

**'From COAG to Coercion:
A Story of Governance Failure, Success and Opportunity
in Australian Indigenous Affairs'**

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The West Arnhem Shire—A story of governance success

In late June 2007 I was at the South Alligator River in Kakadu National Park, attending a meeting of Indigenous leaders from local government councils and resource organisations representing communities throughout West Arnhem Land and the town of Jabiru in the Northern Territory (NT). They were meeting, as they had done regularly for the last three years, to plan the implementation of a local government shire covering the entire region of West Arnhem and Jabiru. Also present were senior officers from the NT and Australian governments who, under a bilateral agreement signed between the two governments in 2005, have been working closely with the Indigenous leaders on the transitional committee to facilitate the establishment of effective and culturally-legitimate regionalised local government.¹

In 2003, Aboriginal (*Bininj*) leaders from West Arnhem Land saw the NT Government regionalisation policy as an opportunity to secure greater authority and control for *Bininj* people over the things that matter to them, and to create a strong voice that could influence government funding and service delivery to the region: 'We will get to say what we want in our communities, we will set the priorities'; 'We have control over this project'; 'We will create policies and strategies that achieve more local employment and better services'; 'We will have a much stronger voice speaking as one to government ...'.

Part and parcel of the regionalisation process has been the regular delivery, as an integral part of each committee meeting, of governance capacity-development with the Indigenous and non-Indigenous members of the committee. This has been carried out by the same male/female team of community development officers from the NT Department of Local Government, with my research support, for over three years (see Evans, Appo & Smith 2006; Smith 2005, 2007). The governance work included sessions on governing roles and responsibilities, separation of powers, systems of representation, organisational structures, codes of conduct and conflict of interest, meeting procedures, human resource management and contract conditions, and so on. Each session culminates in the committee collectively developing new governing rules; for example, in the form of written policies, agreed procedures, resolutions, a future constitution and preamble.

An important driving force behind these efforts has been the desire to create an effective regional organisation that will better reflect *Bininj* cultural values and institutions: 'We will have a council that respects and works with our culture'. As part of the governance capacity-building work, the Indigenous committee members routinely discuss the cultural issues involved in developing workable rules; they test proposed policies against potential community and cultural scenarios, and share practical ideas with government officers about how they might collectively and individually enforce their rules in a way that acknowledges the difficult challenges involved in working across cultures.

The result is that the community leaders on the committee have developed strong governing capacity and confidence based on the experience of working together as a team to make and enforce collective decisions. They follow up hard issues of representation and externally imposed change with tenacity and integrity, and their relationship with both NT and Australian Government partners continues to be frank and robust.

Collaborating for good governance [INSERT LOGO SOMEWHERE HERE]

The West Arnhem Shire Logo² endorsed by the committee demonstrates their real commitment to working as a 'joined up' local government with the other levels of government in Australia for the benefit of both *Bininj* and *Balanda* (non-Aboriginal) residents of the region. Their intention, written into their early constitution preamble and policies, is to use their traditional systems of culture and governance:

... to strengthen the legitimacy of the Regional Authority [shire], and use the [shire] to strengthen traditional systems of governance. Through this vision and commitment we seek to maintain observance and respect for traditional values, and to join the responsibilities and structures of traditional authority with those of local government, to achieve a high quality of life and a wide range of opportunities and choices.

We are developing our own rules that include our culture. In our own culture we have our own rules that are very strong and we are bringing this into the [regional local government].

The collaboration between *Bininj* groups across the region, and with government, hasn't all been smooth sailing by any means. The history of mutual suspicion is slowly shifting as a result of the trust and relationships being built up between the government community development officers, community leaders and different clan groups, and as the committee members work with each other to resolve practical issues and develop shared approaches.

As one member of the committee noted in a presentation to NT Government Ministers in 2005:

When we started, people were unsure of each other. People were only interested in their own group. We had our own ideas—at the beginning we were all different. We were not used to making decisions together. Now, people have a shared commitment to the whole region. We are all working towards the one goal. Now we work through issues and make an agreed decision.

