

FIGURING OUT GOVERNANCE: CAPACITY DEVELOPMENT FOR INDIGENOUS COUNCILS AND ORGANISATIONS¹

JANET HUNT*

I Introduction

In July 2006 the Queensland Auditor-General issued a report on the thirty two Aboriginal Shire and Torres Strait Island Councils in his jurisdiction². These Councils had received a total of A\$156 million in grant funding from governments to provide infrastructure, planning and a range of community services to around 16,000 Indigenous people, most of them in North Queensland and the Torres Strait Islands. The report was not good. Eleven of the Councils had qualified 2004–05 audit reports, and eight had audit reports still outstanding, of which four were considered likely to be qualified. In one further case, an audit opinion could not be formed because of poor financial record keeping, and less than half (13) had unqualified audits completed.

Indigenous Councils in Queensland and the Northern Territory (NT) developed in the 1980s, in the latter case following self-government for the NT as whole. By the year 2000, there were 32 community government councils under the *Local Government Act 1994* (NT) and 29 Association Councils (Incorporated associations recognised by the NT Government as providing local government-type services to their communities).³ In the NT, concerns

¹ Research for this paper was made possible through funding under the *Indigenous Community Governance Project*, an Australian Research Council Linkage Project (No 0348744) between the Centre for Aboriginal Economic Policy Research at The Australian National University and Reconciliation Australia. The author would also like to acknowledge use of information from Reconciliation Australia and BHP-Billiton's Indigenous Governance Awards in 2005 and 2006 with relevant permissions.

* Janet Hunt is a Fellow at the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University where she manages the Indigenous Community Governance Project (ICGP), an ARC Linkage Project with Reconciliation Australia. Her background is in education and international development and she has lectured in International and Community Development at RMIT and Deakin Universities. She has worked for many years in international development with a particular focus on the Pacific and South East Asia. She was Executive Director of the Australian Council for Overseas Aid and the International Women's Development Agency, and has worked more recently with a range of local and international non-government organisations in East Timor. She has a long standing interest and involvement in Australian and international Indigenous human rights and policy issues and has been active in ANTA.

² Queensland Audit Office, Results of 2004-05 Aboriginal Council and Island Council Audits, 25 July 2006.

³ Will Sanders, 'Community Government, Association and Municipal Councils in the Northern Territory: Comparing Populations and Finances' (Paper presented at the Indigenous Community Governance Project & Government Partners Workshop, Darwin, 5 December 2005).

about the capacity of some of the smaller councils to meet their financial, representative and administrative obligations, and the rapid turnover of senior staff in many cases, has, since the late 1990s, led to a policy of amalgamation and regionalisation, until recently through the *Building Stronger Regions Stronger Futures Policy*.⁴ In Western Australia, similar governance problems are experienced and the state government has expressed concern about the crisis Indigenous communities experience when organisations collapse and their often essential functions are paralysed.⁵ Nor are such problems confined to community government councils; they have also been evident in NSW Aboriginal Land Councils where issues of alleged corruption, representation, accountability, clarity about functions and roles, and overall capacity have been raised since the mid-1980s.⁶ Thus, the financial and related problems experienced in Queensland are not confined to that state, but appear to be experienced in other jurisdictions, at times with serious consequences for the communities they are meant to serve.

Recognising the persistence of some of these problems, in 2005 the Queensland Auditor-General had already remarked that:

Aboriginal councils and Island councils, as sectors, have particular issues in relation to governance, financial viability and controls over financial transactions and balances which are not evident in other sectors. The regularity with which such issues have been raised over many years may suggest that it would be timely to review the complexity and extent of the legislative requirements on those entities that serve relatively small communities and which therefore have limited resources.⁷

The 2006 Report laments the fact that recent efforts to improve some councils' performance have not led to sustained improvements, and that many much earlier recommendations for staff training or establishment of a central accounting bureau have not been implemented. Nor it seems had there been any change in the legislative requirements. However, with some insight, the Auditor comments in 2006 that 'I am firmly of the view that poor governance and leadership, rather than simply poor record-keeping, are central to the qualification issues identified over successive financial periods.'⁸ The Minister subsequently commented that the responses to this situation being considered

⁴ Diane Smith, 'From Gove to Governance: Reshaping Indigenous Governance in the Northern Territory' (CAEPR Discussion Paper No 265, Centre for Aboriginal Economic Policy, The Australian National University, 2004) 6–9. This policy has recently been superseded by wholesale reform of local government to be implemented by January 2008, which was announced on 11 October 2006 by the NT Minister for Local Government. One reason given for this reform is that 50 per cent of 56 councils were assessed by the Department of Local Government to be 'high risk' or 'dysfunctional'.

⁵ Janet Hunt and Diane Smith, 'Building Indigenous Community Governance in Australia: Preliminary Research Findings' (CAEPR Working Paper No 31, Centre for Aboriginal Economic Policy Research, The Australian National University, 2006) 45.

⁶ Independent Commission Against Corruption, *Report on Investigation into Aboriginal Land Councils in NSW: Corruption Prevention and Research Volume* (1998).

⁷ Hunt and Smith, above n 5, 5.

⁸ Ibid 12.

were 'greater use of financial controllers or the use of financial administration units ... that could be contracted to manage the finances of three or four councils.'⁹

This rather bleak assessment of the capacity of a number, although not all, of Queensland Indigenous councils and other similar bodies across Australia, contrasts sharply with the high standards of governance performance of many Indigenous incorporated organisations which have been identified through the Indigenous Governance Awards, a joint program undertaken by Reconciliation Australia and BHP Billiton over the last two years. Here there are many impressive examples of Indigenous capacity and governance.¹⁰ One finalist for these awards in 2006 was indeed one of the more successful Queensland councils, Yarrabah, which not only provides all essential services to its community, but also 'manages the largest CDEP in the country with over 800 participants.'¹¹

There is growing evidence about what makes for success in Indigenous organisations both here and internationally. Smith and Dodson,¹² for example, identify nine features of successfully governed communities and organisations. These include having stable and broadly representative organisational structures; capable and effective institutions (eg, norms, rules, policies), sound corporate governance in relation to roles, responsibilities and accountabilities; the limitation and separation of powers, especially to ensure that self-determination doesn't mean 'selfish determination';¹³ fair and reliable dispute resolution and appeal processes; effective financial management and administrative systems; simple and locally relevant information management systems; effective development policies and realistic strategies; and underlying all these, a cultural 'match' or 'fit'.

