://www.bennelong.com.au>.
64. Moran, M (2010). 'The Viability of 'Hub' Settlements', *Dialogue*, 29 (1): 38-51, p.48.
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Lavoie J A, Bolton and J Dwyer, 2009, Analysing Contractual Environments: Lessons from Indigenous Health in Canada, Australia and New Zealand, Public Administration.
67. This box prepared by B Walker based on papers prepared by Dr Mary Edmunds. See supporting papers.
68. For a full account read Edmunds, Mary. (2011) 'Imagining a Region: Prototypes and Possibilities for Pilbara Aboriginal People' Section 7.
69. Groote Eylandt and Bickerton Island Regional Partnership Agreement, Progress Evaluation, February 2012. Tempo Strategies, pers comm.
70. Pilbara Cities CEO, Chris Evans, ABC Radio National,

- Saturday Extra, 6 August 2011. As paper 5 comments, Pilbara Aboriginal people already, and often tragically, more than meet this criterion.
71. Moran, M (2010). 'The Viability of 'Hub' Settlements', *Dialogue*, 29 (1): 38-51.
 72. Smith D. E. 2007, 'Networked governance: issues of process, policy and power in a West Arnhem Land regional initiative', *Ngylia Talk the Law, Journal of the Jumbunna Centre, University of Technology, Sydney*. P77.
 73. Gibbons evidence to Senate Estimates Committee Hearing, 2007, cited in Hunt, J (2007) 'The Whole of Government Experiment in Indigenous Affairs: a question of governance capacity', *Public Policy*, 2(2), p. 167.
 74. For a full account read Edmunds, Mary. (2011) 'Doing Washing in a Cyclone, or a Storm in a Teacup? Aboriginal People and Organisations in the Pilbara: An Overview'.
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 78. Marks, Greg. *Indigenous Public Policy and Aboriginal Communities in the Northern Territory*, Submission to Senate Inquiry, p11 pers comm.
 79. Mr W Gibbons, Hansard, Standing Committee on Community Affairs Estimates, November 2006.
 80. Dr J Harmer, *Ibid*, p29. 31 *Ibid*, p15-16. 32 HREOC, *Social Justice Report 2006*. Return to text 71
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 82. Westbury, Neil. 'The governance of governments: Structural reform issues arising from Indigenous demographic trends.' Keynote address to Newmont Stakeholder Dinner, Perth 4 October 2006. P8.
 83. Gerritsen (2010), Marks (2011), Moran, M (2010). 'The Viability of 'Hub' Settlements', *Dialogue*, 29 (1): 38-51, p39.
 84. Sanders, William. (2008) *Regionalism that Respects localism: The Anmatjere Community Government Council and Beyond*, in Hunt, J. Smith, D. Garling, S. and Sanders, W. (Eds) *Contested Governance: Culture, Power and Institutions in Indigenous Australia*, CAEPR Research Monograph 29/2008, ANY E Press.p287-288.
 85. Drawn from evidence given to the Council for Territory Co-operation, recovered 26 August 2011 from <http://blogs.crikey.com.au/northern/2010/01/04/nt-how-not-to-do-local-government-reform-part-1/>
<http://blogs.crikey.com.au/northern/2010/01/07/doomed-to-failure-nt-local-government-reform-goes-crazy-part-2/>
 86. The Management Advisory Committee (MAC) is a forum of Secretaries and Agency Heads established under the Public Service Act 1999 to advise the Australian Government on matters relating to the management of the Australian Public Service (APS). In addressing its broad advisory function the Committee considers a number of management issues where analysis, discussion, and the identification of better practice approaches would inform and promote improvements in public administration.
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Australian Public Service Commission, 2004, *Working together: principles and practices to guide the Australian Public Service*, Canberra: APSC.
 88. The Commonwealth Financial Accountability Review has highlighted a number of responses to the funding, accountability and coordination issues that arise when whole-of-government approaches are attempted in remote Australia. See Commonwealth of Australia, Department of finance and Deregulation, 'Is Less More? Towards better Commonwealth Performance', March 2012.
 89. There is an extensive literature of strategic interventions, and their relationships with whole of government approaches. In the Australian context, see (Kokoda Foundation report. Kokoda Paper No. 12 (April 2010) <http://www.kokodafoundation.org/Kokoda-Papers>).
 90. The World Bank's 2011 World Development Report: conflict, security and development, provides an extensive review of evaluations of different models of interventions in fragile and conflicted settings.
 91. New public management (NPM) denotes broadly the government policies, since the 1980s, that aimed to modernise and render more effective the public sector. The basic hypothesis holds that market oriented management of the public sector will lead to greater cost-efficiency for governments, without having negative side-effects on other objectives and considerations.
 92. For a full account see Marsh chapter 8 in the remoteFOCUS Compendium
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- 95.** See Marsh chapter 8 in the remoteFOCUS Compendium
- 96.** This box was prepared by B Walker drawing on material from the Groote Eylandt and Bickerton Island RPA Evaluation February 2012 and personal correspondence with Bill Gray and Neil Westbury, members of the regional partnership committee.
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- 99.** White Paper on the Native American Challenge demonstration Project Act, July 2007. Accessed on 2nd July 2012 <http://www.bbna.com/Native%20Issues/Native%20Challenge%20White%20Paper.pdf>
- 100.** Judt, Tony. (2010) 'Ill Fares the Land: A Treatise on our Present Discontents', Allen Lane, Penguin Australia, p224
- 101.** These issues are discussed in much more detail in chapters 10-15 of the remoteFOCUS Compendium
- 102.** For a full account read Edmunds, Mary. (2011) 'Imagining a Region: Prototypes and Possibilities for Pilbara Aboriginal People' Section 7.
- 103.** Groote Eylandt and Bickerton Island Regional Partnership Agreement, Progress Evaluation, February 2012, Tempo Strategies, pers comm
- 104.** Beadman, Bob. (2004) 'Do Indigenous Youth have a Dream?' The Menzies Research Centre, Barton, ACT. P15.
- 105.** www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=clac_ctte/strong_future_nt_11/submissions.htm.
- 106.** Benneworth, P. and A Dassen (2011), "Strengthening Global-Local Connectivity in Regional Innovation Strategies: Implications for regional innovation Policy", OECD Regional Development Working Papers, 2011/01, OECD Publishing. <http://dx.doi.org/10.1787/5kgc6d80nns4-en>

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