# INSTITUTIONAL VEHICLES FOR PLACE-SHAPING IN REMOTE AUSTRALIA: AN EXPLORATION OF THEORETICAL APPROACHES

ABSTRACT: Some local communities in remote Australia represent the most socio-economically and socially disadvantaged immpoverished people in Australia, with the problem especially acute amongst Aboriginal Australians and Torres Strait Islanders. From a public policy perspective, effective remedial policy intervention through active place-shaping in these communities is often undermined by the absence of democratically elected local institutions of government. Place shapingPlace—shaping as a developmental process that enables local people to become agents of change, and thereby self determine, shape and make their places for the future. This process poses especially acute challenges in remote Australia, large parts ignificant portions of which are unincorporated by local government, and thus have no de facto local democratic voice. This papermanuscript considers the different institutional structures which could underpin place shaping placeshaping in remote settlements. Drawing on a range of governance structures, a greater leaning towards less traditional Type II clubs and polity forming bodies the paper presents a framework for designing institutions which may better serve the interests of remote Australians.

**Keywords:** Governance; place-shaping; remote Australia; Aboriginal and Torres Strait Islanders

Word count: 76,229427 excl. references, tables, figures, and acknowledgements

#### 1. INTRODUCTION

The chronic continuity of a 'geography of disadvantage' impoversishment is well-documented well documented in Australian society, with its manifestation especially acute amongst Aboriginal peoplein remote parts of the country (Haberkorn, Hugo, Fisher, and & Aylwar, 1999; ABS, 2010; Steering Committee for the Review of Government Service Provision, 2011). Regional statistics show decisive differences between remote Australians living in the 'bush' compared to the broader population. Aboriginal people in remote communities in particular are afflicted by poor educational outcomes, higher levels of disability and chronic diseases, low household and individual incomes, endemic child abuse and neglect, family and community violence, as well as imprisonment and juvenile detention

<sup>&</sup>lt;sup>1</sup> While the focus of the manuscript is on inland Aboriginal people, reference to Aboriginal for simplicity can include Torres Strait Islander people as well, but this is not always the case.

<sup>&</sup>lt;sup>2</sup> Remote Australia. While the focus of the paper is on inland Aboriginal people, reference to Aboriginal for simplicity can include Torres Strait Islander people as well, but this is not always the case.

(Steering Committee for the Review of Government Service Provision, 2011). While these problems are so entrenched that it would be hard to intervene effectively even under the most favourable circumstances, the paucity of democratic institutions of self-government in remote Australia make the task much more difficult.

A potentially effective approach to community<sup>3</sup> improvement resides in 'place-shaping'. Whereas place-shaping as a developmental strategy was introduced into contemporary public policy by the Lyons' Inquiry into Local Government (Lyons, 2007) in Britain, the concept already existed in the planning and institutional design literature (Healey, 1999). Furthermore, following the Lyon's Inquiry, Van de Walle (2010) suggested that place-shaping followed similar processes to 'nation building' as conceived by Eisenstadt and Rokkan (1973). Place-shaping was defined in the Lyons' Inquiry as follows:

[T]he creative use of powers and influence to promote the general well-being of a community and its citizens. It includes the following components: (1) building and shaping local identity; (2) representing the community; (3) regulating harmful and disruptive behaviours; (4) maintaining the cohesiveness of the community and supporting debate within it, ensuring smaller voices are heard; (5) helping to resolve disagreements; (6) working to make the local economy more successful while being sensitive to pressures on the environment; (7) understanding local needs and preferences and making sure that the right services are provided to the right people; and (8) working with other bodies to reponse (*sic*) to complex challenges such as natural disasters and other emergencies. (Lyons, 2007, p. 3)

In a groundbreaking report, Fixing the Hole in Australia's Heartland: How Government Needs to Work in Remote Australia that constructively criticises the workings of government in remote Australia, Walker, Porter and Marsh (2012) summarise the views of remote Australians which have symmetry with the principles of place-shapingplace—shaping. People in remote Australia desired 1) the ability to influence decisions that affect them; 2) equitable and sustainable financial flows; 3) better services and locally responsive public services; 4) local control and accountability; and 5) inclusion in a greater Australian narrative.

While Walker, Porter, and Marsh (2012) identify the need for reform in remote Australia and provide key institutional suggestions for moving forward, our work is different. Our work takes a necessary, initial step of reflecting on these theories in light of the problems remoteness brings (i.e.

<sup>&</sup>lt;sup>3</sup> Community refers to the geospatial grouping of people within a relatively small but common local area such as towns and out-settlements. The dynamics at play in forming remote communities can be considerably different to non-remote locations as addressed in the final section of the manuscript.

the *sui generis* nature of remote Australia) to clear the way for more advanced stages of institutional and economic reforms. We begin by summarising each of the theories presented in Table 2 and their implications for place shaping in remote Australia.

A capstone for effective 'bottom-up' place shapingplace—shaping resides in democratic institutions of self-government. Grant and Dollery (2010) have demonstrated that, in the context of developing countries, local government can play a pivotal role in place-shaping aimed at socioeconomic improvement, despite administrative and technical hurdles. However, the matter of which institution could fulfil this function in remote Australia poses a difficult question: How do the people of remote Australia, both Aboriginal and non-Aboriginal, many of whom fall outside the jurisdiction of representative local or regional governing institutions (Blackwell, 2012), best influence the social design of their 'place' in the absence of a democratically elected and accountable government? Against the background of the characteristics of remote Australia, which compound the difficulties of effective developmental policy, this papermanuscript considers a range of institutions which could perform a role analogous to the standard functions of local government in locally driven 'bottom-up' place shapingplace—shaping.

The remainder of the paper is divided into four main parts. Section 2 provides a synoptic review of the characteristics of remote Australia. Section 3 discusses various institutions which could take responsibility for place shaping in remote Australia. Section 4 provides examples of current institutions, some limitations and a discussion of the implications for place shaping in remote Australia.

#### 2. CHARACTERISTICS OF REMOTE AUSTRALIA

Settlements in Australia are described as remote<sup>5</sup> where they are a considerable distance from major population centres and thus have limited or no access to the standard services. Using this logic,

<sup>&</sup>lt;sup>4</sup> This is a very different but related issue to the normalization of closed or special purpose towns as discussed by Pearson (2012) and Robertson and Blackwell (forthcoming).