Finlayson's case studies highlighted a number of features of successful Indigenous Australian organisations.¹⁴ They set a vision and worked towards it, clarifying their focus, identifying the core elements of their work, and then building partnerships and networks to support them. They were accountable to their members or clients for quality services, as well as meeting their obligations to their funding agencies. They also had strong leadership and management, with senior staff in particular able to step in to each others' shoes and make decisions as necessary during absences. Collaborative team work towards the organisation's goals also helped sustain continuity. These organisations managed workplace diversity well, accommodating difference in

⁹ Desley Boyle MP, Minister for Environment, Local Government, Planning and Women, 'Minister Agrees with AG Report on Indigenous Councils' (Press Release, 25 July 2006).

¹⁰ Mick Dodson, 'Reconciliation: Taking the Next Step' (Speech delivered at the Reconciliation Australia Luncheon, Melbourne, 25 July 2006).

¹¹ Reconciliation Australia, *Presentation Event: 2006 Indigenous Governance Awards* (2006) 10.

¹² Mick Dodson and Diane Smith, 'Governance for Sustainable Development: Strategic Issues and Principles for Indigenous Australian Communities' (CAEPR Discussion Paper No 250, Centre for Aboriginal Economic Policy Research, The Australian National University, 2003).

¹³ *Ibid* 15.

¹⁴ Julie Finlayson, *Success in Aboriginal Communities: A Pilot Study* (2004).

a context of honest and open communication between Indigenous and non-Indigenous staff.

Finlayson identified 12 'critical factors' common to the success of the two organisations she studied: structured planning; internal and external accountability; continuous monitoring, review, and adaptation to improve outcomes; employment flexibility within a framework of professionalism, and respect for staff needs; valuing and development of staff; fostering pride and empowerment through achievement of results; being responsive to non-Indigenous as well as Indigenous clients; placing the service in a wider community development context; lateral thinking about solving problems in rural or remote areas; focusing on the niche in which the organisation has real expertise; and surviving change, especially a change in leadership.¹⁵

The Indigenous Governance Awards in 2005 also revealed that many Indigenous organisations have achieved high levels of governance capacity. The judges themselves identified many common elements which the finalists shared in relation to the functioning of their board, the way they managed and implemented decisions, their systems for conflict resolution, their emphasis on training and leadership development, the way they take account of cultural norms and values, and their approaches to future planning. There are many lessons which these organisations can share with others.¹⁶

However, none of these studies which set out criteria for or ingredients of good governance, really capture *how* these factors were developed or sustained over time. This is one aspect of what the Indigenous Community Governance Project is aiming to do through a longitudinal study of governance in selected Indigenous communities and organisations.¹⁷ How is it that some Indigenous organisations can perform well, both for their communities and in terms of their external accountabilities, while others struggle to deliver adequate services or meet (and at times fail to attain) the necessary performance requirements for receipt of government funds? How has such a high level of capacity developed in some Indigenous organisations and communities, but not in others? How did the successful organisations reach the capacity they have?¹⁸ And by what processes can the capacity of the weaker organisations be strengthened?

This paper refers specifically to Indigenous *organisations* which fulfil local government or related roles. It recognises that these are essentially *intercultural* bodies, which may or may not reflect the more underlying culturally embedded principles and approaches to governance evident in the Indigenous domain. They thus reflect an often difficult compromise between

¹⁵ Ibid 45–6.

¹⁶ Reconciliation Australia, *Celebrating Indigenous Governance: Success Stories of the Indigenous Governance Awards* (2005).

¹⁷ See the website of the Indigenous Community Governance Project at <http://www.anu.edu.au/caepr/ICGP_home.php>.

¹⁸ 'Success' is being defined in this paper as being able to be judged as succeeding by both Indigenous clients and by other stakeholders, particularly funders, according to their different criteria, as in the types of organisation I am discussing the continuing support of both is necessary to their survival and the achievement of their goals.

Indigenous systems and ways of doing things and those expected by the colonising state — to the extent that it is now possible to really separate these highly embedded and inter-connected ‘domains’. The degree of compromise may be very great on the part of some Indigenous players, who may find themselves forced towards particular, largely western, governance forms as vehicles to achieve the goals they desire. Others may embrace such forms, whilst shaping them to their own purposes and imbuing them with their own values.¹⁹ As Sullivan recognises, Indigenous councils and similar service organisations find themselves in ambiguous positions mediating between often incompatible cultural systems and expectations.²⁰ Further, as he suggests, the imposition of bureaucratic rationalities of formal organisations may simply serve as another means of asserting the dominance of a western system. Or, as Foucault’s work suggests, western liberal governance forms may simply be another way of constructing individual Indigenous subjects, and their subordinate relationships with those who hold power in the society, through their internalisation of those liberal norms and values;²¹ thus, such liberal forms and norms may be explicitly or implicitly rejected by Indigenous people.

David Claudie, for example, argues that western-centric forms of governance can be damaging and disruptive, and that what is needed for Indigenous success is recognition of forms of governance which place Indigenous law at the centre, and which are managed in the ‘proper’ way, according to that law, which itself is firmly based in living relationships with traditional country.²² Clearly, for Claudie, as for other Indigenous people like him, successful governance would depend on the extent to which Indigenous law were at the heart of the governance arrangements. However, other Indigenous groups have created successful organisations which are closer to western organisational forms. Thus in considering governance ‘success’ one may envisage organisational forms spread along a continuum from those which are deeply based in contemporary expressions of law and custom, to those which are more western in style, with some adaptation in recognition of Indigenous values. The development of the West Central Arnhem Regional Authority, described by Diane Smith in this volume, illustrates how *Bininj* cultural rules are being brought into a proposed regional authority in the NT, demonstrating one point on that continuum.²³ Capacity development would

¹⁹ Diane Smith, ‘Evaluating Governance Effectiveness: A Facilitated Process with the Board of Yarrteen Aboriginal and Torres Strait Islanders Corporation’ (ICGP Case Study Report No 2, Centre for Aboriginal Economic Policy, The Australian National University, 2006).

²⁰ Patrick Sullivan, *All Free Man Now: Culture, Community and Politics in the Kimberley Region, North-Western Australia* (1996).

²¹ Mark Bevir, ‘Foucault Power and Institutions’ (1999) 47 *Political Studies* 345.

²² Benjamin Smith, ‘“We got our own management”: Local Knowledge, Government and Development in Cape York Peninsula’ (2005) 2 *Australian Aboriginal Studies* 4.

²³ Diane Smith, ‘Networked Governance: Issues of Policy, Power and Process in a West Arnhem Land Regional Initiative’, this volume. Due to the NT policy changes announced late in 2006, this initiative is now preparing to become West Arnhem Shire, including the non-Indigenous township of Jabiru. This suggests that it will move along the continuum to some

require the flexibility in surrounding legal and institutional frameworks to enable that type of Indigenous innovation to occur.

