4

Building the capacity of Indigenous organisations

Introduction

4.1   In this chapter the Committee addresses paragraph (b) of its terms of
        reference which requires the Committee to inquire into and report on:

> Building the capacity Indigenous organisations to better deliver
> and influence the delivery of services in the most effective,
> efficient and accountable way.

4.2   It is clear that Indigenous communities and their organisations deliver a
        wide range of government programs, though it is unclear exactly how
        much funding is received or how much service delivery is undertaken by
        Indigenous community organisations. Funding sources for the delivery of
        services that Indigenous organisations could access, include those from
        Commonwealth, State, Territory or local governments, and those from
        private sector grants. The engagement of Indigenous community
        organisations in cooperative partnerships also make lines of delivery and
        funding difficult to trace.

4.3   In its evidence to the inquiry, the Department of Immigration and
        Multicultural and Indigenous Affairs (DIMIA) highlighted the range of
        responsibilities placed upon Indigenous organisations:

> …we tend to use Indigenous community organisations as the
> principal vehicle for delivering government programs. That ranges
> from everything from primary health care to housing, legal aid,
> even forms of local government and day-to-day policing functions.
> In fact, many Indigenous community organisations have a wider

range of responsibilities than metropolitan city councils. We ask Indigenous people in those situations to be landlords, nurses, teachers, police officers and maintenance personnel for their own neighbours and relatives. That puts an enormous amount of pressure on those communities and on the community organisations. Often they are communities that are suffering abnormal degrees of dysfunction, be it substance abuse, violence or whatever. So community capacity building becomes quite central in those circumstances because these communities and their organisations are the vehicles we are using for the delivery of government programs.[1]

4.4   Failures in mainstream service delivery can result in increased pressure on Indigenous specific programs and Indigenous organisations. The Commonwealth Grants Commission report on Indigenous Funding reported that the failure of mainstream programs to effectively address the needs of Indigenous people overburdened Indigenous specific programs which were then expected to do more than they were designed for.[2] The responsibilities placed upon Indigenous organisations can therefore be substantial—as can the concomitant expectations.

4.5   This chapter, which has governance as an overarching theme, covers good governance, leadership, accountability, resource and infrastructure issues, and partnerships in relation to Indigenous organisations, service delivery and capacity building.

Indigenous organisations—governance

Introduction

4.6   Appropriate and effective governance of Indigenous organisations is of critical importance to the effective delivery of services to Indigenous communities. The difference between governance and government is that:

---

1   Mr Peter Vaughan, Office of Aboriginal and Torres Strait Islander Affairs (OATSIA), Department of Immigration and Indigenous and Multicultural Affairs (DIMIA), Transcript (04.06.03), p. 681.
2   Commonwealth Grants Commission (CGC), *Report on Indigenous Funding 2001*, p. xvii. The CGC added that, as a consequence, the programs focussed less on the disadvantage.

> While government means having jurisdiction or control over people in a political community, governance is the means (process and structure) by which communities exercise that jurisdiction or control… Governance implies having knowledge of leaders' roles, responsibilities and accountability to members.[3]

4.7   Or, put more simply:

> [G]overnance is how you organise yourself, how you run yourself, as a family, organisation, clan group, community, [or] region.[4]

4.8   Indigenous governance has become increasingly important internationally, and its profile in Australia has been heightened by recent events such as the *Indigenous Governance Conference*[5] and the *Building Effective Indigenous Governance Conference*.[6] These conferences have provided local and international insight into Indigenous governance. The arguments have centred around showing that sustained and measurable improvements in the social and economic well-being of Indigenous people only occurs when real decision-making power is vested in communities; when effective and appropriate governing institutions are built; when the decision-making processes of these institutions reflect the cultural values and beliefs of the people; and when communities can move away from crisis management to long term strategic planning.[7]

4.9   Many submissions to the inquiry referred to the Harvard Project research into North American Indian economic development and governance, which the Committee commented on briefly in chapter two. The Committee found the research provided valuable insight into Indigenous governance issues.

4.10   In this section the Committee will address Indigenous governance and the Harvard project, models of effective Indigenous governance in Australia, and the role of governments in the governance of Indigenous organisations.

---

3   Sterrit, N., 2002, *Defining Indigenous Governance*. Presented at the Indigenous Governance Conference, Canberra, April 2002.

4   ATSIC News, 2002, *Governance Around the Indigenous World*, <http://www.atsic.gov.au/News_Room/ATSIC_News/Spring_2002/Governance.asp> (accessed 13.05.04).

5   Hosted by Reconciliation Australia in Canberra, April, 2002.

6   Hosted by the Northern Territory Government in Darwin, November 2003.

7   Reconciliation Australia, Submission 55, p. 4 & p. 6. The comments relate to the outcome of the earlier conference.

The Harvard Project

4.11   The Harvard Project on American Indian Economic Development began in 1987, and aims to understand and foster the conditions under which sustained, self-determined social and economic development can be achieved among North American Indian nations.

4.12   At the heart of the Harvard Project is the systematic, comparative study of social and economic development on American Indian reservations, aimed at discovering why some nations have become economically successful and why others have remained disadvantaged and in poverty. The Harvard research highlights effective governance as a cornerstone for economic development.[8]

4.13   Although structural and historical conditions encountered by North American Indian nations and Indigenous Australians can differ significantly, the Committee agrees that the Harvard research provides useful ways of understanding and enhancing Indigenous governance.

Harvard's essential elements for good governance

4.14   Four essential elements for good governance have emerged from the Harvard research—the necessity for culturally appropriate institutions, the separation of powers, the importance of sovereignty, and the development of a long-term, strategic focus.[9]

Culturally appropriate institutions

4.15   The Harvard Project consistently found that successful governance involves the formation of stable political institutions that are a cultural 'match'.[10] Cultural match:

> …[R]efers to the alignment between governing institutions and the prevailing ideas in the community about how authority should be organized and exercised[11]… Where cultural match is high, the institutions of governance tend to have a high degree of support in

8   The Harvard Project on American Indian Economic Development, John F. Kennedy School of Government, Harvard University, Overview of the Harvard Project, <http://www.ksg.harvard.edu/hpaied/overview.htm> (accessed 13.05.04).

9   *ibid*

10   *ibid*

11   Cornell, S., & Kalt, J., 1998, *Sovereignty and Nation Building: The Development Challenge in Indian Country Today*, John F. Kennedy School of Government, Harvard University, p. 18.

> the community, they command allegiance and respect. Where
> cultural match is low, legitimacy is low, and governing institutions
> are more likely to be toothless, ignored, disrespected, and/or
> turned into vehicles for personal enrichment.[12]

4.16   The concept of cultural match does not necessarily involve a community returning to its traditional style of governance or, as the Harvard team stated, just doing things in traditional ways.[13] Cultural match is not an appeal to tradition but an appeal to legitimacy—the governing institutions must have the support of those they govern. Indigenously generated institutions are seen as more likely to have that support, assuming they have been generated freely and inclusively. The term was also seen as meaning that the institutions:

- embody the values Indigenous people feel are important;

- reflect Indigenous peoples' *contemporary* conception of how authority should be organised and exercised; and

- are generated through Indigenous efforts.[14]

4.17   Cultural match could involve traditional governance, mainstream governance, or a hybrid blend of the two. Significantly, the Harvard team noted that there was a second test—not only did governing institutions have to have legitimacy with the people, they also have to work and be able to get the job done.[15]

4.18   Importantly, the Harvard Project has found that:

> …Indigenous nations in the US that are successful… have
> radically different forms of indigenous governance, because they
> have been indigenously generated. The great advantage of… [this]
> is that the people in those communities believe in them. Those
> governments have enormous legitimacy with their own people,
> and therefore they are effective vehicles for action. The
> disadvantage from the federal viewpoint is that you get enormous

---

12   *ibid,* p. 19.

13   Begay, M., and Cornell, S., 2003, *What is Cultural Match and Why is it so Important?* Native Nations Institute for Leadership, Management and Policy, University of Arizona, and the Harvard Project on American Indian Economic Development <http://www.nt.gov.au/cdsca/indigenous_conference/web/html/Stephen_Cornell_paper2.pdf> (accessed 20.04.04).

14   *ibid*

15   *ibid*

> variety in the governments that you deal with, but that is part of
> the price—and it is probably worth it in reduced welfare costs…[16]

Separation of powers

4.19   The Harvard Project research emphasised the need to separate politics, business management and dispute resolution. A true separation of powers involves the different branches of government serving as checks and balances on the actions of the others. This can work on a small scale, and has worked with Indian tribes in the United States.

4.20   When a body controls political decision-making, business decision-making and the process for settling disputes, the potential for grievances rises. The Harvard research advocates that political leaders be elected for their leadership and long-term strategic vision, that others undertake business management and day-to-day decision-making, and that a third group undertake mediation and dispute resolution in order to avoid the concentration of power, and to allow for independent, fair and transparent processes.[17]

4.21   The separation of powers is seen as essential for encouraging economic development through creating a stable environment that is attractive to investors.[18]

Sovereignty

4.22   In advocating that Indigenous communities be given the power to set priorities and establish governance structures, Reconciliation Australia added:

> If the evidence that backs this approach informs public discussion, the concepts of sovereignty and self determination will become more generally understood as promoting increased Indigenous decision-making in policies and services which directly affect their communities, and not as promoting a nation separate from other Australians.[19]

16   Professor Stephen Cornell, Udall Center for Studies in Public Policy, University of Arizona, Harvard Project on American Indian Economic Development, Harvard University, Transcript (03.11.03), p. 1370.

17   Cornell, S., & Kalt, J., 1998, *Sovereignty and Nation Building: The Development Challenge in Indian Country Today*, John F. Kennedy School of Government, Harvard University, pp. 13-17.

18   *ibid*, pp. 13-17.

