INDIGENOUS COMMUNITY GOVERNANCE PROJECT: YEAR TWO RESEARCH FINDINGS

J. Hunt and D.E. Smith

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The Australian National University
April 2007

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J. HUNT & D. SMITH


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This research report draws heavily on the detailed community case studies, as well as governance capacity development and policy case studies that form part of the Indigenous Community Governance Project’s (ICGP) wide research scope. The following researchers have contributed significantly to this volume: Professor Jon Altman, Dr Manuhuia Barcham, Mr Bill Gray, Dr Sarah Holcombe, Ms Janet Hunt, Mr Bill Ivory, Ms Christina Lange, Ms Frances Morphy, Dr Ben Smith, Ms Diane Smith, Dr Patrick Sullivan, Dr John Taylor, and Ms Kathryn Thorburn.

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The ICGP has brought together a multi-disciplinary team of researchers largely from the Centre for Aboriginal Economic Policy research (CAEPR) as well as researchers from the National Centre for Indigenous Studies at Australian National University (ANU), and from Charles Darwin University, the Centre for Anthropological Research at the University of Western Australia, and the Centre for Indigenous Governance and Development at Massey University, New Zealand. Project researchers have undertaken intensive fieldwork this year and in doing so have made a major contribution to the consideration of governance issues in this country.

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## ABBREVIATIONS & ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>ACGC</td>
<td>Anmatjere Community Government Council</td>
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<tr>
<td>AIATSIS</td>
<td>Australian Institute of Aboriginal and Torres Strait Islander Studies</td>
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<td>ANU</td>
<td>The Australian National University</td>
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<tr>
<td>ARC</td>
<td>Australian Research Council</td>
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<td>ATSIC</td>
<td>Aboriginal and Torres Strait Islander Commission</td>
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<td>BAC</td>
<td>Bawinanga Aboriginal Corporation</td>
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<tr>
<td>CAEPR</td>
<td>Centre for Aboriginal Economic Policy Research</td>
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<td>CDEP</td>
<td>Community Development Employment Program</td>
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<td>CDO</td>
<td>Community Development Officer</td>
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<td>CDU</td>
<td>Charles Darwin University</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>DEW</td>
<td>Department of the Environment and Water Resources</td>
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<td>DEWR</td>
<td>Department of Employment and Workplace Relations (Australian Govt)</td>
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<tr>
<td>DIA</td>
<td>Department of Indigenous Affairs (Western Australia)</td>
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<td>DIMIA</td>
<td>Department of Immigration and Multicultural and Indigenous Affairs</td>
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<td>DKCRC</td>
<td>Desert Knowledge Cooperative Research Centre</td>
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<td>FR</td>
<td>Field Report</td>
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<tr>
<td>HORSCATSIA</td>
<td>House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs</td>
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<tr>
<td>HORSCFPA</td>
<td>House of Representatives Standing Committee on Economics, Finance and Public Administration</td>
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<tr>
<td>ICC</td>
<td>Indigenous Coordination Centre (Australian Govt)</td>
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<td>ICGP</td>
<td>Indigenous Community Governance Project</td>
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<td>IOG</td>
<td>Institute on Governance (Canada)</td>
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<td>MWT(P)</td>
<td>Mutitjulu Working Together (Project)</td>
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<tr>
<td>NGO</td>
<td>Non-government organisation</td>
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<td>Abbreviation</td>
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<tr>
<td>NT</td>
<td>Northern Territory</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OIPC</td>
<td>Office of Indigenous Policy Coordination (Australian Govt)</td>
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<tr>
<td>ORAC</td>
<td>Office of the Registrar of Aboriginal Corporations (Australian Govt)</td>
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<tr>
<td>RA</td>
<td>Reconciliation Australia</td>
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<tr>
<td>RPA</td>
<td>Regional Partnership Agreement</td>
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<td>SRA</td>
<td>Shared Responsibility Agreement</td>
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<tr>
<td>TSRA</td>
<td>Torres Strait Regional Authority</td>
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<tr>
<td>UWA</td>
<td>University of Western Australia</td>
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<td>WA</td>
<td>Western Australia</td>
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<tr>
<td>WCARA</td>
<td>West Central Arnhem Regional Authority</td>
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ABSTRACT

This is the second research report by the Indigenous Community Governance Project (ICGP). The ICGP is exploring the nature of Indigenous community governance in Australia—to understand what works, what doesn't work, and why. The first report, based on 2005 fieldwork, was published as CAEPR Working Paper No. 31/2006.

This report brings together findings from the fieldwork conducted during 2006, based on evidence drawn from case studies of Indigenous governance in action within differing community, geographical, cultural and political settings across the nation.

It focuses on six major governance issues that have come to the fore in the 2006 research. These are:

- the conceptual complexity of 'communities'
- nodal leadership in Indigenous communities
- networked governance and associated Indigenous design principles
- cultural legitimacy
- governance capacity development, and
- the governance capacity of governments.

The research data and implications for each of these issues are set out in the six main sections of the report. The report identifies a number of practical program and governance development responses that could meaningfully contribute to addressing current governance gaps and shortfalls identified in the case studies. If adopted, these recommendations should result in improved and more sustainable outcomes in Indigenous governance at the local level.
DEFINITIONS OF KEY TERMS

A number of key terms used throughout this report are defined below.

Community
A network of people and organisations linked together by a web of personal relationships, cultural and political connections and identities, networks of support, traditions and institutions, shared socioeconomic conditions, or common understandings and interests. Communities may therefore include not only geographically discrete settlements, but also dispersed communities of shared identity, voluntary communities of interest, and the policy and bureaucratic communities of government.

Connubia
Connubia is the Latin word for 'marriage'. It is used to refer to a group of clans who are linked by marriages through time, as a result of a formally structured pattern of bestowal. The term highlights the important role of particular cross-cutting, kin-based ties, which serve to connect larger collections of groups with each other over time.

Cultural geography
Cultural geography refers to the wider sociological and culturally-based foundations of Indigenous ‘community’ governance. The term is used by the ICGP in order to widen our focus beyond the limited geographic boundaries of discrete Indigenous settlements to include the more enduring land-owning and collective identities of groups. These culturally negotiated ‘boundaries’ are often regarded by Indigenous people as forming the more legitimate basis for the ‘self’ in their self-governance, and the more appropriate basis for their governance boundaries and units. Cultural geography can be taken into account by governments when formulating jurisdictional boundaries, policy frameworks or service delivery arrangements.

Institutions
Institutions are the ‘rules of the game’, ‘the way things are, and are to be done’ (Cornell 2002). Institutions can be formalised or informal. Examples of institutions include legal and judicial procedures, political parties, constitutions, policies, regulations, program guidelines, kinship systems, behavioural and gender norms, values, beliefs, taboos and ethical systems, religious practices and so on.

Networked governance
Networked governance refers to ‘federalised’ systems of community and organisational governance that are based on interconnected layers and units of people. The component units are able to retain important aspects of their local autonomy at the same time as being affiliated into a wider system of governance where other kinds of functions are exercised by other layers and units. Networked governance is often decentralised and involves the negotiation of roles, powers and responsibilities between the constituent parts.

Nodal leadership
Leadership in Indigenous communities and groups comprises of networks of influential individuals who are able to exercise authority and are interconnected through webs of relationships, shared histories, personal qualities, and processes of acquiring valued experience and knowledge. The more ‘visible’ leaders of Indigenous organisations are linked into the surrounding networks of local and regional leaders. A ‘node’ is a site within a system of governance where resources and networks can be mobilised, and action initiated or promoted (Burris, Drahos & Shearing 2005).
Leaders within Indigenous governance networks are nodes where power and authority are concentrated and mobilised to steer consensus. Some do this better than others, and leaders must reconstitute their influence as nodes within networks. We refer to this configuration as 'nodal leadership'.

Organisation

Organisations are groups of individuals who come together to pursue agreed objectives that would otherwise be unattainable, or would be attainable but only with significantly reduced efficiency and effectiveness. In order to achieve their objectives, groups take on enduring roles, functions, procedures and structures that give structure and function to organisations.

Relational autonomy

A principle that Indigenous people strive for in the way they organise themselves, where they try to achieve a balance between maintaining the autonomy of a small group of people (e.g. an extended family, small group or local organisation) at the same time as maintaining their connections into a wider set of relationships (e.g. to their clan, a set of families, a group of organisations, or a wider regional network). The principle highlights the value to people of having their independence, but not at the expense of their shared relations, and vice versa.

Subsidiarity

The principle underlying federalised or networked systems, which aims to provide the component parts with more effective control over their own spheres of action, and with influence over determining the conditions of local action. As a political principle, subsidiarity advocates that issues should be handled by the most competent and appropriate authority available. This means that no higher centralised scale or political unit should undertake functions or tasks that can be performed more effectively at a dispersed or local level. Conversely, centralised forms of governance should undertake initiatives that exceed the capacity of individuals or communities acting independently.
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EXECUTIVE SUMMARY

OVERVIEW

This research report contains the second major instalment of detailed research findings from the Indigenous Community Governance Project (ICGP) for 2006. The findings are directly based on evidence drawn from a diverse range of case studies of Indigenous governance in action, within differing community, geographical, cultural and political settings across the nation.

Apart from the researchers’ Field Manuals, a range of project case study reports and papers have been drawn on, which are either available from the ICGP’s web pages on the CAEPR website or are forthcoming as published journal articles (see, <http://www.anu.edu.au/caepr/ICGP_home.php>.

In many instances, the principal findings of this report confirm and extend a number of the preliminary findings set out in the ICGP’s initial report, ‘Building Indigenous community governance in Australia: Preliminary research findings’, and summarised in ‘Ten key messages from the preliminary findings of the Indigenous Community Governance Project, 2005’ (Hunt & Smith 2006a, 2006b; see Appendix A). A further summary of key insights from this 2006 research report can be found on the ICGP web pages (see, <http://www.anu.edu.au/caepr/ICGP_publications.php>.

There is a wealth of data provided in the case study Field Manuals and reports from our second year. We now have a deeper, more nuanced understanding of a range of community governance issues. Importantly, we also have developed a deeper evidence base for our research conclusions, which identify influential common Indigenous principles and institutional mechanisms that are informing governance initiatives across the country.

This report’s findings have been supplemented by ICGP research that examined the views of the Australian Government’s Secretaries’ Group on Indigenous Affairs, the current status of NT and WA Government policy frameworks, and both international and national approaches to capacity and community development.

The ICGP analysis also draws on CAEPR research revealing demographic ‘hot spots’ where Indigenous population trends require policy and program responses. These hotspots include: inner city neighbourhoods; country towns with increasingly large or majority Aboriginal populations; large discrete Aboriginal towns in remote areas; the Torres Strait Islander diaspora; and remote outstations. ICGP case studies are being carried out in several of these types of community ‘hotspots’, and are highlighting the urgent need to strengthen Indigenous governance arrangements to enable communities and groups to better manage the major economic and social changes associated with such population growth.

This report therefore provides Indigenous people and governments with a more authoritative and definitive basis on which to inform their governance-building initiatives, and the development of government policies and programs.

A key hurdle for government policy makers, in particular, is the fact that the issues involved are complex, conceptually challenging, multi-layered and do not lend themselves to straightforward or instant solutions. The findings also reflect the maxim that an imposed or ‘one size fits all’ policy approach to addressing many of the issues will likely prove to be both unworkable and unsustainable. For Indigenous community groups and organisations, a major identified hurdle is the lack of relevant, practical information on what works and what does not work, and the lack of facilitated support for their chosen ways forward.
FORMAT OF THE REPORT

To help ensure stakeholders consider and distil the key research findings we have presented the analysis in the following way:

1. The report focuses on six major governance issues that have again come to the fore in the 2006 research. These are:
   - conceptual complexity
   - nodal leadership
   - networked governance and associated Indigenous design principles
   - cultural legitimacy
   - governance capacity development, and
   - the governance capacity of governments.

   The research data and implications for each of these issues are set out in the six main sections of the report.

2. The key findings and recommendations for follow-up have also been collated into this Executive Summary.

   In the first instance, the recommendations encourage governments to view the report as presenting a timely opportunity to revisit their own conceptual policy frameworks in relation to Indigenous governance issues by directly drawing on the research findings to help better inform policy thinking and development.

   On the other hand, the report also identifies a number of practical program and governance development responses, which we believe could meaningfully contribute to addressing current governance gaps and shortfalls identified in the case studies. If adopted, these recommendations should result in improved and more sustainable outcomes in Indigenous governance at the local level.

SIX KEY GOVERNANCE ISSUES

The conceptual complexity of ‘community’ and ‘community organisation’

There are complex concepts and forms of ‘community’ evident in any given geographical area. Indigenous organisations often aim to reflect these different communities of identity and interests with the result that their leaders and managers are constantly balancing competing sets of obligations and responsibilities. Administrative and policy communities similarly reflect different ‘communities of identity’ and ‘interests’. The ICGP has covered a range of these community types in its research, including government policy communities.

In the case studies we are seeing community organisations responding to a range of different community needs and expectations that are not met by levels of government or the private sector. They deliver services that are often under-funded and difficult to sustain with multiple small grants. In this context, the cost-shifting practices of governments (HORSCEFPA 2003), combined with the more general withdrawal of important services (such as banking, financial, and medical services) from rural and remote areas (McDonnell & Westbury 2001), have additional consequences for Indigenous communities and impact on the effectiveness of overloaded community organisations.
The ICGP research points strongly to the need for fully-costed service delivery in Indigenous communities. It also highlights the need for a more sophisticated understanding and engagement by government agencies with different types of Indigenous communities, and their leadership networks; a point made previously by the 2005 Project Report (Hunt & Smith 2006a) and by the HORSCATSIA Report (2004).

Conversely, the research also points to the need for a more sophisticated engagement by Indigenous groups and organisations with the policy and bureaucratic networks of governments.

Recommendations

The following practical recommendations are proposed for consideration by Indigenous leaders, communities, and governments:

2.4.1 As a fundamental starting point there is a pressing need for governments to develop an improved conceptual underpinning for their policy frameworks and program guidelines to more accurately reflect the diversity of conditions and needs in different types of Indigenous communities.

2.4.2 An independent audit should be undertaken of the functions and responsibilities that different types of Indigenous community organisation are undertaking and the costs of their delivery. This should include a parallel assessment of funding adequacy and cost-shifting by governments, in order to better align both mainstream and Indigenous-specific funding with service provision (noting that many ‘community services’ delivered by local organisations may not otherwise be provided by governments or corporate providers in many locations).

2.4.3 Urgent policy review is needed of funding mechanisms for Indigenous communities and those local/regional organisations that are providing essential and other basic services to community residents. The object should be to create a more streamlined funding mechanism that will generate outcomes on the ground, and alleviate the debilitating ‘funds management’ workload imposed on organisations by the current multiple-funding pathways.

2.4.4 A governance induction, capacity building and mentoring process is required when Indigenous groups incorporate. The imminent introduction of the new Corporations (ATSI) Act and the review of various state and territory legislation make this both important and timely.

2.4.5 More sustained, place-based governance support—not simply one-off training—is urgently required to enable Indigenous groups and incorporated organisations to better understand the statutory implications and obligations of incorporation, and to develop locally workable options for their asset and funds management.

Leaders and nodal leadership

It is difficult to overstate the crucial role that Indigenous leadership plays in the effectiveness of community governance. Its exercise is subject to different authorising networks, so that it sometimes seems invisible and incomprehensible to outsiders.

Leadership in Indigenous communities consists of nodes of influential individuals who are connected through networks that have been formed out of relationships, and their shared histories, values, experience and knowledge. Some leaders are more influential than others, and some have recognised expertise in particular matters. Leadership is constrained by a person’s ability to direct and maintain consensus, and to mobilise resources within their networks.
The more visible leaders of organisations are linked into layered networks of community and regional leaders. These wider networks affect decision-making processes and outcomes within organisations, sometimes in the most subtle ways.

There is a need to recognise the different leadership nodes and networks within Indigenous communities—especially in relation to how leaders acquire, exercise, transfer, and sustain their power and authority. Care should be taken by non-Indigenous parties to ensure that they are engaging with the ‘right’ leaders for the particular issue at hand. Undermining properly authorised leadership, whether inadvertently or deliberately, will not strengthen Indigenous governance.

The imposition of western liberal ideas about electoral processes, individual equality, gender equity, etc. is unlikely to be effective. Indigenous people, given the opportunity and support, will more effectively determine for themselves their own representative and decision-making processes, and whether (and how) they wish to respond to western ideas about governance.

Within organisations, big challenges revolve around the relationships between governing boards and management, and the need for a better distinction between the powers and responsibilities of each. The competing pressures on managers and governing members, their shared experience of isolation, and their different levels of expertise, indicate a need for greater support, advice, and mentoring for both governing bodies and managers in their organisational roles and responsibilities.

Recommendations

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

3.5.1 Within Indigenous organisations there is an urgent need for governance procedures that foster greater stability and capacity of board leadership. Effective procedures include:

- two- or three-year, rather than annual, terms of office for board members
- re-election/nomination of only one-third or one-half of all leadership positions on a rotating basis
- quorum arrangements that are practically achievable
- delegated authority for executive committees that make decision making workable and more streamlined
- payment for the Indigenous chair/president to enable them to work closely with the CEO and other Board and community members
- sustained mentoring and professional support for governing board members and for senior management
- place-based governance development work with leaders, and
- practical facilitation to create a culture of mutual support amongst the leadership group of organisations and communities.
3.5.2 Efforts need to be made to assist the Indigenous governing members and other leaders in organisations to better understand their different roles and responsibilities in relation to management and governance. Organisations work more effectively when people's responsibilities are clearly delineated and set out in policies that are enforced. Board/council members of organisations must be able and prepared to set clear strategic and policy guidelines, and to lead the process of building their own organisational and community institutions. Facilitated, place-based, governance training can support board members and other leaders to plan how to clarify their respective roles, and develop workable policies for different community contexts.

3.5.3 Consideration needs to be given to strategies that reduce the isolation of Indigenous governing members/councillors and leaders in organisations, particularly in remote regions, to enhance their access to wider leadership and information networks, and strengthen their communication with each other.

Networked governance—Indigenous principles and institutions

Indigenous systems of social and political organisation are complex, fluid and negotiable. Yet they are still able to produce governing order and outcomes. The research indicates this is done by recourse to certain principles and institutional mechanisms that guide people's thinking and decisions about their governance. Our comparative analysis of case study research suggests that these principles and mechanisms appear to be broadly relevant and effective across different types of rural, remote and urban communities, and in different local conditions and governance environments. They could usefully inform the governance strategies and action of other communities and organisations.