Even within the more ‘western’-style organisational forms, there appear to be significant differences in the criteria by which Indigenous people judge their governance, and those which governments tend to apply. While Indigenous people may expect their organisations to ‘look after them’ in a host of ways, governments make judgements according to whether particular outputs have been achieved, and specific accountabilities met (eg, reporting deadlines met, financial accounts in order etc). There may be congruence in some aspects (eg, in terms of specified services, such as housing, delivered) but disconnect in others (eg, in terms of whether unfunded and often ‘invisible’ services are met, such as helping individuals or families with communications, organising funerals, managing interactions with the non-Indigenous world etc).²⁴ Similarly, these formal organisations may or may not reflect many other cultural or land-related goals which Indigenous people may wish to advance.

With these important caveats in mind, I now turn to the processes of organisational capacity development in contexts where Indigenous people are engaging with such western forms as local government councils or incorporated organisations, bearing in mind that capacity development within them will involve engaging with values and processes congruent with contemporary Indigenous worldviews.

II Processes of Capacity Development

Research on capacity development of diverse types of organisations internationally suggests that it is often hard to pinpoint precisely what leads some organisations to succeed, even in extremely difficult circumstances, while others languish or struggle along with limited success. It is tempting to suggest that it is the context which makes all the difference. Certainly there are a number of constraints operating in the complex Australian political and administrative environment which I have referred to elsewhere, which seem significant.²⁵ Yet some Australian Indigenous organisations have succeeded, and Zinke reports international examples where even in difficult contexts organisations develop capacity, and this seems to have to do with the operating space they have. This may be greater where there is a chaotic environment (such as in a failing or barely present state), or where the leaders can buffer the organisation from potentially negative political intrusion through their

degree, since the original culturally-determined boundaries of WCARA are now being changed.

²⁴ Kathryn Thorburn, ‘Accountability in Indigenous Organisations: What Can it Reasonably Mean?’ (Paper presented in the 2006 CAEPR Seminar Series 2, Centre for Aboriginal Economic Policy Research, Canberra, 5 October 2006).

²⁵ Janet Hunt, ‘Capacity Development in the International Development Context: Implications for Indigenous Australia’ (CAEPR Discussion Paper No 278, Centre for Aboriginal Economic Policy Research, The Australian National University, 2005).

understanding of the context and ability to negotiate it. The ability to tap into and make use of the deeper forces and sources of energy in the society, the organisations' ability to learn, and good leadership are evidently critical. Such leadership has a set of principles and goals to guide their actions, uses strategic thinking and intuition rather than a grand plan, and is empowering in its approach, thereby unlocking people's capacities and mobilising them around a shared organisational vision. Capacity development is a change process, and often a focus on technical skills neglects such 'soft' aspects as leadership, negotiation, and responsive and flexible management of change. Most importantly, monitoring needs to be used as a means of learning. Results-based management approaches are too restrictive for this purpose.²⁶ Of course, the 'deeper forces and sources of energy' in Indigenous societies may well reflect dimensions and relationships among law, land and people. Authentic, rather than superficial, attention to these may require governments to show considerable flexibility and acceptance of organisational innovation.

These international findings suggest that the Queensland Auditor-General is quite right in his observation that financial record-keeping may only improve if a number of other aspects of a council's governance and leadership are addressed. Too often, government responses to organisational failures or weaknesses are to introduce more controls in an understandable attempt to prevent problems escalating. Tighter and more detailed reporting requirements, shorter term funding, and requiring approval for staff appointments, are just some of the sorts of control measures put in place. However, if the underlying problems are particular sorts of weak capacity, all these measures may do is place extra demands on an already weak organisation. Approaches which try to control may have contradictory outcomes to those intended. Providing additional financial expertise may be a short-term measure, but it will not resolve the underlying issues. Poor governance and weak leadership in an intercultural context may need quite different remedies, and a careful analysis of the underlying causes is required.

How, then, can a much wider group of organisations serving Indigenous communities build their leadership and governance capacity to meet *both* the expectations of their people and the requirements of mainstream departments? What are the sources and drivers of change? What are the key processes involved? Who can help? What's needed to make it happen?

A Some Constraints to Capacity Development

The policy of self-determination since the 1970s appears to have led to a largely 'hands-off' approach by successive governments of all persuasions, and a consequent absence of any serious national efforts to build Indigenous capacity for governance and organisational leadership in essentially intercultural spaces. There have been 'stop-start' efforts in particular states and

²⁶ Julia Zinke, *ECDPM Study on Capacity, Change and Performance - Final Workshop Report* (2006).

the NT,²⁷ but aside from these and the limited capacity of the Office of the Registrar of Aboriginal Corporations (ORAC), Indigenous organisations have largely been left to their own devices to develop themselves using whatever resources and programs they could find. However, organisational incorporation in some form has been a requirement, and organisations have developed themselves within the increasingly demanding constraints generated by the various government funding sources, with all the ambiguities that entails, when strategies of self-determination are dependent on state sources of support.²⁸

A recent evaluation of 'red tape' in Indigenous communities reveals that one significant source of difficulty is the fact that programs in Indigenous organisations may rely on multiple short-term government funding programs for support; 66 per cent of grant funding to the sample of organisations surveyed was for only 12 month periods, and 50 per cent of the grants were for amounts of A\$50 000 or less. The report suggested that some of the current compliance-focussed risk management approaches, especially for such small grants, were of dubious value. It encouraged a shift from this rather rigid 'compliance' approach to a more 'enabling' or capacity building one. Interestingly, it also highlighted that where there were good relationships between the organisation and the funder, the 'red tape' was perceived to be less burdensome.²⁹ Relationships clearly matter, particularly where funders take an approach of assisting organisations to meet requirements, but simplifying the requirements, as the Queensland Auditor-General suggested, could also help.

Given the low educational attainment levels and poor health of many Indigenous people, and the sheer number of incorporated organisations they support, it is hardly surprising that some of these organisations or councils have considerable difficulty functioning effectively, unless their leaders and members have undergone appropriate training; yet many (although not all) of those who cause the regulators or government funders some headaches may still fulfil the basic needs of their members or clients, as their expectations and assessments of effectiveness may differ from those of governments.³⁰

A further factor to recognise is that often the scope of Indigenous councils' and community governments' programs is extremely broad, covering many more functions than those normally carried out by a non-Indigenous council. Thus the complexities of their work are somewhat greater and the competing pressures for the time and attention of capable leaders may be considerable.

III Current Strategies for Strengthening Indigenous Organisations

The main strategy for strengthening governance of Indigenous

²⁷ For example, the Remote Area Management Program which operated in the Northern Territory in the 1990s, but no longer exists.

²⁸ Sullivan, above n 20.