<sup>&</sup>lt;sup>5</sup>Various definitions of remoteness exist. Here we focus on Australia's definition using geographical remoteness from services. Other definitions include those of Leven (1986) such as economic remoteness which results from geographical, eultural and political remoteness. Geography's term of sparsely populated areas has the characteristics of all three conditions (Dubios and Roto, 2012).

the Australian Bureau of Statistics (ABS, 2011a) has spatially grouped Australia into six classes of remoteness areas (RAs), employing the Accessibility-Remoteness Index of Australia (ARIA) (GISCA, 2011): The RAs encompass—major cities; inner regional; outer regional; very remote; and migratory.

Figure 1 shows that much of the geographical area of the Australian continent is classified as either remote (lighter blueshading) or highly remote (darker blueshading). These combined areas represent around 75 percentper cent of the continent and contain three percentprecent of the population (Haslam McKenzie, 2011, p. 353). In Figure 1, very remote locations include Coober Pedy in South Australia; there are also pockets of non remoteness in a 'sea' of remoteness, e.g., Darwin, Northern Territory (NT). Others like Alice Springs, NT stand out as remote areas in a 'sea' of very remote areas. The corollary is also interesting; pockets of remoteness in non remote areas e.g. in the north east corner of NSW.

#### Insert Figure 1

Walker, Porter and Marsh (2012, p. 13) have vividly illustrated \_\_Tihis unusual distribution of the population, \_-describing it has been vividly illustrated as the 'Australian Archipelago', in contrast with the 'hole in Australia's heartland' as illustrated in Figure 2 by Walker, Porter and Marsh (2012, p. 13). The Australian Archipelago, wwith its \_its \_geographically small and separated areas, discretely abuttings relatively small proportions of Australia's southern coast, but contains \_containing the vast majority of Australia's population. In contrast, remote Australia contains a very small proportion of the population, but the vast mass of its geographical space, and \_natural resources, as well as having and a greater representation of Aboriginal culture and Torres Strait Islanders. The Archipeligo Archipelago thus operates as a separate and distinct entity from the 'whole of Australia' (Walker, Porter and \_&\_Marsh, 2012, p. 13) with little or no inclusion of remote Australians in a greater Australian narrative, such as through the shaping of their own places. At the heart of their analysis, Walker Porter and Marsh (2012, pp. 13 and 9) point to current governance arrangements as the reason for the '(h)ole in Australia's (h)eartland', that is, the problems which afflict remote Australia. Similarly, Altman (2004) argues that the benefits of an Aboriginal 'hybrid' economy, the customary

sector, warrants institutional and property reform. While the debate continues as to whether geography or institutions are the driver of economic development in remote areas (<u>Dale, 2013</u>; <u>Regional Australia Institute, 2013</u>; <u>Huskey, 2006</u>), we appositely argue, remoteness has brought with it poorly functioning governance arrangements, which typically manifest as problems.

**Insert Figure 2** 

#### **Problems Associated with Remoteness**

Because remoteness posses a number of problems<sup>6</sup> for affected communities, it makes remediation through place-shaping much more difficult. The problems faced by remote communities can be categorised into <u>four-five</u> cognate groups: institutional, environmental or geographical, health and wellbeing, cultural, and economic as outlined in Table 1.

Insert Table 1

In institutional terms, Blackwell (2012) has-noted that the frequent absence of local government in remote areas and the attendant lack of administrative and technical expertise (an economic factor in Table 1), severely inhibit effective place making. Similarly, many remote locations have experienced low or even negative economic growth, and associated with this, high rates of unemployment (ABS, 2010), further depressing local prospects (economic factor in Table 1).

The geographical factors of the 'tyranny of distance' (Blackwell, 2012), isolation, harsh and extreme environments (Savvas, Boulton and & Jepsen, 2011), and limited or dispersed resources (Stafford Smith, 2008) also have numerous deleterious health and wellbeing, cultural, and economic effects. Economic deleterious effects of the tyranny of distance include limited or high-cost communication and transport networks (Blackwell, 2012), and 'distant markets and decision-making' (Stafford Smith, 2008, p. 3), often related to no local representative authority which can provide or

<sup>&</sup>lt;sup>6</sup> While this paper<u>manuscript</u> focuses on the problems of remote communities, remote locations may also be attractive to people. In a related way, Altman (2004, p. 513) noted there may be significant local, regional and national benefits provided by an Aboriginal 'hybrid' economy, the customary sector, which need to be more actively supported by the state through institutional and property reform.

manage public services (Blackwell, 2012). Many of the standard national electricity and water networks are not available in remote Australia, requiring self sufficiency, innovation and resilience to provide enduring substitutes (e.g. hard rock water drilling techniques, Iga Warta, South Australia). Compounding these factors are the market failures of financing business in remote Australia and the increased risk of contagion from potential spiralling bad debts (Blackwell, 2014).

Health and wellbeing in remote Australia <u>areis</u> poor, resulting from high levels of disease and limited access to much needed medical care (Gruen, Weeamanthi and Baille, 2002). Distance, communication and cultural inappropriateness have been highlighted as reasons why health services are not provided to remote people (Gruen, Weeamanthi and Baille, 2002). Further, according to Gruen, Weeamanthi and Baille (2002), the design of funding and coordination of health care does not encourage hospitals and primary care providers to take responsibility for remote service provision. Related issues are poor education and healthy water supplies.

Stafford Smith (2008), Brown, Taylor and Bell (2008) and other writers have stressed the problems which flow from the cultural factors of sparse, mobile and patchy human populations. These include the limited nature and high cost (SCRGSP, 2012) of essential public services, such as health, education and water ('Health and wellbeing' in Table 1), as well as limited availability of human capital<sup>7</sup> to provide the necessary or desired services ('Economic' in Table 1).

Cultural factors may be critical in remote areas with a high proportion of Aboriginal residents (see Figure 3-2 which depicts the distribution of Aboriginal and Torres Strait Islander Communities). For example, Stafford Smith (2008, p. 3) points to 'limited research knowledge and persistent traditional and local knowledge' and 'widespread low and patchy primary productivity'. Low productivity has adverse economic consequences, including a discouragement of business location to remote Australia. Haslam McKenzie (2011) has established that attracting and retaining skilled and professional staff to remote Australia was very difficult for businesses because of a lack of housing, services and

<sup>&</sup>lt;sup>2</sup>-A counter argument to the limited social capital in remote Australia is that the social capital and resilience of Aboriginal communities for living in remote locations could be developed and has been lost as result of relocation, encampments, and traditional ways being substituted with western ways. A combination of traditional knowledge (e.g. arid plants providing nutritious foods) and latest western thinking (e.g. solar power) provides a bright future for remote Australia.

infrastructure ('Economic factor' in Table 1). Retaining young people is also difficult and for those youth who remain, a loss of friends can result in isolation, boredom and further social ills (Guerin and Guerin, 2010).