The Indigenous ‘design principles’ being identified by the ICGP include:

- networking governance so that arrangements encompass layers of groups, organisations and communities, each with its own roles, authority and responsibilities
- locating decision-making responsibility at the closest possible point of connection to the people affected, and making decisions at higher levels when more inclusive matters require such consideration (i.e. ‘subsidiarity’)
- emphasising relatively egalitarian relationships between organisations, groups and kinship units, with each component of the network having relative autonomy while also having nodes of concentrated power and authority within networks (i.e. ‘relational autonomy’)
- balancing dispersed local residence with a larger-scale representative voice
- working out governance by first working out relationships and shared connections, thereby giving effect to the interconnectedness needed for networked governance
- working through the governance histories of the constituent social and organisational layers in order to reinforce or develop new connections
- ‘nodal’ leadership, where key individuals are able to mobilise, rebuild and sustain networks and resources
- supporting the capacity, role, and responsibility of all the layers in a governance network, not just the 'top' or central levels
• a focus on building the institutions and internal ‘culture of governance’ needed within Indigenous organisations to sustain practical effectiveness and legitimacy, and
• strengthening the connections (both internal and external) within and between networks in order to support vulnerable components.

Recommendations

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

4.12.1 Governments urgently need to provide more enabling policy frameworks and program guidelines that actively promote Indigenous capacity and authority to:
• work through their past governance histories
• work through and define their past and contemporary relationships for the purposes of governance
• determine the appropriate cultural geographies, and build the legitimacy and institutions for their governance, and
• incorporate the principles of networked governance, relational autonomy and subsidiarity into workable designs for their governance arrangements.

4.12.2 Attempts to externally impose governance solutions from the ‘top-down’ invariably lead to sub-optimal outcomes. Government policy and implementation strategies could usefully mimic or complement the ordering principles of Indigenous networked governance systems, thereby reinforcing the whole. Governments, for example, could orient the focus of funding packages and the delivery of their programs to align with the overall networking of governance in a community or region, and in line with the internally agreed division of roles and responsibilities negotiated among the Indigenous organisations and communities in each location.

4.12.3 Indigenous communities and groups seeking to strengthen their governance could consider working through the principles of networked governance, relational autonomy and subsidiarity in designing their governance systems.

Cultural match, cultural legitimacy and cultural contestation

Legitimate Indigenous governance arrangements win the support of members and external stakeholders, and produce outcomes. Achieving legitimacy appears to be especially reliant on having genuine decision-making authority and powers, and on the quality of leadership.

The 2005 and 2006 ICGP research findings seriously question whether conditions currently exist in Australia to enable Indigenous community leadership and decision-making authority to be adequately exercised. When power inequalities are as great as they currently are, Indigenous groups often feel they have little choice about how they do things.

Policy frameworks and capacity development strategies for building Indigenous governance need to be based on a recognition that the legitimacy of governance arrangements, and hence Indigenous people’s preparedness to support them, rests on two connected things: first, having representative structures and decision-making processes that reflect contemporary Indigenous views of what are the ‘proper’ relationships, forms of authority
and cultural geographies; and second, ensuring those are combined with a practical management and service capacity to deliver outcomes.

In other words, 'legitimacy' for Indigenous people not only includes cultural factors, but also the practical ability to get the job done.

Sustaining this legitimacy also requires organisations to achieve a workable 'two-way' balance: between Indigenous ideas of effectiveness and accountability (e.g. 'looking after' and 'working for' their people), and those of external stakeholders (e.g. grant reporting and financial compliance).

The 2006 research strongly indicates that where a facilitative community development approach is taken with groups and organisations, greater progress is made in building sustained governance capacity and legitimacy.

Legitimacy is not static. Project research indicates that it is imperative that reforms to governance should arise out of strengthening Indigenous capacity to develop legitimacy, and be controlled by Indigenous people themselves.

Recommendations

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

5.5.1 Government policy frameworks will better support the growth of 'two-way' effectiveness and accountability in Indigenous organisations by adopting a community development approach to governance, which strengthens legitimacy through capacity and institution building rather than focusing primarily on financial and technical compliance.

5.5.2 Once Indigenous people have developed representative structures and governance processes that make 'cultural sense' to them, governments and other stakeholders can make a major contribution to their sustained legitimacy and effectiveness by recognising and dealing with those arrangements, and by continuing to support ongoing Indigenous initiatives to internally monitor and strengthen their governance designs.

Capacity development and institution building for governance

The delivery and funding of capacity development for governance remains ad hoc, poorly coordinated, poorly funded and poorly monitored. The research confirms that where a facilitated community development approach is taken to Indigenous governance development, greater progress is made in creating sustained capacity and legitimacy.

Indigenous skills, abilities, knowledge and leadership are most effectively mobilised and exercised when initiatives are Indigenous-driven, towards Indigenous goals.

Building institutions ('rules') is an essential foundation for governance. Governance capacity is greatly strengthened when Indigenous people create their own rules, policies, guidelines, procedures, codes, etc., and design the local mechanisms to enforce those rules and hold their own leaders accountable. These institutions can be informed by national and international best-practice, but most importantly they need to have local cultural legitimacy and support if they are going to work.

The effectiveness of Indigenous-designed rules and procedures is greatest when their legitimacy is derived from local cultural realities and they also support organisations to get things done and gain external confidence.
Changes in the external environment can both reduce and enhance governance capacity depending on local circumstances and the capacity of government agencies and their officers. Dealing with external change requires capacity, power and leadership. Indigenous groups who can use change as an opportunity to review goals and priorities, and can do so in ways that strengthen the ‘two-way’ legitimacy of their governance arrangements, are the organisations we see coping best with both externally imposed changes and internal crises.

**Recommendations**

The following practical recommendations are suggested for consideration by Reconciliation Australia, governments and Indigenous leaders:

6.6.1 There is an urgent need for a nationally coordinated approach to the provision of governance capacity development and training that is targeted, high quality and place-based. Governance capacity development is needed for leaders, managers and staff of organisations and community groups. Given the pivotal role of governance for Indigenous social, economic and cultural outcomes on the ground, serious consideration should be given to the early establishment of an *Australian Indigenous Governance Institute* to:

- foster, encourage, communicate and disseminate best practice in Indigenous governance and design
- encourage, facilitate and, where practicable, collaborate with relevant bodies at the national, state, territory and local levels to develop practical, culturally-informed educational and training materials, tools and resources to support the delivery of governance and organisational development at the local level
- facilitate and implement the development of ‘train the governance trainer’ and mentoring courses, particularly targeted at developing a sustainable pool of Indigenous people with the requisite professional skills, and
- commission and undertake applied research to support those functions.

The Institute should be funded on a joint basis by the Australian, state and territory governments, and also be able to seek support from the philanthropic and private sectors.

6.6.2 The adoption and funding of a more sustained community-development approach to building governance capacity should be regarded as a priority by governments and their departments at all levels.

6.6.3 A national, sector-wide ‘human resource development strategy’ is required to build the Indigenous workforce needed for community and regional governance. This strategy should include:

- the identification of the governance skills and areas of knowledge required for employment at all levels in Indigenous organisations, but particularly in management and governing committees
- the coordinated resourcing of more Indigenous people to gain those skills
- provision within government program funding and grants for place-based ‘on-the-job’ training and mentoring that target governance skills as an ongoing part of career development in organisations
• funding and resourcing that allow senior staff the time to undertake governance training/mentoring roles, and
• the development of senior staff job descriptions within organisations to include a requirement for those people to mentor and train relevant Indigenous staff.

The proposed Australian Indigenous Governance Institute could contribute to the development of such a human-resource strategy.

6.6.4 There is a similar need for a more comprehensive, sector-wide strategy to support efforts to build the capabilities of Indigenous people undertaking board governance in organisations. Training is just one part of such a strategy, which would need to include creating mentoring and leadership programs and networks, and developing resources, information and support for Indigenous board members. A strong element of this should involve peer support. Independent ‘third sector’ organisations might be well placed to provide it.

6.6.5 Legitimate, representative, Indigenous bodies at community and regional levels that can deliver services to dispersed members, respond to diverse community needs and priorities, and engage with governments need to be more efficiently resourced through a multi-year, integrated funding mechanism.

The ‘governance capacity’ of government

In 2005 and 2006, the issue of the ‘governance of governments’ and the practical capacity of public-sector employees and procedures has been identified as a key factor impacting on the effectiveness of Indigenous governance. This is especially the case in the context of the current hyper-fluidity of policy and changes to program funding and reporting requirements.

Unfortunately, there is a relative absence of publicly available evaluation and administrative data about major government policy and program changes currently being implemented in Indigenous Affairs. This lack of government program transparency compares poorly with governments’ own requirements on Indigenous organisations for mandatory reporting on outcomes and expenditure in regard to the same program areas.

Based on evidence from the ICGP case studies, it appears that current ‘whole-of-government’ policy frameworks and goals are not matched by departmental program funding arrangements, or by the implementation of place-based initiatives in Indigenous contexts. Indeed, there appears to be a significant mismatch between policy purpose and policy implementation on the ground.

While there have been some positive program initiatives by individual government officers and offices observed in the case studies, significant challenges are emerging in the implementation of the ‘new arrangements’ on the ground.

Across the case studies there is little sense of governments responding in a collaborative, integrated way that would lead to sustained structural changes in how they engage with Indigenous communities and their governance arrangements.

The Australian Government’s policy goal of ‘whole-of-government’ partnership seems to evaporate or fail by the time it is implemented on the ground. Indeed, Indigenous communities and organisations seem to be confronted by several different ‘whole-of-government’ approaches by different departments and different jurisdictions.
Program ‘territorialism’ on the part of government departments and across jurisdictions remains entrenched in spite of ‘whole-of-government’ goals. This means Indigenous organisations need high levels of negotiation and leadership experience to be able to manage the rate of externally imposed changes. They also need considerable management and financial skill to continue to pull together funds from disparate programs that have changing guidelines and uncertain implementation procedures, in order to sustain their functions. Only the most capable and well-connected are able to do this.

The case studies over two years are highlighting that financial arrangements in Indigenous Affairs require reform at several levels.

Firstly, it is clear that the Commonwealth Grants Commission’s formula for state and local governments fails to take account of the large backlogs in essential infrastructure in many communities (in areas such as housing, transport, communications, education and health facilities etc.). Nor do census data provide an adequate basis for Indigenous per capita disbursements. There are significant ‘opportunity costs’ for governments associated with these in the current demographic context (Taylor & Stanley 2005).

Secondly, there is a mismatch between government policy strategies and the systems for implementation, particularly in relation to funding arrangements. As government policy in many jurisdictions increasingly focuses on the development of regional initiatives and agreements, departmental program-funding silos remain a powerful constraint. They act as a hindrance to the creation of integrated regional budgets that could support regional governance strategies and priorities, and they undermine sustained coordination between departments.

The institutional mechanisms of governance within and between governments need substantial reform if Indigenous community governance is to be improved. Trilateral agreements over regional areas between governments and networks of Indigenous ‘communities’ may be a promising way forward. But the findings emerging from the ICGP case study research and the lessons of the COAG trials need to be applied if more comprehensive regional agreements are to succeed.²

There are also major gaps in governments’ own capacity to support Indigenous capacity development, and to support integrated funding initiatives and accountability. This is a significant and important challenge for governments to grasp.

Urgent work is required to develop bipartisan policy frameworks, agreed between jurisdictions, to provide policy and funding stability within which stronger Indigenous governance can develop.

Recommendations

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

7.4.1 As a fundamental starting point, there is a pressing need for governments to develop an improved conceptual and policy framework for Indigenous governance. This should be based on a better understanding of the dynamics impacting on developing Indigenous governance. Such a framework should reflect the best-practice principles identified by the ICGP research that are common to Indigenous organisations that govern effectively, and also recognise a number of common systemic issues and potential barriers including:
i. Improved governance results when governments provide enabling policy and funding frameworks. Such frameworks should:

• facilitate Indigenous capacity and authority to work through their past governance histories and their contemporary relationships
• enable Indigenous people to define appropriate cultural geographies and forms of ‘two-way’ legitimacy for their governance, and
• enable Indigenous people to incorporate the principles of relational autonomy and subsidiarity into the design of their governance systems.

Attempts to impose ‘one size fits all’ solutions lead to sub-optimal outcomes.

ii. There are complex kinds of ‘community’ and leadership networks that operate in any given geographical area. These underlie governance arrangements and ignoring them will undermine policy outcomes.

iii. Sustained legitimacy requires organisations to ‘balance’ Indigenous and non-Indigenous ideas of effectiveness and accountability.

iv. Where a facilitative, community development approach is undertaken by governments to Indigenous governance, greater progress is made in creating practical capacity and legitimacy.

7.4.2 The development of regional agreements and partnerships that include, as an integral component and goal, the sustained development of governance effectiveness and capacity. Best-practice approaches to building governance within regional agreements will need:

• to be based on recognised Indigenous governance networks within an agreed region
• to accommodate clear divisions of roles and responsibilities between the regional layers of organisations and groups
• clearly agreed priorities and expectations regarding regional governance and related capacity building
• an integrated regional funding mechanism
• credible and useful reporting and evaluation
• a regional across-agency working group comprising the relevant players, with a clear mandate from governments to negotiate the partnership arrangements
• a regional support office or unit with a clear mandate from governments to implement the partnership arrangements
• highly skilled government officers to facilitate and monitor arrangements, supported by effective departmental backup within governments
• community development workers operating alongside Indigenous leaders to facilitate governance capacity development and institution building in communities and organisations, and
• a sustained commitment by governments to respect and work with the regional Indigenous arrangements, including through networked governance.
7.4.3 In every case, reinforcing the Indigenous authority over the design and implementation of governance arrangements should have high priority. Service-delivery outcomes and other program goals will not be sustainable unless this basic approach to governance is addressed at the outset.

7.4.4 Governments will more effectively support Indigenous governance by establishing bipartisan policy frameworks and institutional mechanisms that generate integrated funding for community and regional governance arrangements. These funding and policy mechanisms should address capital expenditure backlogs and recurrent service-delivery needs via funding formulae that address locational disadvantage and provide incentives for governance success.

For the purposes of regionalised agreements with networks of Indigenous governance, the Australian Government should consider the urgent development and utilisation of a ‘single funding agreement’ mechanism, with a single line of application and reporting/acquittal requirements. Such an integrated funding mechanism could weave together the relevant elements of separate programs (mainstream and specific) into a single regulated funding package to support agreed regional and community governance outcomes.

The funding and program coverage of such agreements could be significantly enhanced by inclusion of state and territory governments, and relevant Indigenous representative bodies. Such agreements could be initially trialled for periods of 4–5 years in order to provide continuity and enable organisations to confidently build better governance and plan for the future.

7.4.5 There is currently little public data available on which to evaluate the impacts of CDEP changes on the ground. Governments need to be cognisant of the multiple connections between the CDEP scheme and community and organisational governance arrangements, some of which are being identified by the ICGP research. CDEP program reforms need to be looked at in terms of their overall impact on Indigenous communities and regions. These impacts extend beyond the program and the specific department involved in implementing the changes, with flow-on effects becoming apparent across communities and regions.

Government needs to commission independent evaluations, publicly report on and address these effects, including local impacts on the viability and effectiveness of community governance arrangements.

7.4.6 There is an urgent need to adopt a joint strategic approach by the Commonwealth, states and territories to ensure the coordinated development, funding and delivery of governance capacity building and training programs, organisational development, and mentoring to Indigenous organisations. This should be based within a community development framework and place-based support as appropriate.

7.4.7 All governments should give serious consideration to strengthening the provision of public sector training in relation to Indigenous policy and program implementation issues. Specifically, bureaucratic skills need to be enhanced to meet the challenges of shaping and implementing policy to develop stronger Indigenous governance at the local and regional levels.
The importance of such public sector capacity development could be further underlined by incentives for bureaucratic behaviours that contribute to:

- practical outcomes in securing ‘whole-of-government’ collaboration
- implementing strategies that build Indigenous governance capacity, and
- maintaining effective relationships with Indigenous communities and organisations.

7.4.8 The recommendations of the Red Tape Evaluation report commissioned by the Australian Government should be implemented, so that a more enabling capacity development approach can be taken by government departments and officers to Indigenous organisations and their governance.
1. INTRODUCTION

1.1 THE RESEARCH REPORT

The purpose of this report is to present the comparative research findings and issues identified from the second phase of ICGP field research carried out in 2006. A key aim is to encourage wider consideration of the implications of the research findings by Indigenous leaders and their organisations, and by government policy makers and officers seeking to strengthen Indigenous community and regional governance.

The report builds on the research findings from 2005, which were collated and published as ‘Building Indigenous community governance in Australia: Preliminary research findings’ in May 2006, and are summarised in ‘Ten key messages from the preliminary findings of the Indigenous Community Governance Project, 2005’ (Hunt & Smith 2006a, 2006b). A summary of key insights from this 2006 research report can be found on the ICGP web pages (see, <http://www.anu.edu.au/caepr/ICGP_publications.php>).

The findings reported below draw on a comparative analysis of detailed research evidence provided over 2006 in Project researchers’ Field Reports, case study reports and published papers from the following:

- Anmatjere Community Government Council (ACGC), NT—Will Sanders and Sarah Holcombe
- Bunuba Inc. and Kurungal Inc., West Kimberley, WA—Kathryn Thorburn
- Laynhapuy Homelands Association, Yirrkala, NT—Frances Morphy
- Bawinanga Aboriginal Corporation and homelands, Maningrida, NT—Jon Altman
- NT Government Regional Authorities policy frameworks, and the West Central Arnhem Land Regional Authority Interim Council, NT—Diane Smith
- Thamarrurr Regional Council, Wadeye, NT—Bill Ivory
- Wiluna governance environment, WA—Christina Lange
- Noongar regional governance, WA—Manu Barcham
- Yarnteen Aboriginal and Torres Strait Islander Corporation, Newcastle, NSW—Diane Smith
- The Australian Government Secretaries’ Group on Indigenous Affairs, Canberra—Bill Gray and Will Sanders
- International and national frameworks for capacity and community development—Janet Hunt

There is a wealth of data in the ICGP Field Reports that cannot be detailed here. Numerous case study reports and papers are available from the ICGP web pages of the CAEPR website and other publications are forthcoming. Field Reports are not generally available due to the sensitive information about communities and community organisations that they contain. Chief Investigators felt that it was inappropriate to make the full text of these reports publicly available on the World Wide Web. However, in order to present as much evidence as possible, care has been taken in this report to clearly reference the sources of the ethnographic evidence contained in the various Field Reports.4
1.2 TRENDS IN THE RESEARCH FINDINGS

The findings from 2006 strongly reinforce the conclusions and relevance of key issues raised in the ICGP’s preliminary research report from 2005 (Hunt & Smith 2006a). In some instances we now have a deeper, more nuanced understanding of particular issues, which has enabled us to refine our analysis. We also have a deeper evidence base for the conclusions reported here concerning the common Indigenous principles and institutional mechanisms that appear to be informing governance initiatives across the country.

The Australian Government’s new policy and program arrangements in Indigenous Affairs have also been implemented for another year. Along with changing State and Territory government policy frameworks, evidence of their effects on the ground is now being seen more clearly.

Contextual challenges

It is important to reiterate here the wider features of the Australian environment that continue to create systemic challenges for Indigenous community and regional governance arrangements. There are physical, socioeconomic, population and human development constraints operating in many locations, whose negative impacts on governance continue to be confirmed in the case study research. Influential constraints on governance include overcrowded living conditions due to housing shortages, backlogs of infrastructure, erratic power and communication systems in many remote areas, and the fact that some places are effectively cut off, except by air, for parts of the year. Coupled with the relative poverty of many Indigenous people, their lack of statutory forms of self-determination, limited property rights, low levels of literacy in English, and often poor states of health, these constraints are influential factors that directly effect their practical governance capacity.