²⁹ Morgan Disney & Associates Pty Ltd, *A Red Tape Evaluation in Selected Indigenous Communities: Final Report for the Office of Indigenous Policy Coordination* (2006).

³⁰ Hunt and Smith, above n 6, ch 8.

organisations serving Indigenous communities at present is the provision of training courses for individuals.

A review of governance training available in the Northern Territory in late 2004 found that most such efforts were focused around 'management and compliance issues'. As the report's author noted:

The flaw in this is that while corporate governance or management and business administration are important elements of governance, if it comes to be understood only in these terms, rather than as a whole of community approach to the broader processes of making and implementing decisions, significant potential is lost to the governance agenda.³¹

Indeed, some Indigenous people clearly felt that such type of training was being imposed on them for compliance reasons, rather than as an aid to them building their own organisations to achieve their own goals.³² She argued instead for a whole of government/whole of community approach which involved collaboration among a range of players to develop appropriate policy, adequate funding, appropriate resources, and better quality trainers. Until then, training and support was seen as too *ad hoc* and poorly evaluated for overall impact.³³

Earlier capacity development undertaken in the late 1990s by the Remote Area Management Project (RAMP) for Aboriginal Community Councils in the Northern Territory, which appears to have been relatively successful, was conducted in an action-research mode, using 'participatory dialogue and flexible response in problem solving'³⁴, essentially a community development model. Experience led the RAMP to decentralise its operations and work intensively in the Victoria River region with trainers based in one community but serving four regional communities. This enabled them to ground the work in a deeper understanding of the communities and the issues they were dealing with, to build better communication between the councils and provide responsive support to them.³⁵

More recently ORAC has commissioned an impact assessment of the delivery of its Cert IV in Indigenous Governance in Queensland.³⁶ The report is extremely positive about the benefits to the trainees who had completed the course, and the value of their new knowledge and skills to the boards, organisation and ultimately the communities from which they had come.

³¹ Cecily Willis, *Review of Governance Training for Indigenous Organisations and Communities in the Northern Territory: Final Report to Department of Community Development, Sport and Cultural Affairs* (2004) 3.

³² *Ibid* 17.

³³ *Ibid* 46.

³⁴ Barbara Jackson and Sean Heffernan, *Remote Area Management Project: Capacity Development for Remote Aboriginal Councils in the Northern Territory* (1999) 2.

³⁵ *Ibid* 19–20.

³⁶ Jehan Loza and John Prince, *An Impact Assessment of the Training Pilot Program in Queensland Certificate IV in Business (Governance): For The Office of the Registrar of Aboriginal Corporations* (2006).

Graduates had learned a range of skills about board functioning, conducting meetings, developing policies and procedures, strategic planning, budgets and asset management, etc and had built valuable networks which would assist them in the future, because they would know where to go for help. Many had clearly developed more confidence to speak up and put their ideas forward. However, some trainees found some difficulties in applying their learnings when they returned to their board, and others stressed the value of small groups of people from a board undergoing the course to assist each other on return, and to help sustain the learnings. The need for follow-up support and refresher training was also suggested. The Report concluded, among other things, that ORAC needed to expand upon this program, offer it in the community on a continuing basis because boards change frequently, encourage more than one person from each organisation to attend, and design a special program for young people likely to be future board members.

It's clear that there is often a gap between receiving training and being able to implement the learnings in practice. These experiences suggest that while training individuals has a place, a more community-based, and community development type of approach to capacity development may be necessary for wider success. It also indicates that a 'Training of local Trainers' approach could be valuable, and perhaps the development of small regionally-based teams of trainers/mentors who could support governance development within a regional network would be useful. Such teams could help maximise the sharing of skills and expertise within regions, as well as between them. On-line learning could also support such efforts, and partnerships with outside institutions would widen the net of possible resources and people who could assist. There is a need to investigate what sorts of training or other approaches really enable Indigenous people to strengthen their governance. And this requires the development of some indicators, or ways of knowing what impact various approaches have. Such indicators, like the capacity development support itself, will need to be context-specific and have two-way legitimacy.

Preliminary findings from the ICGP research also suggest that simply focussing on Indigenous organisations in isolation from the systemic context in which they operate may be futile. There are systemic constraints to building Indigenous capacity in the policy, legal, funding, and program frameworks and environments which need to be tackled simultaneously. Capacity development is not a power-neutral process, and should strengthen Indigenous decision-making and control, including of resources.³⁷ This may also imply that the forms and processes of such governance will need to better reflect Indigenous social and cultural systems, and this will require greater flexibility in the surrounding governments' institutional environments. Simply training Indigenous people to enable them to operate better with western concepts of governance may not be at all sufficient.

Whatever approaches are taken they need substantially increased resourcing and must be sustained over a long period to build the required

³⁷ Hunt and Smith, above n 6.

capacity levels. Currently the budgetary support available for capacity development is totally insufficient for the need, notwithstanding a 2006 budget increase to ORAC for an expanded training program over the next five years. Clearly those who provide funds for Indigenous organisations have a responsibility to help strengthen the organisations they fund; this implies that a portion of any program grant to an Indigenous organisation should be allowed for training — not simply to enhance the technical skills required for the delivery of that particular program — but for the organisation to pool some funds from different programs to build its capacity for broader governance through accessing the training and support which meets its needs³⁸. A combination of individual training and community-based work may be necessary. The HORSCATSIA Report recommended that capacity development funding be an integral part of ‘the design and implementation of government programs delivering services to Indigenous communities’,³⁹ to allow mentoring support. Providing funding in a coordinated way to maximise the benefits of training and place-based developmental support is another challenge.

IV Capacity Development Approaches

Providing and coordinating the funds is one thing. Getting the capacity development support and making a difference to the quality of organisational governance is quite another. Governments are unlikely to consider loosening the compliance controls they exert unless there are other locally-based controls working effectively. This means that the ‘whole of community’ approach to building governance is essential if communities are to keep their own councils and organisations ‘two-way’ accountable and if these bodies are to become the vehicles for greater Aboriginal self-determination. This will not always be without conflict or pain, since where a small number of powerful players are exploiting weak controls for their own ends, greater community awareness of good governance may threaten their power. In the end, governance is about power and politics. Thorburn suggests that there are limits to the people’s abilities to hold organisations and their leaders accountable, which relate to at least three factors: the structural interrelationships among complex federations of dispersed governance bodies; the systems of social relationships within Indigenous societies which may conflict with western concepts about holding individual leaders directly and publicly accountable to others; and a range of practicalities related to communication and capacities.⁴⁰ Yet without adequate,

³⁸ The view that governments should invest in both technical and leadership skills of Indigenous people and have a governance and monitoring capacity development component in all major programs was articulated through a number of recommendations of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into Indigenous Capacity Building. See, *Many Ways Forward: Report of the Inquiry into Capacity Building and Service Delivery in Indigenous Communities* (2004).