19   Reconciliation Australia, 2003, *Reconciliation: Together we're doing it: 2003 Reconciliation report*, Canberra, p. 10.

4.23   The context in which the Harvard Project team uses the term 'sovereignty', is similar, and refers to the degree of control that Indian nations exercise over their own affairs. They caution that tribal sovereignty in the United States is not absolute, but it is very substantial in some critical areas, including the organisation of government itself. The Committee notes that there are limits to that tribal sovereignty. In the area of justice, for example, though Indian nations can establish their own court systems, there are certain categories of crime over which they do not have jurisdiction.[20]

4.24   Sovereignty is about Indigenous people having the power to exercise real control over decision-making that affects their daily lives.

Long-term strategic focus

4.25   The fourth element the Harvard team has found is the importance of developing a long-term strategic focus. This involves moving away from crisis management to develop long-term goals that the community agrees with, is committed to and which reflects its aspirations.

4.26   With a good governance structure in place, with culturally appropriate institutions, a separation of powers and the power (sovereignty) to make real decisions, a long-term strategic focus can be developed. Having a long-term agreed-upon strategy has the potential to unite the community, to create stability, and to create a sense of hope for the future.

4.27   The Committee views this as critical. Good governance is about addressing and solving problems. It is about communities picking themselves up and taking control of their own affairs – making real progress in improving conditions and 'getting runs on the board'.

Conclusions

4.28   A range of evidence referring to the Harvard Project was received by the Committee. Many submissions highlighted the applicability of the findings, while others expressed caution regarding the appropriateness of applying such a model in the Australian context.

4.29   The Committee concluded that the Harvard model is a useful guide to indicate how Indigenous groups elsewhere have negotiated processes for

---

20   Professor Stephen Cornell, Udall Center for Studies in Public Policy, University of Arizona, Harvard Project on American Indian Economic Development, Harvard University, Transcript (03.11.03), p. 1370.

effective governance within their communities. By encouraging and facilitating communities to focus on the areas the model highlights, there is potential to address areas of existing conflict, both within Indigenous communities, and between those communities and government.

4.30   The Committee was encouraged to see numerous examples of good governance throughout Indigenous communities in Australia, such as the Yarnteen Aboriginal and Torres Strait Islanders Corporation (NSW). Yarnteen created a governance model involving: sustainability and acknowledgement of history and tradition; a whole-of-community shared vision and long-term plan; informed and committed leaders and managers; responsive resource management; internal and external accountability; and an aim to continuously improve.[21] These areas are similar to those identified in the Harvard model and are working well for Yarnteen.

4.31   Many communities have developed good governance with similar sets of processes to that which the Harvard team had documented through working with Indian nations in North America. Some of these models of governance are covered below.

Models of effective governance in Indigenous Australia

4.32   The inquiry consistently heard evidence that Indigenous communities were unique and that no single model of governance was appropriate or applicable for all communities. The way in which Indigenous people organise themselves, make decisions and then carry out those decisions, is heavily influenced by their history, culture, land, tradition and community politics. The Murdi Paaki Regional Council told the Committee that:

> Aboriginal and Torres Strait Islander societies are so diverse that flexibility is required to ensure that structures are appropriate to the special circumstances of individual communities and regions.[22]

4.33   Similarly the Committee was advised:

> Looking for a model will not work. You need a diversity of models. One size will not fit all communities because they are just so heterogeneous. I do not just mean in terms of size, but in terms

---

21 Mrs Leah Armstrong, Yarnteen Aboriginal and Torres Strait Islanders Corporation, Transcript (07.04.03), pp. 551-552.

22 Murdi Paaki Regional Council, Submission 6, p. 5.

of their internal workings and the sorts of issues that they need to address.[23]

4.34   Indigenous organisations were seen as being relatively new, having only emerged in the last 30 years as ways of delivering government funded services to Indigenous communities. They were also seen as extremely complex hybrid organisations which must try to balance and mediate Indigenous social norms of personal reciprocity and support with more impersonal bureaucratic norms emanating from the government funding context.[24]

4.35   The Committee travelled to a number of Indigenous communities and examined several different governance models. The Committee does not wish to endorse one model over another, rather to illustrate the diversity of models which exist and which are evolving in Australia. Following are some established examples of the range of different governance models.

A regional authority model: the Torres Strait Regional Authority (QLD)

4.36   The Torres Strait Regional Authority (TSRA) is currently the only body to have been made a Regional Authority under the *Aboriginal and Torres Strait Islander Commission Act 1989.*[25] The Authority does not provide services directly, but coordinates planning and service delivery on a regional basis and supports communities in managing their own affairs.

4.37   The TSRA told the Committee:

> The Region can be likened to a federation of island communities. Each island community is self managing through its own community government. With Commonwealth funding, the TSRA coordinates planning and service delivery with a single integrated regional voice and works in partnership with other Government agencies.[26]

4.38   The Committee also heard that the Authority provides a strategic framework for the development of partnerships with government.

---

23   Professor Jon Altman, Centre for Aboriginal Economic Policy Research (CAEPR), Australian National University (ANU), Transcript (23.10.02), p. 30.

24   CAEPR, ANU, Submission 25, p. 3.

25   See Part 3A of the *Aboriginal and Torres Strait Islander Commission Act 1989.*

26   Torres Strait Regional Authority (TSRA), Submission 3, p. 3.

> Tripartite partnerships have allowed the TSRA to pool funds and negotiate three-year funding cycles over a ten-year period.[27]

4.39   Strong governance arrangements have been critical to the success of the TSRA and have ensured that communities are directly represented through their councils on the Authority, and that in turn, the Authority is able to represent their needs and interests to government. The TRSA told the Committee that:

> …effective and legitimate governance arrangements are a fundamental aspect in giving Torres Strait Islander and Aboriginal people the power and capacity to engage beneficially with government in the interests of all stakeholders. [28]

4.40   The TSRA comprises 20 elected members representing Torres Strait Islander and Aboriginal people living in the region. The majority of its membership is derived from Island Council chairpersons elected pursuant to the *Queensland Community Services (Torres Strait) Act 1984.*[29]

A regional council model: Murdi Paaki Regional Council (NSW)

4.41   The Murdi Paaki Regional Council is the ATSIC Regional Council for the Bourke region in NSW. The Council has sought to develop the capacity to plan, advocate, and negotiate equitable resources for communities, and to manage or guide developments throughout the region through adopting a regional model of governance.[30]

4.42   The Council operates through Community Working Parties (CWPs), which ensure coordination of service design and provision at the community level. The Committee heard that:

> While their [CWP] structure varies from community to community, they provide a vehicle for drawing together representation from Aboriginal organisations, grass roots community members and invited agencies. Collaboration between community members and agencies has led to a strong sense of partnership in service planning and delivery. The collaborative, co-ordinated approach to funding through the Working Party

---

27   TSRA, Submission 3, p. 4 & p. 16.
28   TSRA, Submission 3, p. 17.
29   TSRA, Submission 3, p. 9.
30   Murdi Paaki Regional Council, Submission 6, p. 2.

> structure has contributed to community confidence and to their social and economic sustainability.[31]

4.43   The Council proposes that regional governance would be enhanced significantly with the establishment of a Murdi Paaki Regional Authority, and it is currently pursuing this proposal. The Authority, like the Torres Strait Regional Authority, could represent and advocate the interests of Aboriginal and Torres Strait Islander people in the region; provide regional coordination of funding distribution; negotiate funding arrangements and agreements with government agencies; enter into service contracts with Aboriginal organisations; and formulate a regional development plan.[32] The Committee was told:

> Its value lies in its negotiating and coordinating role and its capacity to enter into agreements and funding contracts on behalf of communities, giving a regional voice, and strengthening the capacity of communities.[33]

4.44   The Murdi Paaki regional governance model seeks to strengthen the role and participation of the 16 major and seven smaller communities in regional decision making and service delivery.

A proportional representation model: Tangentyere Council (NT)

4.45   Tangentyere Council is the resource and advocacy body for 18 housing associations (town camps) located around Alice Springs, while also providing services to the wider Alice Springs community. The 18 town camps are independently incorporated with approximately 2 000 residents in total. The model of governance incorporates Western and Indigenous legal and community protocols and, while it recognises the role of the Executive in the Western framework, it equally recognises the role and authority of elders within the Town Camps. Tangentyere Council told the Committee that:

> Each town camp has its own committee and Presidents… [and] elects a representative to the Tangentyere Council Executive. The proportional representative nature of the Executive Council (as determined by the constitution) provides a model of Governance

---

31   Murdi Paaki Regional Council, Submission 6, pp. 17-18.

32   Murdi Paaki Regional Council, Submission 6, pp. 12-13.

33   Murdi Paaki Regional Council, Submission 6, p. 12.

that protects Tangentyere from common problems such as stacking and family monopoly.[34]

4.46   Tangentyere Council have developed a hybrid organisation that effectively deals with Western requirements of governance and accountability, while also recognising of the role of customary law. The Council told the Committee:

> At Tangentyere we pride ourselves on our achievements in these areas. Our proportional representative government structure stands out as a best practice model. Management is held accountable and there is strong Indigenous leadership for staff.[35]

4.47   The Committee was very encouraged by the high level of effective service delivery it saw as a result of this model of governance.