Major changes initiated in 2006 by the NT Government to its policy framework for local government have severely tested the partnership relationship. But the foundation of governance capacity, trusted relationships with particular government officers and the growing effectiveness of Bininj decision-making within the committee have built resilience in the committee and the partnership. Also, the *Bininj* leaders remain strongly committed to getting real outcomes on the ground. For that purpose, they continue to collaborate with government to create workable solutions that will address the entrenched backlogs in infrastructure and essential services in the region.

West Arnhem—From collaboration to coercion

On the final day of the West Arnhem Shire committee meeting in late June, the Australian Government made a media release announcing that it was taking over the administration of some 60 NT Aboriginal communities, under compulsory lease acquisition, for an estimated period of five years. The release stated that government administrators, army and police would be placed into each community, and children would be required to undertake mandatory health checks in an effort to identify and curb child abuse. All communities located on Aboriginal inalienable freehold land under the *Aboriginal Land Rights (NT) Act 1976* (ALRA), will have their permit systems revoked, and be subject to Australian Government leasehold conditions.

Government officers at the West Arnhem meeting were unable to shed any light on the media announcement—they had not been forewarned themselves and had to resort to the media release. Fast calls to their managers in Darwin and Canberra revealed they were similarly uninformed.

The following day, the front page headline of the *NT News* read 'Martial Law—Howard mobilises cops, military as he declares 'national emergency' in NT communities'. The opening paragraph reported that:

The Federal Government yesterday seized control of the Territory's Aboriginal communities in the most dramatic intervention in NT affairs since self-government. Canberra in effect declared martial law over the 44 per cent of the Territory owned by Indigenous people (Adlam & Gartrell 2007).

To say that the *Bininj* members of the West Arnhem Committee were shell-shocked would be an understatement. In one day, without any consultation, their collaboration with the Australian Government had essentially been made null and void. Their role as the proposed local government for the entire region was thrown into question, their work over the last three years ignored, and their governance roles treated with disdain. A week after the media release, the army, police and Australian Government officials entered two communities in the region.

This group of Indigenous leaders have been working in partnership with both the NT and Australian governments for over three years. Their sense of betrayal was intense, but not new. It took me back several years to 2001 when I worked with the Mutitjulu community at their request, to develop a welfare reform package for the whole community.

Mutitjulu—A litany of broken promises

In 1991, the NPY Women's Council reported to government on the welfare of Indigenous (*Anangu*) children and families in the Central Australian region that included the Mutitjulu community. The Aboriginal chairwoman of the Council stated in her introduction to the report that:

We are telling this story strong about what we think about child protection ... Women's law, grandmothers' law is really important one to us ... It teaches us right way for children to be looked after and taught.

But a lot has changed for us on our communities. We are worried about losing our traditional means of controlling and caring for children. We are worried about our family structure breaking down. We are worried about grog and petrol sniffing and how that affects our families. And we are also worried that government and welfare mob don't understand our way and our problems.

We women have ideas about what to do to make it better. We want government and welfare mob to listen to what we say and our ideas. We want them to work with us and our organisations, to get it right (R. Forbes, NYP Women's Council 1991).

Ten years later, after years of further inquiries and reports into their family living conditions, and little to show for it except bandaid responses from governments, the *Anangu* families and leaders of the Mutitjulu community had had enough.

In response to the national welfare reform agenda of the Australian Government in 2000, the community council at Mutitjulu asked Centrelink, ATSIC and FACS to work with them to develop a practical strategy to address welfare dependence and related family problems in the community. Under a joint contract between ATSIC and the community council, I lived and worked in the community to ascertain what *Anangu* considered to be their priority welfare problems and their ideas for resolving them. Over that time I consulted with senior leaders and family members, young and old, all community organisations and service deliverers, as well as regional stakeholders and relevant government agencies (see Smith 2001).

Not surprisingly, *Anangu* concerns had changed little since 1991:

'Sit down money' is killing our young people. When the welfare money came in, it really killed the work; people started slacking off. Now young ones don't know work, they're welfare trained ... No more sit down money, we gotta cut it out. Level'm up, everyone gotta work ... Push all those petrol sniffers into work. Young people make everything good for family. I like them to be helping more with all the community work.