³⁹ Ibid xxix.

⁴⁰ Thorburn, above n 24.

contemporary, organisational governance capacities communities will not be optimally self-determining, and will always be more vulnerable to the political and administrative interference of the settler/colonial state, or the quality of the guidance they receive from their staff. How Indigenous people establish mechanisms to help them overcome these apparently conflicting imperatives depends on their ingenuity, but some organisations appear to be dealing with these things more easily than others, through the development of customised institutional tools, policies and processes. Furthermore, when community-based controls reveal serious governance problems, the support of external regulatory bodies may indeed be necessary to help the community deal with them.

But as the Queensland Auditor-General realises, focusing capacity building efforts on the financial issues alone has not led to sustained and significant improvements in financial performance in those weaker Queensland Indigenous councils. Instead, governance capacity building has to first be about *how* complex ‘communities’ make and carry out decisions, and how those are enforced. Only once many fundamental principles are agreed and understood will the important place of financial record-keeping be acknowledged and implemented. And more importantly, there must be general agreement around a vision of the purpose and direction of the organisation, so that there is some ‘ownership’⁴¹ of it, and some sense of what it might achieve for the people concerned if it is properly nurtured and developed. The values base which underpins the operation of the council or organisation and which guides its leaders and shapes the ‘culture’ of the organisation is of considerable importance and has to be constantly reinforced.

Capacity development is essentially an endogenous process, and evidence from the Indigenous Governance Awards and the Indigenous Community Governance Research Project indicates that some of the most successful organisations have taken capacity building very seriously and in a holistic way. They have put time, resources and considerable effort into development of their boards, staff and communities, often over many years. Indeed, the efforts going on within these organisations appear to be significant, notwithstanding an apparent lack of national strategy to support them. However, there are real challenges which should not be underestimated.

If governance is about decision-making, research conducted by the Indigenous Community Governance Project (ICGP) indicates the complexity of decision-making in Indigenous communities.⁴² Indigenous people clearly prefer a consensus approach to decision-making which can take time and may require complex negotiations due to the fractured nature of some ‘communities’. Decision-making in Indigenous community governance is shaped by multiple

⁴¹ ‘Ownership’ is a difficult concept to define and measure and may always be contingent, but ICGP case studies seem to indicate that there are differences in the extent to which ‘members’ or ‘constituents’ feel any sense of an organisation being their own, as a vehicle to drive their own agenda, rather than something which has been imposed on them to meet bureaucratic requirements. Of course, such feelings of ‘ownership’ will also vary among those an organisation is intended to serve, and over time.

⁴² Hunt and Smith, above n 6.

historical, cultural and political relationships. There are family and personal histories and affiliations associated with particular communities and sets of regionally-linked communities, and these kinship and social systems are central features in community governance dynamics and arrangements⁴³. Importantly, ‘discrete’ communities are enmeshed in wider communities of identity. Senior members of traditional-owner groups of lands on which discrete communities are located have particularly powerful rights and interests that permeate all areas of community governance, while relations and governance responsibilities among and between traditional owners and residents are still being negotiated in many parts of Australia.

The familial and genealogical parameters of Indigenous community and regional governance are critical to the success of any capacity development initiatives around governance. Assisting communities to work through their often disrupted histories, to generate a ‘common story’ of their past, and to reaffirm an agreed basis for designing their contemporary governance arrangements is an important step in strengthening governance capacity. In some cases, familial or clan systems provide the formal parameters for the governance structure; in others, informal arrangements or electoral processes seem to provide the necessary representation arrangements. The process of determining what might work takes a long time, and governments could usefully support sensitive facilitation through a developmental framework. One good example of this has been the process of building a new Regional Authority in West Central Arnhem,⁴⁴ where time spent developing trust, relationships, good communication and consultation and an emphasis on shifting control to Indigenous people has paid off. Through such means the guiding values and principles for contemporary governance can be negotiated and ‘owned’ as a first step in building the other elements of capacity. However, this is not a finite process, rather there is a need for continued revisiting and renewal of these values and principles by successive council or board members and staff if they are to be ‘lived’ and to genuinely guide the organisation in its day to day work.

A Case Studies of Processes and Institutional Capacity Building

A number of examples of successful governance illustrate some of these principles applied in quite different settings.

Yarrabah Council in far North Queensland is an elected local government body in a heterogeneous Indigenous community close to Cairns comprising traditional owners and historical peoples who were moved there and now have a strong affiliation with the place. The election processes have resulted in a Council which reflects the diversity and provides for a balance

⁴³ See also, John Graham, Institute on Governance, *Managing the Relationship of First Nation Leaders and their Staff* (2006) 8.

⁴⁴ Leanne Evans, Harry Appo and Diane Smith, ‘Community Development Practices and Principles in the Development of the West Central Arnhem Regional Authority’, Unpublished Discussion Paper, 2006.

between the traditional and historical people and between the major family groups. The Council says its decision-making and operations are ‘subtly influenced by the community’s unique, (contemporary) cultural practices and ways of doing business. For example, the large CDEP workforce is structured around family groups affiliated with particular areas in the community, and Council decision-making about land involves extensive and delicate negotiations with traditional owner groups and other interested parties’.⁴⁵

The strong performance at Yarrabah reflects much more than just good accounting practices. Since the Government handed the Yarrabah Council over to the community in the 1980s evidence from the Indigenous Governance Awards indicates that the community’s central goal has been to build the skills and capacity of the Indigenous staff so as to eventually assume full responsibility for managing the community’s affairs, performing at ‘mainstream standards’⁴⁶. Problems other Councils may experience in attracting qualified staff have been overcome by a localisation policy, so that local Indigenous people now fill many positions including the Council CEO and Deputy CEO jobs. Coupled with this the Council itself has focused on a ‘strategic vision, high-level planning and the development of fair and equitable policies’. There is a clear separation of powers between the Council and staff, and the governing body has ‘a good strategic approach to identifying and dealing with key issues.’⁴⁷ Importantly the Council has also taken a ‘positive attitude to externally imposed change management,’ according to the judging panel of the Indigenous Governance Awards.⁴⁸

To achieve this high level of capacity the Council has provided extensive training opportunities for its staff and councillors. It has provided financial support (e.g. paid leave, HECS fees, and travel expenses) for employees to achieve formal qualifications at university and TAFE; attracted apprenticeships in the trade and outdoor workforce; and employed a number of high school students on school-based traineeships. Completed qualifications or apprenticeships are recognised through its staff appraisals, which may lead to increments in salary. Yarrabah Councillors elected in 2004 are undertaking a carefully tailored 4-year Councillor Training Program developed by the Department of Local Government, Planning, Sport and Recreation. In order to maximise external training opportunities the Council has entered into arrangements with James Cook University, the Batchelor Institute and Cairns TAFE. Construction has also begun on a new Skills Training Centre, which will increase the availability of local training to Council staff and community residents.⁴⁹

⁴⁵ Unpublished information from Indigenous Governance Awards nomination.