A clan model: the Thamarrurr of Wadeye (NT)

4.48   Wadeye (formerly known as Port Keats) is the sixth largest town, by population, in the Northern Territory and its largest Aboriginal community. It has a population of approximately 2 500 which is expected to increase at the rate of four per cent per annum. Sixty per cent of the population is under the age of 25.[36] The community consists of three ceremonial clans, with the families currently living in the Wadeye community belonging to approximately 23 different clans. There are seven different Aboriginal languages spoken in Wadeye, the main one being Murinh Patha, which is the common language. Most traditional Aboriginal people in Wadeye are multi lingual or bi lingual, with English being their second or third language.[37]

4.49   Sixteen of the tribal groups established Thamarrurr, which is a forum where representatives from each of the clans in the Daly River/Port Keats region participate.[38] The forum does not have a chair, as relationships between clans are understood through an arrangement called 'kulu', with

---

34   Tangentyere Council Inc., Submission 32, p. 5.

35   Mr William Tilmouth, Tangentyere Council, Transcript (25.09.03), p. 1287.

36   Kardu Numida Incorporated, Submission 13, p. 10.

37   Wadeye Palngun Wurnangat Incorporated, Ngepan Patha Centre, 2002, *Plan for Women and Family Dreams for the Future, "Our Wealth is Family"*, cited in Exhibit 83, p. 5, p. 13.

38   Kardu Numida Incorporated, Submission 13, p. 2 & p. 4. Other clan groups surrounding Thamarrurr were given the opportunity to join as well, however they had affiliations to other centres. Mr Bill Ivory, Kardu Numida Incorporated, Transcript (26.11.02), p. 165.

each clan group considered an equal amongst the others.[39] Kardu Numida told the Committee:

> Thamarrurr is a legitimate recognised structure in which tribal leaders/representatives have authority to make decisions over matters pertaining to everyday life, with [the] exception of matters relative to a particular tribal group's land or its usage.[40]

4.50   Thamarrurr is viewed by the people of Wadeye as a vehicle which will support them in their quest to achieve their many aspirations in social, political and economic matters. It is not a local council and does not have the power to raise revenue. The community has a significant development and reform agenda and believe that they have created a foundation but seek outside support to build for the future.[41] It is envisaged that, with proposed joint venture partnerships in the local and regional construction industry, the community can deliver an economically viable working model for remote communities.[42]

A family council model: Lombadina (WA)

4.51   Lombadina Aboriginal Corporation is located on the west coast of the Dampier Peninsula, 200km north of Broome. Lombadina was established in the mid 1980s when it broke away from the Church Administration to establish itself as a separate community controlling its own affairs. The Lombadina community consists of approximately 60 people.

4.52   Lombadina is a small community, with good management structures. Its council meets every two to three weeks, but as the community is small: 'Everybody knows what's what'.[43] Every twelve months the council holds an election. The Committee was told:

> We just have normal voting. We do not have any ballot or secret ballot or anything; we just have our hands up… There is a whole community meeting. Everybody gets told the election is coming… people can nominate right there and then… If the people accept him, that is it.[44]

39   Kardu Numida Incorporated, Submission 13, p. 2
40   Kardu Numida Incorporated, Submission 13, p. 3.
41   Kardu Numida Incorporated, Submission 13, pp. 2-4.
42   Kardu Numida Incorporated, Submission 13, p. 9.
43   Mr Basil Sibosado, Lombadina Aboriginal Corporation, Transcript (07.08.03), p. 1014.
44   Mrs Caroline Sibsado, Lombadina Aboriginal Corporation, Transcript (07.08.03), p. 1014.

4.53 The process is simple, open and swift. The governance of the community is founded on strong family connections and day to day interaction.

A critique of the regional model

4.54 While a number of submissions to this inquiry argued that regional structures, such as the Torres Strait Regional Authority and the Murdi Paaki Regional Council, move decision making closer to the community,[45] the Committee has heard from at least one Indigenous organisation which argued that regional authorities simply concentrate power in the hands of an elite few.[46] One submission noted that a clan based model, as opposed to a regional model, promotes:

- Developing more homogeneous, smaller and better focused groups, not fewer unaccountable and autocratic institutions that disenfranchise our people and culture.
- Developing individual and clan strength and opportunity[,] not bestowing power on a few elite in our community who do not communicate and wield their power in a discriminatory way.
- Providing greater distribution of responsibility, confidence, equity and sharing of wealth[,] not empowering a few on big salaries and the rest on unemployment/cdep (sic).[47]

4.55 The Committee accepts that not all Indigenous people will feel committed to or justly served by regional models. The Committee heard from the Department of Family and Community Services which argued that:

> FaCS and Centrelink do not consider that community-based organisations should necessarily be replaced with regional ones, nor that governance is necessarily best performed on a regional basis. Clan groupings, geographical boundaries, different interests, distance, and inadequate transport and communications infrastructure can make fair and effective regional decision-making difficult to achieve. Every community needs some sort of local structure that enables participation in local as well as regional governance matters. Every community also needs a

---

45 Aboriginal and Torres Strait Islander Social Justice Commissioner, Human Rights and Equal Opportunity Commission (HREOC), Submission 44, p. 11.

46 Aboriginal Corporation Enterprising Services, Submission 38, p. 2.

47 Aboriginal Corporation Enterprising Services, Submission 38, p. 1. See also the comments of Department of Family and Community Services and Centrelink (FaCS), Submission 46, pp. 6-7.

> variety of local organisations to cater for various interests and needs. However, regional bodies can be a good way of dealing with common issues, enabling better resource-sharing, providing economies of scale, and developing regional approaches to regional issues.[48]

4.56   The Committee believes that the potential success or failure of regional approaches depends on the processes undertaken to establish and develop such a regional governance model.

The role of government in the governance of Indigenous organisations

4.57   The role of government in relation to Indigenous governance is as facilitator, investor and legislative enabler. Governments can help build the capacity of Indigenous organisations through facilitating capacity building, building partnerships with Indigenous communities, allowing Indigenous groups decision-making power and through providing resources.

4.58   The Committee believes that Indigenous governance needs to come *from* Aboriginal and Torres Strait Islander Australians, to be culturally legitimate and appropriate, and that Government's role is to facilitate this process, where needed, by working with Indigenous groups to build relevant capacities. The Harvard Project observed:

> The role of the [United States'] federal government as we [the Harvard Project team] see it, has been to move from being the decision maker *for* Indian country, to being a resource and partner working *with* Indigenous nations to try to achieve objectives *identified by* those Indigenous nations, and investing in improving the capacity of those nations to achieve those objectives... like the government moving out of the driver's seat but remaining very much in the vehicle as a resource.[49] [Emphasis added]

4.59   Also, a paper presented at the 2002 Indigenous Governance Conference in Canberra stated:

---

48   FaCS, Submission 46, pp. 6-7.

49   Professor Stephen Cornell, Udall Center for Studies in Public Policy, University of Arizona, Harvard Project on American Indian Economic Development, Harvard University, Transcript (03.11.03), p. 1370.

> The international literature suggests that without an effectively resourced capacity for community governance, there is unlikely to be sustained economic development in Indigenous communities and regions.[50]

4.60   More importantly, the Harvard Project has shown that once those governance processes are in place, Governments need to cede some measure of genuine decision-making power or sovereignty to those Indigenous communities. This may require legislative change.

> While [Indigenous] communities have been handed increased responsibility for service delivery, and are subject to greater scrutiny of their financial accountability to government, very little genuine financial or jurisdictional authority has actually been devolved to them. Without these areas of authority and capacity, Indigenous communities are likely to remain economically dependent…[51]

4.61   DIMIA, having addressed the factors that the Harvard research had identified as critical to success, drew out certain implications in terms of the role that government agencies should play in building capacity within Indigenous communities:

> First, of course, I think it means that governments must invest in developing the skills and wherewithal of individual Indigenous people, both their basic technical skills and their leadership skills. Second, it means that governments have to encourage good institutional governance within community organisations. That means building governance training and monitoring into the design and delivery of every major funding program. It means favouring and rewarding those community organisations that demonstrate a commitment to the principles of good governance. It also means encouraging organisations characterised by transparent, merit-based decision making and a proper internal allocation of roles and responsibilities.[52]

---

50   Smith, D., 2002, *Towards a Fiscal Framework for Resourcing Indigenous Community Governance in Australia*, CAEPR, ANU, presented at the Indigenous Governance Conference, Canberra, April 2002, p. 2.

51   ibid, p. 16.

52   Mr Peter Vaughan, OATSIA, DIMIA, Transcript (04.06.03), pp. 682-683.

4.62   It is sobering to note that while good governance is a priority, the
        Australian Institute for Aboriginal and Torres Strait Islander Studies
        cautioned that underlying issues need to be addressed:

> Many people are currently… incapacitated by grief, drug and
> alcohol problems, violence, and family breakdown. Confidence in
> their local political structures and processes may be reduced by
> repeated allegations of mismanagement… and intimidation…
> [leaving] many communities in despair. These are not fertile
> grounds for the active pursuit of self-governance. Effective
> Indigenous governance is unobtainable without well-resourced
> support services at the local level, targeting individuals and
> families.[53]

4.63   The Committee is pleased to note Reconciliation Australia's development
        of a framework for applied research into *Understanding and Developing
        Effective Indigenous Governance in Indigenous Communities,* with a range of
        partners, including the Australian National University, the Western
        Australian and Northern Territory governments and ATSIS.[54] This
        research will provide valuable insight into Indigenous governance in the
        Australian context.

Recommendation 10

**The Committee recommends that the Commonwealth Government
continue to support research into governance in Indigenous
communities with a view to developing a body of knowledge that can
be utilised to assist in the development of effective institutional
governance in Indigenous communities.**

---

53   Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), Submission 10,
     p. 10. An example of failure and the stigma attached to failure was graphically outlined to the
     Committee where a community on the Murray lost sovereignty to a government bureaucracy
     over its proposal to develop a yabby farm. The enterprise was a failure and the stigma and
     impact of the perceived failure, some 20 years down the track, is still attached to the
     community, not to those responsible from within government. Commissioner Klynton
     Wanganeen, ATSIC, Transcript (13.02.04), p. 1482.

54   Reconciliation Australia, *Reconciliation Projects: Good Indigenous Governance,*
     <http://www.reconciliationaustralia.org/reconaction/recausprojects.html>
     (accessed 03.03.04).