Insert Figure 32

Similarly, cultural differences (Stafford Smith, 2008) derived from the wide variety of peoples, cultures, languages and institutions can spark conflict (Blackwell, 2012). Along analogous lines, social dislocation related to, or resulting from, removal of people from their traditional lands has seen the rise of chronic drug and alcohol abuse, as well as other social ills, such as domestic violence, child abuse, and high rates of arrest and imprisonment (Savvas, Boulton and Jepsen, 2011). In short, many remote communities are best characterised as being in a state of ill-being rather than wellbeing (see, for instance, Sorensen, Marshall and Dollery, 2007).

Implicit in the above discussion is that many of the difficulties faced by remote people are interacting and confounding (Blackwell, 2012), bringing further complexity and difficulty to place-shaping through policy turbulence and instability (Walker, Porter and Marsh, 2012). A holistic approach, where governance arrangements take account of these complex, synergistic and cumulative problems provides a source of remedy.

In providing a remedy, the priority of factors is important because foundation factors can drive a syndrome across all groups (Stafford Smith, 2008). For example, social variability through unpredictability in, or lack of control over, markets, labour and policy can reinforce a sparse human population, returning and driving further social variability (Stafford Smith, 2008). Governance arrangements are emerging as a key area of fault and requiring reform. For example, Blackwell (2012) has identified that the current heterogeneous patchwork of institutions in remote Australia is far from a satisfactory form of governance. Moreover, Walker, Porter and Marsh (2012) have identified governance arrangements as the key to Fixing the Hole in Australia's Heartland fixing the problems afflicting remote Australia, and Dale (2013) and the Regional Australia Institute (2013) focus on governance challenges to Northern Australia, Australia's pre-emminenteminent remote frontier and development opportunity.

#### 3. INSTITUTIONAL VEHICLES

The questions of which institutions could play an effective role in place-shaping, and more importantly, in the absence of local democratic arrangements, how they might be adequately conceptualised are not easily answered. Nevertheless, it is possible to identify a range of theoretical approaches to governance arrangements which could be useful. Likely candidates comprise multilevel governance (Baker, Hudson and Woodward, 2005), polycentric governance (McGinnis, 1999), multi-perspectival governance (Hooghe and Marks, 2003), functional overlapping competing jurisdictions (FOCJ: Frey and Eichenberger, 1999) and fragmegration (Rosenau, 2003). The key elements of these theories are summarised in Table 2.

#### Insert Table 2

While Walker, Porter, and Marsh (2012) identify the need for reform in remote Australia and provide key institutional suggestions for moving forward, our work is different. Our work takes a necessary, initial step of reflecting on these theories in light of the problems remoteness brings (i.e. the sui generis nature of remote Australia) to clear the way for more advanced stages of institutional and economic reforms. We begin by summarising each of the theories presented in Table 2 and their implications for place shaping in remote Australia.

#### Multi-level Governance

Multi-level governance (MLG) is an analytical framework that attempts to capture the 'totality of political relationships in the world through recognising a range of actors at many different levels' (Baker, Hudson and Woodward, 20054, p. 11). One imperfect depiction of MLG for global financial systems is outlined in Table 3. Table 3 which shows there are successive layers and geographical boundaries to an institution's jurisdiction e.g. UN, APEC etc. While Baker, Hudson and Woodward (2004) suggest that Table 3 is simplistic, it helps recognise: 1) that human interaction and communities exist at a number of different levels beyond the two standard distinctions (Baker, Hudson and Woodward 2005); and 2) the central role of state governments, but also their dependency

on other governments, supranational, transnational and sub-state actors for decision making and authority; and z

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### Insert Table 3

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2) the levels present more than simply a hierarchical or 'territorial view' but 'overlain... functional, sectional, socially... constructed spatial forms' with actors operating at a number of different not necessarily authorised levels;

3) levels can be better described as 'concentric circles', 'layers' (Baker, Hudson and Woodward, 2004, p. 194) or 'dimensions... clustered around locational co-ordinating mechanisms' e.g. the state, multilateral process or market place (Baker, 2004, p. 95);

4) actors can cut across multiple layers, providing a better appreciation of how layers are constructed and how successful governance is delivered from within a level (Woodward, 2004; Grossman, 2004);

5) MLG can go beyond the positive analysis to consider 'the values that should underpin governance, and the interests that should be represented' (Baker, Hudson and Woodward, 2004, p. 14)

By identifying that authority can emanate from institutions outside the state, MLG recognises the importance that individuals, communities, non-government organisations, and corporations can make in shaping places. By identifying the 'governors' and the 'governed' and the impacts of governors, MLG has the potential to provide an analytical framework to ensure place shapingplace—shaping is a democratic process (Langley, 20042005). In remote Australia, these frameworks are particularly relevant, given the compounding state, corporate, individual and community interests at play and the lack of democracy (Blackwell, 2012).

In addition, the current impoverished state of remote Australia would suggest that influences from outside remote locations have not been completely successful in alleviating their problems. The MLG view allows for the different influences on place shapingplace—shaping to be considered including the influence that trans and supranational actors, government, corporate and non-government organisations, and communities and individuals may play. What is required is a 'focus on the interactive and mutually reinforcing relationships between different levels, as well as the net consequences and outcomes of those interactions' (Baker, Hudson and Woodward, 20042005, p. 201)

#### Polycentric Governance

Polycentric governance (PG) is a 'networks form of governance in democratic societies' (McGinnis and Ostrom, 2011, p.15) that requires multiple levels of organisations drawn from the state, private, and voluntary sectors which have overlapping responsibility and functional capacities. PG mandates an important role for local solutions to complex policy problems.

The basic idea is that any group of individuals facing collective action problems should be able to address that problem in whatever way they best see fit. To do so, they might work through the existing system of public authorities, or they might establish a new governance unit that would impose taxes on

members of that group in order to achieve some common purpose (McGinnis and Walker, 2010, p. 293).

PG is much more than simply a federal system of 'neatly nested' local, provincial and national jurisdictions; it also has 'cross cutting jurisdictions specialising in particular policy matters' (McGinnis and Ostrom, 2011, p.15). Further, 'corporations, voluntary associations, and community-based organisations play critical supporting roles in a polycentric system of governance, even where they have not been assigned public roles in an official manner' (McGinnis and Ostrom, 2011, p.15).