In addition, the Indigenous population is growing and is striking in its youthful demographic profile and relative mobility (Taylor 2006). This population profile means that relative to the overall Australian population there are fewer ‘older’ Indigenous people available to take leadership and mentoring roles, and there are growing numbers of unemployed younger people with low educational outcomes.

The ICGP analysis reported here also draws on Taylor’s research revealing demographic ‘hot spots’ where Indigenous population trends require urgent policy and program responses. These hotspots include: inner city neighbourhoods; country towns with increasingly large or majority Aboriginal populations; large discrete Aboriginal towns in remote areas; the Torres Strait Islander diaspora; and remote outstations. Project case studies are being carried out in several of these types of community ‘hotspots’, and are highlighting the urgent need to strengthen Indigenous governance to enable communities to better manage the major socioeconomic changes entailed by such population growth.

The ICGP case study research strongly indicates that improving governance arrangements on the ground, and getting Indigenous people into the driver’s seat in making decisions about their governance, may be the only effective path to breaking the negative cycle of Indigenous disadvantage and marginalisation, and improving their socioeconomic development outcomes.

1.3 OVERVIEW OF KEY ISSUES

The 2006 research brought to the fore six key issues, which this Report addresses:

1. The complexities of the different types of ‘community’ that interact in any geographical area, and the implications of this for organisations servicing Indigenous people and for their governance.
2. The critical importance of Indigenous leadership, in particular the role of nodal leadership and networks of leaders in community and organisational contexts.

3. The concept of 'networked governance' and the ways in which Indigenous groups and leaders are developing a variety of linked governance structures based on this concept. Related to this, the Project has identified some common Indigenous design principles and institutional mechanisms that appear to underlie Indigenous governance initiatives across rural, remote and urban communities.

4. The importance attached by Indigenous Australians to the 'cultural legitimacy' of their governing arrangements, and the difficulties of achieving this in a situation of unequal power that places considerable limits on Indigenous choice and decision making.

5. The considerable beneficial effect of Indigenous-directed action to strengthen their own governance capabilities and institutions, and conversely, the inadequacy of governments' ability to coordinate and streamline much-needed support for initiatives to strengthen governance institutions and capacity.

6. The current poor state of the 'governance of governments' in Indigenous Affairs, and the negative ongoing impact of the wider governance environment on Indigenous governance arrangements, particularly as the effects of major policy changes are becoming more evident on the ground.

These issues are interlinked and, in combination, have a fundamental impact on the success or failure of Indigenous governance initiatives. At present, capacity issues across many of these aspects of governance are contributing to the entrenched problems being encountered.
2. WHY ARE ‘COMMUNITY’ AND ‘ORGANISATIONS’ IMPORTANT FOR GOVERNANCE?

2.1 WHAT IS AN INDIGENOUS COMMUNITY?

The ICGP defines a ‘community’ as:

... a network of people and organisations linked together by a web of personal relationships, cultural and political connections and identities, networks of support, traditions and institutions, shared socioeconomic conditions, or common understandings and interests (Hunt & Smith 2006a: 5).

We have argued that the concept of ‘community’ refers not only to a discrete geographic location, but also to a residentially dispersed group of people who share a common identity and who may (or may not) be living on their traditional lands. It can also apply to a coalition of groups or organisations with a shared set of interests or purposes, and it can refer to a policy, bureaucratic or administrative ‘community’ within government.

In the second year of fieldwork we have more detailed ethnographic evidence to understand the ways in which these various kinds of ‘communities’ are enmeshed with each other, and the implications of this for governance.

Family identities and relationships to ‘country’ lie at the heart of Indigenous ‘communities of identity’. As one researcher described it, a community ‘is a constellation of individuals, families, clans, ceremonial groups and language groups’. Furthermore, the histories of dispossession, displacement and western contact vary in any location, creating other differences in, and coalitions of, collective identity and interests. Some communities of identity are dispersed across different geographical locations; others reside close by each other. Some physically discrete settlements are internally comprised of multiple communities of identity with different rights and interests.

This results in complex, layered, sometimes fluid and unbounded sets of affiliations that individuals draw upon at different times to express their ‘community’ identities. The linkages and tensions between these layered affiliations, including between customary and western concepts of ‘community’, are at the heart of many contemporary governance challenges for representative organisations.

2.2 ‘COMMUNITY’ ORGANISATIONS

The ICGP defines an ‘organisation’ as:

Being composed of groups of individuals who come together to pursue agreed objectives that would otherwise be unattainable, or would be attainable but only with significantly reduced efficiency and effectiveness. In order to achieve their objectives, groups take on enduring roles, functions, procedures and structures (Hunt & Smith 2006a: 26).

The 2006 research confirms that extended ‘families of polity’ are extremely influential in generating different types of community and, therefore, in determining the organisational governance arrangements in them (Smith 2005). Indeed, the very origin of a ‘community organisation’ often reflects the coalescence of a particular extended family or set of kin interests within a wider community setting.

Incorporated organisations concretely express a collective community of identity or set of interests for their members. In some cases, incorporation has only been undertaken as a requirement to receive funds and/or hold assets. In such contexts, the boundaries between the ‘community’ and the council or organisation may be very unclear to the people themselves. Their wider understanding of, and responsibility for, the formal requirements of incorporation may be extremely limited.6
Furthermore, the history of the governance arrangements in any location or organisation shapes their contemporary governance relationships and forms. Such ‘governance histories’ may include the impacts on Indigenous culturally-based systems of governance of mission experience, displacements of people from their traditional lands and forced resettlement in ‘mixed’ communities. Historical processes such as organisational incorporation, government policy and funding frameworks, changing legislative regimes, land rights and native title have also influenced the governance arrangements of Indigenous communities. These historical impacts often affected relationships between communities, kin groups and extended family interests. The complex ‘governance histories’ of contemporary organisations and communities create consequences for their current memberships and asset-holding structures, which can necessitate ongoing negotiation (Thorburn 2006).

Most organisations serve memberships comprising individuals, families and/or other organisations. But importantly, they usually also serve a wider ‘constituency’ of Indigenous people in their service population. This can comprise subsets or extensions of the communities of identity and interest referred to earlier. The effectiveness of organisations that represent overlapping memberships and constituencies can be dramatically reduced as a result of the tensions and competition created in situations of scarce resources and opportunities; particularly when their distinct roles are not clearly agreed.

**Multiple organisational roles**

A further issue that the 2006 research analysis reinforces is the great range of social, business, and cultural roles that Indigenous organisations play.

In many instances, community organisations respond to a diverse range of community needs and expectations that are not met by various levels of government or the private sector. They undertake a range of community services that are often under-funded and difficult to maintain with multiple small grants, for example, night patrols, childcare and aged-care services, youth support, and so on.

The case studies report that it can be extremely hard for organisations to keep a focus on their core functions, values and goals when there are so many different expectations and demands from their members and constituents. Furthermore, while some of their organisational roles are funded, the research is reporting that many of the roles expected by their constituents are not. These include matters related to banking, taxation and money issues, welfare advice, telephone calls to track down hospitalised, absent or imprisoned relatives, funerals, youth support, family issues, and dealing with a diverse range of government and private-sector inquiries, and other organisations etc.

Every organisation examined in the case studies is undertaking extra ‘philanthropic’ functions and support, helping individuals, families and groups manage their lives and their interactions with non-Indigenous society. In doing so, organisations provide a major source of social capital for communities. The common absence of local services (such as banks, post offices, police stations, household or public telephones, financial advisers, funeral services etc.) and the effective disengagement of government in many locations (under the phase of self-determination) means that community organisations are often the only source of immediate local support.

In that context, the well-documented cost-shifting practices of governments, particularly in areas such as community law and order, health and welfare, and municipal and essential services (HORSCEFPA 2003), combined with the more general withdrawal of financial services from rural and remote areas (McDonnell & Westbury 2001; Altman & Taylor 2002), have placed added strains on many community organisations. The consequence is a growing—not diminishing—pressure and workload on community, staff and governing bodies.
Sectorally-targeted funding programs and performance contracts do not reflect these 'invisible' service roles that impact on organisations' overall effectiveness. Government policy initiatives that seek to restrict or encourage organisations to undertake only their core statutory functions will likely fail if the wider philanthropic role of those organisations is not recognised and addressed in parallel. The 'excised' community needs will simply be transferred by residents to other organisations or go unmet, with negative impacts for residents and organisations.

Policy communities also reflect different communities of interest

The case studies are also reporting that features of government policy and bureaucratic communities are influencing how their engagement occurs with Indigenous community members and representative bodies.

Like Indigenous ‘communities’, government bureaucratic networks are themselves layered, geographically dispersed, and reflect different cultural values and different ‘communities of identity’ and ‘interest’ (both departmental and political). Government networks are often sites of ‘across-government’ contestation and divergence, as well as complementarity. There are also key individuals in central and regional offices who are extremely influential in determining how government policies are actually implemented. Not surprisingly, Indigenous communities can find themselves caught between competing departmental interests and competing program objectives, as government political agendas, budgeting and cost-shifting are played out.

Some organisations have spent considerable time, and built up valuable expertise, trying to negotiate relationships with different government offices and departments, and with a changing parade of government officers. Sometimes this is at the expense of focusing on their internal governance building and service delivery. The ‘whole-of-government’ policy framework does not yet seem to have made much of an impression on coordinating the ‘footprint’ of government in communities.

2.3 CONCLUSIONS

There are complex concepts and forms of ‘community’ evident in any given geographical area. There is no ‘one size fits all’ community.

Because organisations often aim to reflect several different communities of identity, rights and interests, their leaders and managers are constantly balancing competing sets of roles, obligations and responsibilities. Administrative and policy communities similarly reflect different ‘communities of identity’ and ‘interests’. The ICGP has covered a range of these community types in its research, including government policy communities.

In many instances, community organisations respond to a range of community needs and expectations that are not met by various levels of government or the private sector. They undertake a diverse range of community services that are often under-funded and difficult to maintain with multiple small grants. In addition, cost-shifting practices by governments, combined with the more general withdrawal of some important services from rural and remote areas (such as banking and financial services), continue to have additional consequences for Indigenous communities and impact on the effectiveness of overloaded community organisations.

The ICGP research points strongly to the need for fully-costed service delivery in Indigenous communities, and for institutional mechanisms within governments to streamline necessary funds into communities. These reforms need to become more structurally embedded within policy and departmental mechanisms so that they are less subject to the effect of changing bureaucratic communities of interest.

The comparative analysis of ICGP research also indicates the need for government agencies to develop a more sophisticated understanding of, and engagement on the ground with, different types of Indigenous communities
and leadership networks; a point previously made by the 2005 ICGP Report (Hunt & Smith 2006a) and by the HORSCATSIA Report (2004).

Conversely, the research analysis for 2006 also points to the need for Indigenous community groups and organisations to develop a more sophisticated engagement with governments and bureaucratic networks and, in the absence of ATSIC, to begin more concerted lobbying of governments to provide integrated funding arrangements for community services and infrastructure.

2.4 RECOMMENDATIONS

The following practical recommendations are proposed for consideration by Indigenous leaders, communities, and governments:

2.4.1 As a fundamental starting point there is a pressing need for governments to develop an improved conceptual underpinning for their policy frameworks and program guidelines to more accurately reflect the diversity of conditions and needs in different types of Indigenous communities.

2.4.2 An independent audit should be undertaken of the functions and responsibilities that different types of Indigenous community organisation are undertaking and the costs of their delivery. This should include a parallel assessment of funding adequacy and cost-shifting by governments, in order to better align both mainstream and Indigenous-specific funding with service provision (noting that many ‘community services’ delivered by local organisations may not otherwise be provided by governments or corporate providers in many locations).

2.4.3 Urgent policy review is needed of funding mechanisms for Indigenous communities and those local/regional organisations that are providing essential and other basic services to community residents. The object should be to create a more streamlined funding mechanism that will generate outcomes on the ground, and alleviate the debilitating ‘funds management’ workload imposed on organisations by the current multiple-funding pathways.

2.4.4 A governance induction, capacity building and mentoring process is required when Indigenous groups incorporate. The imminent introduction of the new Corporations (ATSI) Act and the review of various state and territory legislation make this both important and timely.

2.4.5 More sustained, place-based governance support—not simply one-off training—is urgently required to enable Indigenous groups and incorporated organisations to better understand the statutory implications and obligations of incorporation, and to develop locally workable options for their asset and funds management.
3. LEADERSHIP—THE IMPORTANCE OF NODES AND NETWORKS

3.1 THE CONTEXTS AND FORMS OF LEADERSHIP

Leadership reflects and responds to the constellation of identities, relationships, rights and interests in Indigenous communities. Today, Indigenous leadership is based not only on contemporary kinship, family and knowledge-based systems, but is also produced and exercised through the governance of western-style incorporated bodies, and by interaction with governments. In 2006, the case studies documented a wide range of leadership contexts in communities, embracing:

- leadership of language groups, extended families, clan groupings, and coalitions of groups
- leadership of Indigenous knowledge and resource systems (including not only cultural systems, but information, technological and financial capital)
- leadership of organisations at local, regional, state and national levels, and
- age and gender-specific leadership roles.

We have previously referred to the dispersed, hierarchical and context-specific nature of leadership in Indigenous communities (Hunt & Smith 2006a: 30–2). This has been strongly reinforced by ICGP research data in 2006. However, comparative analysis of the 2006 data also reports that Indigenous leaders form networks within and across communities and regions, and that particularly eminent and powerful leaders within these networks demonstrate an ability to mobilise people and resources, and are able to draw upon other leaders within their networks.

These powerful leaders act as ‘nodes’ of influence and action within networks—they are able to concentrate power, facilitate change and get things done. We refer to this configuration as ‘nodal leadership’.

The case studies also documented the importance of shifting alliances and cleavages between leaders. These are shaped by the diverse arenas in which leadership is being exercised, the issues involved, the reciprocity of social exchange, and shared histories and experiences. The research also documents the presence of enduring webs of leaders and the role of recognised individual leaders within those networks.

Where sets of leaders can work successfully together in relative stability, and are able to build mutual trust, confidence and a sense of solidarity, then governance of their groups/organisations seems to be stronger.

Ivory (2005) notes that at Wadeye, leadership succession happens very smoothly—almost invisibly—as there is a clear hierarchy of leaders. Leadership may emanate from descent to country and kinship, as well as personal qualities and experience, with leaders’ authority, influence and control increasing with age in ‘an ever-expanding web’, at times spanning huge tracts of country.

At Maningrida, the leadership group comprises senior men and women (35 years or older) who represent the key language, community and family interests, and who have some basic literacy, numeracy and communication skills, as well as public presence. Altman notes that the residential fluidity between the town, outlying areas and beyond affects leadership patterns, although the authority of senior traditional owners over certain matters in the town seems absolute.
Several researchers distinguish between those leaders who are deemed capable of managing an organisation’s relationships with government and other outsiders, and those whose status is more culturally and age-based, though these categories are not mutually exclusive. People selected for organisational leadership may gain legitimacy from either domain. Thorburn notes that some leaders’ ability to network with government and non-government organisations is crucial to their elevated status, as is their capacity for negotiating with outside interests while retaining control of setting the agenda. In other words, there is significant interplay between external relationships and internal ones, and the levels of resources that are able to be mobilised by leaders and made available to particular groups of people and locations.

Women in leadership

While women are represented on the governing bodies and staff of many of the community organisations in the case studies, they are usually outnumbered by men. In some organisations, however, individual senior women are playing an extremely influential governance role.

The research also indicates that older women play influential roles in community decision-making through informal processes, and that they often exercise leadership and considerable influence through their extended families. For example, in Wadeye women far outlive men, and a group of around 20 elderly women is continually referred to for their knowledge, and is extremely influential on matters they consider important.

Women leaders are often influential in organisations and initiatives that focus on child-care, education, health, family well-being, the aged, community law and justice, substance abuse, as well as arts and culture. The bureaucratic tendency to deal primarily with men in communities undoubtedly reinforces the perceived leadership role of men. However, the research also reports women taking on important leadership roles in organisations.

Forcing western notions of gender equity onto Indigenous groups and their formal governance bodies is unlikely to be the best way to ensure that women have the opportunity to exercise their influence and decision making. It may even be counterproductive and place women at risk in their communities. Building women’s capacities to negotiate their preferred means of participation within the social systems they inhabit is likely to bring more sustained and supported gender-equitable results. At the same time, once women do assume formal leadership roles, it is important that governments and their departments reinforce and support them in those positions.

3.2 THE QUALITIES OF LEADERSHIP

The 2006 Field Reports highlighted a number of important points about the qualities of Indigenous leadership.

Indigenous leadership is about process and implies followership. The research found that leadership should not necessarily be viewed as a characteristic of individuals, but as a relationship and process negotiated among a group of people, albeit one in which ascription and custom generally play an important role. That is, leadership is transmitted to particular people based on their knowledge, personal qualities, experience, and social place, such as being the first-born son or daughter of a previous leader. But leadership must be enacted and sustained, and that can only be done through networks and relationships.

The Indigenous concept of leadership is different from that generally implied by western writers. For example, Morphy notes that whereas English speakers tend to talk about the ‘head’ of a community, family or organisation, the Yolngu metaphor is ngurr—the ‘nose, prow of canoe’. While the former suggests a leader as someone at the apex of a hierarchy, the Yolngu metaphor implies a more egalitarian structure where one person goes in front and others choose to follow.
The research evidence confirms that Indigenous leaders lead by mobilising and moulding consensus. Their ability to reproduce this consensus constrains and sustains their leadership. The personal autonomy of individuals is highly valued and is asserted by leaders as well. They may occasionally avoid situations in which others can exercise greater power. The requirement to maintain consensus and relationships acts to constrain power, and failure to achieve it may lead to loss of leadership credibility. In some respects, a leader is only as powerful as their last successful exercise of consensus, and the last time they successfully influenced people and outcomes. Leaders who are experienced in life, knowledgeable in valued areas, and who have a reputation for mobilising consensus and resources, are able to endure as leaders over time—and are recognised as such.

Community members’ views of leaders are context-dependent. While privately, people make their own assessments of leaders, generally people admire those who can stand up to outsiders and who can balance corporate responsibilities, personal ambition and social responsibilities. Thus, people judge leaders on how they exercise their power in relation to both personal and wider community interests.

Such a view of leadership contrasts with western ideals based on democratic elections, equality of opportunity, and majority decision making, although institutional controls on leaders clearly operate in both systems.

### 3.3 Leadership within organisations

Within organisations, the research is revealing significant challenges facing leaders, many of which revolve around the relationships between governing boards and senior staff. These issues are embedded within the wider community relationships and leadership networks referred to earlier.

Absenteeism of board members and the rapid turnover of boards and CEOs are a common feature noted in several of the case studies. When this is pronounced it definitely constrains good organisational governance and effectiveness. In bodies where boards are large, or quorums require attendance from very remote wards or groups, then non-attendance means decision making is stymied and the organisation can run foul of legal requirements. This places the more active board members and the CEO in a difficult situation that has to be resolved.