Conclusions

4.64   The brief case studies of models of Indigenous governance from around Australia illustrate the diversity of possibilities, and show that the particular model of governance a community develops may very well be unique to that community.

4.65   The Committee understands that the most important element of governance strengthening and development is that governance models are developed *by* a community, not imposed on a community. Further, the Committee notes that Indigenous governance can complement external accountability requirements, particularly with the aid of developmental capacity building.

Accountability

4.66   Paragraph (b) of the terms of reference requires the Committee to consider the building of the capacities of Indigenous organisations to better deliver and influence the delivery of services in the most effective, efficient and *accountable* way.

4.67   Accountability is a critical tenet of governance. Clear and effective accountability arrangements give organisations (Indigenous and non-Indigenous) legitimacy and instil confidence, both from within and without.

4.68   In chapter three, the Committee addressed issues concerning problems relating to funding accountability and acquittal requirements encountered by Indigenous communities and organisations, and the resultant stress and pressure this placed on community members and leaders. The Committee also received evidence concerning the inherent tension between the external and internal accountability requirements faced by Indigenous organisations. One submission stated:

> There are pressures on Indigenous organisations to balance… external accountability versus internal accountability. External accountability is obviously the State authorities and the requirements of Western law. Internal accountability is a very

> complex thing. It will include accountability to local constituents
> and to different value and belief systems and so on.[55]

4.69   External and internal accountability, and the tension between them, will
        be examined in this section of the chapter, together with existing and
        potential ways of addressing both accountabilities in a complementary
        manner. This section ties in strongly with the following section on
        leadership.

External accountability

4.70   Accountability, as it is commonly thought of in the context of Indigenous
        organisations, is related to Indigenous bodies being accountable to
        governments or legislatures (and through them to the wider community)
        for the expenditure of public funds. This is *external* accountability and
        involves funding management, administration and adherence to legal
        processes.

Incorporation

4.71   Indigenous organisations can be incorporated (established as corporate
        entities) through a variety of legislative mechanisms including those
        under the Australian Securities and Investment Commission (ASIC), the
        Office of the Registrar of Aboriginal Corporations (ORAC), or through
        various State and Territory incorporating agencies. Bodies may wish to
        incorporate in order to fulfil legal requirements or to meet funding or
        lending bodies' requirements.

4.72   ORAC articulated why Indigenous organisations choose to incorporate:

> Communities cannot survive without incorporated bodies because
> they open the door to funding, land-holding, commercial
> enterprises [and] economic independence…[56]

4.73   *The Aboriginal Councils and Associations Act 1976* (the ACA Act),
        administered by ORAC, was enacted for the purpose of providing
        Indigenous groups and communities with a simple and inexpensive
        means of incorporation which had the flexibility to take account of
        Indigenous customs, needs and social organisation. ORAC advised the

---

55   Professor Jon Altman, CAEPR, ANU, Transcript (23.10.02), p. 24.

56   Ms Laura Beacroft, Office of the Registrar of Aboriginal Corporations (ORAC), Transcript
      (16.10.02), p. 7.

Committee that the ASIC philosophy, that bodies are basically created for commercial enterprises, was a very difficult philosophy to apply to all Indigenous organisations.[57] The Bill for the ACA Act was introduced in 1976. In introducing the Bill the then Minister for Aboriginal Affairs argued that the importance of the proposed measure was that it would recognise cultural differences between Aboriginal and non-Aboriginal societies, and would enable Aboriginal communities to develop legally recognisable bodies which reflected their own culture and did not require its subjugation to overriding Western European legal concepts.[58]

4.74   Criticisms of the effectiveness of the ACA Act prompted a review which sought to achieve a number of goals, including better reflecting the contemporary environment, promoting good governance and management, appropriately accounting for the special issues of Indigenous affairs, expanding dispute resolution and mediation assistance, and providing certainty for interactions with third parties.[59]

4.75   The ACA Act review has a focus on capacity building, with provisions to expand and improve existing tools to support Indigenous corporations, including a range of guidelines for constitution formation that allow for cultural fit, internal conflict resolution and internal accountability to members.[60] Legislative proposals arising out of the review are yet to be presented to Parliament.

The proliferation of corporations

4.76   The number of Indigenous incorporated bodies has risen exponentially over the last 15 years.[61] The Committee shares the concerns expressed in a number of submissions regarding this increase. In expressing its concern Indigenous Business Australia (IBA) saw no apparent correlation between the overall number of organisations and the Indigenous population numbers, and, based on overseas studies, suspected that one of the major contributors leading to the current debate on the need to improve capacity was the over-abundance of incorporated organisations within Indigenous Australia.[62]

---

57 Ms Laura Beacroft, ORAC, Transcript (16.10.02), p. 2 & p. 8.
58 Australia, House of Representatives 1976, Debates, vol 99 part 2, p. 2946. (03.06.76).
59 *Reform of the Aboriginal Councils and Associations Act 1976.*
60 *Reform of the Aboriginal Councils and Associations Act 1976.*
61 Ms Laura Beacroft, ORAC, Transcript (16.10.02), p. 6.
62 Indigenous Business Australia (IBA), Submission 29, p. 12, p. 13.

4.77   In October 2002 ORAC advised the Committee that there were approximately 2 800 corporations incorporated under the ACA Act. It was estimated that that was about half of all the incorporated Aboriginal and Torres Strait Islander corporations throughout Australia. Almost all the corporations under the ACA Act were not for profit and provided essential services such as medical and legal services.[63]

4.78   The results of proliferation can have a negative effect on the capacity of Indigenous organisations, as one submission noted:

> …the reality is that the current large number of organisations results in unhealthy competition for limited leadership "talent" and wasted energy competing for limited funds… There have also been examples where the perpensity (sic) to establish new organisations to respond to "opportunities" arising from new government funding programs results in family dominance of separate organisational structures and an increasing reliance on these structures to become de facto employment providers.[64]

4.79   ORAC considers that a number of changes to the ACA Act will address issues of proliferation by rationalising the number of incorporated bodies. These involve:

- identifying inactive corporations for deregistration;
- expanding pre-incorporation services to assist groups in considering alternatives to incorporation where appropriate; and
- enabling the Registrar to refuse to incorporate.[65]

4.80   ORAC has also noted that applications for incorporation tend to follow funding cycles, and that the current incorporation requirements of agencies may contribute to incorporation proliferation.[66] ORAC suggested that:

---

63   Mr Garry Fisk, ORAC, Transcript (16.10.02), p. 2. At the time of giving evidence, ORAC advised that 95 per cent of the corporations were in WA, NT, QLD and NSW, and most were in rural or very remote areas.

64   IBA, Submission 29, p. 12.

65   Refusal to incorporate could occur in a case where a corporation is more appropriately incorporated with another Act due to its size and/or purpose. ORAC, 2004, *Response by the Office of the Registrar of Aboriginal Corporations to the Review of ATSIC*, pp. 2-3.

66   ibid, p. 3.

> There are many alternatives to the status quo… [such as] enabling small groups to receive funds through capable and responsive resource or regional agencies.[67]

4.81   The Committee looks forward to the legislative proposals arising out of the review of the ACA Act with interest.

Internal accountability

4.82   Reconciliation Australia emphasised that:

> Good governance requires accountability and, specifically, the accountability of Indigenous leadership to their Indigenous constituents.[68]

4.83   Reconciliation Australia went on to argue that the accountability of leaders to their Indigenous constituents was vital to developing a legitimate governance structure and was linked to wider issues of financial accountability. This, in turn, required community members to have a clear idea of the outcomes, ethics and standards they expected from the leaders, and to actively and confidently seek to ensure those outcomes.[69]

4.84   The Committee understands that internal accountability can be a complex area in Indigenous affairs, not only because of contradictions with external accountability (in terms of kinship/personal obligations versus bureaucratic/impersonal expectations), but also due to competing kinship or community expectations:

> [When] a governing committee is being formed… [m]any members…are voted in by family groups who see the primary role of that person as being to absolutely represent them and to compete very well in the resources struggle for, say, health services…. [Representing family members] is not an unethical position for that person to take in their context.[70]

4.85   As outlined below, the articulation of clear lines of accountability can ensure that expectations are met and transparent processes are adhered to.

---

67   *ibid*, p. 3.
68   Reconciliation Australia, Submission 55, p. 14.
69   Reconciliation Australia, Submission 55, p. 14.
70   Ms Laura Beacroft, ORAC, Transcript (16.10.02), p. 7.

The tension between internal and external accountability

4.86   Evidence suggested that poor accountability can arise from conflicts between Western and traditional interpretations and expectations of accountability.

4.87   The necessity for Indigenous leaders to operate in both mainstream bureaucratic systems and to uphold complex traditional expectations, and to be accountable to both, involves operating in two very different systems. This creates conflict, as one submission noted:

> [If a leader] proceeds out of the community to become educated and build his skills to come back to the community, quite often the communities will see him as a sort of a traitor or someone who has been influenced by white society… and has lost connection to the real issues of the people.[71]

4.88   These two worlds can have different protocols and languages, as well as contradictory accountability requirements, which create an added layer of potential conflict.

4.89   Some communities have developed a 'cultural fit', so that their management style reflects what is appropriate to both Indigenous and mainstream expectations, as one submission stated:

> We have pursued a model of management which attempts to give our clan some control over our lives and make the white bureaucratic systems that are demanded by government, work in a way that is reflective of how things are done culturally amongst our people.[72]

4.90   The Harvard Model advocates a separation of powers between business management and politics. This is essentially the divide between internal and external accountability. Business management relates to the external accountability of Indigenous organisations to government (to meet legal requirements), while politics relates to internal accountability to families and communities. The third element in the separation of powers is dispute resolution, which, if instituted appropriately, would reduce internal conflict and create stability for third parties, such as investors and funding bodies.