Local solutions are therefore critical to addressing complex policy problems, which are sometimes at odds with large scale governmental intervention through society and 'nearly in all sectors of the economy' according to McGinnis and Walker (2010, p. 295). Polycentric governance can 'nurture and sustain the self-governing capabilities of local communities', 'that allow for significant but not perfect levels of cooperation' (McGinnis and Walker, 2010, p. 299). McGinnis and Walker (2010, p. 295) argue that the empirical evidence that efficient public services can be provided by overlapping and multiple jurisdictions is not just constrained to the urban centres of the developed world (*inter alia* Functional Overlapping and Competing Jurisdictions, FOCJ) but can be extended with success to some of the 'poorest regions in the world'.

The *Ostrom Workshop in Political Theory and Policy Analysis*, which set the work in motion for developing PG, provides an indication as to PG's usefulness in place-shaping place-shaping:

Scholars associated with Ostrom Workshop have used ... (various) methods to study conditions under which communities can use their shared understandings, normative expectations, and strategic opportunities to sustainably manage resources critical to their own survival. (McGinnis, 2011, p. 57)

In these ways PG is much like MLG and the characteristics of PG are very similar also to those of FOCJ (as are discussed next in this section) especially by being a normative form of governance but also practical. MLG in contrast appears to be a framework for understanding the polycentricity of authority and power in human systems while PG provides a way in which governance should operate.

**FOCJs** 

FOCJs are jurisdictions that deliver a particular function, overlap geographically, compete with similar institutions to provide efficiency gains, and are able to collect taxes from beneficiaries to fund their operations (Frey and Eichenberger, 1999).

Central to the idea of FOCJ is a requirement for political competition:

[T]he institutional conditions have to be designed so that stronger incentives are imposed on politicians and governments to fulfil citizen's preferences. This can only be achieved by strengthening the political competition at all levels of government. Strong political competition makes governments suppliers of policies that take care of citizen's demands and thus increase welfare... Nevertheless political competition has often been disregarded (Frey and Eichenberger, 1999, p. 3).

In a similar vein to MLG, PG, FOCJ are not hindered by arbitrary territorial monopoly (Frey, 2001). 'These jurisdictions are formed according to the geography of problems, i.e. by the citizens seeking to cope with issues with which they are confronted' (Eichenberger and Frey, 2006, p. 26). Thus, FOCJ allow for the 'emergence of political bodies whose size corresponds to the tasks to be fulfilled'; the geographical extension of individual FOCJ (FOCUS) being 'driven by the present and future physical extension of a problem rather than by historical, more or less randomly established, boundaries' (Frey and Eichenberger, 1999, p. 3).

The formation of FOCUS by citizens seeking to cope with particular issues is at the heart of any application to place shapingplace—shaping for people in remote Australia. The limitations of this urban focussed theory to remote Australia however is problematic and is therefore given special discussion at the end of this paper.

#### Fragmegration Governance

Fragmegration refers to 'the complex interactions between the fragmenting forces of localisation and integrative forces of globalisation' (Winters, 2004, p. 1). <u>T-The term was introduced by Rosenau (2003) in his magnum opus, Distant Proximities: Dynamics Beyond Globalisation.</u>

The theory represents an attempt to humanize governance arrangements such that individuals can gain agency by understanding the 'macro and micro interactions' in governance arrangements

(Winters, 2004, p. 285). By recognising Tthese macro-micro-interactions are critical to appreciating that 'people count...\_because that 'all... actions originate with individuals who may then form aggregate entities that engage in salient behaviour' (Rosenau, 2007, p. 308).

With the advent of globalisation, Rosenau (2005) argues that tUsing globalisation as the case study phenomenon, the key features of Rosenau's (2005) analysis are that there are eight sources of fragmegration at four different levels of aggregation forming a matrix as shown in Figure Table 44. The four levels of aggregation in Figure 4, are noted as column headings and the eight sources of fragmegration are depicted as row headings in Table 4 and are briefly defined in the row cellsare: A1) the micro-level of individuals; A2) the macro-level of collectives and states; A3) the micro-macro-level at which individuals and collectives shape and interact with each other; and A4) the macro-micro-level wherein collectives interact and influence each other.

### Insert Figure Table 44

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The eight sources of fragmegration depicted in Figure 4 as row headings are: F1) skill revolution; F2) organisational explosion; F3) bifurcation of global structures; F4) mobility upheaval; F5) weakening of territories, states and sovereignty; F6) authority crisis; F7) globalisation of national economies; and F8) microelectronic technologies. These sources are very briefly defined in the rows of Figure 4 are further detailed by Rosenau (2005; 2007).

The importance of fragmegration to place shapingplace—shaping is that it provides a framework for aligning the forces at the global scale with the local scale and makes people accountable by indentifyingidentifying these links. It also provides encouragement to individuals to act on collective action dilemmas, as they can see that their elose handlocal actions may affect some distant circumstance and vice versa. This is important for people in remote communities, who are distant and feel disempowered to make change. While powers from outside a local community may attempt to make change, it is individuals first who must desire and put into action change that then provides a collective groundswell. Individuals are therefore empowered to shape their places given the analytical framework that fragmegration provides.

#### Multi-perspectival Governance

Hooghe and Marks (2003) build on the theories of MLG and PG to provide a structure for how governance should be organised. Drawing on Hooghe and Marks (2003), Dollery, Buultjens and Adams (2011) discuss the 'New Perspectives of Regional Governance' to identify for Australia the application of the two types of MLG: Type I; and Type II. Table 4-5 outlines the characteristics of these two types of MLG.

#### Insert Table 45

As summarised in Table 45, Type I governance involves jurisdictions that have a general purpose, delivering a range of public goods and services. In contrast, Type II entities are task specific, e.g., police patrolling, while Type I jurisdictional membership does not overlap with other memberships, e.g., state jurisdictions in Australia. Type I governance also has a limit on the number of jurisdictions. In contrast, Type II has no limit on the number of jurisdictions because these are driven by the spillovers they create or the negative externalities they extinguish, capitalising on the efficiencies of their specific task. The system-wide architecture of Type I governance is inflexible and usually based on arbitrary boundaries which drive monopolistic returns. In contrast, Type II jurisdictions tend to be 'lean and flexible', adapting 'to the demands for governance change' (Hooghe and Marks, 2011, p. 18).

