Reconciliation Australia

Summary of Preliminary Research Findings
Indigenous Community Governance Research Project

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Overview

This is a summary of policy implications emerging from the Preliminary Research Findings of the Indigenous Community Governance Research Project, a partnership project between the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University, and Reconciliation Australia (RA).

The ICGRP is financially supported by the Australian Research Council, and the Western Australia, Northern Territory and Australian governments. It is overseen by an International Advisory Committee comprising Indigenous leaders, senior policy makers and Australian and international governance experts.

The project is ambitious, exploring the nature of Indigenous community governance in diverse case study sites across Australia, and linking them through a methodology that draws out common features on what works, what doesn't work, and why.

These insights are further linked to the wider political, cultural and socioeconomic environment to investigate and identify the different ways Indigenous communities and government agencies approach community governance.

This is the first year in which extensive fieldwork has been undertaken for the project, so the results and conclusions are still preliminary. However, strong themes have begun to emerge that can provide some guidance to policy makers and Indigenous communities on the importance of, and the elements to, successful Indigenous community governance.

It should also be noted that the focus of this project is on Indigenous community governance, which is a broad concept describing how Indigenous communities are governed: that is, how decisions are made, who has the authority to make those decisions, and how decision-makers gain legitimacy and are held accountable to stakeholders – both within the community and to external stakeholders such as government agencies and corporate partners. It should not be confused with corporate governance which is a sub-set or 'dimension' of community governance and refers to the systems by which an organisation or corporation is run.

Not surprisingly, many of the emerging insights from this project apply equally to corporate and community governance. For example the need for communities to actively design structures to suit their needs, rather than these being externally imposed, is pertinent to both individual organisations and broader community governance systems. Another example is the need to balance community aspirations with hard-headed practical considerations when designing legitimate and effective structures and processes.

This summary document looks at seven headline themes emerging from the research:

- diverse conditions of community governance;

- cultural legitimacy in the Australian context;

- institutions of governance;

- governance and socioeconomic development;

- the governance environment;

- leadership;

- capacity development.

The final section summarises the planned directions and outputs for the research in 2006.

The project comprises thirteen case studies, including eleven detailed case studies of Indigenous community governance and two policy case studies. These are:

- Torres Strait Regional Authority;

- NT: Anmatjere Region;

- NT: Maningrida (Bawinanga Aboriginal Corporation);

- NT: Thamarrurr (Port Keats);

- NT: Laynahapuy outstations, Yirrkala;

- NT: Overview of NT Regional Authorities;

- NSW: Yarnteen ATSI Corporation, Newcastle;

- WA: West Kimberley, Fitzroy Crossing; Bunuba Inc. & Kurungal Inc;

- WA: Wiluna;

- QLD: Coen;

- WA: Noongar, south-west region;

- Policy case study: national focus on whole of government policy;

- Policy case study: national focus on Secretaries' Group on Indigenous Affairs.

A full copy of the Preliminary Research Findings is available at **www.reconciliation.org.au**. A description of the research methodology can be obtained at **www.anu.edu.au/caepr/governance.php**. For confidentiality reasons, individual case study sites are not identified within the report.

Diverse conditions of community governance

There is an enormous diversity of Indigenous circumstances across Australia, from small remote settlements and larger towns in which Indigenous people are the majority, to other centres where Indigenous and non-Indigenous people live in the same region, often in quite different circumstances, to predominantly urban-based Indigenous minorities. The majority of Indigenous people live in urban and regional settings.

There is also a multitude of relationships and stakeholders within each community. The family connections, land ownership relationships, and governance histories within particular communities are fundamental to community governance. Indigenous community and regional governance arrangements 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.

Emerging insights

To reflect this diversity, the case studies consistently show that the process of building sustainable governance structures and institutions has to be based on local realities. It has to encompass different governance relationships and hierarchies which resonate with traditional relationships, jurisdictions, laws, customs, and specific histories. As a result there is no single governance model suitable for all communities; each must be actively designed to reflect differing community aspirations while also meeting people's needs.

Contemporary Indigenous governance structures are emerging around Australia which reflect both a desire for residential decentralisation and localism (especially over land management and ownership), and at the same time a growing desire for regionalised forms of political centralisation and service delivery. Governance structures that meet these two objectives can be quite complex, with different levels of decision-making and autonomy required for different functions.

Not all governance arrangements are equally effective. Some approaches, processes, and structures may work better than others in different local conditions. For example, the research is uncovering problems of scale emerging, particularly in dispersed communities, 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. Often small units are part of a wider social, cultural and regional interrelated governance network which can help address this challenge.