---

71   Mr Tony Lotton, Lake Tyers Aboriginal Trust and Bungyarnda Community Development Employment Projects Co-op Ltd, Transcript of discussion (19.02.03), p. 482.

72   Aboriginal Corporation Enterprising Services, Submission 38, p. 1.

4.91   Good governance has positive implications for addressing the complex issue of internal and external accountability. ORAC outlined a case study to the Committee that involved an Indigenous organisation successfully separating business management from traditional leadership to overcome accountability problems.

> … [Y]ou have the management body, where you bring in… skills that are required to interface with… external accountability and deal with the commercial realities, but the traditional leadership remains very much in control, dealing with the things that are properly the matters they want to address, which are traditional issues…

> The important thing about this direction is that the relationship between the management body, which is a separate incorporated body, and the traditional owners, is defined very clearly through agency and trust relationships.[73]

4.92   Evidence received by the Committee argued that limited understandings of accountability obligations could be addressed through governance training.[74]

Conclusions

4.93   Accountability, both internal and external, is critically important for Indigenous organisations and communities.

4.94   Instituting sound governance structures, including the separation of powers, has the potential to simplify existing accountability contradictions.

> Australian research, particularly from the Centre for Aboriginal Economic Policy Research on effective Indigenous governance models, show[s] that Indigenous organisations that have developed effective accountability processes and structures ensuring representation of their constituents are also those organisations that have been accountable to governments and funding bodies.[75]

---

73   Ms Laura Beacroft, ORAC, Transcript (16.10.02), p. 7.

74   Such as Professor Job Altman, CAEPR, ANU, Transcript (23.10.02), p. 24; and Ms Laura Beacroft, ORAC, Transcript (16.10.02), p. 14.

75   AIATSIS, Submission 10, p. 11.

Leadership

4.95   In addressing the subject of community leadership, FaCS outlined to the Committee certain leadership theories and, in some detail, outlined the traits and skills commonly associated with effective leadership and the different styles of leadership. In addition to these qualities and behaviours, FaCS referred to particular challenges faced by Indigenous leaders, which were:

  ■   the need to be able to be able to operate bi-culturally; and

  ■   the need to have local legitimacy – the respect, trust and authority of the community.[76]

4.96   The Chairman of the Australian Indigenous Leadership Centre, Professor Mick Dodson, emphasised to the Committee that Indigenous capacity building, in part, was about developing strong local, regional and national governance and leadership. These factors were seen as being intrinsically interrelated. Professor Dodson stressed that they must be imbued with local Indigenous cultural values and aspirations. Leadership was about providing guidance or direction, whilst governance was about power, relationships, processes of representation, decision making and accountability. Professor Dodson went on to state:

> There are no quick fixes to voids in leadership and governance in any community. Capacity building for leadership in governance is—and I cannot stress this enough—a long-term dynamic process beyond the political cycle. My concern…is to convey the primacy of leadership in the community capacity building debate. Leadership requires different skills in different circumstances. Leadership requires activities that are collaborative, innovative and which build networks across sectors, and leaders must have strong community support. We all know that few people are born leaders. Leaders require nurturing, coaching and supporting. Leaders need exposure to experiences which build skills and role models to inspire and drive change. Leadership authority must be

---

76   FaCS also saw the leadership challenge as being to guide the evolution of Indigenous culture to accommodate change, to be sustainable and to accommodate two vastly different cultures. Also, a problem seen with Western-style democratic election processes was that they did not necessarily coincide with traditional ways of designating leaders and decision makers, and it was argued that governments should recognise that elected officials may not always be the real leaders and therefore 'power-brokers' in a community. FaCS, Submission 46, p. 27.

> culturally sanctioned and transferable into wider environments and contexts.

> There are not enough Indigenous leaders currently and there are certainly not enough Indigenous leaders emerging....[77]

4.97   Effective leadership is crucial to building and maintaining the capacities of Indigenous communities, as it is to all Australian communities. Key themes that arose in the course of the inquiry were the possibility of an emerging crisis due to a lack of capable Indigenous leaders, the pressures placed upon leaders in Indigenous communities and organisations, and the need for investment in young leaders.

Leadership capacity

An emerging crisis?

4.98   Concern was expressed regarding the capacity of future leaders and the overburdening of current leaders. A potential leadership crisis was seen as looming in many remote communities as older, often mission educated people are replaced by a younger generation, insufficient of whom were being groomed to take up leadership roles.[78] Low participation rates in primary, secondary and tertiary education were seen as creating a significant proportion of young people in remote communities with low skills or capabilities to take up the challenges of community governance and leadership in the future:

> Even now the number of capable leaders in a community is often inadequate for dealing effectively with the vast range of critical local problems. This can put inordinate pressure on a few individuals to be across a number of complex issues and services and contributes to "burn-out".[79]

4.99   The task to be faced is daunting, DIMIA stated:

> Few non-Indigenous Australians are, for example, required to act as rent collectors, landlords, community policemen or employers of their neighbours (or relatives). These and other onerous responsibilities often accrue to a small group of leaders in a

---

77   Professor Mick Dodson, AIATSIS and Australian Indigenous Leadership Centre (AILC), Transcript (13.02.04), p. 1444.

78   FaCS, Submission 46, p. 28.

79   FaCS, Submission 46, p. 28.

> community, who carry these burdens as well as being hampered
> by lack of educational background and experience.[80]

4.100   Evidence suggested that those who were able and willing to enter into
politics, management or administration were often overburdened with the
range of expectations placed upon them by external bodies as well as from
the community:

> Individuals in communities who… have skills… are loaded up
> with responsibilities — sitting on councils and committees,
> translating at meetings and responding to many competing
> demands. These few people are often targeted by external bodies
> and agencies because of their skills and become the main means of
> communication and "consultation" with communities…[81]

4.101   As the workload, expectations and requirements of Indigenous leaders are
often very high, the evidence suggests that people may be reluctant to take
on or maintain leadership roles. The Centre for Aboriginal Economic
Policy Research told the Committee that in its experience it was often the
case that many Indigenous community members had enormous capacities,
acquired from past experience and training, but they were somewhat
reluctant to use those capacities in difficult organisational environments.
Community members got burnt out in such environments and ended up
withdrawing from them, either as employees or active members of
governing bodies.[82]

Appropriate leaders

4.102   The Committee received many submissions outlining concerns that some
leaders were being 'chosen' due to their ability to interface well with
government bureaucracy, rather than because they were chosen by, or
representative of, their communities.[83] This has implications for the
potential of good governance, particularly concerning cultural fit.

4.103   Another issue of appropriateness concerned how 'leader' was
conceptualised. Concern was expressed that 'leadership' was confined to
those who headed organisations, were members of governing committees
or councils, or who had been elected to ATSIC, which, it was argued,
overlooked the potential for other forms of leadership outside of the

---

80   DIMIA, Submission 42, p. 13.
81   The Fred Hollows Foundations, Submission 36, p. 18.
82   CAEPR, ANU, Submission 25, p. 4.
83   For example, Ms Laura Beacroft, ORAC, Transcript (16.10.03), p. 6.

corporate context.[84] The Committee recognises that this tendency confuses 'leadership' with 'management'.

4.104　This narrow recognition of leadership has implications for the development of leadership unrelated to administration, management and accountability requirements, but relating to other values (such as tradition, knowledge, pride, wisdom, language or stewardship) that may contribute to Indigenous wellbeing in other ways.[85] As was stated in evidence:

> We believe that there has to be a strengthening of all forms of leadership, and not just corporate leadership but things like social and entrepreneurial leadership and leadership that has its basis in law, custom and tradition. Indigenous organisations must have legitimate authority from the community, and such authority must accord with customs and traditions. Indigenous governing organisations must allow for greater local participation and control over community and social development.[86]

4.105　The Committee believes it is important not only to build the capacity of leaders in the corporate sense, but also to develop and support leaders and role models that create positive images of Aboriginality and celebrate and retain Indigenous culture.

Youth and leadership

4.106　The issue of leadership and youth arose in submissions in two streams. Firstly, the representation and involvement of youth in Indigenous leadership roles, and secondly, that much of the rural and remote younger generation may have neither the knowledge nor the skill to assume leadership roles.

4.107　The lack of capacity and knowledge of many young rural and remote Indigenous people is a critical issue. Submissions argued that many young people lack knowledge of traditional ways and lack appropriate levels of English numeracy and literacy to be effective leaders. As outlined above,

84　Faculty of Aboriginal and Torres Strait Islander Studies and Centre for Indigenous Natural and Cultural Resource Management, NTU, Submission 27, p. 25.

85　Faculty of Aboriginal and Torres Strait Islander Studies, and Centre for Indigenous Natural and Cultural Resource Management, NTU, Submission 27, p. 25.

86　Ms Sonia Smallacombe, School of General Studies, Faculty of Indigenous Research and Education, Centre for Indigenous Natural and Cultural Resource Management, NTU, Transcript (27.11.02), p. 221.

there was concern over a looming leadership crisis. One Indigenous organisation noted:

> It is a critical time at the moment, in that a lot of the elders are passing away. The middle-aged people, who are the future elders, are the last of the people who have a reasonably good contemporary education and traditional education. Behind that there is a big gap and that gap is not going to be filled for a long time yet.[87]

4.108   One submission acknowledged there is a feeling that:

> … [T]he younger generation are in effect caught between two worlds. The doors to both worlds are closed.[88]

4.109   Conversely, many young Indigenous urban people are highly capable, but may not gain the respect of older, more traditional leaders, or they may lack an interest in Indigenous affairs. This juncture of legitimacy with capacity is critical for governance and is an issue that Indigenous communities need to address.