Out of the consultation process, the Mutitjulu Community Council and senior family leaders proposed a Community Participation and Partnership Agreement to be negotiated with the relevant Australian Government departments and key regional stakeholders. In 2001, it was a unique, innovative model—well before the COAG Trials and before the Family Income Management pilots in the Cape York.

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The Mutitjulu Community Participation and Partnership Agreement proposed an integrated package aimed at directly attacking welfare dependence and social dysfunction in its real-life community context. Key components included:

1. a community-wide coverage of all welfare recipients—what *Anangu* called the 'All In' approach—with breaching implemented in partnership with Centrelink
2. a whole-of-community 'Participation Program' based on 'Individual Participation Agreements' that would require all welfare recipients to undertake some form of work selected from a menu of participation activities and training developed by the community
3. tying receipt of Youth Allowance to school attendance and work participation
4. providing intensive assistance and support to individuals to take up paid employment
5. recognising the support role and social capital provided to families and children by older women, and creating mechanisms to ensure that welfare payments intended for the care of children were directed to the older women who invariably took care of them, and
7. government agencies working alongside the community to rebuild local governance processes and provide governance capacity-building to *Anangu* leaders and councillors to enable them to actively participate in, and manage, the implementation process.

The Mutitjulu Council proposed the Agreement should be further fleshed out and implemented in partnership with the Australian Government, FACS, Centrelink and ATSIC. To do so they asked government to:

1. provide a delegation to a community officer under the *Social Security Act 1999* to enable the council (or other specific-purpose community organisation) to implement a 'whole of community' approach to welfare reform
2. support them in developing local *Anangu* breaching, enforcement rules and appeals procedures with Centrelink
3. provide a consolidated block of welfare and related program funding, with a single reporting/acquittal package—what *Anangu* referred to as a 'one bucket' funding strategy, and
4. provide families with financial literacy and budgeting training, and with local banking services.

The community was not naive about the challenges involved on its side. Residents were adamant that they wanted a measured transition carried out in partnership with government, with sustained departmental facilitation on the ground.

Senior officers from the Australian Government visited the community and attended council meetings, at which they assured local leaders that the government was listening to their proposal and would support them. That was the last the community heard of them.

What happened? Essentially, in 2001, the Australian Government and its departments walked away from Mutitjulu.

Why did this happen? Initially, the government departments involved argued there needed to be further community consultation, and suggested that the community was in fact 'too dysfunctional' to participate in such a major reform process. (In fact ongoing consultation was an integral part of the proposed implementation process). In reality, the problem lay not in the community, but in Canberra.

First, the key departments would not support an 'All in' community model of welfare reform and would not support linking Youth Allowance with school attendance, even though these had been specifically requested by community members and their council. Second, Centrelink and FACS would not countenance an Indigenous community working with them to develop and implement locally-relevant breaching rules. Neither would they countenance a community organisation being provided with a delegation under the *Social Security Act* in order to do so ('over my dead body' was the comment of one senior bureaucrat). Third, entrenched inter-departmental turf wars in Canberra meant that the departments concerned were unable to negotiate a common position. As a result, the process inevitably became bogged down by strategic bureaucratic behaviour that led to inertia. And finally, the Australian Government was unable or unwilling to reform the chaotic state of its departmental program funding, in order to streamline the pooled funding and grant reporting arrangements that would have been required.

In 2001, the Mutitjulu community had called out in desperation to the Australian Government. It wanted decisive action, but it wanted to be a full partner in action to address local welfare dependence and governance dysfunctions. At that point, government turned its back on the community.

As a result, it is arguable that significant responsibility for the horror of violence, abuse and despair that has since escalated at Mutitjulu can be laid fairly and squarely at the door of the Australian Government and its departments, and in more recent years, at the door of the NT Government as well.

In late June 2007, the Australian Government announced that Mutitjulu would be the first community into which it activates national emergency measures. It will do so unilaterally, not in collaboration. Ministers and some media commentators have argued over the last several days that, late though it may be, at least action is now being taken at Mutitjulu. But two critical elements of the community's earlier partnership proposal for welfare reform are noticeably absent: namely, the implementation of a governance-building strategy right from the start, and the streamlining of related government program funding down to the community.