Dollery, Buultjens and Adams (2011) argue that in practice, rather than seeing explicit examples at the extremes of these two types of governance, they manifest in mixed forms. The Australian Constitution is an example of the durable, system wide architecture of Type I governance in Australia, with discrete powers from the federated states relinquished to the Commonwealth.

At a more local level, households also rely on Type I institutions for necessary public services: Melbournians buy their water from Melbourne Water, receive police patrol protection from the Victorian Police Force, catch train services provided by Metro and so on. Each of these institutions provides a 'well defined service over a distinct spatial area' (Dollery, Buultjens and Adams, 2011, p. 247). However, these institutions do not necessarily have to compete against similar jurisdictions for their customers; unlike the strict definition of FOCJ and Type II entities. The other distinguishing

feature is that Type I jurisdictions have their flexibility constrained but their durability assured by government authority.

#### Jurisdictional Integrity

A further clarifying issue for determining the application of Type I and II entities in remote Australia is the idea of 'jurisdictional integrity' developed by Skelcher (2005). Jurisdictional integrity refers to the 'legal and political competence' of Type I and II entities 'to operate in a spatial and functional realm' (Skelcher, 2005, p. 89). Table 5–6 outlines the key components to jurisdictional integrity of Type I and II entities broken into 'boundary integrity' and 'relational integrity'. Boundary integrity refers to the external integrity or 'degree of autonomy over a defined spatial and policy domain' (Dollery, Buultjens and Adams, 2011, p. 249) while relational integrity is 'a measure of the democratic relationship between the governmental body and the citizenry it services' (Skelcher, 2005, p. 93).

## Insert Table 6

High boundary integrity means that public policy issues which overlap and intersect jurisdictions, such as with remote development policy, result in failure of Type I entities where 'mainstream governmental organisations are unable to respond flexibly' (Skelcher, 2005, p. 94). This failure is also the case for Agency Type II entities where boundary constraints are also high – see the first row of Table 56. This means that in remote development policy Type I and II entities, especially clubs and polity forming bodies with low or medium bounded integrity, ideally co-exist alongside each other. This dual existence marries with a competency constraint in the second row of Table 5–6 with a flexible response to intersecting jurisdictional issues. Intersecting jurisdictional issues exist where 'interjurisdictional externalities play a significant role' and where economies of scale and democratic processes are required, and constituents are unable to 'vote with their feet' (Skelcher, 2005, p. 94).

Examples of the need for institutions with more flexible responses to intersect jurisdictional governance structures, where people can shape their own places include: calls for a north Australian

state (Freebairn, 2013) and the perverse incentives for ecotourism buildings to be stilted, without foundations, on Indigenous Protected Land (e.g. Iga Warta, South Australia).

Table 5-6 briefly defines the integrity characteristics of three type II institutions: clubs<sup>8</sup>, agencies and polity forming bodies. Type II entities are formed in various ways. Members help form a club in a bottom-up approach; government forms an agency in a top-down approach much like Type I entities but at 'arms length'. A polity forming body can be created by a mixture of government, business or individual resourcing. Type I entities along with polity forming bodies typically deliver on a range of public policy issues, while clubs and agencies address quite specific public policy issues.

#### **Insert Table 5**

The constituency of Type I entities is relatively undefined, while for Type II entities the membership ranges from exclusive for a club to moderately defined for an agency and well defined locally or regionally for a polity body. The membership and public policy scope of the entity determines its legitimacy. For example, a Type I entity obtains its legitimacy from the electoral system which votes in a responsible Minister or representative who is responsible for a portfolio of public policy issues. The legitimacy of Type II entities is somewhat different with the shared benefits to members being the reason for a club's existence; a polity body through popular participation; and an agency through government mandate.

Consent to undertake particular action is provided to Type I entities through the election of a representative acting on behalf of constituents. Clubs take action on matters of interest of their members, agencies through a board, and polity bodies through a deliberative approach between their board and the corresponding constituency.

Type I entities are accountable through their Ministers as elected representatives of voters, while clubs through their members on the basis of an implicit and individual benefit-cost basis. Those who see the costs of membership being greater than the benefits will not join. Agencies are accountable to

<sup>\*</sup>Clubs include the conventional form, e.g. sports, associations and societies, but also a broad range of club goods and services which are non-rival but exclusive as postulated by Buchanan (1956).

government through their performance while polity bodies are accountable to their constituency and performance in changing public policy or effecting change.

#### 4. POTENTIAL OF PLACE-SHAPING INSTITUTIONS FOR REMOTE AUSTRALIA

In the previous section of this paper we considered to some degree the applicability of these theories of governance to remote Australia and their potential for helping to shape places. A central tenant of the institutions presented in the previous section and their importance to place—shapingse theories—is that local people have the ability to shape their own places, whether or not they command the formal authority to do so. N; new structures of governance, particularly Type II entities and FOCUS, are available to them through the development of the phenomenon of Fragmegration—and especially the theories of FOCJ and MPG. Here we investigate this possibility further by considering examples of governance in remote Australia, provide some economic limitations and solutions on the operation of Type II and FOCJ governance, and then provide a final discussion.

#### Examples of Governance in Remote Australia

Better known examples of MPG Type I entities include the Commonwealth, state and local governments in Australia. Type II entities include the Regional Organisations of Councils, the Murray Darling Basin Authority, and Regional Development Australia as examples of a club, an agency, and a polity forming body respectively (Dollery, Buultjens and Adams, 2011).

Examples of Type I and II entities in remote Australia are less well known compared with those in regional and urban Australia (Dollery, Buultjens and Adams, 2011). Remote rural councils provide services normally produced by state agencies such as aged care, as well as services usually provided by private firms, like banking facilities and funeral parlours (Dollery, Wallis and Akimov, 2010; Dollery, Buultjens and Adams, 2011, p. 247). Remote rural councils are expected to provide such services where there is demand from constituents and a lack of supply from the private sector. However, often the cost of provision is prohibitive or assumed so. In some cases however, these publicly provided services compete with and supplement any private sector provision, as is the nature of FOCJs and Type II jurisdictions. Partially competing private and public schools are an example of

this, with reduced private sector competition as one moves from the geospatial scale of regional to remote Australia.