Leadership strategies and initiatives

Training and education

4.110   The Committee received evidence outlining a number of developments aiming to address Indigenous leadership issues, such as FaCS, which is developing Indigenous leadership through programs under the auspices of the Stronger Families and Communities Strategy, through its Potential Leaders in Local Communities initiative.[89]

4.111   The Australian Indigenous Leadership Centre, housed in the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), is an executive training facility working to foster the leadership skills and professional development of Indigenous Australians. It is an important forum for the sharing of ideas, experiences and skills for Indigenous people.[90] It is noteworthy that 75 per cent of the funding for the centre

---

87   Mr Terry Bullemor, Kardu Numida Incorporated, Wadeye, Transcript (26.11.02), p. 160.
88   Nyirrangu Muay Wurrga'ada Association Inc., Supplementary Submission 35.1, p. 9.
89   FaCS, Submission 46, p. 29.
90   AIATSIS, Submission 10, p. 15.

comes from the private sector, over 50 per cent of which comes from offshore.[91]

4.112 Another approach was outlined to the Committee by the Rumbalara Football/Netball Club, which has been instrumental in promoting a State-wide leadership program which has now been taken up by five other communities. The approach concentrated on youth and role modelling:

> …[Rumbaldra's] aim with the eight coaches across those eight teams, their assistants and the team managers that work with the teams is to run a leadership program and skilling them up to be able to do almost "train the trainer" type things so that they have got the skills to work with the group of kids that they have got under their umbrella. Some of those kids may be in the justice arena and coming before the Koori Court, some are out of the school system or on the verge of dropping out of the school system, some of them have mental health and emotional issues; they are coming out of circumstances of poverty, especially in single parent families, where the need for strong male role modelling is important. We expect our senior members to work with the junior members and encourage participation in the education system. The AFL might send up players from the AFL teams, and we are encouraging the policy that they do not go into the schools unless one of our members go with them. Then there is an exchange of role modelling and the lifting of the profile of a young leader here in Shepparton with the junior members. There is a constant focus on that sort of stuff.[92]

4.113 Submissions by some government bodies noted that there is a huge demand for leadership training in areas of accountability and administration. The Committee contends that this is management training and not 'leadership' training, but that raising the capacity of Indigenous people to meet external accountability requirements is important, indeed necessary, particularly concerning the management of funding. As one Indigenous organisation argued:

91   Professor Mick Dodson, AIATSIS and AILC, Transcript (13.02.04), p. 1481.
92   Mr Paul Briggs, First Nations Australian Credit Union, Rumbalara Football/Netball Club, and Common Fate Endorsed Program, Transcript of discussion (17.02.03), p. 378.

> There is a real need for the development of organisational cultures based upon delivering government services. This can only be achieved through adequate corporate governance training.[93]

4.114   The Committee sees the merit in skill transfer and mentoring to improve corporate governance and management, particularly when it is conducted while government or non-government sector staff are working in Indigenous communities. Evidence given by the Northern Land Council stated:

> Aboriginal people continue to require community-based training ("learning by doing") in negotiation skills, financial management and administration.[94]

4.115   Evidence received by the Committee indicates that some Indigenous communities have formed successful partnerships with the corporate sector as a means of facilitating skill transfer and combining local knowledge with corporate culture. An example of this is the Indigenous Enterprise Partnerships (Cape York), which has formed successful partnerships with Westpac Banking Corporation, Boston Consulting Group and a network of other contributing businesses.[95]

Recognition of leadership

4.116   The Committee recognises that 'leadership' comes in many forms and that many aspects of leadership do not stem from formal education. These other types of leadership involve people who contribute to the community, gain respect and act as role models. This type of leadership is for Indigenous communities to recognise, foster, promote and nurture.

4.117   An aspect of leadership that ran through a number of submissions, was the issue of inappropriate external recognition of leadership and the detrimental effects this can have on community cohesion and governance. For example, one submission noted:

> An attempt by an external body to change power relationships within a community, by recognising, for example, only the council chairperson as the legitimate leader, will cause resentment, turmoil and difficult relationships with the community.[96]

---

93   Indigenous Land Corporation, Submission 17, p. 9.
94   Northern Land Council, Submission 43, p. 12.
95   Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 745.
96   Batchelor Institute of Indigenous Tertiary Education, Submission 33, p. 4.

4.118   Similarly, Environment Australia argued that:

> Consultation with young articulate members of Indigenous
> communities is not equivalent to consulting with those members
> of the community who speak with authority, who are often older
> and sometimes less articulate in English.[97]

4.119   The Batchelor Institute argued that Indigenous leadership will be different
         for each community and that in one particular community there is likely
         to be more than one leader or leadership group, each of which has a
         particular role in different aspects of community life.[98]

4.120   Thus, the Committee contends that if government bodies can be accepting
         of leadership models unfamiliar to them, and accept and engage with the
         'leadership' a community puts forwards as its representatives, this could
         go a long way towards improving relations.

Conclusions

4.121   There can be some contention over what is meant by 'leadership' and
         'leadership training', and many conceptualisations of leadership are
         related to corporate governance management, administration and
         accountability capacities.

4.122   There is a need to enhance the capacity of many Indigenous organisations
         to meet corporate governance accountability requirements. The evidence
         suggests that this is best undertaken *in situ*, that is, in a hands-on manner,
         through the use of mentors, rather than in a structured, formal learning
         environment.

4.123   By increasing the capacity of existing and future leaders, and increasing
         the number of leaders, the load could be spread over more people and this
         could potentially increase the likelihood of leadership roles being an
         attractive career option, rather than a burden.

4.124   The Committee commends the approach taken by the Rumbalara
         Football/Netball Club. It also commends the approach taken by the Cape
         York communities and their corporate partners in the Indigenous
         Enterprise Partnership, particularly their development of mentor and
         secondee systems, and the focus on hands-on, practical work undertaken
         at the communities' request. This model has the potential to be duplicated

---

97   Department of the Environment and Heritage, Environment Australia, Submission 37, p. 4.

98   Batchelor Institute of Indigenous Tertiary Education, Submission 33, p. 4.

in other communities, though the Committee recognises that such a partnership can only develop over a long period of time, with genuine commitments from all parties.

4.125   The Committee notes the argument for ORAC to have more of a capacity building role in relation to corporate governance training, and looks forward to the legislative proposals arising out of the ACA Act review with interest.

4.126   The Committee commends the work of the Australian Indigenous Leadership Centre, and is of the view that government should ensure adequate funding for the centre to continue in its role, and in the development of its training facility.

4.127   The Committee acknowledges the argument for:

> … building governance training and monitoring into the design and delivery of every major funding program.[99]

Recommendation 11

The Committee recommends that the Commonwealth Government:

(a)   investigate building a governance training and mentoring component into the provision of funding to Indigenous community organisations, and that the programs funded this way be monitored against agreed benchmarks and targeted outcomes; and

(b)   continue to invest in and further develop appropriate training and mentoring programs in partnership with Indigenous people and, in particular, increase funding support for the Australian Indigenous Leadership Centre and other similar programs.

---

99   Mr Peter Vaughan, OATSIA, DIMIA, Transcript (04.06.03), p. 683.

Resources and infrastructure

4.128   In addressing the issue of capacity building in Indigenous communities, officials from the Government of Western Australia advised the Committee that, over the past three decades, policies of self-determination and self-management had not been supported by the transfer of the skills and resources necessary to satisfactorily achieve their aims. They also outlined some the unrealistic expectations that had been thrust on communities to run what, in effect, were small towns without the supports that were provided to mainstream local governments, stating:

> There are real systemic problems in keeping communities on track, and the lack of resources and the lack of recurrent investment in those communities has been a problem. Interventions in the past from agencies … have tended to take a fairly short-term approach, largely based on the protection of the investment of the funds that have invested in those communities rather than on a long-term and recurrent commitment to rebuilding those communities and to putting in place systemic and long-term strategies to ensure that they stay on track—not just the traditional bandaid approach…[100]

4.129   In its consideration of paragraph (b) of the terms of reference (building the capacities of Indigenous organisations to better deliver and influence the delivery of services), the Committee received evidence reflecting the impact limited resources and infrastructure have on an organisation's ability to maximise effectiveness, efficiency and accountability of service delivery. In this section the Committee will, in particular, address the issues of staffing Indigenous organisations and the development of partnerships between Indigenous organisations and the corporate and philanthropic sectors.

Staffing Indigenous organisations

4.130   In relation to the staffing of Indigenous organisations, issues that were highlighted in evidence were the lack of education and experience within some Indigenous communities and organisations and difficulties in recruiting and retaining competent staff, especially in remote areas.

---

100 Mr Trevor Tann, Department of Indigenous Affairs, WA Government, Transcript (05.08.03), pp. 897-898.

Further issues raised were the lack of mentoring and the poor competency of some staff recruited to work in remote areas.

4.131 The Centre for Appropriate Technology (CAT) advised the Committee that often, lack of education and experience not only meant that those within Indigenous organisations did not have the ability to meet the upward accountability requirements of the corporation, but that the time and effort spent attempting to fulfil these requirements impaired their ability to deliver the services to the community that the corporation was set up to provide.[101] Similarly, Community Councils were seen as experiencing serious difficulties that affected their communities. On occasion councillors did not have the capacity to ensure that appointees, such as chief executive officers and accountants, had the required financial and management expertise and (of significant concern to the Committee), it also appeared to CAT that external agencies responsible for appointing council employees did not have that capacity either. CAT went on to state:

> It is not unusual for the finances of Community Councils to be mismanaged by CEO's (sic) and for the results to impact heavily on the community. Community shops close down, CDEP days are reduced and essential machinery is sold off. Community morale diminishes significantly during these times, especially when these employees are not held accountable for their actions.