Annual elections of boards in incorporated bodies mean there may be little continuity of board governance, in which case a great deal of power may rest with longer-term senior staff. At the same time, in some cases, continuity is managed through the re-election of particular people, often over many years.  

In case study organisations where the governing boards are stable and where there is a clear division of roles and teamwork between the governing board and management, we are seeing significantly better governance.

Leadership can be highly contested within a community and an organisation, with leadership factions using corporations to advance their own interests, to the detriment of the organisation and its wider membership. If not well-managed, such leadership contestation can severely impede organisational outcomes and community development.

The research indicates that there are substantial benefits for an organisation’s effectiveness, credibility and outcomes when there is stability and cooperation of leadership within the organisation, and when those leaders are linked into the wider networks of leaders in their community and surrounding region.

**Board relationships with CEOs**

Even when there is a relatively high level of stability on a governing board, a number of other factors may make it difficult for an Indigenous board to hold their CEO accountable, and so play their proper decision-making role. These include differences in relative skill, educational and knowledge levels (particularly in relation to governance procedures and financial management), and different cross-cultural norms.
A board’s ability to negotiate and then review performance agreements with senior staff may be extremely limited or non-existent. Thus, the proper accountability of senior staff to the board is difficult to operationalise. Conversely, at times their responsibilities to staff may be jeopardised (Sanders 2006). The governing bodies of only a few organisations in the case studies carry out formalised performance reviews of their CEO management.

In some organisations, particularly those that have access to independent sources of income, the Chair of the organisation is paid a salary. This means that he or she is able to devote more time to governance work and organisational goals, which can directly strengthen the board’s effectiveness.¹⁸

We have elsewhere referred to the problems of ‘isolated managerialism’ (Sanders 2006) in the context of CEOs. However, the problem of isolated councillors is also being revealed by the 2006 research. Board members state that they:

- are unable to access the level of information available to senior staff
- have difficulty getting complex information translated into plain English
- have difficulty obtaining strategic policy and planning advice
- have difficulty getting ‘frank and fearless’ advice from CEOs and governments
- cannot find the time to undertake systematic governance training, and
- experience considerable difficulties communicating with each other between meetings due to inadequate communication facilities and dispersed residence.¹⁹

In such situations, it is difficult for the members of a governing body to develop as a cohesive board with a collective vision.

Governing members are also often caught between different cultural pressures in their jobs, and they often do not have access to the mentoring and professional support needed to assist them to work through competing demands and expectations. Non-Indigenous staff members charged with implementing an unfavourable board decision may themselves be blamed by community members, especially when they act as a buffer between the ‘hard’ decisions taken by a council or executive and the community members they are employed to serve (Thorburn, forthcoming).

The levels of management skills and experience amongst CEOs vary considerably²¹ and their turnover is extremely high in some community organisations. One reason appears to be the intense social demands and political life of communities, and the lack of agreed understandings between the CEO and governing body about their respective roles and responsibilities. This is sometimes compounded by poor accountability and transparency in CEO decision making, and by too much decision-making control being placed in or taken into the hands of the CEO.

During the development of a new regionalised form of local government in West Central Arnhem Land, the CEOs of existing community government councils whose functions were to be amalgamated, initially acted as the main spokespersons for their community councils at regional meetings. Gradually, through a sustained community development and governance building process, the elected Indigenous Councillors asserted their role as the spokespersons for their communities, requiring the Council CEOs to step back from the table and provide advice and expertise on request rather than make decisions. This was an important renegotiation of roles, which in some cases has filtered back to the constituent community councils themselves.²⁰
There is a clear need in many organisations to develop policies and practices that more clearly identify and differentiate the powers and responsibilities of board members from those of management and staff. The failure to adequately differentiate and then enforce agreed areas of power, and to clearly identify management responsibilities in written contracts and performance reviews, is a commonly experienced problem in organisations, with often disastrous effect.

However, as one researcher also observed, ‘there are constant attempts [by community members] to recruit non-Indigenous staff who control skills and resources, into the kinship net of the Aboriginal domain’, making this separation difficult. Social relationships matter. The alternative, an ‘artificial divide between home and work, is anathema to Aboriginal ways of doing business.’ Close relationships between CEOs and one or two key board members can also be to the exclusion of others, and risk a lack of wider transparency and accountability. Nevertheless, the 2006 research documented that leaders in some organisations are putting considerable effort into building their own rules and policies to create more effective ways to buffer their governing roles from the demands of their wider social relationships. Where this institutional work is happening, we are seeing benefits for the governance of organisation, and for relationships between governing boards and management.

3.4 CONCLUSIONS

Leadership plays a critical role in the effectiveness or otherwise of community governance. Its exercise is subject to differing authorising networks—both Indigenous and non-Indigenous—that sometimes are seemingly invisible and incomprehensible to outsiders.

Leadership in Indigenous communities consists of nodes of influential individuals connected through networks formed by their relationships, shared histories, values, experience and knowledge. Some leaders are more influential than others, and some have recognised expertise in particular matters. Leadership is constrained by a person’s ability to direct and maintain consensus, and to mobilise resources within their networks.

The more visible leaders of organisations are linked into layered networks of leaders in communities and regions. These wider networks affect decision-making processes and outcomes within organisations. This influence is often opaque to non-Indigenous staff members and outside agencies.

There is a need to recognise the different leadership nodes and networks within Indigenous communities—especially in relation to how leadership is acquired, exercised, transferred and sustained. Care should be taken by non-Indigenous parties to ensure they are engaging with the ‘right’ leaders for the particular issue at hand. Undermining properly authorised leadership, whether inadvertently or deliberately, will not strengthen Indigenous governance.

The forced imposition of western liberal ideas about electoral processes, individual equality, gender equity, etc. is unlikely to be effective. Given the opportunity and support, Indigenous people will more effectively determine their own representative and decision-making processes, and whether (and how) they wish to respond to western ideas in their governance arrangements.

Within organisations, key challenges revolve around the relationships between governing boards and management, and the need for more effective differentiation of the powers and responsibilities of each. The competing pressures on managers and governing members, and their relative isolation, indicate an urgent need for greater support, information, mentoring, and assistance to governing bodies with developing rules, policies and procedures for organisational governance.
3.5 RECOMMENDATIONS

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

3.5.1 Within Indigenous organisations there is an urgent need for governance procedures that foster greater stability and capacity of board leadership. Effective procedures include:

- two- or three-year, rather than annual, terms of office for board members
- re-election/nomination of only one-third or one-half of all leadership positions on a rotating basis
- quorum arrangements that are practically achievable
- delegated authority for executive committees that make decision making workable and more streamlined
- payment for the Indigenous chair/president to enable them to work closely with the CEO and other Board and community members
- sustained mentoring and professional support for governing board members and for senior management
- place-based governance development work with leaders, and
- practical facilitation to create a culture of mutual support amongst the leadership group of organisations and communities.

3.5.2 Efforts need to be made to assist the Indigenous governing members and other leaders in organisations to better understand their different roles and responsibilities in relation to management and governance. Organisations work more effectively when people’s responsibilities are clearly delineated and set out in policies that are enforced. Board/council members of organisations must be able and prepared to set clear strategic and policy guidelines, and to lead the process of building their own organisational and community institutions. Facilitated, place-based, governance training can support board members and other leaders to plan how to clarify their respective roles, and develop workable policies for different community contexts.

3.5.3 Consideration needs to be given to strategies that reduce the isolation of Indigenous governing members/councillors and leaders in organisations, particularly in remote regions, to enhance their access to wider leadership and information networks, and strengthen their communication with each other.
4. NETWORKED GOVERNANCE: INDIGENOUS PRINCIPLES AND INSTITUTIONS

4.1 ARE THERE INDIGENOUS DESIGN PRINCIPLES FOR GOVERNANCE?

The comparative analysis carried out in 2005 stressed that the process of building Indigenous governance needs to be based on local realities, culturally-relevant geographies, and the communities of identity and interest present in different regions. There will be no single structural solution to suit all community and regional governance needs.

The ICGP has reported innovative governance initiatives across a continuum of localised, community and regionalised scales and polities. But we have also alluded to the frequency of different types of federated coalitions, umbrella arrangements, and regionally dispersed forms of governance (Hunt & Smith 2006a: 18–20).

While there are numerous accounts of the operation of regional and community organisations, and countless external reviews of the effectiveness of their governance arrangements (see the CAEPR publications website), we have very few accounts of the processes of how Indigenous people and those working with them are actually designing their preferred governing arrangements in communities and organisations.

The second year of ICGP research in 2006 provided insights into these processes. It also confirmed and extended the preliminary conclusion from 2005, namely, that there are common underlying design principles and institutional mechanisms guiding Indigenous decisions about their governance.

Importantly, these Indigenous principles and mechanisms appear to be broadly relevant across the different types of community case studies, and across different governance environments. As such, they may have considerable broader value for Indigenous efforts and government policy making.

4.2 THE ROLE OF RELATIONAL AUTONOMY AND SUBSIDIARITY IN GOVERNANCE

The ICGP case studies confirm the very strong Indigenous desire for local autonomy and small–scale residence that operates alongside a social propensity to generate larger-scale forms of representation and alliance (what we and others refer to as ‘relational autonomy’).

In other words, there is a decidedly ‘two-way’ trajectory for contemporary governance arrangements. Indigenous groups are attempting to negotiate a balance between their residential decentralisation and local autonomy, and their political centralisation and regional representation (with what constitutes a ‘region’ being quite diversely defined). This has important implications for any initiatives to reshape and build Indigenous governance at community and regional levels.

The case studies are also consistently reporting that Indigenous groups and organisations are practising and experimenting with forms of ‘subsidiarity’. This is evident in remote, rural and urban case studies. This is not a term Indigenous people themselves use, but the principle is clearly evident in their practice.

The ICGP case studies are documenting innovative examples of Indigenous subsidiarity in action. Indigenous people are allocating different functions to different layers of their organisational structures, keeping certain areas of decision making at the most local level they can, while recognising that some decisions and services are better carried out by a body with broader representative and functional responsibilities.

Indigenous people are not assuming that governance arrangements have to be centralised, bounded and unitary. Rather, the Indigenous principle of subsidiarity enables ‘federalised’ systems of community and organisational
Relational autonomy is a principle Indigenous people strive for in the way they organise themselves, whereby they try to achieve a balance between maintaining the autonomy of a small group of people (e.g. their extended family, small group or local organisation) at the same time as trying to maintain their connections with a wider set of relationships (e.g. to their clan, a set of families, a group of organisations, or a wider regional network). The principle highlights the value to people of having their independence, but not at the expense of their shared relations; and vice versa.

Subsidiarity is the principle underlying federalised or networked systems, which aims to provide the component parts with more effective control over their own spheres of action, and with influence over determining the conditions of local action. As a political principle, subsidiarity advocates that issues should be handled by the most competent and appropriate authority available. This means that no higher centralised scale or political unit should undertake functions or tasks that can be performed more effectively at a dispersed or local level. Conversely, centralised forms of governance should undertake initiatives that exceed the capacity of individuals or communities acting independently.

governance to be established that are able to accommodate inter-dependent layers. Groups in all the case studies are attempting to combine the advantages of united strength and larger-scale functions with a high degree of self-determination and autonomy by constituent members and local groups.

We characterise these initiatives as a form of ‘networked governance’ (cf. Burris, Drahos & Shearing 2005). They are generated out of the interconnectedness of locally autonomous groups (and categories) of people, and through the ongoing negotiation of roles, rights and responsibilities between the constituent parts.

There are many examples of different types of networked governance being practised in the case studies, indicating that this concept has considerable value as an institutional mechanism and governance design principle for Indigenous people.

4.3 ‘HUB AND SPOKES’ NETWORKS ON COUNTRY

Case study reports by Morphy, Altman and Ivory document networked governance in a ‘hub and spokes’ model (Fig. 1), where a centralised community and umbrella organisation provides services and represents a number of decentralised outstations and their residential groups.

Morphy describes the Laynhapuy Association of north-east Arnhem Land as having the role of servicing ‘a group of outlying homeland settlements ... [that] are interlinked both with each other and with the settlement of Yirrkala’, where Laynhapuy Association is based (i.e. the hub). These linkages with and among the surrounding settlements and homelands exist through ‘a complex web of kinship and political interest’. The ‘community’ that the association serves is not easy to define. It is best described as a network consisting of certain nodal homelands that receive a full range of services, together with a number of other connected groups and homelands that access less comprehensive services and representation.

Some groups of homelands in north-east Arnhem Land are more closely linked to each other as ‘connubia’ (see box over) of intermarrying clans. In other words, groups of homelands are networked together by kin relationships, shared histories, land and resource interests. This means there are strong internal networks of relatedness within
Fig. 1. 'Hub and spokes' network model

the 'hub and spokes' network. No homeland is an 'isolate' unto itself.

These land- and socially-based networks are informing people’s thinking about new approaches to the component systems of representation in north-east Arnhem Land as they carry out an internal review of their 'hub' Association.

4.4 THE UMBRELLA ORGANISATION

Another form of networked governance is the umbrella regional organisation. These have organisational layers of representation, accountability, and responsibility down to local community levels. For example, the umbrella body may consist of representatives from language, clan or family groups, or local community associations within its jurisdiction (Fig. 2).

Thorburn documents the inter-connections of Bunuba Inc’s subsidiary organisations and groups. Importantly, she notes that there is a great diversity in the histories of these smaller organisations, both in how they were originally constituted, and how they have evolved over time. She suggests that these histories are a critical factor in contemporary relationships—both between and within subsidiaries, as well as between subsidiaries and the umbrella organisation, Bunuba Inc. The complex structural linkages and roles that have been negotiated between the component organisations and groups within Bunuba Inc are, Thorburn notes, ‘an attempt to balance the tension (which is political and cultural, as well as economic) between autonomy versus relatedness’. These tensions

Connubia is the Latin word for ‘marriage’. It is used to refer to a group of clans who are linked by marriages through time, as a result of a formally structured pattern of bestowal. The term highlights the important role of particular cross-cutting, kin-based ties, which serve to connect larger collections of groups with each other over time.
Ivory also reports subsidiarity (see Fig. 2): ‘Within Wadeye there is the Thamarrurr Regional Council as well as many smaller organisations. Each has a role to play.’ He concludes that:

... the principles of centralisation and dispersal have underpinned the Thamarrurr model and that the importance of links between the centralised representative organisation and its member groups has actually been reinforced even further by the problems of violence occurring in early 2006.

Following this occurrence, the Thamarrurr Council actively facilitated the movement of several small groups back to their homelands surrounding the community:

At one stage the clan-based organisational structure of Thamarrurr was coming under heavy fire from critics as being inappropriate and cumbersome. The moves back to country, the change in people when that happened, the leadership that has once again come to the fore, and the enthusiasm generated has made it clear ... that Thamarrurr was developed properly in the first place.26

As part of a renewed consolidation of their networked governance arrangements, the Regional Council is now planning the establishment of a smaller, executive, decision-making group, and devolving areas of responsibility to homeland groups.

4.5 ‘FAMILIES’ OF ORGANISATIONS AND COMMUNITIES

Another interesting example of the networked governance formation is one based on the institutional mechanism of ‘families’ of organisations, groups and communities, which cooperate for particular purposes. There is widespread evidence of the Indigenous use of the concept of ‘family’ as a metaphor for developing networked governance, and for generating their underlying organisational rules and cultures.

Smith (2006a) describes the establishment of Yarnteen organisation in Newcastle, where its leadership wanted to recognise a core set of family groups as the organisation’s main membership. Family representation was developed
as the basis for the new organisation’s governing arrangements. As a result of building a strong internal culture within the organisation based on the family concept, today Yarnteen's governing members, management and staff regard the organisation as being 'one big family’ (Fig. 3).

But importantly, over the years, as it has grown and reassessed its strategic direction, Yarnteen has diversified its organisational structure to respond to the need for changing economic development strategies. It has incubated several offshoot organisations to take over different parts of its functional operations. These are all located in Newcastle, separately incorporated, and have their own purposes and separate boards. Yet they remain collectively known as 'the Yarnteen group' and the 'Yarnteen family'. Through this networked organisational relationship, Yarnteen's leadership has retained a strong role in mentoring and providing management and governance support to the incubated organisations.

A strikingly similar institutional metaphor is also apparent in the top end of Australia, where Smith describes the processes whereby Bininj people in West Arnhem Land are negotiating the establishment of a regionalised form of local government (Smith, D. forthcoming). The proposed model is essentially one of geographically dispersed, networked governance. The regional structure will encompass and represent several discrete geographical communities located within its 'region', as well as dispersed homeland communities, cross-cutting communities of interest and identity, and other local organisations. It is proposed that these will come under a single representative authority, but at the same time retain specific service functions and areas of local community autonomy.

In this initiative, frequent reference is now made by Bininj leaders to the cultural foundation of the proposed Regional Authority (Shire) as being 'one big family'. The Bininj concept of 'one family' denotes a core realm of individual and kin-group identity. The metaphor is being used in the regionalisation process to invoke values of mutual support and loyalty that are seen to be at the heart of ‘family’, and so imbue the new networked governance arrangement with cultural legitimacy derived from that concept. The reference to 'one family' also reflects the fact that the ‘network of leaders’ involved in the initiative feel a growing sense of shared commitment and unity.
4.6 GEOGRAPHICALLY DISPERSED COMMUNITIES OF IDENTITY

Some Indigenous communities of identity are residentially dispersed, living within larger mixed communities; they may or may not be living primarily on their own traditional lands. For example, as well as being the local governing body for the roadside town of Ti Tree, the ACGC also has nine outlying wards at various distances from the town that cover discrete Aboriginal living areas. Two of these wards, Engawala and Laramba, are located about 150 km from Ti Tree and operate more like autonomous communities.

The case study research is confirming that many Indigenous ‘communities of identity’ are actively asserting and rebuilding their collective identity. They are also exploring models of networked governance, and employing Indigenous institutional principles of subsidiarity and relational autonomy to do so.

Barcham (2006) describes the difficult internal negotiations and decisions that Noongar have been pursuing to design a collective representative voice at a regional level. The Noongar community of identity comprises extended families spread widely across a mix of rural, remote and urban locations in south-west Western Australia (WA). Many Noongar live great distances from their traditional countries, but over generations have established regional circuits of mobility and webs of kinship that today form an important basis for their collective identity. Their work over recent years in negotiating a strategically unified voice for the purposes of pulling together their various native title claims, and their consequent legal win, suggest there are real benefits attached to developing a cohesive representative voice. But this has not been easy to achieve and is ongoing.

In the wake of the abolition of ATSIC, there are currently three organisational structures (some of which are themselves coalitions of constituent Noongar organisations and groups) positioning themselves to represent Noongar rights and interests at the collective level.

Barcham points out that key problems being encountered in this developmental phase include the extent to which any of the organisations ‘fit’ the diverse interests of the mixed population they are representing, and the presence of large numbers of non-Aboriginal residents in the region. Thus, critical issues are: who are the organisations representing? Who is authorised to speak, and about which regional and local issues?