Examples of Type I entities directly operating in remote Australia include the local land councils formed under state or territory legislation e.g. the Central Land Council formed under the *Aboriginal Land Rights (Northern Territory) Act 1976* where 90 Aboriginal representatives are elected by communities in the southern half of the Northern Territory—. The Central Land Council (2012) provides a number of legal, advocacy and social and cultural services for the benefit of traditional owners and other Aboriginal residents of the CLC region.

A Type II entity example of a club in remote Australia is the Aboriginal youth development program of the Warlpiri people in the Northern Territory (Warlpiri Youth Development Aboriginal Corporation, 2012). The program was first established in 1993 by the community to overcome the chronic interjurisdictional problem of petrol sniffing. Since then the program has broadened its scope, having a flexible system wide and bottom up architecture, and now features a number of community based youth development programs, a mechanics training workshop, a community swimming pool, and a counselling and mentoring service. Its success therefore lies in its low boundary integrity but compensating high relational integrity with its people. Also, this institution has the central tenant common with the European experience of place—shaping, where local people have increased ownership and delivery of services to their own-local people they represent and who are in need.

An example of a Type II agency is the Outback Communities Authority (OCA, 2010). The Authority which acts as an agent for the South Australian Government, overcoming the interjurisdictional externality of the absence of local government by providing key essential services to a vast unincorporated area in the North West corner of the state. This The agencyOCA, being developed from top down, has responsibilities to 'manage and promote improvements in the provision of public services and facilities to outback communities' and to 'articulate the views, interests and aspirations of outback communities' (OCA, 2010, website, no page number). The agencies OCA's existence lies in a high boundary integrity yet low relational integrity compared to the WalpiriWarlpiri example provided above. Also, itsthe OCA's objectives of articulating the views.

interests and aspirations of remote communities, is a far cry from full-blown place—shaping and making through Type II clubs or polity forming bodies.

Finally, the Tanami Regional Partnership Agreement in the Northern Territory provides an example of a polity forming body combined with an Agency. The partnership is between the territory, Commonwealth, local governments, the Central Land Council (on behalf of a number of local Aboriginal communities), and Newmont Mining Corporation (Indigenous Studies Program, 2011). The partnership, developed to overcome the interjurisdictional issues of problems faced by remote Aboriginal people and the social license required for mining companies, has the goal of sharing responsibility for achieving measurable and sustainable improvements for Aboriginal people, with a particular focus on employment and business development' (Newmont, 2008, p. 73). This final example, example is not wholly a polity forming body because it is not accountable to a constituency on the basis of democratic process but is mildly accountable by way of policy achievement through its agency linkages. There is some coincidental evidence that this agreement appears to have mildly helped in employing local Aboriginal people; using Australian Bureau of Statistics (2014) TableBuilder Pro interface, we found nine local Aboriginal people employed in gold mining in the Central Dessert LGA in 2011, representing about seven percentper cent of all local people employed in gold mining in the region (Australian Bureau of Statistics, 2014see Blackwell, McFarlane and Blake, forthcoming, for the methods used in obtaining these estimates). In summary, the agreement provides an example of mild relational and boundary integrities, with mild local but not fully responsible representation, again a far cry from full-blown place--shaping and making.

#### Limitations

The analytical frameworks established through the governance theories outlined in this papermanuscript overlook two key economic problems associated with the provision of public goods in remote Australia: first, the insurmountable cost of providing public goods to remote communities; second the 'free rider' problem. FOCJ. <u>PG-and</u>, and Type II institutions remain viable in a potentially competitive and overlapping service environment by spreading the large capital costs of provision across a larger populated urban community. <u>These institutions may even be able to be extended to the</u>

poorest urban regions of the world as stated by McGinnis and Walker (2010). In remote Australia, however, the constituency is considerably smaller in number with — the tyranny of distance compounding the high costs of provision per person. In these cases the efficiency gains prescribed to FOCJ these alternative forms of governance and the ability of people to choose between overlapping or competing jurisdictions is are questionable.

The second problem is that Bby their economic nature, public goods or public services struggle to be provided by people from a community because of the existence of free riding. Why provide a service for which one will receive nothing in return and others will use without contribution to the cost of provision? Many public services are non-excludable; all people in the community receive the service but cannot be feasibly charged individually for their use. Therefore, the provision of public goods or services tends to fail and this is the central argument for some form of government intervention. The governance theories outlined above ignore the this issue of free riding and its inherent reason for government intervention.

For these two reasons and in very troubling and intersecting jurisdictional issues in remote Australia we see mixed Type II solutions such as the Tanami Regional Partnership Agreement to help with shaping places.

Other solutions are also possible but only where national governments are willing to relinquish some of their territorial sovereignty to outside jurisdictions. For example, the United Nations and non-government institutions like The Nature Conservancy work with developing nation states to overcome problems for their people of free riding, poaching and excess costs of provision, in establishing and managing conservation reserves in remote locations. The disparate roles of the Gundjeihmi Aboriginal Corporation, Energy Resources Australia Ranger mine, and the Australian Government in establishing the town of Jabiru, Kakadu National Park with concession to World Heritage Listing, and issuance of uranium mining leases inside the park, provide another example.

<sup>&</sup>lt;sup>9</sup> Having said that, there is no reason why two people from a remote community could not join as a polity forming body (see Type II entity in MPG section) and lobby government, business, individuals, or other entities to resource the provision of an essential public service.

While these possibilities are marred to some degree by the transaction costs indentified alluded to by Marks and Hooghe Hooghe and Marks (20002003)<sup>10</sup> as the coordination dilemma, FOCJs have the benefits of being functional and not permanent, evolving with the demands of communities. This advantage reflects their increased relational and reduced boundary integrities. Where the transaction costs are too high or national states deny relinquishing their sovereignty, some form of state intervention, through a central Australian agency, a Productivity Commission Inquiry, and innovation regions and zones, may offer a solution as suggested by (Walker, Porter and & Marsh, (2012). The central Australian agency would represent a Type II institution with lower relational integrity but higher than for one based in Canberra. A commissioned inquiry may help to overcome some of the information asymmetries around efficiently providing economic stimulus to remote Australia and, as part of this, provide a pathway for implementing Type II institutions and incentives. Innovation regions and zones are one type of incentive to raise investment in remote Australia, but this may often have pernicious and unintended consequences as a result of their initial distortionary effects e.g. the social consequences of stranded assets of failed water infrastructure.