> It also appears to be rare for Council employees (in management positions) from outside the community to successfully transfer skills to community members, so that there is little capacity building within the councils and CEO's (sic) must continue to be employed from outside the Community.[102]

4.132 Problems recruiting competent and ethical staff to work in remote communities were highlighted:

> It is hard to get people to work in some of the jobs we are talking about. It is hard to find people with a reasonable level of skill and competence. It is even more difficult to find people who maintain a reasonable ethical standard. The difficulty is getting worse as we move into more complex areas of administration, as more funds

---

101 CAT, Submission 47, p. 7.
102 CAT, Submission 47, p. 7.

flow into communities and as more programs have to be delivered by councils.[103]

4.133   Difficulties in retaining staff and the consequence of high staff turnover were also highlighted. CAEPR argued that:

> They [remote/regional Indigenous organisations] are very small organisations. We have to recognise that small organisations as a generic type of organisation probably have greater problems maintaining their capacity over time than larger organisations. You can be talking about very small numbers of employees where the turnover of key employees leads to whole administrative system breakdown and having to start from scratch.[104]

4.134   A private submission, whilst acknowledging that there were many highly skilled and dedicated non-Indigenous workers in remote communities, indicated that there were:

> ….also many "misfits, missionaries, madmen and megalomaniacs" who are sheltered in our remote Aboriginal communities. Anyone who has spent time in and around remote communities knows of the oddballs who wander from one community to another – lining their own pockets or merely occupying a desk while undermining what little self-confidence remains in the community until they are finally ejected…[105]

4.135   The difficulty in attracting suitable staff from outside also affects opportunities for local staff to acquire necessary skills:

> If you are trying to attract people to the Cape York communities to work as accountants in, say, Aurukun or Lockhart River, with relatively low levels of pay it is difficult to attract talented people, and that has a direct impact on the ability of that person to transfer capacity to the local community.[106]

4.136   The South Australian Department of Aboriginal Affairs suggested that the viability of developing and maintaining a central register of community advisers be investigated. The intention of the register would be to enable communities to have an easily accessible resource that could provide them

---

103 Mr David Coles, Local Government and Regional Development, Northern Territory Government, Transcript (27.11.02), p. 190.
104 Dr William Sanders, CAEPR, ANU, Transcript (23.10.02), p. 25.
105 Mr Andrew Biven, (private capacity), Submission 2, p. 2.
106 Mr Benjamin Rimmer, Boston Consulting Group, Transcript of discussion (19.02.03), p. 455.

with the details of accredited people and thus allow the community some confidence in their selection of an adviser.[107] This is a proposal that the Committee supports (see Recommendation 12 at page 162).

4.137   The Committee was heartened to gain an insight into the approach to mentoring and skills transfer being undertaken by Indigenous Community Volunteers (ICV). ICV advised that, since September 2001, it had received 232 applications for skill transfer projects, 105 of which had been completed. ICV viewed the response as overwhelming. It received applications ranging from requests for assistance in raising chooks for fresh eggs, right through to major business development and IT projects.[108]

4.138   Because ICV only operated at the invitation of the communities and the communities owned the design of the projects, ICV had been allowed to match people appropriately, and this had generated a certain excitement and energy about what the communities were trying to achieve.[109]

Other issues relating to the resourcing of Indigenous organisations

4.139   In addition to basic staffing issues, it was put to the Committee in evidence that a range of resourcing issues affected the ability of Indigenous organisations to effectively deliver services. Indigenous Enterprise Partnerships (IEP) advised that in many Aboriginal organisations IEP was working with, as well as the broader issues of governance, it was really addressing issues as fundamental as basic human resource programs which were non-existent within those organisations. IEP was working with Indigenous organisations with agendas and high expectations from government and other regions to fix entrenched problems, yet some of the basic requirements of organisations were not there. Often it was because there was no funding for such positions or no access to the right sort of advice or expertise. IEP argued that those very basic building blocks were yet to be put in place.[110]

---

107 Government of South Australia, Submission 51, p. 7. See also support by Commissioner Klynton Wanganeen, ATSIC, Transcript (23.09.03) p. 1207. The Department suggested that for administrative purposes the register be held in a Commonwealth Department.

108 Mr Paul Tyrrell, Indigenous Community Volunteers, Transcript (13.02.04), p. 1462.

109 Mr Paul Tyrrell, Indigenous Community Volunteers, Transcript (13.02.04), p. 1462. Mr Tyrrell added that, in about 80 per cent of the cases, at the completion of the project, the volunteer maintained contact with the community through relationships that had been built up through the transfer of skills.

110 Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (13.02.04) p. 1463.

4.140 A witness told the Committee that there is under-resourcing of Indigenous organisations delivering services in terms of their policy and research functions:

> We [the Victorian Aboriginal Community Services Association] do not have, for instance, access to a policy officer position and we do not have access to research, yet we are called on more and more by government agencies at both the national and the state levels to provide advice, assistance and direction. While we are busy minding the house, we are not able to direct the traffic in the way that we should.[111]

4.141 Another witness informed the Committee that it is of crucial importance to Indigenous organisations that they have the capacity to employ people in planning and management positions. The stability of core funding to cover such roles would ensure that Indigenous organisations are able to deliver consistent, quality services:

> Having a proper structure to run an organisation is what I see as a big problem, when you talk about Aboriginal community capacity building. The other problem… is that, although we have the basics to run an Aboriginal organisation so we can deliver quality services, I am not aware of even one Aboriginal organisation in Victoria that has the capacity to employ policy development officers, skilled people to develop policies on our behalf.[112]

4.142 The Victorian Aboriginal Community-Controlled Health Organisation (VACCHO) went on to explain that one of the areas they have difficulty with is ways to build the skills base of their communities. Though the organisation is a registered training provider and provides specialist healthcare training, it highlighted the need to provide training to upskill management and middle management in the community-controlled health sector.[113] Ms Gallagher went on to say:

> If you look at the history of Aboriginal organisations in Victoria, at how they have developed and evolved—very slowly, I might add—you will see that in the very early days there was a lack of capacity and the skill base in our own communities was very

---

111 Mr Alfred Bamblett, Aborigines Advancement League, & Victorian Aboriginal Community Services Association Ltd., Transcript of discussion (19.02.03), p. 511.

112 Ms Jill Gallagher, VACCHO, Transcript of discussion (19.02.03), p. 488.

113 Ms Jill Gallagher, VACCHO, Transcript of discussion (19.02.03), pp. 488-489.

limited. It still is, but we are moving on and we are getting the skill base.[114]

4.143   The Committee acknowledges that development and capacity building take time.

4.144   VACCHO also acknowledged that no organisation can provide all services, and that networks and partnerships were one method of getting around this issue:

> I know we cannot do everything ourselves as an organisation, so it is important to develop very good links and networks with mainstream services not only in the health sector but in the education and training sector and to look at scholarships and traineeships and giving opportunities to our people to access universities in a more appropriate way.[115]

4.145   The dilemmas facing many organisations were summed up by Kimberly Community Management Services:

> Community organisations are generally only supported to deliver services. They are not supported in their own management, yet often are managed by committees with limited time, knowledge and ability. They must respond to the bureaucratic needs of funding agencies, the service needs of the community, and the management needs of the organisation. All this occurs within a context of limited skills and experience, social, economic, and educational disadvantage, isolation and absence of support… It is little surprise that the management, staffing and operation of community organisations is often problematic.[116]

Infrastructure

4.146   The Fred Hollows Foundation advised the Committee that:

> Environments characterised by poverty, poor living conditions, high unemployment and almost total lack of amenities are not conducive to capacity building.

> Despite the fact that many remote Aboriginal communities are, in population, the size of small rural towns, they are not recognized

---

114 Ms Jill Gallagher, VACCHO, Transcript of discussion (19.02.03), p. 489.

115 Ms Jill Gallagher, VACCHO, Transcript of discussion (19.02.03), p. 489.

116 Kimberley Community Management Services, Submission 7, p. 2.

as such, and are rarely equipped with more than the bare minimum of community infrastructure and facilities.[117]

4.147 Evidence referred to the lack of infrastructure, common in rural and remote areas, as hindering the ability of local Indigenous organisations to attract external staff. For example, in the provision of staff accommodation, Kardu Numida told the Committee:

> We [Wadeye] are the sixth largest town in the Northern Territory, but there is no public rental accommodation here. If we want to employ staff or trainees, not only do we have to find the money for a wage, we actually have to build them a…house.[118]

4.148 However, in addressing the basic lack of infrastructure in which capacity building can occur, the Fred Hollows Foundation saw a problem with the disparity in conditions of employment of local staff compared to outside staff:

> ….Aboriginal communities do not have the sort of facilities that are considered essential by mainstream communities and which are provided, often at Government expense in comparable sized towns— antenatal care, pre-schools and kindergartens, libraries, swimming pools, sporting facilities. Housing infrastructure is poor, incomes are low, and prices are high in what is usually the only store in the community.
>
> Such towns are considered hardship postings for non-Indigenous employees, who often receive special incentives (such as paid electricity, free housing and tax rebates) on top of their salaries as compensation for living in such disadvantaged conditions. Few non-Indigenous families are willing to bring up their children in such an environment.
>
> In contrast, Aboriginal employees in remote communities do not receive such benefits, so for example an Aboriginal council employee or teacher maybe doing exactly the same job, but is effectively paid less — and on top of their job and its demands, must cope at home with overcrowding, poor living conditions, social disturbance and other community problems.[119]

---

117 The Fred Hollows Foundation, Submission 36, p. 7.
118 Mr Terry Bullemor, Kardu Numida Incorporated, Transcript (26.11.02), p. 153.
119 The Fred Hollows Foundation, Submission 36, p. 8.