⁴⁶ Michael Limerick and Leon Yeatman, “‘Grabbing it With Both Hands’: Yarrabah Aboriginal Shire Council’s Journey to Self-Management 1986-2006’ (Paper presented at the Government & Communities in Partnership: From Theory to Practice Conference, University of Melbourne, Melbourne Park, 25–7 September 2006).

⁴⁷ Reconciliation Australia, above n 11.

⁴⁸ Ibid.

⁴⁹ Unpublished information from Indigenous Governance Awards 2005–06 nominations.

Clearly, this effort has been locally-driven and comprehensive, towards a clearly articulated goal of community self-management, drawing on a range of partnerships with outside bodies able to assist. Limerick and Yeatman note that these partnerships were driven in the first instance by the Yarrabah Council, on their own terms, and reflecting their aspirations.⁵⁰ The positive audit which Yarrabah Council has consistently achieved reflects just one aspect of a much broader governance, leadership and management effort. Yarrabah Council has legitimacy through its broad representation; it had a clear vision, developed an appropriate strategy and policies, invested resources in achieving it and built external partnerships to assist. These are some of the elements Finlayson highlighted in the successful organisations she studied.

Another very successful Indigenous organisation is Yarnteen Aboriginal and Torres Strait Island Corporation in Newcastle which began in 1991 with a small group of people from four families who had a desire to take their development into their own hands. Today, it states that its goal 'to empower Indigenous individuals and organisations to achieve self determination is being achieved through its governance structure',⁵¹ but critical to its success has been its ability to develop a core of highly capable, honest staff through an emphasis on giving them good working conditions, clear parameters and policies within which to work, and showing care and respect for them, with a dose of humour. The leadership team which has mentored staff, kept a clear vision, been hard-headed and consistent and strategically analysed and responded to the changing environment in which they were operating, has been very important. The board has been stable, responsible, and focussed on the long term goals for everyone, while the team work and organisational culture have enabled the board and staff to work effectively together, all pulling in the same direction. This internal 'governance culture' has been very deliberately fostered and nurtured by Yarnteen's leaders and managers. Yarnteen also has the essential administrative, management and financial systems in place to satisfy corporate governance requirements, but the key ingredients of their success have been the more overarching frameworks and values within which they work.⁵²

Both the above organisations are of course within or close to large urban settlements on the east coast, and have Indigenous leaders who can operate skilfully with governments as well as their own communities. They have perhaps been able to develop institutions and processes which serve the intercultural space they operate in more easily than others in very remote areas. They have certainly worked to develop Indigenous peoples' skills in more western governance approaches. Ironically perhaps, by doing this, they are able to maintain the organisational space to enable their communities to pursue their goals.

Another ICGP case study community illustrated how governance problems can emerge when shared understandings do not underpin

⁵⁰ Limerick and Yeatman, above n 46.

⁵¹ Leah Armstrong and Diane Smith, 'From Little Things, Big Things Grow' (2005) 1 *Community Governance* (Occasional newsletter of the ICGP) 1, 2.

⁵² Smith, above n 19.

organisations. Kurungal Inc is a CDEP umbrella organisation for five community organisations in the Kimberley, which became aware of some misunderstandings which seemed to be occurring within their governance.⁵³ Some of these related to roles and responsibilities but often they stemmed from cross-cultural communication and comprehension issues. They invited an experienced consultant to assist them to explore the issues and to help identify specific training needs. What emerged after lengthy discussions with young people, middle-aged people, and elders, facilitated by the consultant with a local team, was recognition that each group's concerns about governance were different and that people were not clear about the workings of their own corporations or the umbrella body, Kurungal Inc. Like many Indigenous organisations, Kurungal Inc represents an 'in-between space' linking Indigenous worlds with western-style institutions of government, and one part of the workshop which followed these discussions brought out into the open some of the tensions which the organisation experienced because of its location at this cultural and organisational intersection. Some readjustment of the structure of Kurungal was also canvassed, to reflect leadership changes within its constituent communities, and some targeted training needs were identified. The process also involved some informal cross-cultural 'training' for various groups, but most importantly it demonstrated the peoples' commitment to improve their circumstances.⁵⁴ Such place-based and responsive capacity development can help a community or communities having difficulties in a way that individualised training never can.

B Understanding the Operating Environment

Another element of capacity development is coming to grips with a changing operating environment. For many Indigenous organisations this has become more difficult since ATSIC's abolition. ATSIC Regional Councils in particular used to provide an explanatory link between local Indigenous people and the policies being developed at national and/or state level. Now a smaller number of Indigenous Coordination Centres staffed by government officers carry out that task, while change has been relatively rapid and wide-ranging. Inevitably, it has become more difficult, particularly for more remote organisations, to monitor what is happening and understand its implications for them. Yet their future in some cases depends on being aware of policy developments and responding to them in ways which might advance their constituents' interests.

As this paper has tried to emphasise, Indigenous organisations operate at the complex intersection of simultaneously experienced Indigenous and non-Indigenous systems or worlds, strategically negotiating within and between

⁵³ Kathryn Thorburn, 'Identifying Governance Issues for Kurungal Inc' (2005) 1 *Community Governance* 2.

⁵⁴ *Ibid.*

both.⁵⁵ The success of these ‘intercultural’ institutions depends on their ability to negotiate this intersection in a strategic way — that is, as Indigenous bodies to ‘strategically engage’ with the non-Indigenous world in which they are inevitably embedded.⁵⁶ There are several elements to this engagement. Obviously, for any incorporated or legislatively-based organisation, one element of that engagement is the legal status of the organisation itself, and the corporate requirements it has to fulfil, such as the provision of audited financial accounts or in the case of a local government body, certain statutory requirements; it also has to comply with a range of employment-related, taxation and other laws applicable to any organisation in Australia which employs staff. An organisation’s capacity to comply depends not only on its knowledge of the compliance requirements and its technical ability to carry them out, but on the constituency or membership’s willingness to accept the terms of engagement which frame its operation. This cannot be assumed, and reflects some of the ambiguity of the intercultural location of these organisations. There may be complex factors at work, for example, in why debts incurred for rental housing are not paid or collected, or why CDEP work requirements are not met, which need to be explored and addressed if the non-Indigenous stakeholders are to be satisfied.