Implications for Indigenous communities and governments

Policy makers must ensure that legislative, policy and funding frameworks allow for diverse governance arrangements which take account of local complexities. Equally, Indigenous leaders and communities need to give hard-headed consideration to which organisational structures and processes will give best effect to their preferred representation and strategic goals.

Given the sometimes complex distribution of powers, roles and responsibilities across different organisational and other governance layers within a community or a region, government agencies need to be better informed about the importance of the different governance relationships and hierarchies that lend legitimacy to different aggregations and scales, for different purposes. Government agencies need to be clear about who makes decisions, how, when, and in what contexts, so that their interventions do not undermine legitimate governance structures.

Cultural legitimacy in the Australian context

'Culture match' refers to how an organisation's structures and institutions reflect a community's contemporary values and norms and work effectively to get things done. It doesn't refer simply to traditional ways of operating but is rather an appeal to an organisation's contemporary cultural legitimacy within the community.

All case studies are identifying 'culture match' as integral to the governance of Indigenous communities and organisations. Efforts to achieve an appropriate culture match are central to the legitimacy of organisations and the extent of members' confidence in, and support of, them. Indigenous communities around Australia are actively working to ensure that their governance arrangements embody and reinforce these preferred contemporary values, norms, and conceptions of how authority and leadership should be exercised.

Emerging insights

There are complex conditions for 'culture match' in Australia. Within Indigenous communities there are multi-layered sets of groups and organisations in which decision-making power, governing functions and service activities are dispersed. There may already exist strong but unwritten principles guiding decision making and leadership within these communities. In such circumstances, the process of achieving an appropriate culture match for Indigenous governance arrangements involves reaffirming and redefining collective identities, while coming up with structures and institutions that work in a contemporary setting to provide outcomes for Indigenous communities.

The process of developing the right culture match which meets cultural requirements and which provides for workable governance can take considerable time and experimentation.

Implications for Indigenous communities and governments

There is a role for policy makers in creating flexible policy and funding arrangements, and providing resources to enable Indigenous communities to be adaptable and innovative in designing legitimate structures and institutions.

In one case study 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. It's important that policy makers avoid the temptation to impose fast-track decisions about community governance representation, structures and processes which can quickly come unstuck if they are based on concepts that have little local or contemporary relevance.

Given that finding appropriate cultural match is a process rather than an end-point, there needs to be legislative and policy 'space' for initial models to be monitored and refined over time, rather than being put in place too quickly.

Institutions of governance

Across the case studies, the research is showing that the effectiveness and legitimacy of community governance arrangements are positively advanced as a result of building institutional capacity. *Institutions* are the systems and processes 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 community governance arrangements are judged to be proper and legitimate by members.

Emerging insights

The process of strengthening Indigenous community governance needs to start with negotiating and clarifying the appropriate contemporary relationships among the different Indigenous people within a region or community. Once these relationships are clarified representational arrangements can be worked out, and structures, institutions and procedures can be customised to fit these understandings.

Institutions 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, and by creating shared goals, agreed procedures and so on. Enshrining the values of an organisation through these institutional tools creates a strong 'governance culture' within the organisation which can assist in designing workable forms of culture match.

Implications for Indigenous communities and governments

While institution building needs to be driven by community-identified needs, policy makers have a strong role to play in providing flexible funding and support to facilitate the consultation and negotiations that underpin institution building. As the process of institution building is less tangible and can be time and resource-intensive, it is important that policy makers avoid the temptation of insisting that communities transform institution-building efforts into concrete structures or policies too early.

Much of the Indigenous workload of governance and the slow intangible processes of institution building may not be fully appreciated by external stakeholders. Governments need to recognise the considerable value (for outcomes) of this process-oriented work, and better accommodate

it when they set funding timeframes and related program objectives.

Communities need to engage more actively in building the governance institutions of their organisations. Shared organisational values that are reinforced and nurtured by staff and the elected members of governing bodies are shown to be particularly important in the case studies. So are customised policies, codes, rules and procedures. Work done on building institutional capacity appears to be fundamentally correlated to improved overall governance capacity, and is especially important to weathering crises.

Governance and socioeconomic development

Emerging evidence suggests that good governance is a necessary – but not sufficient – factor in generating sustained economic development and social outcomes. Effective governance is a prerequisite for mobilising community capital and provides better conditions for that capital to be developed and sustained. Good governance also sets in place the conditions for creating further capital. It's important that governance capacity is developed hand in hand with addressing the significant backlogs in basic infrastructure and essential services that exist in many communities, particularly in housing, education, health, communication and transport. The need to address these backlogs will only become more critical as community organisations struggle to keep up with the rapidly growing Indigenous population.