A particular strength in our institutional approach to uncovering the problems in remote Australia is that it is the structural characteristics of the local economy that builds resilience in remote places. Huskey (2011) identifies these characteristics as: 1) diversification even within small industries; 2) fixed community assets, physical and human; 3) a local market, both from local resource activities, government transfers, and a separate export market; 4) social, politicial and market entrepreneurs that drive change in the face of shocks; and 5) locally oriented political power. Analogous with concepts of European based place shapingplace—shaping but as applied in remote parts of North America Huskey (2011, p. 5) states:

<sup>10</sup> Hooghe and Marks (2003) refer to the 'co-ordination dilemma' which results as the number of jurisdictions increases, coordinating the functions of these jurisdictions becomes complex and costly. At the same time, self determined jurisdictional functions, as provided by the desires of a place's people (e.g. through club and polity body Type II entities), mean less of a co-ordinating requirement.

It may be more important for small remote regions to gain local control over decisions that affect their residents. Local control allows local residents to set the rules that determine the consequences of the use of regional resources. Increased control will limit the challenges posed by decisions made outside the region which affect local resource use.

With small, sparsely distributed populations, remote community political power is usually quite limited. However, the relational integrity of Type II institutions vehiculates vehicles place-shaping because through these institutions, local people have the political power to drive change. Removing local political power, power stifles entrepreneurship and denigrates place shaping place—shaping.

#### **Policy Implications**

Where does that leave Australians for place-shaping and making in remote locations, especially given the context of their difficulties, the limitations of governance theories but also any benefits or synergies from their people's comparative advantage of heterogeneous tastes and characteristics? Don't these heterogeneous characteristics and the *sui generis* of remote Australia demand a greater leaning to the role of 'place-shaping' and the benefits provided by Type II governance, and PG, MLG, FOCJ, and Fragmegration?

Obviously there is a need for self-determination and a liberalisation of governance structures such as those provided by Type II entities. However, the lesson from Hooghe and Marks (2003) and Dollery, Buultjens and Adams (2011) is that Type I and II governance entities exhibit different comparative institutional advantages and are complimentary rather than....\_substitute systems coexisting in all multi-level governance systems—). As seen above, there is thus a number of relatively fluctuating, self-contained, flexible yet functionally different, Type II jurisdictions alongside a more constant cohort of general purpose, nested Type I jurisdictions available to policy makers.

Having said this, the current mix of Type I and II governance structures does not appear to have been successful in raising the wellbeing of remote Australians and particularly the wellbeing of Aboriginal and Torres Strait Islanders. One reason for the lack of success maybe an over reliance on Type I institutions such as the role that the Commonwealth plays in central Australian affairs through the Northern Territory. Examples include the provision of national parks, the regulation and taxation

of uranium mining and what has been known as 'the intervention' on cultural affairs (see the *Northern Territory National Emergency Response Act 2007* (Cwlth) and Altman, 2007) or more recently as *Stronger Futures in The Northern TerritoryTerritory*. (Australian Government, 2013). These type I interventions do not deal well with intersecting jurisdictional issues. Because of their low relational integrity but high boundary integrity, these interventions are frustrated by co-ordination dilemmas and transaction costs, creating further external costs for the distant people who wish to shape their own places.

Part of the Further reasoning for this lack of success may lie at the heart of these theories in the coordination dilemma and the externalities created by Type I institutions. For example, Hhistorically, the collecting and relocation of Aboriginal people into settlements was done to provide access to essential services such as education and food (e.g. the establishment of Yuendumu as ration station; see Musharbash, 2009). This however was not driven by the people themselves and had dislocating consequences: a loss of self determinationself-determination, heritage, traditional ways and languages, a loss of mobility and a movement to a sedentary existence with reduced use of their lands, and waters. Ultimately the implementation of this Type I governance externalized rather than internalised 'place-shaping' for these people of remote Australia.

A return to place-shaping by local people, with support for adaptive and responsive jurisdictions from appropriate Type II agencies, may well be the simple solution to for what is a wicked problem. Being aware of the different types and characteristics of these institutions and their possibilities in practice shows there are great things ahead for remote Australians can hold some degree of optimism for an improved future. The policy suggestions by of Walker, Porter and Marsh (2012) for a central Australian agency, a Productivity Commission Inquiry, and innovation regions and zones may allow the budding of further club, polity and FOCJ success for the people of remote Australia, providing them with some hope of greater relational integrity in shaping their places.

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Figure 1. Remote Areas in Continental Australia. Source: Australian Institute of Family Studies, 2011.

Accessibility Remoteness Index Australia 2006
ARIA+ and ARIA++ are indices of remoteness derived from measures of road distance between oppulated localities and service centres. These road distance measures are then used to generate a remoteness zoor for any location in Australia. ARIA+ (2006) 1 km grid ARIA+ (2006) 1 km grid

Major cities (0-0.20)

Inner regional (> 0.20-2.40)

Outer regional (> 2.40-5.92)

Remote (> 5.92-10.53)

Very remote (> 10.53-15.00)

Data Source:

**Figure 2.** The Australian Archipelago and the Whole of Australia. Source: Walker, Porter and Marsh, 2012, p. 13.



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**Table 1:** Remoteness Problems. Sources and notes: a. Blackwell. 2012; b. Gruen, Weeamanthi and Baille, 2002; c. Stafford Smith, 2008; d. Queensland Treasury and Trade, 2011; e. Savvas, Boulton and Jepsen, 2011; f. Walker, Porter and Marsh, 2012; g. Steering Committee for Review of Government Service Provision (SCRGSP), 2012; h. ABS, 2010; i. Brown, Taylor and Bell, 2008; j. e.g. Altman, 2004; k. Barker, 2012; l. ABS, 2011b; m. SCRGSP, 2011; n. Guerin and Guerin, 2010; o. McKenzie, 2011; p. Blackwell (2014) other items developed as part of this papermanuscript.