At the moment, Noongar are considering the options of either having a closer governance network, with the possibility of any of the three organisations forming a union at the regional level, or having three organisations at the regional level, each undertaking different functions for an overlapping membership. In the regional context, there may be distinct advantages in having a regional union or coalition, as opposed to a single peak organisation that attempts to do everything.

4.7 HIERARCHICAL OR FLEXIBLE NETWORKS?

A major advantage of networked governance lies in its flexibility, its tolerance of a diversity of identities, and the benefits of inter-dependency. In other words, it can facilitate different, workable governance models across different geographic, community and social scales.

Importantly, the networked formations being documented in the ICGP research tend not to be seen by their constituents as being hierarchical structures in which the greatest power and responsibility rests at the top (that is, at the regional level or with the ‘hub’ community).

Rather, the ideal relationships between the layers are posed by Indigenous members as being more independent, flexible and egalitarian. Each layer regards itself as undertaking valued roles and responsibilities over which it has autonomy. This type of networked governance is more like a coalition of autonomous parts.
But at the same time, not all Indigenous networks and connections are created equal. Some of these social, cultural and leadership connections are valued more highly than others and given greater priority. Also, the capacity to influence actions and exert power within a networked governance arrangement depends on access to resources and the ability to mobilise them, and this is subject to negotiation as relationships change. As a result, there are ‘nodes’ in Indigenous networks where relative power coalesces and authority is greater.

The tension between relatively flat autonomous networks and the nodes within those networks, where power and influence can be concentrated, is deeply embedded in Indigenous traditional governance systems. The networked governance mechanism appears to enable (and sometimes requires) this tension to be acknowledged, periodically addressed and renegotiated.

4.8 NETWORKED GOVERNANCE IS A RELATIONAL MODEL

Year two of the ICGP research strongly concludes that Indigenous governance structures are relational models. When establishing new representative arrangements, Indigenous people first seek to work out, and through, relationships. This process includes consideration of: matters of leadership and power (who are the right people to speak); membership and constituency (who are the right members of the group to be served or represented); and decision-making (who can make decisions, and how can people be held accountable for their decisions).

The relationships that seem to be given priority are those based on communities of identity and interest. These types of communities may be geographically discrete, but they are just as often geographically dispersed yet strongly tied by shared values, institutions, histories, language, land affiliation and so on.

The challenge for organisational and ‘community’ governance is how a networked model can be sustained in the face of dispersed residence and inherently fluid and negotiable relationships. The case studies are documenting similar developmental cycles influencing organisational and community governance—one that tells a story of growth, fragmentation and fission; fusion through new alliances and coalitions; and growth. These dynamic processes are sometimes activated by the ability of a powerful individual to make resources flow in a particular direction. The 2005 and 2006 research has also documented the innovative ways in which Indigenous groups are trying to lessen the adverse impacts on their governance of demographic trends and these organisational developmental cycles.

4.9 CHALLENGES IN BUILDING AND SUSTAINING NETWORKED GOVERNANCE

There are challenges being encountered by Indigenous communities in developing and sustaining networked forms of governance.

One challenge has to do with the tensions arising within networked systems that are regarded as relatively ‘flat’, or non-hierarchical, when decisions about resources need to be made affecting member groups or communities within the network. For example, when peak or umbrella organisations assert their decision-making authority it can create tensions between and among the network member organisations, especially if there is a perception that the umbrella organisation does not properly ‘look after’ smaller component communities (Thorburn 2006). Indeed, as Thorburn (forthcoming) notes, ‘such a structure encourages the continued separation of subsidiary members, in terms of political identity, and competition between them for resources’.

This does not necessarily have to be seen as negative, nor does it necessarily have adverse impacts—it may ‘simply reflect the ongoing negotiation over autonomy and relatedness which takes place in a political sphere’.28
The research is finding that adverse impacts do arise in networked forms of governance when:

- representational arrangements become strongly contested
- there is a lack of clarity about roles and responsibilities between the constituent layers
- uncertainty is created and not resolved about how to recognise the different rights and interests of constituent layers and members (e.g. land owner/historical), and
- there is little sense of a shared current (or historical) community of identity, or interest in a particular location.

The need for flexibility—there is no single model

Major problems are being documented when governments attempt to unilaterally impose ‘single solution’ models of governance—especially when these diverge significantly from a networked governance approach, or attempt to externally impose the form of the network itself.

Problems are also generated when policy frameworks diminish flexibility and leave little room for Indigenous innovation and change in designing their governance arrangements. Attempts by agencies to focus on establishing governance structures first, while ignoring the more complex issues of relationships and representation, are likely to fail.

The research shows there is no ideal size or single structure for Indigenous governance. Yet some agencies continue to retreat to single solutions and in some case study areas appear to be challenging the right of communities and groups to design culturally-informed governance arrangements (Smith, D. forthcoming). Accusations by politicians of Indigenous models being ‘cultural museums’ or ‘communist collectives’ do little to encourage a more sophisticated and much-needed debate about what kind of policy frameworks and implementation strategies would better support Indigenous efforts to build effective governance.

Some case studies report that government departments also seem to be backing away from direct interaction and consultation with organisations and their elected representatives. Instead, some government agencies are doing program deals (e.g. signing SRAs, negotiating implementation processes) with unelected community sectional interest groups. This may significantly undermine the governance capacity of legally elected organisations and prove counterproductive to the development of strong community governance arrangements.

4.10 THINGS THAT DO AND DON’T WORK TO SUSTAIN GOVERNANCE NETWORKS

To be effective and legitimate, networked governance requires that the lines of accountability and responsibility across all levels are very clearly spelt out and implemented.

Organisations and small community groups that are poorly networked into other community and regional support structures and leadership systems appear to become extremely vulnerable. They struggle to develop and maintain capacity and continuity of staffing and administrative systems, and to deliver promised outcomes to their members.

These vulnerabilities are especially apparent in the context of current major changes in national policy and program funding. It is clear that the organisations and groups which are well networked with thick connections of support (both internally and externally) are better able to respond to internal crises and externally imposed change.

Concerted Indigenous action to build the internal institutions of their own community and regional governance and to strengthen their networks is being shown to make a substantial difference to their governance effectiveness.
and outcomes on the ground. Several case studies have highlighted the positive initiatives and some early successes that can be secured by deliberate Indigenous action (see box below).

Another effective strategy involves ensuring that mentoring, external facilitation, and the support of wider leadership networks are built into new governing arrangements. The case studies also confirm that it is critical for outside advisors, NGOs and government agencies etc. to inform themselves about the governance histories of the groups and organisations with whom they are working, in order to help them understand contemporary local governance arrangements and dynamics.

Governance models cannot be imposed from the top down. Or rather they can be, but they will not easily be recognised as having legitimacy or credibility by Indigenous people, their leadership will be suspect, they will secure little active participation from people, and are unlikely to be sustainable.

4.11 CONCLUSIONS

Indigenous systems of social and political organisation are complex, fluid and negotiable. Yet they are still able to produce governing order and outcomes. The research indicates this is done by recourse to certain principles and institutional mechanisms ('rules') that guide people's thinking and decisions about their governance. Our comparative analysis of case study research suggests that these principles and mechanisms appear to be broadly relevant and effective across different types of rural, remote and urban communities, and in different local conditions and governance environments. They could usefully inform the governance strategies and action of other communities and organisations.

The Indigenous 'design principles' being identified by the ICGP include:

- networking governance so that arrangements encompass layers of groups, organisations and communities, each with its own roles, authority and responsibilities
- locating decision-making responsibility at the closest possible point of connection to the people affected, and making decisions at higher levels when more inclusive matters require such consideration (i.e. 'subsidiarity')
emphasising relatively egalitarian relationships between organisations, groups and kinship units, with each component of the network having relative autonomy while also having nodes of concentrated power and authority within networks (i.e. ‘relational autonomy’)

balancing dispersed local residence with a larger-scale representative voice

working out governance by first working out relationships and shared connections, thereby giving effect to the interconnectedness needed for networked governance

working through the governance histories of the constituent social and organisational layers in order to reinforce or develop new connections

‘nodal’ leadership, where key individuals are able to mobilise, rebuild and sustain networks and resources

supporting the capacity, role and responsibility of all the layers in a governance network, not just the ‘top’ or central levels

a focus on building the institutions and internal ‘culture of governance’ needed within Indigenous organisations to sustain practical effectiveness and legitimacy, and

strengthening the connections (both internal and external) within and between networks, in order to support vulnerable components.

4.12 RECOMMENDATIONS

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

4.12.1 Governments urgently need to provide more enabling policy frameworks and program guidelines that actively promote Indigenous capacity and authority to:

- work through their past governance histories
- work through and define their past and contemporary relationships for the purposes of governance
- determine the appropriate cultural geographies, and build the legitimacy and institutions for their governance, and
- incorporate the principles of networked governance, relational autonomy and subsidiarity into workable designs for their governance arrangements.

4.12.2 Attempts to externally impose governance solutions from the ‘top-down’ invariably lead to sub-optimal outcomes. Government policy and implementation strategies could usefully mimic or complement the ordering principles of Indigenous networked governance systems, thereby reinforcing the whole. Governments, for example, could orient the focus of funding packages and the delivery of their programs to align with the overall networking of governance in a community or region, and in line with the internally agreed division of roles and responsibilities negotiated among the Indigenous organisations and communities in each location.

4.12.3 Indigenous communities and groups seeking to strengthen their governance could consider working through the principles of networked governance, relational autonomy and subsidiarity in designing their governance systems.
5. CULTURAL LEGITIMACY AND CULTURAL CONTESTATION

5.1 LEGITIMACY—WHOSE VIEW AND WHAT KIND?

We have adopted Sterritt's (2001) definition of legitimacy as 'consisting of the way in which structures of governance are created and chosen, and the extent of constituents' confidence in and support of them.' This reflects a 'bottom-up' process of authorisation.

To date, we know that governance in Indigenous communities and organisations reflects attempts by Indigenous people to achieve arrangements that embody their own values, norms and views about how authority and leadership should be exercised. In the case studies, Indigenous people are working to develop culturally legitimate arrangements through a primary focus on getting relationships right, that is, considering issues of representation, kin relatedness, family and group ties, shared histories and knowledge, and other valued social and economic affiliations.

Very few Indigenous people actually use the words 'cultural match' or 'legitimacy' even as they work to achieve it. But there are a host of other normative concepts that Indigenous people use to describe legitimate governance processes and outcomes, such as 'proper one', 'right way', 'culturally appropriate', 'straight', and 'Bininj way'.

The research indicates that Indigenous people seem more prepared to assess new governance arrangements as being culturally legitimate when they have been generated through a process of re-thinking their own governance histories. Strongly endorsed outcomes also seem to arise when that 'historical journey' is facilitated within a community developmental process.

We have previously reported important differences between Indigenous and non-Indigenous views about what constitute 'legitimate' governance arrangements. Indigenous groups need to be aware of the impact on their governance of external views and requirements of legitimacy. The ICGP research over the last two years has highlighted cases where organisations with strong community support have lost some credibility with external stakeholders and thereby experienced cuts in their funding and internal capacity. In other cases, organisational legitimacy has been high within a community, but then progressively eroded owing to a failure to deliver practical outcomes and promised services.

Ultimately, achieving a 'cultural match' or 'fit' between competing expectations and conceptions of how authority should be exercised is a matter of relative power, political authority and control. To be judged as legitimate by Indigenous people, governance arrangements need to be developed by them as a result of informed choice. Legitimacy also requires the practical capacity to get things done. Accordingly, we have concluded that 'cultural match' is one aspect of legitimacy, and that legitimacy is about power and relationships.

In Australian contexts, we conclude that there is probably more value in focusing on the issue of 'two-way' legitimacy, understanding that there are several elements to that concept:

- legitimate governance arrangements need to reflect, or resonate with, Indigenous views of how authority should be organised (systems and structures) and exercised (processes and rules)
- legitimate governance reinforces core institutional values (rules)
- legitimacy in the Indigenous domain is also achieved and assessed through effectiveness—that is, an organisation or leader who is able to deliver outcomes gains legitimacy in the eyes of their clients or members
• an effective and accountable organisation in a corporate governance sense also gains legitimacy because of its capacity to obtain and maintain funds and resources for its members from governments and other sources, and
• it gains legitimacy from external stakeholders because of its capacity to manage and account for those funds, and to deliver outcomes.

Thus, the challenge of cultural match is a challenge of achieving and maintaining legitimacy in all these senses and in both domains. This is not an easy task.

ICGP field research indicates that Indigenous organisations are ‘intercultural’ sites where efforts to balance and ‘match’ all these requirements of legitimacy are being played out daily, and at times collide in theory and practice. Nor is legitimacy static. If effective service-delivery performance is not sustained, legitimacy will eventually be challenged and new arrangements developed.\(^33\)

### 5.2 Creating Legitimate Organisational Governance

It is clear from the 2006 research that when Indigenous people have the opportunity and power they generally strive to develop organisational governance that has the above aspects of legitimacy, particularly the first. There are strong cultural elements in the governance arrangements in all the sites.\(^34\) However, at Wiluna this is least evident, particularly as the Shire is becoming the focus for government in terms of both service delivery and community consultation.\(^35\) We need to distinguish here between Indigenous representatives on a mainstream shire, and a local government body, which in its relationships, structures and processes, reflects Indigenous cultural norms.

The early development of WCARA illustrates most clearly these efforts at achieving ‘two-way’ legitimacy and cultural match or fit. A range of Bininj ‘design principles’ are being used to shape the formation of this Regional Authority to date. The concept of ‘cultural balance’ or ‘working both ways’ was evident in many respects, starting with the very definition of the Regional Authority boundary.

As Smith writes:

> Interpretation by Bininj leaders of the extent of ‘closeness’ of cultural ties between the groups and participating organisations was the primary criterion for creating the proposed regional boundary. In other words, the WCARA boundary is, first and foremost, a negotiated interpretation of ‘who’ is the regional Bininj ‘self’ (Smith, D. forthcoming).

Importantly, getting the balance of Bininj and Balanda (non-Indigenous) ways is viewed by the Aboriginal people involved as ‘using tradition to strengthen the Regional Authority and using the Regional Authority to strengthen traditional systems of governance.’\(^36\) The value of this ‘joined’ approach to the leadership is such that it has been written into their draft constitution. The proposed WCARA governance structure involves five wards. From each ward three members are elected through a standard electoral process involving all residents, and one traditional owner is selected through a Bininj decision-making process involving owners of the lands covered by the ward (see Fig. 4).

The process has also involved getting a ‘balance’ between the different cultural groups resident in the region, and developing the legitimacy of the new process across the region, especially given that there are some individuals who for a variety of reasons intermittently contest WCARA’s legitimacy. Recent policy developments in the NT are undermining this cultural legitimacy, particularly in relation to the proposed Regional Authority boundary and Bininj control over key decisions (Smith, D. forthcoming).
Yarnteen has also been through the process of creating effective organisational governance institutions, which are based on the concept and values of Indigenous extended family formations. Leaders of both WCARA and Yarnteen have undertaken concerted and sustained action to create an internal ‘culture of governance’ based on the values of shared commitment, trust, loyalty, Aboriginal humour, mutual support, combined with a desire to develop their own rules and capacity to get things done successfully. Both organisations and their leaders are also extremely well connected into external support networks. Other organisations in the case studies may not have made the same progress in these areas, but many are making similar efforts to develop their governance institutions in their own contexts. Such initiatives require both time and resources.

5.3 THE LIMITS OF LEGITIMACY

The ICGP research findings in 2006 question whether the conditions currently exist for a genuine ‘cultural match’ or ‘two-way’ legitimacy to occur.

Four of the seven field reports have seriously questioned whether cultural match and governance legitimacy can be attained when power inequalities are so great and Indigenous groups feel they have little choice about how they do things. As one researcher wrote, her Indigenous and non-Indigenous colleagues subscribed to a ‘two worlds’ view; each world with very different governance styles and each having a deficit view of the other.

As she recognised, however, this ‘two worlds’ view disguises the power imbalance operating in Indigenous communities and organisations, whereby one world (non-Indigenous) encapsulates and penetrates the other (Indigenous). Another researcher described the continuing ‘cultural mismatch and contestation’ that occurs in a community, when organisations try to adapt or accommodate Indigenous cultural practices into their governance arrangements, but in the end generally have to comply with western norms and program requirements. In another case study, Indigenous people felt that all the compromises must be made by them.
We refer to the struggle which Indigenous people have to go through to maintain organisational practices and programs consistent with their cultural institutions in the face of contrary requirements imposed by governments as 'cultural contestation'. This contestation can expand to include cultural tensions and dispute between Indigenous organisations and community groups.

In one case study location, people felt that they had taken on the incorporation, local government roles, accountability, responsibility and formal meetings necessary for a legitimate government, but had received very little that has been positively sustained in return. Their decision to have clan-based representation and a rotating chairmanship of their meetings—which reflects their own desire to build on traditional governance systems that worked, and to not concentrate power in one individual—are decisions they know seem to irk some government officials and politicians. It is also yet to be seen how the WCARA Interim Council members will respond to the new NT policy that challenges their culturally defined boundaries and proposed representative model. Early indications are that they feel considerable disquiet and concern.

In each of these cases, there seem to be strong limits to the extent that Indigenous choice is possible in Australia. This is limiting the governance legitimacy achievable among Indigenous groups.

5.4 CONCLUSIONS

Legitimate, Indigenous governance arrangements win the support of members and external stakeholders, and produce outcomes. Achieving legitimacy appears to be especially reliant on having genuine decision-making authority and powers, and on the quality of leadership.

The 2005 and 2006 ICGP research findings seriously question whether conditions currently exist in Australia to enable Indigenous community leadership and decision-making authority to be adequately exercised. When power inequalities are as great as they currently are, Indigenous groups often feel they have little choice about how they do things.

Policy frameworks and capacity development strategies for building Indigenous governance need to be based on a recognition that the legitimacy of governance arrangements, and hence Indigenous people's preparedness to support them, rests on two connected things: first, having representative structures and decision-making processes that reflect contemporary Indigenous views of what are the 'proper' relationships, forms of authority and cultural geographies; and second, ensuring that these are combined with a practical management and service capacity to deliver outcomes.

In other words, 'legitimacy' for Indigenous people not only includes cultural factors, but also the practical ability to get the job done.

Sustaining this legitimacy also requires organisations to achieve a workable 'two-way' balance: between Indigenous ideas of effectiveness and accountability (e.g. 'looking after' and 'working for' their people), and those of external stakeholders (e.g. grant reporting and financial compliance).

The 2006 research strongly indicates that where a facilitative, community development approach is taken with groups and organisations, greater progress is made in building sustained governance capacity and legitimacy.

Legitimacy is not static. ICGP research indicates that it is imperative that reforms to governance should arise out of strengthening Indigenous capacity to develop legitimacy, and be controlled by Indigenous people themselves.
5.5 RECOMMENDATIONS

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

5.5.1 Government policy frameworks will better support the growth of 'two-way' effectiveness and accountability in Indigenous organisations by adopting a community development approach to governance, which strengthens legitimacy through capacity and institution building rather than focusing primarily on financial and technical compliance.