C Funding and Governance Effectiveness

The terms of ‘self-determination’ are clearly circumscribed by the non-Indigenous context in multiple ways. One aspect of this intersection is the funding programs the organisation utilises and how it positions itself in relation to government policy and program directions. This is particularly important in a period of rapid change, such as is occurring now in Indigenous affairs with the new whole-of-government approach. For example, some organisations have had CDEP programs removed from their control, while others, unhappy with their legitimacy to ‘police’ new work requirements, have intentionally divested themselves of these responsibilities. Others are using CDEP to develop strategies for economic independence. Different organisations in different contexts experience and engage with the same national policies quite differently.

A further aspect may be to do with the employment of non-Indigenous staff in senior or other positions in the organisation, and how they position themselves and use their knowledge within the organisation. For example, the Indigenous Thamarrurr Council at Wadeye in the NT certainly has a range of formal powers under the *Local Government Act 1994* (NT), but its funding and ability to exercise those depend on its ability to access more than 90 different

⁵⁵ Jon Altman and Diane Smith, ‘Ngurratjuta Aboriginal Corporation: A Model for Understanding Northern Territory Royalty Associations’ (CAEPR Discussion Paper No 185, Centre for Aboriginal Economic Policy, The Australian National University, 1999).

⁵⁶ David Martin, ‘Rethinking the Design of Indigenous Organisations: The Need for Strategic Engagement’ (CAEPR Discussion Paper No 248, Centre for Aboriginal Economic Policy, The Australian National University, 2003).

buckets of program funding, placing enormous demands on its proposal writing, reporting, and financial and program management capacity. This in turn currently requires a significant number of non-Indigenous staff and complex accounting and management systems.

Capacity development for Indigenous governance must involve enabling Indigenous people to consider and determine the nature of their engagement with the non-Indigenous institutions, openly acknowledging and resolving all the dilemmas that inevitably involves. This is a process which has to be constantly negotiated with the wider community which the organisation serves, since these contextual conditions are frequently subject to change, and to the extent that those changes impinge on the Indigenous stakeholders of the organisation, they need to be renegotiated with them.

Unless organisational leaders understand their operating environment — both its non-Indigenous as well as its Indigenous dimensions — they will not have the capacity to steer the organisation through the shifting winds and tides of policies and programs on the one hand and the family, cultural, social and political histories and dynamics on the other, taking their community along with them.

D Building the Governance Culture Through Institutions and Rules

There is some evidence that customising decision-making procedures and rules and building a governance ‘culture’ in organisations contributes to effective governance. Research undertaken by the ICGP has revealed that Indigenous organisations are putting considerable time and energy into designing the institutions for their organisations. This is an area where people seem to be striving to achieve a strong cultural ‘fit’ in developing their own organisational rules, codes of conduct, dispute-resolution mechanisms, policies, constitutions and preambles, strategic plans, work conditions, decision-making procedures, and so on in order to collectively address issues that might otherwise prove difficult to negotiate owing to kin-related avoidance behaviour, hierarchical leadership etiquette, or the pressure of meeting family responsibilities. In other words, there is a recognition that some elements of Indigenous family and political systems may undermine or counteract the governance effectiveness of organisations (and vice versa) if not sensitively managed. In such cases Indigenous culturally-based ‘institutions, values and behaviours’ are being drawn on to develop appropriate rules for a corporate entity.⁵⁷ It also appears to be the case that the organisations which are working on their institutions are the ones actively promoting governance capacity and professional development amongst their boards, staff and management. The two activities appear to reinforce each other.⁵⁸

Customised institution-building by organisations appears to make a significant difference to their legitimacy and effectiveness. Those organisations which are ignoring or unable to give attention to this vital area of ‘governance

⁵⁷ See Diane Smith, this volume.

⁵⁸ Hunt and Smith, above n 6, 15–17.

work' are also the ones which seem to experience greater internal conflict, dominating leadership, poor outcomes, difficulty in delivering services, and problems with both their external and internal accountability.

E Staff and Board Training and Development

There is no doubt that successful Indigenous organisations are putting significant effort into staff and board training and development. Some of the most successful have invested heavily in these areas over a number of years, and appear to have done so in a multiplicity of ways, including by encouraging their staff and board members to participate in available training courses, developing their own in-house trainings and human resource development plans and strategies, on the job mentoring, and providing incentives for individuals to undertake formal study. A few make formal governance training compulsory for new board members. However, the availability of suitable training courses, customised to local needs and circumstances, remains a problem. In response, some organisations are developing their own programs. These training activities also require peoples' time, and this needs to be factored in amongst other pressing organisational demands.

For example, Papulankutja Artists is working together with other regional arts centres in eastern WA (Warakurna Artists, Tjala Arts,⁵⁹ Kayili Artists and Irrunytju Artists) and has designed and is providing a highly successful governance training program (The Ngaanyatjarra Governance Training Program) for the Executive Committee members and staff of the respective arts centres in these remote locations. This organisation recognised that the arts centres are high level enterprises selling fine art into national and international markets. Yet with the cross-cultural requirements, and the low levels of English and financial literacy on their boards, the sustainability of the centres was at risk. A governance training program offered locally in three-day workshops, four times a year in local language and using Ngaanyatjarra concepts has been operating for two years now with reportedly great results. It is planned to continue until mid-2007.

The training was developed collaboratively by the artists and an adviser identified by the Small Business Development Unit in Alice Springs, and the program had support in funding and making funding applications from Indigenous Economic Development in Perth. The training ranges from everyday financial transactions to budgeting, financial planning, marketing and promotion, as well as issues associated with employment and remuneration of staff. The training is boosting the confidence and capacity of the individual committee members as well as the stability and sustainability of each centre. The regional strength and solidarity of these arts centres is a further benefit of this combined approach. Thus financial literacy is being developed in the context of the governance knowledge necessary to sustain these important arts centres which operate in a highly competitive international and national art

⁵⁹ Tjala Arts was formerly known as Minymaku Artists.

market which they also have to understand. Some arts centres also take younger artists to accompany older ones to major exhibitions in order to help them get such knowledge of the art industry and their markets and gain confidence in talking about their art.⁶⁰

V Conclusion

This article began on a negative note: the problems being faced by some local Queensland Indigenous councils with their audit reports, and the challenge of building their capacity to govern their communities and account for themselves according to statutory performance requirements. However, it highlighted the insight of the Queensland Auditor-General that at the heart of these weaknesses was a broader lack of leadership and governance capacity. Solving the financial record keeping problems would not be possible unless these wider capacity issues were addressed. The considerable success of some Indigenous councils and corporations was noted, and the question posed, why do some succeed while others languish? How does capacity develop? What are the processes that might build capacity where it is weak?