Emerging insights

The case studies consistently demonstrate a strong link between good governance and socioeconomic development. If initial investment is put into developing strong capable governance of Indigenous community organisations, economic development opportunities can be more effectively mobilised. Good governance helps build a credible investment environment, and capable decision-making for enterprise development.

However, a strong theme across a number of case studies is that Indigenous aspirations for economic development can differ significantly from the mainstream. For example, in some places Indigenous interests in developing their customary economies are stronger than their desire for mainstream employment. There are examples where Indigenous interest in developing the customary economy in innovative ways could be encouraged further by government agencies. Communities that have put time and resources into clarifying their economic aspirations and the values that underpin them have shown more sustainable socioeconomic outcomes.

While there is significant diversity in how Indigenous communities and organisations work, the research is uncovering common factors for successful socioeconomic development. These include 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 procedures.

Implications for Indigenous communities and governments

While improved governance can strengthen economic development, given the rapidly growing Indigenous population there is an urgent need to increase investments in infrastructure and essential services if current levels of socioeconomic development are not to stagnate or go backwards.

For results to be sustainable, Indigenous communities need to consider and clearly articulate their own aspirations for economic development. In doing so they should systematically assess the various sorts of capital they have in their own communities, and how these could be creatively combined to generate economic development. There is a role for government agencies in assisting Indigenous communities to do this, through targeted governance training, facilitating strategic relationships to assist with networking, research, product development and marketing. There is also a strong need for more flexible policy and funding frameworks that will support innovative approaches to economic development.

When providing development opportunities for Indigenous communities, it is important that external stakeholders clarify Indigenous economic aspirations and the values which underpin them, and that these are respected by all parties as fundamental for sustainable development. This may require some shift in policy thinking about what activities are of economic and national value.

The governance environment

Indigenous communities and their organisations operate within a complex wider environment that stretches across community, regional, State, Territory and Federal layers. No matter how small the Indigenous organisation, each of these layers has an impact on how it operates. The research is increasingly pointing to the governance capacity of government as critical to successful community governance.

Many of the factors that determine the sustainability of Indigenous community governance relate to the adequacy of policy, funding and legal frameworks. Some of the more important issues for government departments include:

- the effectiveness of mainstream education and training programs;

- the extent of service-delivery coordination;

- the impact of government program guidelines and reporting criteria;

- the extent of public-sector capacity, political and bureaucratic will;

- the scope of devolved power and authority;

- levels of accountability; and

- property rights.

Both governments and Indigenous people want community organisations to deliver reasonable levels of services, and provide sound financial management and accountability. But they come at it from different perspectives. Governments tend to emphasise 'upwards' accountability, risk avoidance, financial micro-management, and compliance reporting. Capacity in these areas promotes governments' assessment of an organisation's effectiveness.

By contrast, Indigenous communities emphasise internal accountability and communication. 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 a community assessment that the organisation and its leaders are effective and legitimate.

Emerging insights

Across all the case studies, the governance capacity of government agencies in working with Indigenous communities is being identified as central to Indigenous community governance. Even very strong organisations have proved vulnerable to the rapidly changing legislative and policy environment.

These changes are often confusing to organisations in the absence of ATSIC Regional Councils which played a strong role in explaining government policies and programs to Indigenous communities. Governments urgently need to resource and support Indigenous people in establishing legitimate and effective regional bodies with whom governments can interact.

Many organisations struggle under multiple short-term funding arrangements with differing objectives under separate government agencies, diminishing their ability to plan and in some cases leading to a loss of capable staff. In some case studies concern has been raised over the cost effectiveness for organisations of multiple meetings with different bureaucrats over sometimes quite small grants (eg. under $10,000).

The research is also finding pockets of success, showing examples of what can work. In one regional case study greater latitude in funding arrangements has allowed funding to be spread over three years (as opposed to the usual one year) and agencies have been more responsive to community led priorities. As a result, Aboriginal organisations have been better able to make longer-term plans and maintain some program and staff continuity.

Implications for Indigenous communities and governments

To support Indigenous community governance, there is a strong role for government in better coordinating across and within agencies; reducing the number of separate departmental and program-specific consultations with communities; rationalising government program delivery; undertaking a community-development approach to governance building; reducing the large number of different funding mechanisms and giving more broad-based, longer-term funding linked to community development goals.

In particular, the lack of coherence across multiple departmental programs' funding objectives, grant application and acquittal processes needs to be addressed. In addition, government program objectives need to better align with Indigenous community aspirations.