5.5.2 Once Indigenous people have developed representative structures and governance processes that make 'cultural sense' to them, governments and other stakeholders can make a major contribution to their sustained legitimacy and effectiveness by recognising and dealing with those arrangements, and by continuing to support ongoing Indigenous initiatives to internally monitor and strengthen their governance designs.
6. DEVELOPING GOVERNANCE CAPACITY

6.1 WHAT IS CAPACITY DEVELOPMENT?

We have defined capacity as 'the capabilities of individuals, groups, organisations, and whole societies to reach their own goals over time' and recognise that "capabilities" may consist of skills, abilities, knowledge, behaviours, values, motivations, institutions, resources, powers and so on' (Hunt & Smith 2006a: 50). Capabilities are thus culturally specific.

We have therefore defined 'capacity development' to mean the real opportunities and processes that people can access in order to develop and strengthen the set of chosen capabilities they need to perform functions, solve problems, set and achieve their goals—that is, to get things done. This definition applies to both Indigenous and non-Indigenous governance.

As with legitimacy, capacity cannot be imposed, though it can be facilitated. To enhance governance effectiveness, capacity development needs to enhance genuine decision-making powers and authority, not undermine them.

6.2 KEY ISSUES CONFIRMED

The 2005 research concluded that the development of capacity for governance is best considered across five different layers or dimensions of the governance environment, including: the individual; the organisation; inter-relations between groups, communities and organisations; the wider government environment; as well as the underlying networks and governance cultures of those layers (Hunt & Smith 2006a: 50–2).

The 2006 research re-emphasises that efforts to assess the adequacy of governance capacity and to facilitate its development need to address these layers as being interconnected, rather than in isolation. Weaknesses in one area flow into, and have consequences for, others.

In 2005, we identified a number of internal and external constraints to capacity development in and across these layers. We also argued that capacity development is context-specific, but that at least half the so-called 'Indigenous governance problem' actually lies in governments' own capacity. This refers especially to governments' ability to formulate and implement enabling policy and integrated financial frameworks. We have also argued that more streamlined funding would enhance capacity at local levels (Hunt & Smith 2006a). These findings are all strongly reinforced this year, and are supplemented by further points raised here.

6.3 WHAT'S WORKING AND WHAT'S NOT WORKING

Governance capacity across the case studies varies greatly according to context, experience and resources. In many communities, the collective capacity for self-governance is low. The 2006 research confirms the extremely urgent need to facilitate governance capacity development in communities, groups and organisations.

In some cases, new governance skills, institutions and knowledge have been deliberately targeted and built by Indigenous groups and organisations. In other cases, existing Indigenous governance capabilities have been mobilised by particular events and processes.

Indigenous-mobilised capacity

Where Indigenous people are driving an agenda and making decisions about their future direction, existing Indigenous capabilities are called upon. For example, when clan groups from Wadeye moved away from the town to outstations following the rioting in May–June, latent capacity appeared to be mobilised. Local leadership re-
emerged and people demonstrated capacities not previously evident in the hub community.

Similarly, in the Fitzroy Valley—the area which is serviced by the town of Fitzroy Crossing, encompassing around 3,500 people—socioeconomic development that is being driven by local people through the ‘Fitzroy Futures Forum’ is moving ahead. This broadly united, apolitical, community network has already generated a town plan and a government commitment to a new school and new hospital in response. At the behest of the community, a senior bureaucrat will coordinate the projects and act as a single point of contact between the WA Government and the Forum. They are also in the process of commissioning research on baseline indicators against which to measure change in the communities of the Fitzroy Valley.

It seems that capacity can be productively released and mobilised under circumstances that enable or require people to exercise authority and make informed choices.

**Facilitating capacity development**

Capacity can also be actively facilitated by having an internal organisational or ‘governance culture’ that values people’s skills, their personal and collective contributions, and their shared commitment to outcomes.

Some organisations and leaders in the case studies are deliberately creating an internal environment which supports individual and collective capacity to govern well. For example, the hard work put into this by the Yarnteen governing board and its leadership over several years is now paying major governance dividends, not only for economic development outcomes, but for the organisation’s obvious ability to continue to maintain its economic momentum in the current changing policy and funding environment (Smith, D. 2006a).

Other leaders are working with trusted facilitators to undertake the development of governance policy and build strategic governance expertise. The work the WCARA Interim Council has carried out over the past three years with a team of experienced community development officers from the Department of Local Government suggests that real governance confidence and expertise can be developed if supported by a developmental, context-specific approach. Similarly, both the ACGC and the Laynhapuy Association are collaborating with Project researchers who are assisting them to review aspects of their governance arrangements.

**Policy frameworks can help or hinder**

Experience with the ACGC and in Wiluna illustrates how the policy positions of various government departments directly affect what community representative organisations are able to do. As the wider governance environment changes, Indigenous community and organisational capacity to deal with new transitions may be lacking. In a number of the case study sites, organisations have found themselves ill-prepared to deal with the rapid changes taking place at national and state levels. Some are now unable or unwilling to continue certain programs, unclear how to position themselves for the future or were structurally unprepared for the new demands placed on them.

In one case at least, this has meant some loss of program capacity. In others, it has meant re-thinking and re-structuring in order to more positively respond to the new arrangements. In one place, it has led to a re-invigorated board determined to defend its goals and vision. In others, it has led governing committees to review their representative structures, executive arrangements and service roles. However, in the majority of cases, current policy changes and the associated program and funding uncertainty are not proactively assisting the development of more effective governance arrangements. Rather, this is a reactive process, which often seems to be coalescing local people, sometimes in opposition to policy reforms.
Individual capacity to deal with the policy transitions is also limited in many communities. Adult literacy and numeracy levels are often well below the minimum considered necessary for community governance, even under stable conditions, let alone in a period of considerable change.\(^{56}\)

**Individual capabilities are linked to organisational capacities**

The ICGP research is confirming that individual capabilities and organisational capacity are strongly linked. People are unable to take responsibility because the government funding and accountability requirements are too complex for them to manage. Bureaucratic performance standards, and the increased use of various IT applications in organisations over recent years, seem not to have been matched by relevant capacity development for Indigenous staff and leaders. The result is that in some organisations, Indigenous employees are actually giving way to non-Indigenous staff because the skills required have escalated beyond their reach at present.\(^{57}\) Some councillors are also finding it difficult to keep up with technological, regulatory and information-management changes.

The growing demands on non-Indigenous staff or senior Indigenous workers are also such that there is little or no time left for on-the-job training and mentoring, which would build local Indigenous management capacity.

Furthermore, even when Indigenous people step forward for senior roles, experience at three case study locations suggests that some officials prefer dealing with non-Indigenous rather than Indigenous leaders (whether as councillors or staff).\(^{58}\) This is despite the fact that Indigenous participation in one organisation has increased significantly, and Indigenous councillors in another are experienced leaders. At the same time, pressures from inside the community on those who take leadership roles in organisations are huge,\(^{59}\) so there are few incentives to step into them.

### 6.4 INVESTING IN CAPACITY DEVELOPMENT

The case studies confirm that place-based training and capacity development for governance is patchy, insufficient, and dependent on erratic funding, with variable quality among providers and little monitoring of outcomes.

As one researcher wrote, ‘there has been far too little investment in education and governance training in the last 30 years to equip people with the requisite skills for effective governance.’\(^{60}\) In remote areas particularly, the necessary ‘ongoing organisation-specific training is currently not available’ to help people in small, voluntary kinship-based organisations understand corporate governance requirements.\(^{61}\)

While some Indigenous board members in larger organisations may have completed ORAC governance training, it seems that the majority learn ‘on the job’, and even some of those who have been ‘formally’ trained may continue to operate in ways that reflect little evidence of it. On the other hand, ongoing place-based interactive training for council members, carefully targeted to their context and immediate needs, using simple visual materials seems to be having significant impact.\(^{62}\)
The second year of research strongly endorses the conclusion that enhancing governance on the ground requires a community development approach. In particular, investment in governance training and more sustained forms of capacity development works most effectively when it is:

- part of the place-based work of governance so that practice and reinforcement are ongoing
- when it focuses on the building of real institutions by groups and leaders, and
- when it is based on self-assessed governance priorities.

Where capacity for socioeconomic development is concerned the style of governance is important. Governing arrangements that help to create a capacity to cope with crises and change, promote the self-esteem and self-confidence of community members, and that establish a legitimate representative voice to assist community groups, are fundamental preconditions for effective governance. People who participate in group discussions and planning activities are involved in a learning process which helps them grow in confidence about how to move forward.

In the case study sites there are no shortages of ideas about how socioeconomic development might progress. Outcomes, however, seem to be dependent on the governance effectiveness and capability of organisations, and on facilitation by external expertise working with people in a respectful way to assess realistic options.

People need meaningful information and frank advice on which to base their decision making. Expert, professional support for Indigenous governance building is necessary, but preferably provided as assistance over a sustained period.

Capacity requires resources

One aspect of the new national policy arrangements relates to the kinds of Indigenous capacity that governments want in place in order to consult with legitimate, representative, Indigenous bodies. The capacity to get things done relates not only to the legitimacy of governing bodies and organisations, but to their resourcing. Without resources to carry out their work, capacity to be effective will be seriously constrained. One researcher describes this as the government wanting to ‘have its cake and eat it too’; that is, ‘it is unwilling to fund Aboriginal representative structures but it wants these structures to exist when it wishes to consult them’ (Barcham 2006: 22).

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The ACGC, Laynhapuy, Thamarrurr, WCARA and Yarnteens case studies all illustrate the value to Indigenous people of reviewing and developing their own institutions for governance to reflect a mix of cultural and practical imperatives. With the ACGC, the quorum rule, which was causing real difficulties for the Council, is being changed. A review at Laynhapuy led to a significant rethink of their governance arrangements. Thamarrurr is re-examining its executive decision-making arrangements and drawing on expert community development facilitators to do so. Those involved in developing the WCARA have developed a preamble, policy rules and decision-making processes that meet their local government needs and also reflect their communities’ culturally-based priorities. Yarnteens has characterised its ongoing approach to internal review and professional development processes as a kind of ‘restless renewal’.
Government capacity to support Indigenous capacity development

Our diverse case studies illustrate that the capacity of governments to invest in and support Indigenous governance capacity development is limited, yet critical.

Equally, governments’ ability to recognise the impact of their own capacity problems appears restricted. Overall, governments’ ability to deliver on Indigenous capacity-building is also seriously diminished by problems of:

- restrictive statutory and program frameworks
- current policy fragmentation and confusion
- erratic policy implementation
- short-term funding mechanisms that are locked into program territorialism
- the lack of real, sustained coordination across jurisdictions and agencies, and
- poor communication and engagement by government at the community level.

It seems that even when governments become aware of governance-capacity problems in organisations, they do not have the capacity to tactically intervene in a productive way when required. Many government agencies have great difficulty in undertaking community development action to practically assist and mentor Indigenous organisations to overcome governance problems—even when essential services such as housing, road, rubbish collection, or health services are at stake.65

Rather, many government agencies remain locked into a first stage ‘compliance and risk assessment’ approach to governance. This approach identifies certain symptoms, and is useful for that reason, but often does not get to the real heart of what is causing the governance or service difficulty. Inevitably, agencies end up either diverting funding elsewhere, instituting shorter term (i.e. quarterly rather than annual) funding arrangements, or placing administrators into a ‘problem organisation’—actions that do little to help address the governance fundamentals over the longer term.

One innovative approach that may offer considerable benefits, and hence needs to be more effectively monitored, is the community development initiatives that have been implemented in the Northern Territory under a Bilateral Agreement between the NT and Australian Governments. This agreement has funded a group of community development officers and development coordinators to work alongside communities and organisations to assist them in building their governance capacity and processes.

In one case study, an organisation running a housing program for two communities (as well as providing a number of other important services, such as a store and a women’s centre) was forced into liquidation. This happened despite the fact that the source of many of its problems appeared to be the failure, over many years, of mainstream housing bodies to provide both adequate housing stock and funding for repair and maintenance. This was a long-standing, well documented situation, which the two key state and federal government funding agencies were well aware of.66
6.5 CONCLUSIONS

The delivery and funding of governance capacity development remains ad hoc, poorly coordinated, poorly funded and poorly monitored. The research confirms that where a facilitated, community development approach is taken to Indigenous governance development, greater progress is made in creating sustained capacity and legitimacy. Indigenous skills, abilities, knowledge and leadership are mobilised and most effectively exercised when initiatives are Indigenous-driven, towards Indigenous goals.

Building the institutions (rules) for governance is an essential foundation. Governance is greatly strengthened when Indigenous people create their own rules, policies, guidelines, and codes, as well as design the mechanisms for enforcing those rules and holding leaders accountable.

The effectiveness of Indigenous-designed rules and procedures is greatest when their legitimacy is derived from local cultural realities and they also support organisations to get things done and gain external confidence.

Changes in the external environment can both reduce and enhance capacity depending on the local circumstances and the capacity of government agencies and local officers. Dealing with external change requires capacity, power and leadership. Indigenous groups who use such opportunities to set goals and priorities, and can do so in ways which strengthen the ‘two-way’ legitimacy of their governance arrangements, are the organisations we see coping best with externally imposed changes and internal crises.

6.6 RECOMMENDATIONS

The following practical recommendations are suggested for consideration by Reconciliation Australia, governments and Indigenous leaders:

6.6.1 There is an urgent need for a nationally coordinated approach to the provision of governance capacity development and training that is targeted, high quality and place-based. Governance capacity development is needed for leaders, managers and staff of organisations and community groups. Given the pivotal role of governance for Indigenous social, economic and cultural outcomes on the ground, serious consideration should be given to the early establishment of an Australian Indigenous Governance Institute to:

- foster, encourage, communicate and disseminate best practice in Indigenous governance and design
- encourage, facilitate and, where practicable, collaborate with relevant bodies at the national, state, territory and local levels to develop practical, culturally-informed educational and training materials, tools and resources to support the delivery of governance and organisational development at the local level
- facilitate and implement the development of ‘train the governance trainer’ and mentoring courses, particularly targeted at developing a sustainable pool of Indigenous people with the requisite professional skills, and
- commission and undertake applied research to support those functions.

The Institute should be funded on a joint basis by the Australian, state and territory governments, and also be able to seek support from the philanthropic and private sectors.
6.6.2 The adoption and funding of a more sustained community-development approach to building governance capacity should be regarded as a priority by governments and their departments at all levels.

6.6.3 A national, sector-wide ‘human resource development strategy’ is required to build the Indigenous workforce needed for community and regional governance. This strategy should include:

- the identification of the governance skills and areas of knowledge required for employment at all levels in Indigenous organisations, but particularly in management and governing committees
- the coordinated resourcing of more Indigenous people to gain those skills
- provision within government program funding and grants for place-based ‘on-the-job’ training and mentoring that target governance skills as an ongoing part of career development in organisations
- funding and resourcing that allow senior staff the time to undertake governance training/mentoring roles, and
- the development of senior staff job descriptions within organisations to include a requirement for those people to mentor and train relevant Indigenous staff.

The proposed Australian Indigenous Governance Institute could contribute to the development of such a human-resource strategy.

6.6.4 There is a similar need for a more comprehensive, sector-wide strategy to support efforts to build the capabilities of Indigenous people undertaking board governance in organisations. Training is just one part of such a strategy, which would need to include creating mentoring and leadership programs and networks, and developing resources, information and support for Indigenous board members. A strong element of this should involve peer support. Independent ‘third sector’ organisations might be well placed to provide it.

6.6.5 Legitimate, representative, Indigenous bodies at community and regional levels that can deliver services to dispersed members, respond to diverse community needs and priorities, and engage with governments need to be more efficiently resourced through a multi-year, integrated funding mechanism.
7. THE GOVERNANCE OF GOVERNMENT

7.1 EVALUATING THE PROCESS AND OUTCOMES OF GOVERNMENT POLICY CHANGES

In the first year of field research, the ICGP identified the role of governments within the wider governance environment as a critical factor in the outcomes of community and organisational governance. The 2005 report urged that the major policy and program changes being implemented at both national, state and territory levels required urgent monitoring and independent evaluation (Hunt & Smith 2006a: 64–5).

Since the last report, the new arrangements in Indigenous Affairs are more evident on the ground. In addition, two ICGP researchers participated in an evaluation of an innovative ‘across-government’ community and governance development initiative in the Northern Territory, which was positively reported in last year’s project report (Hunt & Smith 2006a). Other project researchers have also undertaken an analysis of the views and policy goals of the Canberra-based Secretaries’ Group on Indigenous Affairs, which has been published (Gray & Sanders 2006).

Overall, with the exception of the Red Tape Evaluation report (Morgan Disney & Associates Pty Ltd 2006), there has been little publicly accessible evaluation of the implementation and outcomes of government action in relation to its major policy changes in Indigenous Affairs over the past three years. For example, by the end of 2006 there was little departmental evidence publicly available on which to assess the outcomes of Shared Responsibility Agreements, the COAG trials, the single Regional Partnership Agreement, the Indigenous Coordination Centres, the DEWR implementation of changes to CDEP governance and program guidelines, or the mainstreaming of ATSIC’s Indigenous–specific program funding. The findings of the independent evaluations of the COAG trials commissioned by government had not been made publicly available when this report was written.

In 2006, the NT Department of Local Government commissioned an independent evaluation of the processes it employed to facilitate the establishment of the three existing Regional Authorities, and it is hoped that this report will soon be publicly available.

At this stage, government seems to be having difficulty in developing a coherent policy approach to Indigenous governance that rests on research evidence and incorporates community development and capacity building for governance into its foundations.

The ICGP therefore bases its conclusions about the governance capacity of governments almost entirely on its own case study evidence base.

7.2 OUTCOMES AND IMPACTS OF GOVERNMENT POLICY CHANGE

Some researchers have reported little significant change on the ground.67 In other case study locations researchers are documenting major impacts, which Indigenous governance bodies and leaders generally view quite negatively, although there have also been some positive initiatives evident.

The Australian Government’s new arrangements were intended to foster the laudable policy goals of more ‘joined-up governance’ and a better ‘partnership’ between Indigenous communities and governments. They have been implemented within a framework of shared responsibility and mutual obligation. A new architecture of regional government offices, engagement strategies, partnerships and agreements has been established to implement these goals.

The ICGP has undertaken analysis of several layers of government policy and decision making—the ‘view from the top’; the state/territory policy environment—and through its field-based case studies has been able to see
how policies are being implemented in communities, that is, the 'view from the ground'. As a result, it is clear that there is a major mismatch between Australian Government policy and its implementation practice, which may be severely undermining the policy goal of a connected 'whole-of-government' approach in Indigenous Affairs.

There are considerable tensions and contradictions evident in realising the ideas of mutual obligation, shared responsibility and joined-up government, not just for Indigenous communities but between departments and jurisdictions. In particular, mutual obligation is viewed by many Indigenous leaders, groups and organisations in the case studies as a coercive strategy, whereas 'partnership' is seen to potentially imply some mutual trust, rights and shared goals (Hunt 2006).