The new intervention policy

Clearly, we are at a watershed in terms of where the Australian Government is taking Indigenous Affairs policy and practice. No one would deny the depth of problems experienced by Indigenous families and communities in this country. Indigenous people themselves have been calling for decisive action on a whole range of social, economic and human rights issues for several decades now. But after years of government failure to address deeply entrenched structural disadvantage, should we think that the outcomes of this hasty intervention will be any better?

The new policy approach will attempt substantial social engineering within Indigenous communities. The Australian Government appears to be undertaking another missionary phase in Indigenous Affairs: one based on a well-intended desire to improve conditions for families and children, but unilaterally imposed by government using 'the full weight of its coercive power' (Scott 1998: 5). The history of Indigenous Affairs in Australia shows that coercion rarely leads to sustained positive outcomes. On the contrary, often it has led to unintended consequences that have exacerbated problems and created profound misery on the ground.

Since the announcement of the 'Howard-Brough-Pearson' new intervention policy, we have heard a barrage of opinion—much of it partisan and ideologically driven, with many bold assertions uninformed by empirical evidence. My concern in this paper is not with the causal grounds for the Australian Government's action in the welfare arena, but with its logic and strategies for addressing the issues, predicated as they appear to be on a lack of analysis of why government policy has failed so badly to date, and on unproven assertions of a direct connection between the ALRA permit system and child abuse. Unless these underlying issues are addressed, there is a very real chance that the current intervention will simply repeat the same debilitating mistakes of the past.

Implicit in the Australian Government's 'new intervention' approach is an acknowledgement that its current 'whole-of-government' policy has failed, even though that policy has only recently been implemented. But is this the case? And if so, in what respects has it failed? And have there been any positive outcomes from that approach?

In 2002–03, the Council of Australian Governments (COAG) Trials began operating in eight Indigenous sites across Australia, in a policy framework of 'whole-of-government', partnership and an overarching emphasis on shared responsibility. The aim of the Trials was twofold: first, to build Indigenous community capacity to more effectively deliver services; and second, to strengthen the capacity of governments to work with each other in a coordinated way and deliver more streamlined funding to Indigenous communities. Important lessons for both governments and communities can, and should, be derived from that practical experience. Yet, in a matter of one week, we seem to have gone from a 'whole-of-government' policy approach, to one of coercion where the power of the state will enforce collaboration.

To assist the development of a more empirically informed consideration of these urgent matters, I want to describe some of the relevant research findings from a major project I have been involved with over the last four years.

The Indigenous Community Governance Project

The Indigenous Community Governance Project (ICGP) is itself an innovative partnership between the Centre for Aboriginal Economic Policy research at the Australian National University and Reconciliation Australia. It is being carried out in collaboration with 11 Indigenous communities across Australia, and with funding from the Australian Research Council and the Australian, NT and WA governments.

The research is national in coverage and community in focus. It covers a range of different types of 'community' in remote, rural and urban locations. A team of multi-disciplinary researchers have been working with the same community organisations, groups, leaders and their organisations for the last three years to identify what's working, what isn't and why, in Indigenous community governance.

The project is investigating the complex dimensions of how communities are governed—not only their cultural foundations and complex histories, but also the financial, legislative and policy frameworks under which they operate—and how these impact on their effectiveness and legitimacy.

The methodology is rigorous and our research results extensively documented on the CAEPR website (see Hunt & Smith 2006, 2007; and Smith 2005, available from: <http://www.anu.edu.au/caepr/ICGP_publications.php>). Each researcher investigates the unique aspects of governance in the communities they are working with, and also provides extensive research data against a common project field manual that targets key governance issues and questions. The ICGP has developed an innovative comparative analysis to identify more broadly relevant principles and common themes that appear to underlie Indigenous governance challenges and solutions across the communities.

The ICGP is participatory and applied. Researchers work with community groups and organisations to explore best-practice solutions to their governance challenges. To assist that approach the Project is also currently working with Reconciliation Australia to develop a web-based toolkit of governance resources and diagnostic tools for use by Indigenous organisations and communities, and agencies working with them. The ICGP also aims to make the research count with governments. For that purpose, various policy, funding and program frameworks have been analysed and reported on.