There is also a strong role for government in systematically monitoring the whole-of-government policy objectives and implementation within communities or regions. Governments can also play a greater role in assessing the consequent impacts on communities of the rapid organisational change associated with national policy changes (eg. changes to CDEP).

Leadership

Leadership is critical to the development of a strong governance culture within organisations and communities. Leadership is complex, being socially dispersed and hierarchical, with different people taking lead roles dependent on the context. There are often overlapping networks of leadership and authority in communities and regions, stretching across organisations and families. Retaining legitimate leadership is highly dependent on leaders effectively communicating and interacting with the community.

Leaders experience enormous pressures in juggling the many demands of family and community members. The case studies are consistent in revealing that effective leaders are 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.

Emerging insights

There can be significant areas of mis-match between concepts and styles of leadership and decision-making in Indigenous communities and those familiar to governments. Non-Indigenous stakeholders may not recognise legitimate Indigenous leadership, and hence may inadvertently undermine it. This risk is further magnified when interactions between government agencies and the community are rushed and/or impeded by cross-cultural or language challenges – particularly where the legitimate Indigenous leaders are not proficient in English and government officials do not speak the relevant Aboriginal language.

Implications for Indigenous communities and governments

It is critical that government agencies recognise the need to build their own capacity to interact with Indigenous communities. They need to build relationships within the community that recognise and support legitimate Indigenous leadership. They should avoid the temptation to deal only with those who speak English where this constrains engagement with key leaders.

Some organisations are paying greater attention than others to the issue of youth leadership and succession-planning. Policy makers have a strong role to play in providing coordinated program funding for leadership development, mentoring and succession at the community level, to foster the next generation of leaders. Given the demographics of Indigenous communities where 60% of the population is under the age of 25, there is a strong case for government to invest in future generations of leaders.

Capacity development

Inadequate capacity exists within both Indigenous and non-Indigenous contexts. It also exists across many levels of governance, including the capacity of specific individuals, the capacity of an organisation, the inter-relationships between organisations, and the surrounding legal, political, and government frameworks. Capacity development needs to address all of these levels rather than focussing on the community level in isolation.

While governance training can be very useful, capacity development refers to a great deal more than formal training. For capacity development initiatives to be sustainable, they need to actively strengthen Indigenous decision-making and control over their governance institutions, goals and collective identity, and so enhance cultural match and legitimacy.

Emerging insights

The case studies consistently show that governance capacity development within organisations works best when it is place-based, work and goal oriented, based on self-assessed governance priorities, in a relevant form and delivered in ways that reflect local community realities, and is sustained and reinforced over the longer-term. This can involve strategies such as 'learning by doing', group learning, job shadowing, volunteering, mentoring, coaching, and community development projects.

The research has identified a need for Indigenous governance capacity development which embeds shared community values and relationships, and which enables Indigenous people to develop their institutions of governance. Off-the-shelf governance training initiatives that emphasise corporate and financial accountability often cannot address these issues which are critical to successful governance.

The case studies are consistently demonstrating that strengthening Indigenous community governance needs to start with negotiating and clarifying the appropriate contemporary relationships among Indigenous people within a region or community. Once these relationships are developed, then representation and organisational systems can be designed to properly reflect those relationships.

There is no 'end-point' to capacity development. 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.

Implications for Indigenous communities and governments

There is a central role for policy makers in promoting governance capacity development and institution-building that is carried out within a developmental

framework, and that emphasises the need for long-term partnering and support.

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 partnerships arrangements for strengthening Indigenous governance and outcomes. Evaluation should focus on the range and roles of government and other partners, the different objectives and priorities held by partners, the relationships between partners, the service delivery processes, the adequacy of resources and funding, the community development and governance outcomes, and the community members' views, participation and ownership.

Where to from here?

The project has identified several areas where more targeted research will be undertaken in 2006. These include:

- analysis of the impact of government policy changes, program funding arrangements and partnerships in communities and regions;

- the processes by which organisations are maintaining and customising their institutions of governance;

- the gender, age and social dimensions of leadership;

- the relative effectiveness of different types of organisational structures and processes in addressing representation, scale and accountability issues;

- further exploring the connections between governance effectiveness and economic development outcomes;

- the processes that appear to work in community development approaches to building governance;

- ongoing analysis of the self-reported elements of success from the *Indigenous Governance Awards,* a partnership project between Reconciliation Australia and BHP Billiton.

Several case study reports will be presented during the year, and a second research findings report will be available at the beginning of 2007. Towards the end of 2006, Reconciliation Australia and CAEPR will also be convening a government partner workshop and other meetings with the Australian Government to present the emerging findings of the project.