**Joining-up program and funding arrangements**

Taking the goal of joined-up government first, there is little evidence from the case studies that 'whole-of-government' arrangements through Indigenous Coordination Centres are, as yet, reducing the number of funding contracts, streamlining program funding, or actually succeeding in coordinating the range of departments and officers interacting with Indigenous communities. Indeed, in some communities the reverse is true.

The Australian Government's own *Red Tape Evaluation* report found that over 50 per cent of the contracts surveyed with Indigenous organisations and groups are valued at $50,000 or less, and 66 per cent of those relate to programs that are effectively ongoing yet are only funded for one year (Morgan Disney & Associates Pty Ltd 2006). This national picture of funding fragmentation and short-term funding contracts is evident in all of the community research sites. Even in the COAG trial site at Wadeye, where there was focused effort to reduce the footprint of government officers and to coordinate initiatives across departments, the number of grant contracts the Thamarrurr Council is managing increased from around 80 in 2005 to 93 during 2006.

Other case study organisations are finding that while different departments may pool parts of their program funding for an initiative, each still requires a separate report. Furthermore, individual government departments within an ICC region often still interact separately with community organisations, taking up considerable community and organisational time with separate visits. As one researcher noted:

> There is growing ... recognition that any shortcomings [that there were] with ATSIC are far, far greater with the current uncoordinated and ad hoc arrangements. ATSIC appears like halcyon days with respect to coordination.

In this case, a single agency (ATSIC) previously provided funding for several major programs that now require relationships and reporting to be managed with several different departments.

Much now depends on the skills of individual ICC managers to shepherd competing departments, with their territorial management and the mentality of separate programs, towards more coordinated support for local Indigenous priorities and initiatives. Institutional inertia, confusion amongst bureaucrats about changing policy goals and implementation, and obscure departmental lines of accountability have been reported, making this extremely difficult. Barcham (2006) reports on the misunderstandings caused by information asymmetries in the communications between government departments and with Indigenous communities, with the resultant costs primarily borne by Indigenous communities.

Shared Responsibility Agreements are meant to be mechanisms to address this, but Field Reports provide little evidence of SRAs addressing serious Indigenous problems and governance in a coherent way. Rather, they appear to be either weakly implemented or unrelated to community priorities, and even contentious in one site. The considerable limitations of SRAs, which are only intended for discretionary supplementary expenditure rather than broad citizenship entitlements, are becoming increasingly evident.
'Whole-of-government' across jurisdictions

'Whole-of-government' efforts within states and territories, as well as between them and the Australian Government, constitute a further issue raised by the research. In WA, the state's efforts to achieve a 'whole-of-government' approach seems to be more effective at regional levels, where there are good personal relationships between officers and where leadership by key bureaucrats is effective. The work being carried out in Fitzroy Crossing is perhaps one example of this. However, there appears to be little connection between the state and national 'whole-of-government' processes. On the contrary, there are several parallel 'whole-of-government' approaches operating between the jurisdictions.

There are, however, some examples of streamlined and innovative support, which could usefully be further encouraged. The Bilateral Agreement between the NT and Australian governments has been mentioned. It has meant that a convergence of policy goals was generated, which has been instrumental in delivering a practical face to the promise of collaboration. For example, there have been clear governance benefits from the support of both governments in aspects of the WCARA process in NT.

However, changes in NT local government policy announced on 9 October 2006 are seriously straining the partnership relationship between the NT Government and the Interim WCARA, since the new policy will enforce government-preferred, regional boundary arrangements that the Interim Authority expressly rejected some time ago because of their inappropriate cultural geographies.

ICC and NT Government coordination has also been occurring in place-based initiatives such as the 'Mutitjulu Working Together Project' where, at least until media and political controversy erupted in mid-2006, there were some very useful coordination developments occurring.

Regional consultative arrangements

One aspect of the 'new arrangements' that still seems to be a 'work in progress' is the development of appropriate regional Indigenous arrangements for engagement with governments.

The Australian Government has received 18 proposals for such arrangements, but still only two have been finalised and funded: Murdi Paaki Regional Assembly (NSW, through an SRA) and Ngaanyatjarra Council (WA) through a Regional Partnership Agreement (RPA). Another in WA, the Yamatji Regional Assembly, has received initial support and is expected to result in a RPA. Some parameters to guide these arrangements have been published, which indicate that the Australian Government has to be assured of the legitimacy of these bodies among their constituents, and that it nevertheless retains the right to engage directly with communities or other bodies (OIPC 2006).

Our research among Noongar in WA illustrates some of the internal complexities involved, in a context where there are three different structures and processes currently underway, each of which might have a claim to be legitimate. This case study also highlights the need to consider native title and land rights issues in whole-of-government considerations about regional governance mechanisms. Native title and service delivery issues may require different mechanisms, as legitimacy may not be comprehensive. Rather, as Barcham (2006: 24) notes, the important issue for Noongar is 'who is authorised to speak on whose behalf about what issues' [emphasis added]. In other words, in some places there is no single mechanism that alone can address government regional engagement with Indigenous communities. Trying to achieve one may in some instances be counterproductive.
**Relationships and CDEP changes**

There is clear evidence in some of the case study sites that the new policy and program arrangements are having negative impacts, in terms of the reduced sense of trust and partnership between Indigenous communities and the Australian Government. This is evident through changes to CDEP as well as at the one COAG trial site among our case studies. The role of DEWR and changes to the CDEP stand out in this regard, with field reports from at least two of the seven cases indicating serious problems. Other sites report related difficulties emerging, and CDEP changes have contributed to major organisational upheavals in at least one other site. Among the issues causing these tensions are:

- the additional and unfunded workload associated with the new program guidelines
- the requirement on Indigenous organisations to more actively police the ‘no work, no pay’ rule
- the unrealistic expectations about placing CDEP workers in jobs in the mainstream labour market, or creating new businesses within limited timeframes where little or no such opportunity exists, and where Indigenous people are not ‘job ready’ and do not have the skills to develop businesses
- new program requirements, including a reduction in the number of CDEP participants involved in the management of CDEP organisations—a requirement that may fundamentally change community organisations
- pressure on an emerging coalition of community organisations for the fast regionalisation of CDEP, before their own regional governance plans are finalised and implemented, and against the expressed wishes of the interim regional body, and
- a sense of coercion that some Indigenous organisations have experienced in their interactions with departments over these matters.

These CDEP changes are also transforming the organisational landscape in some communities and regions, enlarging some organisations and placing enormous pressures on them, while others have abruptly reduced in size and cohesion. The sharp reduction in the number of CDEP organisations in the West Kimberley is one example. Only one-third of the former CDEP organisations in that region still operate CDEP programs.

As noted in our report of the 2005 research (Hunt & Smith 2006a), a reduction in the number of small community organisations is not necessarily negative if that reduction has been planned with the organisations concerned and their communities, and if the services and functions they previously undertook have been transferred to other organisations that are provided with the resources and support needed to undertake them. The 2006 case study research suggests that this does not appear to be the way in which organisational reduction and program rationalisation has, by and large, been occurring.

The impacts of CDEP changes seem to be felt sharply in remote areas and among outstation resource organisations, but the urban case studies suggest that there are other impacts associated with those locations. Thus, while numbers moving from CDEP to paid work may have increased nationally over the last three months (Karvelas 2006: 6) there may be specific unintended side effects of changes to the guidelines of the CDEP scheme. Most notably, since the management of the CDEP has shifted to DEWR, the ability of communities to define culturally-based forms of work is reducing and what is left is simply a more mainstream definition of full-time employment.

The possible implications of this scenario in locations where ‘mainstream’ employment is extremely limited are well articulated by Munro and Manners (2005), and include: reduced land management in remote areas; loss of customary knowledge of natural resources and associated loss of future commercial opportunity; loss of self-esteem.
and the costs of associated increase in social dysfunction; and worsening health outcomes for Indigenous people previously employed on CDEP. The ability of organisations to steadily develop new enterprises based on the customary economy will become much more difficult if flexibility to use CDEP for customary activities is not sustained. What is unknown is whether, or how, these impacts are being independently monitored and publicly reported.

*Relationships at a COAG Trial Site*

At the COAG site of Wadeye, relationships have also suffered as the partnership process envisaged by many has broken down. Initially seeing themselves as 'equal partners at the tripartite table', direct Indigenous participation has decreased as non-Indigenous senior staff of the Council have increasingly managed the interactions with other levels of government. This shift was partly a reflection of the withdrawal of Indigenous participants from what they saw as a failing collaborative process, but also partly the result of non-Indigenous staff stepping into decision-making roles in the face of increasingly complex negotiations. Given the significant increase in workload for the community and its new Council associated with the COAG trial, it is perhaps not surprising that management began to replace the full Council as the chief negotiators and intermediaries with governments. In this circumstance, it involved considerable work to keep the Council fully informed. Nevertheless, the effective impact of that replacement was to marginalise Council members from some important aspects of their governance responsibilities.

This highlights the need for governance consolidation and development to be made an integral, ongoing part of all partnership arrangements, and for the implementation of agreements to be carried out carefully, at a pace that does not bypass Indigenous governance bodies.

The three partners involved in the Wadeye trial now have time to reassess the weaknesses in the process and the relationships. On the Indigenous side, the Thamarrurr Regional Council (TRC) is putting additional work into reviewing and reconsolidating their governance structure. Again, it is unfortunate that the evaluation of the COAG process conducted in early-mid 2006 had not been made publicly available by the end of the year, but rather leaked. There would be much to learn from that and other COAG evaluations that might usefully inform future regional partnership approaches.

The politicisation of issues at the Wadeye community by the government and the media has affected many aspects of the partnership agreement, including funding processes. Most evident is the fact that at the outset, Thamarrurr Regional Council had clear goals. Over time, the COAG process and the desire of the Council and its CEO to take advantage of major funding and service opportunities has overloaded the Council. Program activities ran ahead of the governance capacity of elected representatives and staff to manage them. The result is that the Council's goals have become blurred, and its focus on strengthening its own internal governance capacity has taken second place.

Progress has undoubtedly been made in improved delivery of services and capacity in the Wadeye community. However, it is apparent that little progress has been made in generating sustained institutional change within the government departments involved, either in terms of their ability and willingness to create real, integrated funding, or to generate sustained program collaboration.

*Different goals and different assessments of effectiveness*

Underlying many of these difficulties are often divergent views held by Indigenous people and government agencies about the effectiveness of organisations. The issue may be summarised as: 'Whose governance, and for what ends?'
As mentioned earlier, Indigenous people may judge the governance of an organisation by how well it ‘looks after them’, responds to their cultural and socioeconomic goals, delivers services, and maintains relationships and credibility with its membership. Government departments, however, tend to judge effectiveness in terms of an organisation’s ability to acquit grants and meet certain prescribed program targets, which ultimately relate to higher level departmental and government policy goals. Tensions arise because departments tend to see Indigenous organisations as deliverers of services and implementers of government programs, whereas Indigenous organisations see themselves as decision-makers and government funding as being available to support their priorities and goals more holistically.

Where Indigenous people are strongly networked and able to strategically articulate their priorities in ways that resonate with government, then a productive relationship may ensue. For example, the Department of the Environment and Water Resources (DEW; formerly the Department of the Environment and Heritage) may achieve environmental goals through support for the establishment of an Indigenous Protected Area, recognising the customary role of Indigenous landowners. However, where Indigenous goals reflect quite different, non-western, contemporary ways of living, this may conflict with other government policy and program targets, and orthodox ideas about development. Thus the Department of Employment and Workplace Relations (DEWR), which has a mainstream labour market approach to placing Indigenous people in ‘real’ jobs, is simultaneously threatening to withdraw the CDEP program which supports the Indigenous Rangers on the IPA and the essential functions in their community.

Hence, conflicts ostensibly about ‘effectiveness’ may ensue, but these serve to mask an underlying conflict over the direction of development and relative power, both between Indigenous people and governments, as well as within the government.

7.3 CONCLUSIONS

The issue of the ‘governance of governments’ and the capacity of public sector employees and systems is a key factor impacting on the effectiveness of Indigenous governance—especially in the context of the current hyper-fluidity of policy, and the changes to program funding and reporting arrangements.

Unfortunately, there is a relative absence of publicly available evaluation and administrative data about current major government policy and program initiatives in Indigenous Affairs. This lack of government program transparency compares poorly with governments’ own requirements on Indigenous organisations for mandatory reporting on outcomes and expenditure in regard to the same program areas.

Based on evidence from the ICGP case studies, it appears that current ‘whole-of-government’ policy frameworks and goals are not matched by departmental program funding arrangements, or by the implementation of place-based initiatives in Indigenous contexts. Indeed, there appears to be a significant mismatch between policy purpose and policy implementation on the ground.

While there have been some positive initiatives by individual government officers and offices observed in the case studies, a range of significant challenges are emerging in the implementation of the new arrangements in Indigenous Affairs.

Across the case studies there is little sense of governments responding in a collaborative, integrated way that would lead to sustained structural changes in how they engage with Indigenous communities and their governance arrangements.
The Australian Government's policy goal of 'whole-of-government' partnerships with Indigenous communities seems to evaporate or fail by the time it is implemented. Indeed, Indigenous communities and organisations seem to be confronted by several different 'whole-of-government' approaches taken by different departments and different jurisdictions.

Program 'territorialism' on the part of government departments and across jurisdictions remains entrenched in spite of 'whole-of-government' goals. This means Indigenous organisations need high levels of negotiation and leadership experience to be able to manage the rate of externally imposed changes. They also need considerable management and financial skill to continue to pull together funds from disparate programs that have changing guidelines and uncertain implementation procedures, in order to sustain their functions. Only the most capable and well-connected are able to do this.

Financial arrangements require reform at several levels. Firstly, it is clear that the Commonwealth Grants Commission formula for State and local governments fails to take account of the large backlogs in essential infrastructure in many communities (such as housing, transport and communications, educational and health facilities etc.). Nor do census data provide an adequate basis for Indigenous per capita disbursements. There are significant 'opportunity costs' associated with these and related problems (Taylor & Stanley 2005).

There is a mismatch between government policy strategies and the structures for implementation, particularly in relation to funding arrangements. With government policy in many jurisdictions increasingly focusing on the development of regional initiatives, centralised departmental funding silos remain influential and act as a constraint on the development of integrated regional budgets to support regional governance strategies and priorities. They also undermine sustained coordination between departments.

The institutional mechanisms of governance within and between governments need substantial reform if Indigenous community governance is to be improved. Trilateral agreements over regional areas between governments and networks of Indigenous 'communities' may be a promising way forward. But the findings emerging from the ICGP case study research and the lessons of the COAG trials need to be applied if more comprehensive regional agreements are to succeed.

There are also major gaps in governments' own capacity to support Indigenous capacity development, and to support integrated funding initiatives and accountability. This is a significant and important challenge for governments to grasp.

Further work is required to develop bipartisan policy frameworks, agreed between jurisdictions that can provide the policy and funding stability within which stronger Indigenous governance can develop.

7.4 RECOMMENDATIONS

The following practical recommendations are suggested for consideration by Indigenous leaders, communities, and governments:

7.4.1 As a fundamental starting point, there is a pressing need for governments to develop an improved conceptual and policy framework for Indigenous governance. This should be based on a better understanding of the dynamics impacting on developing Indigenous governance. Such a framework should reflect the best-practice principles identified by the ICGP research that are common to Indigenous organisations that govern effectively, and also recognise a number of common systemic issues and potential barriers including:
i. Improved governance results when governments provide enabling policy and funding frameworks. Such frameworks should:

- facilitate Indigenous capacity and authority to work through their past governance histories and their contemporary relationships
- enable Indigenous people to define appropriate cultural geographies and forms of ‘two-way’ legitimacy for their governance, and
- enable Indigenous people to incorporate the principles of relational autonomy and subsidiarity into the design of their governance systems.

Attempts to impose ‘one size fits all’ solutions lead to sub-optimal outcomes.

ii. There are complex kinds of ‘community’ and leadership networks that operate in any given geographical area. These underlie governance arrangements and ignoring them will undermine policy outcomes.

iii. Sustained legitimacy requires organisations to ‘balance’ Indigenous and non-Indigenous ideas of effectiveness and accountability.

iv. Where a facilitative, community development approach is undertaken by governments to Indigenous governance, greater progress is made in creating practical capacity and legitimacy.

7.4.2 The development of regional agreements and partnerships that include, as an integral component and goal, the sustained development of governance effectiveness and capacity. Best-practice approaches to building governance within regional agreements will need:

- to be based on recognised Indigenous governance networks within an agreed region
- to accommodate clear divisions of roles and responsibilities between the regional layers of organisations and groups
- clearly agreed priorities and expectations regarding regional governance and related capacity building
- an integrated regional funding mechanism
- credible and useful reporting and evaluation
- a regional across-agency working group comprising the relevant players, with a clear mandate from governments to negotiate the partnership arrangements
- a regional support office or unit with a clear mandate from governments to implement the partnership arrangements
- highly skilled government officers to facilitate and monitor arrangements, supported by effective departmental backup within governments
- community development workers operating alongside Indigenous leaders to facilitate governance capacity development and institution building in communities and organisations, and
- a sustained commitment by governments to respect and work with the regional Indigenous arrangements, including through networked governance.
7.4.3 In every case, reinforcing the Indigenous authority over the design and implementation of governance arrangements should have high priority. Service-delivery outcomes and other program goals will not be sustainable unless this basic approach to governance is addressed at the outset.

7.4.4 Governments will more effectively support Indigenous governance by establishing bipartisan policy frameworks and institutional mechanisms that generate integrated funding for community and regional governance arrangements. These funding and policy mechanisms should address capital expenditure backlogs and recurrent service-delivery needs via funding formulae that address locational disadvantage and provide incentives for governance success.

For the purposes of regionalised agreements with networks of Indigenous governance, the Australian Government should consider the urgent development and utilisation of a ‘single funding agreement’ mechanism, with a single line of application and reporting/acquittal requirements. Such an integrated funding mechanism could weave together the relevant elements of separate programs (mainstream and specific) into a single regulated funding package to support agreed regional and community governance outcomes.

The funding and program coverage of such agreements could be significantly enhanced by inclusion of state and territory governments, and relevant Indigenous representative bodies. Such agreements could be initially trialled for periods of 4–5 years in order to provide continuity and enable organisations to confidently build better governance and plan for the future.

7.4.5 There is currently little public data available on which to evaluate the impacts of CDEP changes on the ground. Governments need to be cognisant of the multiple connections between the CDEP scheme and community and organisational governance arrangements, some of which are being identified by the ICGP research. CDEP program reforms need to be looked at in terms of their overall impact on Indigenous communities and regions. These impacts extend beyond the program and the specific department involved in implementing the changes, with flow-on effects becoming apparent across communities and regions.

Government needs to commission independent evaluations, publicly report on and address these effects, including local impacts on the viability and effectiveness of community governance arrangements.

7.4.6 There is an urgent need to adopt a joint strategic approach by the Commonwealth, states and territories to ensure the coordinated development, funding and delivery of governance capacity building and training programs, organisational development, and mentoring to Indigenous organisations. This should be based within a community development framework and place-based support as appropriate.