The research is now starting to tell us about what works, what doesn't and why in Indigenous community governance in Australia. In particular, the evidence is consistently highlighting several conclusions that are directly relevant to the Australian Government's 'new intervention policy'.

ICGP research implications for the new intervention policy

The Project has thoroughly investigated and analysed the factors underlying poor governance arrangements in Indigenous communities. These have been discussed in reports and case studies on the CAEPR website. But given the current government and public focus on Indigenous dysfunction and failure, it is important to remember that Indigenous communities can be successful in establishing good governance, and that in doing so they are securing important social, cultural and economic outcomes.

What *is* working?

First, the ICGP research overwhelmingly confirms that the exercise of practically effective, culturally legitimate governance in Indigenous communities is critical to providing a foundation for addressing and sustaining their social well-being and economic development. In other words, good governance delivers a development dividend for Indigenous communities.

Second, lest we all succumb to the politics of despair about Indigenous Australia that seem to have hold of the nation at the moment, the research reports that amidst the failures there are extraordinary successes in community governance.

Around the country, we are seeing Indigenous people in their organisations and communities working to address complex internal relationships and representation issues in order to develop legitimate governing arrangements that win the support of their members:

- e.g. The West Arnhem Land Transitional Committee is developing an innovative organisational structure with a layered network of representation that will enable it to act regionally, but also recognise local community interests and decision making (Smith 2007).

We are documenting Indigenous groups reassessing their cultural histories and geographies in order to promote greater legitimacy and accountability of leadership and decision-making:

- e.g. Groups at Wadeye in the NT undertook an extensive community-wide reappraisal of the cultural underpinnings of their governance arrangements in order to create a more inclusive Community Council.

ICGP researchers have reported innovative governing structures being designed to suit changing contemporary conditions:

- e.g. The Laynhapuy Resource Association represents the interests of a number of inter-related outstations across East Arnhem Land and has recently restructured its governing board and management in order to better respond to changing government policy and economic opportunities for its member groups.

We are seeing direct links between the effectiveness of an organisation's governance arrangements, and its ability to deliver sustained social and economic development outcomes:

- e.g. Yarnteen ATSI Corporation in Newcastle has built up an outstanding governing board and management team who promote ongoing governance training, professional development and youth mentoring. This has led to high credibility with the wider business community and investors, and resulted in sustained success in enterprise development.

The ICGP research is also identifying a set of core 'design principles' that appear to underlie many of the different governance solutions on the ground. A particularly important principle is networked governance which is applicable across remote, rural and urban communities. It is premised on a form of 'bottom-up' federalism with associated layers of powers, roles and responsibilities:

- e.g. The set of organisations and inter-related groups that now constitute the Bunuba Corporation in the Kimberley are a network designed to recognise the autonomy of particular groups and their economic interests, at the same time as sharing the benefits of collective representation and financial management.

Models based on networked governance are seen in all the communities with whom ICGP researchers are working.

Strong nodal leadership and succession planning are shown to make a significant contribution to the good governance of communities and organisations. Influential leaders become connecting points within networks to mobilise resources, opinions, and get things done. Under their direction, the ICGP has documented organisations undertaking the hard work of reforming their governance, creating workable rules and procedures, and enforcing those in the complex inter-cultural environments in which they operate.

In particular, the research has documented innovative Indigenous processes of building practical governance capacity in the context of their daily work. When Indigenous people develop their own institutions rather than adopt externally created rules, their governance capacity and confidence appears to be significantly strengthened. In all the case studies, we are witnessing community groups and leaders using their cultural values and social relationships as an asset to help them build stronger governance.

What *isn't* working?

Many of the intractable social and economic problems confronting Indigenous Australians are, in significant part, a function of the mutually reinforcing institutional constraints and failure of governance within governments themselves. The ICGP has documented institutional failings in policy, implementation strategies, funding frameworks, public-sector capacity, and the system of fiscal federalism itself (see also Westbury & Dillon 2007).