The paper has suggested that tightening controls — while superficially attractive — is not the solution. Nor will providing financial controllers be more than a stop-gap measure. Rather, organisations need capacity development assistance in a holistic way. Simply attending to the financial problems that councils or incorporated associations present as the symptoms of poor governance will leave the underlying weaknesses in place.

This paper focusses on the processes and elements which might be necessary to invest in if genuinely sustainable capacity is to be developed in Indigenous councils and associations, recognising that they are essentially intercultural forms, embedded in a wider ‘governance environment’ which may constrain or facilitate their efforts. Indeed, they are often in ambiguous positions mediating between incompatible and yet intertwined cultural systems, and juggling differing views of what constitutes ‘success’.

A Community Ownership and Vision

The ICGP research, coupled with examples from successful organisations identified through the Indigenous Governance Awards, suggests that capacity development has to broadly engage key sections of the ‘community’ to be served, be built on a vision of what that ‘community’ is seeking to achieve, and a sense of ‘ownership’ or legitimacy of the organisation which is the vehicle to get there. It also has to help bring sometimes diverse interests within the community together to consider how they will ‘strategically engage’ with the dominant non-Indigenous society to enhance Indigenous self-determination through this intercultural mechanism — whether that is an

⁶⁰ Reconciliation Australia, above n 16, 34.

incorporated association or community government council.

But the research also indicates that a cohesive ‘community’ is an imagined ‘construct’; ‘communities’ reflect specific and complex historical, familial, social and political dynamics and Indigenous decision making occurs in this densely interconnected and historically shaped social milieu. This indicates that a well facilitated, and perhaps quite lengthy, community development process is likely to be necessary to foster the basis for governance arrangements which might be effective.

B Develop Shared Understandings of Governance Procedures

Developing shared understandings of the governance arrangements, which must be based on commonly agreed and constantly reinforced values, is essential to success. Building the institutions of governance that embody these values and which give clear guidance to everyone about policies, acceptable behaviours, how to deal with disputes and conflicts of interest etc seems to help, and transparency to the community about criteria for decisions and about financial matters, in ways that they can understand, is essential for them to be empowered to hold leaders (including non-Indigenous staff) to account. This means it is essential that the board develops the ability to understand the ‘money story’, and that staff can and do explain it to them clearly, and that everyone insists on appropriate financial controls being in place. This includes the board having processes to regularly review the organisation’s financial position through receiving financial reports at each meeting in a form which make sense to the board.

Successful governance has to develop customised institutions to manage those aspects of this milieu which can jeopardise the organisation’s ability to maintain operating space within the non-Indigenous environment. Keeping the family politics out of the day to day operational matters, or at least managing them transparently, is vital if the organisation is to operate effectively and sustainably.

This process of negotiating the rules and protocols about how people will relate to each other, make decisions and implement them is a community development process too. It takes time, but constant conflict, suspicion and misunderstanding are also time-consuming and can be organisationally destructive!

C Understand and Negotiate the Policy Environment

A successful organisation also has to be acutely aware of the rapidly changing policy and administrative environment, and consider carefully how to navigate its way through that. This implies having ways to learn about it, and having good communication and relationships with key external players. It also implies setting aside the time to analyse and strategise about the way the organisation will respond to and try to shape its policy context. Boards may need to think about *how* they can do this, including by inviting outsiders to

brief them, or going to meetings and conferences which provide an opportunity to assess the context and how best to engage with it to create the operating space and resources needed by the community to achieve its goals.

D Comprehensive Place-based Governance Development Processes

Governance capacity development has to be context-specific and place-based, and needs to be driven by local people over a period of time through a community development process.⁶¹ Such a process empowers communities, builds trust and can be embedded in the local cultural milieu, building on the strengths and assets there.⁶² The use of sensitive facilitators may provide valuable support. One-off training of individuals is insufficient, although a strategy for appropriate and progressively more advanced training of all staff and councillors is an essential component. Mentoring support within organisations and external mentoring to senior people in a small group of Councils might also assist, as could incentives to staff and board members (and potential board members) to undergo training or further study.

E Leadership

Much depends on good leadership, but leadership is a quality to be developed within a group, not necessarily a pre-existing characteristic of a single individual. At times, an outstanding individual can make a difference, but usually, what is needed is a group of people who support each others' development and exercise leadership in a variety of ways through a team approach. Leadership training for a small group may help provide the impetus for change in an underperforming organisation, so long as this is part of a broader capacity development strategy.

F Simplify the Game of Governance

Simplifying the legislative requirements and the funding complexities these often multi-function organisations have to comply with and manage would help. Many manage a multitude of diverse programs and funding sources that would challenge most non-profit organisations and local governments even in the best of circumstances. Greater control of funds needs to be in the hands of the Indigenous organisations. This is an issue for governments. It challenges their capacity to work in a more seamless way, with higher levels of trust and collaboration among their different organisations and levels, as well as their trust in Indigenous organisations to run programs which satisfy Indigenous needs.

G Develop Ways of Monitoring and Learning

⁶¹ Hunt and Smith, above n 5; Hunt, above n 25.

⁶² K Bean, 'Out of Sight, Out of Mind ...' (2006) 4 *New Community Quarterly* 41.

One of the weaknesses in much of the policy debate on governance capacity is that the indicators of success or failure are externally determined by government funding bodies. We need to develop more culturally-grounded, Indigenous-driven approaches to identifying what might count as ‘success’ and how to assess it, and governments need to be open to indicators which are different from their usual requirements. Dialogue about what counts as ‘success’ is important to helping resolve or highlight some of the tensions Indigenous organisations face. We also need appropriate tools to monitor and assess capacity development itself. Such processes and tools should also be inclusive and negotiated, not imposed. Indigenous organisations could usefully consider adapting non-government organisation self-assessment tools used internationally to meet their own needs.⁶³

VI A Final Note

Successful Indigenous organisations have shown that when Indigenous people are appropriately supported to build something which they value and which fulfils a need they have identified, and over which they can exert some control, capacity develops.

So, figuring out governance involves a lot more than the figures. But the figures are more likely to improve if a holistic, community development approach to capacity building is adopted and sustained over a significant period.

Acknowledgements

I would like to express my appreciation to Ms Diane Smith and Dr Benjamin Smith of CAEPR, and Ms Cath Elderton of the Fred Hollows Foundation, for their valuable comments on an earlier draft of this paper. The views expressed remain mine alone.

⁶³ See, eg, some designed especially for non-profit and non-government organisations in UNDP, *Resource Catalogue: A Review of Selected Capacity Assessment Methodologies* (2006).