Institutional factors	Environmental /	Health and wellbeing	Cultural factors	Economic factors
	geographical	factors		
No local	factors Tyranny of	High levels of disease and	Social variability:	Very restricted or very
government	distance <sup>a</sup>	limited access (distance,	unpredictability in or	little access to goods
representation in unincorporated Australia <sup>a</sup>		communication and cultural inappropriateness) to medical care <sup>b</sup>	lack of control over markets, labour and policy <sup>c</sup>	and services <sup>d</sup> i.e. 'distant markets' <sup>c</sup>
Distant decision making <sup>c</sup>	Isolation	Funding and coordination of healthcare that does not recognise responsibilities to both hospitals and the primary care sector <sup>b</sup>	Very restricted or very little access opportunities for social interaction <sup>d</sup>	Limited human capital a e.g. lack of administrative and technical expertise to provide public services
Limited management and provision of public services <sup>f</sup>	Harsh and extreme environments, mostly arid climate	Limited and high cost education <sup>g</sup> , housing <sup>gh</sup> , community health <sup>g</sup> and water	Sparse, mobile and patchy human populations <sup>c i</sup>	Low or negative economic growth
Unreconciled parochial and general interests <sup>f</sup>	In many cases, limited or dispersed resources (e.g. food and water) <sup>c</sup>	Low levels of ATSI participation in the workforce <sup>j</sup> and education <sup>k</sup>	Limited research knowledge <sup>c</sup>	High unemployment <sup>g</sup>
A highly complex political economy through formal and informal governance <sup>i</sup>		High proportion of disadvantaged people e.g. ATSI <sup>h</sup>	Persistent traditional and local knowledge c	High cost transport and communication networks <sup>a</sup>
Policy turbulence and instability <sup>f</sup>		In parts, chronic drug and alcohol abuse <sup>m</sup>	Cultural differences can create conflict <sup>c</sup>	Disconnect from national/state or regional networks such as electricity and water
Poor property rights		Domestic violence and child abuse <sup>m</sup>	Social dislocation <sup>a</sup>	Widespread low and patchy primary productivity <sup>d</sup>
<u>Financial market</u> <u>failure</u> <sup>p</sup>		In parts, higher rates of arrest and imprisonment °	Inability to keep young people and resulting boredom for those who remain <sup>n</sup>	Inability to attract and retain skilled and professional staff because of inadequate, housing services and infrastructure °

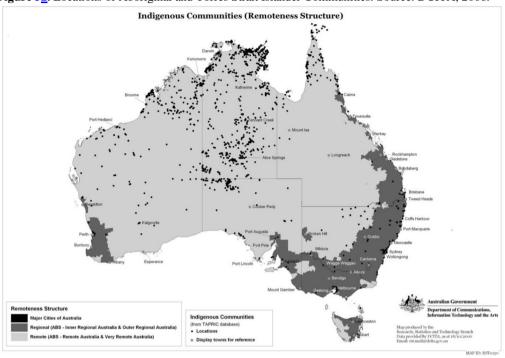


Figure 32. Locations of Aboriginal and Torres Strait Islander Communities. Source: DCITA, 2006.

**Table 2.** Modern theories of governance structure. Source: The Authors (2013)

Theory	Central tenant	Positive/Normative (P/N)	Meaning for Place-shaping and Remote Australia (RA)
Multi-level governance (MLG)	Multiple players across multiple levels; reduced hierarchical boundedness	Positive but criticisms drive theory to move to normative	Allows analysis of actors' impacts to identify authority & responsibility paucity in RA
Polycentric governance (PG)	Network form of governance in democratic societies	Predominantly normative drawing on positive analysis	Local solutions are critical to solving complex global problems
Functional overlapping competing jurisdictions (FOCJ)	Provides for competitive rigour in the provision of local public goods	Predominantly normative	Free rider and diseconomies of scale problems may prevent existence of FOCJs in RA
Fragmegration	Individual and collective interactions can be analysed at all levels, micro to macro	Normative and Positive	Provides a powerful tool for analysis of the effects of distant events on proximate realities
Multi-perspectival governance (MPG)	Identifies two contrasting governance types: Type I and Type II	Positive and Normative	Can draw on a range of governance types in delivering successful governance

Table 3. Multi-level governance. Source: Adapted from Hirst and Thompson (1999)

Group of three (EU, North America, Japan)
International Regulatory Authorities (WTO, IMF, World Bank, UN etc.)
Regional-level governance (EU, APEC etc.)

National-level governance (United States of America, Australia)
Subnational-level governance (State of Kentucky, Garrard County; New South Wales, Armidale Dumaresq Council etc.)

**Table 44.** Eight Fragmegration Sources at Four Aggregation Levels. Source: Summary of Rosenau, 2005; 2007.

2003, 2007.				
	1. Micro (individuals)	2. Macro (collectives & states)	3. Micro-macro (individuals & collectives interact)	4. Macro-macro (collectives interact)
<ol> <li>Skill revolution</li> </ol>	People link dista	ant events with prox	imate circumstances	
2. Organisational explosion	New in/formal organisations created at community & world levels			
3. Bifurcation of global structures	Flourishing innu	imerable actors othe	r than states after WWII	
<ol><li>Mobility upheaval</li></ol>	Vast & rapid movement of people, e.g. people overboard, Timor Sea			
5. Weakening of territories, states & sovereignty	As 7 other force	s take affect		
<ol><li>Authority crisis</li></ol>	Authority struct	ures are undergoing	disaggregation, e.g. Churc	hes, Government
7. Globalisation of national economies	Free enterprise 6	economic systems &	reduced trade barriers	
8. Microelectronic technologies	Allowing like m	inded people to coa	lesce & take action collecti	ively

**Table 5.** Characteristics of Type I and II multilevel governance. Source: Adaption of Hooghe and Marks (2003, p. 236, Table 2).

Characteristic	Type I	Type II
Jurisdiction	General purpose	Task specific
Membership	Non-intersecting	Intersecting
Jurisdiction levels	A limited number	No limit on the number
Design	Systemwide System-wide architecture	Flexible

**Table 6.** Jurisdictional integrity of Type I and II entities. Source: Development of Skelcher (2005, p. 98, Table 2) and Dollery, Buultjens and Adams (2011, p. 250, Table 3).

Integrity	Characteristic	Type I entity	Type II entity		
			Club	Agency	Polity forming body
Boundary Integrity	-	High	Low	High	Medium
-Competency constraint	Response to intersecting jurisdictional issues	Inflexible	Flexible	Inflexible	Flexible
Relational Integrity	Creation	By Constitution or legislation (top- down)	Self generated (bottom-up)	By government (top-down but then arms length)	Resourced by government, industry, individuals
	Public Policy delivery	General	Specific	Specific	General
	Constituency	Non-exclusive	Exclusive (members)	Moderately exclusive	Exclusive locally/regionally
	Legitimacy	Electoral system	Member benefits	Government mandate	Popular participation
	Consent	Elected representatives	Self interested assessment	Appointed board	Deliberative approach between board and constituency
	Accountability	Elected representatives and voters	Organisational stakeholders on benefit/cost basis	Government on basis of performance	Constituency on basis of democratic process and policy achievement

#### **List of Figures**

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