The way governments function directly affects Indigenous capacity to govern well and get things done in communities. In every case study, ICGP researchers are reporting that there is no single 'whole-of-government' policy approach—rather, there are several. Organisations and communities are routinely confronted by different 'whole-of-government' policies and strategies from different departments and jurisdictions.

Departmental territorialism and inertia is rampant in Indigenous Affairs. We have witnessed Indigenous initiatives to improve local governance undermined by the 'go-it-alone' attitude of particularly influential departments, which protect their niche program role and funding power, and resist the efforts of other agencies to collaboratively develop program and funding coordination. The point was highlighted at one COAG Trial meeting by a perceptive community leader who asked the various departmental officers the question: 'Where is your Thamarrurr'? He had been one of the local leaders involved in the time-consuming and difficult task of getting the different clans to work together under a single regional council modelled on a traditional principle of Thamarrurr ('coming together'). Why, he asked, couldn't governments work with each other, and why couldn't they get their departments to work together?

What hasn't been recognised—at least by governments—but has been documented by the ICGP and numerous reports and inquiries, is the extent to which government funding arrangements have exacerbated community and organisational dysfunction and poor governance. As Westbury and Dillon (2006) succinctly note, for Indigenous communities 'accessing government program resources becomes a labyrinthine voyage through scores of separate programs and a sea of bureaucratic process'. This fundamentally diminishes the time, resources and capacity that community organisations can give to making their service delivery and governance more effective.

Government policy over the past thirty years has not succeeded in addressing this internal institutional failure. On the contrary, programs seems to be multiplying, and grant funding and acquittal processes becoming more onerous. In one community, at the time they commenced participating in a COAG Trial, their representative organisation was managing 50 different buckets of government program funding. For a small community of approximately 2,300 people that in itself constituted a major administrative workload that diverted scarce human resources away from critical community governance and service issues. After three years of the Trial, the same organisation was managing over 90 different buckets of program money.

There continues to be, in Indigenous Affairs, a fundamental disjunction between government policy goals and actual implementation on the ground. This is compounded by a failure of engagement by governments at all levels. When governments introduced self-determination policies in the 1970s they essentially vacated the field of community development and collaborative engagement on the ground. The result was a failure to keep up with international best practice in community development that might have enabled a more sophisticated approach to the issues involved in the current intervention. The additional consequence has also been a failure of governance capacity within an already overstretched bureaucracy reeling from one policy change to another.

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A plethora of papers and reports have concluded that the institutional arrangements of fiscal federalism in Australia are fundamentally flawed and a key driver of Indigenous disadvantage, especially in remote regions. For example, the per capita allocation from Commonwealth transfers to local government in the NT comprises just over \$20 million out of a one billion dollar national pool of specific purpose grants. The bizarre result is that the NT receives less in local government financial assistance than is notionally allocated for the population of Geelong in Victoria (Westbury & Dillon 2006).

With over one-sixth of the Australian land mass, and an Indigenous population experiencing high levels of socioeconomic disadvantage, the result has been to create huge backlogs in infrastructure and services in NT communities. These are the very ones now being accused of not delivering much-needed basic services to children and families.

Infrastructure backlogs are not currently addressed by the Commonwealth Grants Commission (CGC), and the jurisdictional sovereignty of territory and state governments means they are not required to expend Commonwealth transfers on the Indigenous locations or service requirements against which 'disability factors' the transfers were initially assessed by the CGC (Smith 1992). As a result of the historical under-investment by governments in NT communities, CAEPR has recently estimated that to deliver on its intervention promise to spend whatever it takes to 'fix up' Indigenous communities in the NT, the Australian Government will need to allocate in the realm of \$3-5 billion to achieve parity over the next five years in education, health, CDEP transition to work, and housing alone.