7.4.7 All governments should give serious consideration to strengthening the provision of public sector training in relation to Indigenous policy and program implementation issues. Specifically, bureaucratic skills need to be enhanced to meet the challenges of shaping and implementing policy to develop stronger Indigenous governance at the local and regional levels.
The importance of such public sector capacity development could be further underlined by incentives for bureaucratic behaviours that contribute to:

- practical outcomes in securing 'whole-of-government' collaboration
- implementing strategies that build Indigenous governance capacity, and
- maintaining effective relationships with Indigenous communities and organisations.

7.4.8 The recommendations of the Red Tape Evaluation report commissioned by the Australian Government should be implemented, so that a more enabling capacity development approach can be taken by government departments and officers to Indigenous organisations and their governance.
NOTES

1. Recommendations are numbered according to their numbering in the body of the report.

2. In some cases, the Indigenous body which is party to such trilateral agreements will be a recognised local government; in other cases the local government is non-Indigenous and Indigenous governance players are in the non-government sector, and they would need to be parties to the agreement. Sometimes, both Indigenous local government and Indigenous non-government organisations may be involved in agreement making, reflecting their respective service delivery roles.

3. This report was in final editing stage when the evaluations of the COAG trials were released by OIPC in late February 2007. There are many lessons in them that relate to governance processes and systems. The evaluation reports are available from the OIPC website, at: <http://oipc.gov.au/publications/default.asp#coag>.

4. The Chief Investigators have agreed that should any reader wish to obtain the detailed evidence contained in a Field Report they should place a request in writing to the Senior Research Manager (Janet Hunt) of the ICGP indicating the detailed evidence they wish to see. On receipt of this request the Manager will pass it to the relevant researcher, who, under the ethics arrangements we have with the participating Indigenous community organisations, will request their permission to make that specific information available to the person requesting it for their own use only. Once clearance has been obtained the specific information will be made available to the reader on a confidential basis.


7. Thorburn Field Report 2006; Ivory Field Report 2006; Altman Field Report 2006. Thorburn (forthcoming) notes that these include:
   - help with banking issues (lost keycards, pin numbers etc.)
   - storing bank account numbers and tax file numbers for members
   - collecting, sorting and storing mail for all community members
   - bookdown
   - collecting and handing out pension cheques to the right people
   - community chuck-ins and purchase orders for fuel
   - helping people with bills/fines
   - helping people with tax returns
   - phone calls etc. to follow up/track down family in prison or hospital
   - directing the various outsiders who seek to engage with the community: health professionals, police, researchers, government field officers, shire council, other NGOs in town, Census, training groups etc., and
   - organising travel to/from funerals and writing obituaries.

8. There is an African proverb that comes to mind in this context: ‘When the elephants fight, the grass gets trampled.’


21. Smith, D. WCARA Field Report 2006; Sanders & Holcombe Field Report 2006. As an example of good practice, the CEO at ACGC has been committed to working transparently, using issues papers at Council meetings to clearly outline matters for discussion and decision. Also, meetings last an entire day once a month, allowing time to explain things clearly and enable Council members to discuss them, including in their own language. Similarly at BAC, a great deal of effort is put into explaining things clearly, in Aboriginal languages as well as English. Decision making is generally negotiated to achieve consensus and maintain community relationships, and hence may be slow relative to non-Indigenous expectations.
27. Bininj is the term the Aboriginal people of West Central Arnhem use to denote themselves.
33. Altman Field Report 2006. In this case, BAC originally took over delivery of bush supplies from Maningrida Progress Association in 2000. In time, BAC's 'Tucker Run' effectively became a second community store in Maningrida, and the delivery of bush supplies became more haphazard. Consequently, a new enterprise, 'BAC Outdoor Supplies', was developed to take over the original function of delivering bush supplies.
34. For example, while it is a legally formed under local government law, the ACGC is identified with, and based on, a linguistic and social group, and has constitutional rules and practices that reflect local cultural realities. The Thamarrurr Regional Council is likewise structured to reflect its clan group constituents, as is Bunuba Inc. This applies in urban as well as rural communities, where extended families of polity create extremely strong collective identities for their representative organisations and governance arrangements (such as in Yarnteen organisation in Newcastle, and the Noongar in the south-west of Western Australia).
37. For example, Kurungal Inc, Laynhapuy, Bunuba Inc, Thamarrurr RC and ACGC all illustrate such efforts.
39. Altman Field Report 2006. Altman notes that although people usually succumb to kin pressure, at times they are relieved to have non-Aboriginal intervention to protect them from it (even though some ‘face-saving theatrical abuse’ about that intervention may be necessary). For example, strict organisational rules about the use of staff cars may prevent them from damage by kin-users.


41. Ivory Field Report 2006. Indeed, people in the region feel they have been treated with ignorance, rudeness and arrogance.

42. Ivory Field Report 2006.


44. Thorburn Field Report 2006.

45. Smith, D. 2006a, 2006b.

46. Sanders & Holcombe 2006a; Morphy 2006.

47. Sanders & Holcombe Field Report 2006; Sanders & Holcombe 2006b; Lange Field Report 2006.


61. Lange Field Report 2006; Morphy Field Report 2006. Nor can Indigenous board members necessarily give priority to governance training in their lives. They may have other more pressing demands (such as work, training for employment or care for family members).


63. For example, developing governance capacity in the area of policy development includes: 'learning-by-doing'; repetition and reinforcement of institutional values and behaviours through ongoing discussions; translation of policies into action within the context of governing meetings; discussion of real-world scenarios using familiar events/challenges, to check relevance of policy goals and expectations; hard-headed discussion of ‘two-way’ cultural issues that might influence effectiveness of proposed institutional rules; discussion of enforcement issues and development of practical strategies; consideration of further learning and professional development needs arising (Smith, D. WCARA Field Report 2006).

64. Ivory Field Report 2006; Altman Field Report 2006. For example, among the business ideas at Wadeye are: eco-tourism; small market gardens; cattle enterprises; timber milling; crocodile egg collection; arts and crafts; and services that should be government funded, including noxious weed eradication, coastal surveillance, forestry, mapping of clan estates, recording the history and anthropology of the region, and the maintenance of roads & airstrips etc.
73. Barcham, M., Interview with J. Hunt, 16 October 2006.
75. The Mutitjulu Council is now in litigation with the Australian Government over matters related to the appointment of an administrator.
77. This was noted in our report on the 2005 findings (see Hunt & Smith (2006a: 49)) along with a number of the other concerns which have emerged more sharply in 2006.
78. Altman (2005a); Morphy Field Report 2006; Lange Field Report 2006. Lange’s Field Report dealt in detail with a local initiative to enable four Indigenous people to obtain seasonal paid work in horticulture. There were many difficulties encountered in this exercise, relating to: inequities in living arrangements compared to other workers (backpackers), misunderstandings about payment arrangements for CDEP participants compared to Centrelink recipients; lack of a local supervisor for the four workers; lack of support from the local CDEP organisation and DEWR; and limited capacity of the CDEP organisation itself. Thus, even where efforts to meet DEWR goals were attempted, systemic problems emerged and the necessary level of support for success was seriously under-estimated.
83. Altman (2005b) documents a range of customary activities undertaken under CDEP, notably: wildlife harvesting; eco-services, such as wild fire management and pest and weed control; participation in fisheries; and engagement in the arts. He notes that some activities, such as fishing and hunting, can also supplement diets and livelihoods. Altman (2005b: 5) argues that ‘too much focus on mainstream employment at the expense of CDEP-supported activity and organisational support could have the perverse effects of increasing unemployment and reducing incomes and livelihood options’.
86. In November 2006, an evaluation of the Indigenous Protected Areas Programme (Gilligan 2006) found that it is a highly successful program with significantly improved social and economic participation outcomes. The evaluation recommended that: ‘Respect for Indigenous decision making and governance regimes should continue to be a fundamental operating principle for the IPA Programme and some differentiation of governance arrangements should be explored to better reflect traditional Indigenous governance.’ (Gilligan 2006: 6).
APPENDIX A: TEN KEY MESSAGES FROM THE ICGP RESEARCH, 2005

The Indigenous Community Governance Project (ICGP) is an Australian Research Council Linkage Project between the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University, and Reconciliation Australia (RA). The Project is exploring the nature of Indigenous community governance in diverse contexts and locations across Australia through a series of case studies—to understand what works, what doesn’t work, and why. This document presents some key messages emerging from a summary of the comparative analysis of the Project’s 11 current Indigenous case studies, after the first phase of research in 2005.

Message 1: Relationships and representation are key

The research reveals that governance and decision making in Indigenous community governance is shaped by multiple historical, cultural and political relationships. The research shows that the family connections, land ownership relationships, and governance histories associated with particular communities and sets of regionally-linked communities, are fundamental to community governance dynamics and arrangements.

In all the Project case studies, strengthening Indigenous community governance starts with negotiating and clarifying the appropriate contemporary relationships among the different Indigenous people within a region or community. That leads directly into the work of designing systems of representation and organisational arrangements that reflect those important relationships. Working through Indigenous relationships and systems of representation thus becomes the basis for working out organisational structures, institutions and procedures.

The emphasis should be on starting with locally relevant Indigenous relationships and forms of representation, and designing governance structures from there.

Message 2: No ‘one size fits all’, but not all sizes are equal to the task

The case studies stress that the process of building governance has to be based on local realities—it has to encompass culturally-relevant geographies and governance relationships that resonate with traditional relationships, jurisdictions, laws, customs, and specific histories. In other words, there will be no single model suitable for all community governance.

But community governance also has to be practically capable—it has got to be able to get things done for its members. Not all governance arrangements are equally effective. Some approaches, processes, and structures may work better than others in different local conditions.

Legislative, policy and funding frameworks should allow for quite diverse governance arrangements that take account of local complexities. But equally, Indigenous leaders and communities need to give hard-headed consideration to what organisational structures and processes are going to give best effect to their preferred representation and strategic goals.

Also, as the surrounding environment changes, so governance arrangements need to evolve and adapt. Indigenous groups are more successful in achieving their goals when they undertake periodic internal reviews of their own community governance arrangements.
Message 3: Cultural match is about legitimacy

The idea of 'culture match' is seen as relevant by a number of Indigenous communities and organisations, who are actively working to ensure that their governance arrangements embody and reinforce their preferred contemporary values, norms, and conceptions of how authority should be organised and leadership exercised. Their efforts to achieve an appropriate culture match appear to be central to the legitimacy of their organisations and the extent of members' confidence in, and support of, them.

Indigenous traditional principles of 'subsidiarity' amongst groups (where different roles and mutual responsibilities are dispersed across connected layers/units) and 'relational autonomy' (where separate groups and individuals retain their autonomy, at the same time as reinforcing valued wider linkages and relationships) inform the design of many contemporary governance and culture match arrangements.

There are complex conditions of 'culture match' in Australia—there are multi-layered sets of groups and organisations in which decision-making power, governing functions and service activities are dispersed. In such circumstances, culture match for Indigenous governance arrangements is very much about reaffirming and redefining collective identities. This entails a 'two-way' process of adaptation and innovation.

Culturally legitimate representation and leadership will not come about through externally imposed solutions. But where the process of rethinking collective histories and reviewing governance options has been facilitated within Indigenous communities, it appears to have contributed significantly to more enduring governance arrangements and outcomes. Initial models need to be monitored and refined over time.

Message 4: The cultural geography of regions forms a basis for governance

The ICGP is reporting governance initiatives across a continuum of localised and regionalised scales of population and land ownership. We are seeing some problems of scale emerging as small organisations struggle to develop and sustain their service capacity, administrative systems, continuity of professional staffing, and to deliver tangible outcomes for their members.

Some regional models are being designed on the basis of desiring a balance between autonomy, subsidiarity and a larger scale of representation and service delivery. This is leading to federated and regionally dispersed forms of organisational governance.

Governments need to recognise the importance of the cultural geographies of governance that lend legitimacy to different aggregations and scales of governance for different purposes. Understanding the local content of Indigenous subsidiarity, representation and relational autonomy associated with these cultural geographies could usefully inform more enabling government policy implementation and community development practice to facilitate both community and regionalised governance.

Message 5: Institutions of governance matter

The effectiveness and legitimacy of community governance arrangements appears to be positively advanced as a result of building institutional capacity. Institutions are the worldviews, the normative and regulative structures, and activities that provide meaning and stability to social and cultural behaviour. They can be formal ways of doing things (such as policies, rules, constitutions, legal and judicial systems), or informal (such as taboos, gender norms, religious beliefs, values, kinship and marriage systems).

Institutions are often longer-lasting and more influential on peoples' behaviour than organisations. They are especially influential in determining the extent to which governance arrangements are judged to be proper and legitimate by members.
The institutions of governance can be actively built. They can be strengthened by people customising their institutional tools of corporate governance (such as codes, rules, constitutions, policies etc.) to suit their preferred values and ways of doing things, by establishing internal mediation and dispute-resolution procedures, creating shared goals, agreed procedures and so on.

Building the institutions of an organisation creates a strong internal ‘governance culture’. It assists in designing workable forms of culture match, and provides a strong foundation for sustained good governance.

The institutions and representative structures of governance should not be too quickly concretised or juridified by formal legal, constitutional and technical mechanisms; early experiments need time to be refined and evolve.

**Message 6: Leadership, leadership, leadership and succession**

In every case study, the role of leaders is a foundation stone for community governance—for the better, or for the worse, depending on how it is exercised.

Leadership is extremely complex on the ground; being socially dispersed, hierarchical, and context specific (with ceremonial, organisational, familial, residential, age and gender dimensions). There are overlapping networks of leadership and authority in communities and regions, evident across organisations and familial webs.

Indigenous leadership is conferred based on a range of criteria and processes. But it has to be constantly retained. Leadership is not the same as power. There are strong norms about consensus, negotiation and consultation associated with leadership—leaders are expected to come back to their community constituents to discuss information and ideas with them. The communication and interaction between ‘leaders’ and community members is seen to be very important in sustaining their legitimacy.

Leadership is critical to the development of a strong governance culture within organisations and communities. Leaders experience enormous pressures in juggling the many demands upon them from family and others. Effective leaders seem to be those who can achieve the difficult balance between undertaking their role in ‘looking after’ their own families, and their wider capacity for stewardship and consensus making within larger groups and communities.

The concept and style of leadership and decision making in Indigenous cultures appears to be significantly different from those familiar to governments. Non-Indigenous stakeholders may not even recognise legitimate Indigenous leadership, and hence may inadvertently undermine it.

Succession of leadership is often neglected to the detriment of communities and their organisations. More coordinated program funding for leadership development, mentoring and succession at the community level is needed, to foster the next generation of leaders.

**Message 7: Governance matters for sustained socioeconomic development**

Our preliminary research points to governance capacity as being a fundamental factor in generating sustained economic development and social outcomes.

Economic development appears to be best achieved where effective Indigenous and non-Indigenous governance capacity coexists. Education, financial literacy and health status appear to be critical factors in achieving effective governance for economic development.

In some locations, Indigenous aspirations for economic development differ from the mainstream, and Indigenous interests in developing the customary economy (in perhaps innovative ways) may not be acknowledged or supported by governments. Clarifying Indigenous economic aspirations and the values that underpin them is an important basis for sustainable development.
From the comparative analysis of the case studies, it seems that the following are important governance factors linked to achieving socioeconomic development outcomes: strong visionary leadership; strong culturally-based institutions of governance; sound, stable management and professional staff support; strategic networking with public or private sector partners to engage with the wider economy; having infrastructure substantially in place; having access to relevant training and mentoring opportunities; and hard-headed strategic planning and review.

Message 8: The governance environment can enable or disable.

The governance of Indigenous communities and their organisations operates within a complex wider environment that stretches across community, regional, state, territory and federal layers. We have developed the concept of the 'governance environment' to refer to this aggregate of surrounding systems, structures, forms of capital, players, conditions, resources, networks, and webs of relationships.

Indigenous community and regional layers of the governance environment are dynamic, with complex systems of representation and leadership, overlapping constituencies, networks of families and groups associated with organisations, and complex systems of mandate, accountability and authority. But the same complexity applies to the government component of the governance environment.

The role of government within this environment is a critical factor for the outcomes of community governance—it can enable or disable effective Indigenous community governance. In other words, the 'governance of governments' matters as much as the governance of Indigenous communities and organisations.

In order to enable Indigenous community governance, governments at all levels need to: better coordinate internally; reduce the number of separate departmental and program-specific consultations with communities; rationalise government program delivery; undertake a community development approach to governance building; reduce the large number of different funding mechanisms and give more broad-based, longer-term funding linked to broad community development goals.

In particular, the lack of coherence of multiple departmental programs' funding objectives, grant application and acquittal processes, with the overall objectives of Indigenous communities in different locations needs urgent attention.

Message 9: Enhancing governance capacity requires a systems and developmental approach

Inadequate capacity is being identified across at least four layers or dimensions of governance, and across both Indigenous and non-Indigenous 'worlds' of governance. These are: the individual, the entity, the inter-relationship between entities, and the surrounding legal, political, and government environment.

These dimensions of capacity development need to be considered within a systems framework; that is, they need to be analysed and addressed as part of an inter-connected system, not in isolation.

The 'governance culture' of both Indigenous and non-Indigenous 'worlds', and the nature of their everyday interaction, is extremely influential on organisational capacity.

Capacity development should be a process that actively strengthens Indigenous decision making and control over their governance institutions, goals and collective identity, and that enhances cultural match and legitimacy.

Governance capacity development within organisations appears to work best when it is: place-based; work and goal oriented; based on self-assessed governance priorities; delivered in ways that are meaningful and relevant in terms of local community realities; and sustained and reinforced over the longer-term.
This means that building governance capacity—whether for individuals, groups or organisations—needs to be carried out within a developmental approach that emphasises the need for long-term partnering and support.

Message 10: Governments and Indigenous people have different criteria for evaluating governance effectiveness

Both governments and Indigenous people want community organisations to deliver reasonable levels of services, and provide sound financial management and accountability. The key areas of difference relate to the Indigenous processes and relationships at the heart of many organisations, which emphasise internal accountability and communication, and governments' emphasis on 'upwards' accountability, risk avoidance, financial micro-management, and compliance reporting. Capacity in these areas promotes governments' assessment of an organisation as being effective.

Indigenous people want their organisations to provide clear, culturally-informed and regular communication with the community members they serve. People want to be consulted, to know what their organisation is doing, know what decisions are being made and why, and they want to be confident that the organisation is operating fairly and well. This promotes an Indigenous assessment that the organisation and its leaders are effective and legitimate.

The multiple and frequent reports required by government funders can stifle community organisations, divert precious, limited resources and staff time away from organisational service-delivery, and consume leaders' time away from governance processes that strengthen organisational capacity and accountability to their communities.

Because of the systemic and developmental nature of governance capacity development, there is an urgent need to monitor and evaluate the new ‘whole-of-government’ and partnership arrangements for strengthening Indigenous governance and outcomes that are currently taking place around the country. Evaluation should focus on: the range and roles of government and other partners; the different objectives and priorities held by partners; the relationship between partners; the delivery processes; the adequacy of resources and funding; the community development and governance outcomes, and the community members' views, participation and ownership.
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FURTHER READING