We have entered a period of policy formulation where Indigenous culture is pathologised by governments and many public commentators, in much the same way that early missionaries regarded Indigenous culture as contaminating the ability of families and children to assimilate. Indigenous culture is portrayed almost as a virus, something that will undermine the effectiveness and accountability of organisations and their governance arrangements. Accordingly, policy and program solutions increasingly seek to quarantine culture to one side. The primary mode of departmental interaction with community organisations is one of managerial governance that focuses on compliance and grant acquittal. But the lesson of history is that Indigenous people will never leave their culture to one side; they will not be assimilated into being 'whitefellas', and their governance arrangements express cultural goals in addition to financial compliance and administrative effectiveness. Importantly, the ICG Project has documented examples of where Indigenous groups and organisations are using their cultural values, institutions and social relationships to positively support their collective efforts to rebuild their governing arrangements. In other words, cultural legitimacy can provide a powerful mechanism for accountability and effectiveness.

By and large, however, governments still do not recognise the positive developmental role of good governance, and their efforts to facilitate Indigenous governance capacity-building at the local level remain ad hoc, uncoordinated, erratically funded, poorly implemented, and rarely followed up. The recommendations of numerous reports and inquiries on community governance and associated capacity building have not been implemented.

Taken together, these issues produce what Westbury and Dillon (2006) conclude is 'a fundamental failure of the nation state to govern effectively in Indigenous Affairs'. It also represents a fundamental failure of the Australian state to invest in Indigenous self-governance and related capacity, despite the mounting evidence that this can lead to significantly improved social and economic outcomes on the ground.

In many ways, an inevitable conclusion must be that the governance dysfunction within government represents at least half of the national emergency currently confronting Indigenous communities.

From coercion to collaboration?

Coercion as a policy instrument has limited developmental power for Indigenous families and communities—history has demonstrated that.

Government ministers and bureaucrats often talk about the importance of developing policies and strategies on evidence-based research. The ICGP is producing convincing comparative evidence that suggests there are several strategies that will facilitate more effective, sustained outcomes.

First, taking genuine decision-making powers and control away from communities and organisations, and then handing it back later and expecting Indigenous people to assume 'ownership' of models and rules they've had no say in developing will not work. In this respect at least, the ICGP research suggests that Noel Pearson is wrong. He has recently argued (Pearson 2007) that there are three policy phases to the current Australian Government's decisive action: the first is unilateral intervention on the ground; the second is radical reform and innovation; the third is retreat by government and transfer of ownership to Indigenous organisations and leaders.

In fact, Indigenous self-governance and good governance lie at the very heart of positive development outcomes. Governments urgently need to provide enabling policy and legal frameworks, and integrated program guidelines, to actively promote Indigenous governance capacity and authority. Indigenous governance institutions and capacity building should be built into any new interventions, right from the start.

Governments also need to urgently put some implementation backbone into the policy rhetoric of whole-of-government, especially in relation to funding. At the macro level, fundamental reforms to federal fiscal institutions need to be made as they affect funding transfers to, and expenditure by, state and territory governments on services and programs to Indigenous people. These transfers must be allocated to the areas of substantial community need, on the bases of which they were initially determined by the CGC. Associated infrastructure/capital backlogs and cost-shifting by governments onto Indigenous local governments and small community organisations must be addressed at a policy and institutional level within government. And the CGC should be requested to include a new category that assesses Indigenous community infrastructure/capital needs (Westbury & Dillon 2006).

If we can have decisive action in Indigenous communities, then presumably the same is possible within government. At a micro level, there is arguably an urgent need for

the mandatory integration of program funding across departments that is relevant to community governance and capacity building. The stories presented at the beginning of this paper and the case-study evidence of the ICGP indicate that there are communities, organisations and leaders who want decisive action from government, but in partnership and with reform on both sides.

In conclusion, our case-study research clearly demonstrates that building governance institutions and capacity needs to be placed at the forefront of any proposed intervention from the very start, not as an afterthought. 'Governance-building' should be made an integral part of every policy and its implementation on the ground. Simultaneously, the reform of governments' own governance dysfunction and bureaucratic capacity in Indigenous Affairs has to be a fundamental component of any solution. Without these two parallel strategies, it is likely that the current 'decisive action' will exacerbate problems not alleviate them.

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1. For more information on the bilateral agreement, the process and history of the NT local government regionalisation in West Arnhem Land, see Smith 2005, 2007.
 2. Ref. Ernie's son as designer.