4.149   The different treatment of external staff compared to local staff is an important issue. FaCS, in addressing principles or guiding processes of models for building community capacity, referred to a list of eight community capacity building principles that have been developed and adopted by the National Community Building Network in the United States. The sixth principle was 'require racial equity'.[120]

4.150   In addition to affecting the ability of Indigenous organisations to attract staff, the lack of infrastructure can have other obvious effects on general community well being and the ability of organisations to deliver services. This is especially so in remote communities.[121]

4.151   The Centre for Appropriate Technology (CAT) provided figures to the Committee relating to infrastructure in Aboriginal and Torres Strait Island communities. CAT found it was widely recognised that many investments in housing and infrastructure had failed to produce long term improvements in community well-being. Community facilities such as housing, power plants and water supplies were not being adequately maintained and falling into disrepair.[122] Other evidence was given to the Committee outlining some of the infrastructure and equipment problems being encountered in a remote area.[123]

4.152   The Commonwealth Grants Commission's Inquiry into Indigenous Funding found:

> (i) Access to adequate infrastructure services is only likely to be an issue for Indigenous people living in remote locations, or in communities on Aboriginal land, including those adjacent to urban centres where the responsibility for provision of local government type services may be unresolved. While there have been significant improvements over recent years in the provision of infrastructure for Indigenous communities in remote locations, needs are still high in many small remote communities.
>
> (ii) The desirability of collaborative and co-ordinated approaches to service delivery, with a clear allocation of responsibilities, is

---

120 FaCS, Submission 46, p. 20.

121 CAT advised the Committee that the number of remote Indigenous Communities had grown over the last 30 years and that there were now approximately 110 000 Aboriginal people living in 1 291 discrete communities, with an average size of 107 people. Centre for Appropriate Technology Inc., Submission 47, p. 2.

122 Centre for Appropriate Technology Inc., Submission 47, pp. 3-5.

123 Mr John Kris and Mrs Suzanne Hodgson, St Pauls Island Council, Transcript (06.11.02) p. 95.

recognised through the negotiation of essential service agreements between ATSIC and the States, and agreements with local government. Extending these partnership arrangements is important to improving outcomes and service co-ordination.

(iii)There are clear links between the provision of infrastructure and environmental health outcomes and the outcomes in all functions covered by this Inquiry. Needs in these areas remain greatest in very small communities.

(iv)The distribution of infrastructure funds on a needs basis should be achievable in practice. The approach adopted by ATSIC for the National Aboriginal Health Strategy is based on needs and has a high level of Indigenous involvement in the decision making process.[124]

4.153   It is clear to the Committee that the lack of adequate infrastructure, whether it be staff housing, access to banking or premises for a community body, can inhibit the capacity of an organisation to operate effectively. This is especially so in small population centres in remote communities.

Indigenous-corporate partnerships

4.154   In the fourth section of this chapter the Committee will look at the benefits of Indigenous-corporate partnerships and explore ways of facilitating such partnerships.

4.155   The Committee received evidence indicating that in some partnerships, Indigenous communities have benefited from corporate organisations providing support through working with the community to talk to government. The development of Indigenous-corporate partnerships can take many forms and benefit the parties in different ways.

4.156   The partnerships could encompass both aid and development organisations and the business community. DIMIA emphasised the potentially significant benefit to be gained from extending partnerships between government and communities by drawing in other organisations with relevant expertise—both organisations that have traditionally

---

124 Commonwealth Grants Commission, *Report on Indigenous Funding 2001*, pp. 191-192

focused their attention on aid and development in third world countries and those from the business community.[125]

4.157 Aid and development organisations have begun to show interest in working with Indigenous communities and were seen by DIMIA as possessing a wealth of knowledge on communicating basic health practices, re-establishing education structures, developing self-sustaining communities through rural development, establishing essential infrastructure, improving governance and generally taking a capacity building approach to their engagement with communities.[126]

4.158 The Committee was advised that aid and development agency participation should be considered as complementary to government programs, rather than as a substitute. Some, such as World Vision and Oxfam Community Aid Abroad, were already working in Indigenous communities in Australia, often in innovative ways.[127]

4.159 Bringing the business sector into partnerships with government and the Indigenous community was also seen as assisting in building sustainable capacity. DIMIA referred to a number of instances of this happening within the Indigenous sector, giving the Rio Tinto Aboriginal Foundation as an example.[128]

4.160 In a private submission to the Committee Mr John McDonald proposed ways of increasing the numbers of Indigenous small businesses to ensure that the number of self-employed Indigenous Australians was comparable to the number in the general population. Mr McDonald also recommended the adoption of the mining industry model of partnership between Indigenous Australians, government and industry, to other sectors of the economy. Essential elements of the partnering approach were seen as:

- a well co-ordinated effort amongst the various governments and Commonwealth portfolios;

- a need to appoint a lead government agency (for each industry sector) to co-ordinate cross government support and to establish formal communication mechanisms at the strategic, operational and site levels;

125 DIMIA, Submission 42, pp. 23-24.
126 DIMIA, Submission 42, pp. 23-24.
127 DIMIA, Submission 42, pp. 23-24.
128 DIMIA, Submission 42, p. 24.

- participation by industry associations to undertake a more strategic approach towards the development of Indigenous small business; and

- the maintenance of a community profile and business directory by Indigenous communities.[129]

4.161   Reconciliation Australia noted that the Business Council of Australia recognised the significant role that Australian companies can play involving Indigenous individuals and communities in economic development. Reconciliation Australia recommended that the Department of Employment, Workplace Relations and Small Business (DEWR) devise programs designed to encourage private sector employers to enter into partnerships with Indigenous communities, and governments to stimulate capacity building at an individual and community level.[130]

4.162   Yarnteen Aboriginal and Torres Strait Islander Corporation (Yarnteen) advised the Committee that many corporate and Indigenous commentators, such as IBA, had been advocating the need to have government encourage business-to-business partnerships with Aboriginal communities in the corporate area. Yarnteen called for a commitment by government to consider its role in how it might create a 'business purpose' within this area and assist Indigenous business and corporate Australia to have the opportunity to negotiate partnerships to produce business and economic outcomes for Indigenous youth.[131]

Partnerships enhancing service delivery

4.163   Partnerships with both aid and development organisations and business organisations can be of fundamental importance in enhancing the ability of Indigenous organisations to better manage the delivery of services.

4.164   In its submission the Fred Hollows Foundation advised that, in pursuing its goal to help set up infrastructure and provide training needed to give disadvantaged communities independence and sustainability in treating blindness, it had come to recognise that sustainable change in these fields required what it termed a 'development approach':

---

129 Mr John McDonald, (private capacity), Submission 24, p. 1. At Attachment A of his submission Mr McDonald also drew the attention of the Committee to a number of Indigenous small business developments in the mining industry.

130 Reconciliation Australia, Submission 55, p. 13.

131 Mrs Leah Armstrong, Yarnteen Aboriginal and Torres Strait Islander Corporation, Transcript (13.02.04), p. 1443.

> Our simple, working definition of "development" is that it is a process which transforms an individual, community or country from a position of dependence to a position of self reliance which is sustainable. A development approach means building capacity, encouraging self-reliance and working towards sustainability. It requires a determination to effectively transfer skills, technology and knowledge, and it requires the partners in that development to want what we can offer and to take mutual responsibility for managing the transfer. Real development occurs from within.[132]

4.165   The Committee also received evidence from corporations such as Rio Tinto, highlighting the beneficial outcomes of partnerships between Indigenous groups and the corporate sector. Rio Tinto articulated a clear guideline between what it was willing to undertake and what it believed government should properly undertake:

> …[Rio Tinto] has drawn quite a clear line about what is our responsibility and what is government responsibility. However, in development areas and capacity building, we will take a role where we are invited to.[133]

4.166   Rio Tinto told the Committee that where local Aboriginal communities had identified opportunities to increase effectiveness of programs government was already providing, through an injection of resources, the company could undertake to support those programs.[134] It conveyed the following example:

> The Townsville Aboriginal and Islanders Health Services wanted to set up a mums and babies program. They thought that the mainstream government program that was available in Townsville was not meeting their needs… The government provided the service but Aboriginal mums were not using it. The Aboriginal and Islanders Health Services approached our foundation seeking some support to set up a program that they thought would be tailored more to their needs. We and the Ian Potter Foundation provided that resourcing for two years, and there were substantial changes in mums attending the clinic prior to the birth of their child and subsequently. Indeed, the health and the birth weights of their babies were much improved.

---

132 The Fred Hollows Foundation, Submission 36, p. 1.

133 Ms Janina Gawler, Rio Tinto Ltd, Transcript of discussion (19.02.03), p. 475.

134 Ms Janina Gawler, Rio Tinto Ltd, Transcript of discussion (19.02.03), p. 475.

> During that time, we and that Aboriginal organisation lobbied the government to seek support for long-term continuity of that program. Eventually the federal government came in with funding for that program, and I think in due course the state will follow. We would maintain a watching relationship to ensure that that is available over a few years, but then we would withdraw.[135]

4.167   The Committee considers that this type of relationship can be highly beneficial, with the advantages of such partnerships and agreements being in the lobby power of corporate organisations and the ability and willingness to aid developments with resource contributions.

Indigenous Enterprise Partnerships

4.168   The Committee received evidence from IEP, which is a coalition of corporate philanthropic organisations and smaller businesses and specialists. IEP is working to help create a real economy for Indigenous communities in the Cape York region, based on Indigenous leader Noel Pearson's philosophy of the right to take responsibility and of breaking the cycle of welfare dependency.[136] IEP described its board as:

> …very hands on and involved in think tanking and looking at how the corporate and business sectors can better engage with Aboriginal communities.[137]

4.169   Importantly, IEP has recognised the entrenched nature of welfare dependency in the Cape and has made a long-term, 20-year commitment to the region,[138] encouraging its business partners to make three-year renewable commitments, recognising changes in trends over time and the difficulties for businesses making longer term commitments.[139]

4.170   Though the Committee is primarily concerned with capacity building in relation to service delivery, it regards the work of IEP as a step forward in the process of diminishing the need for service delivery by contributing instead to economic development. IEP may also offer some insight into a different partnership approach for successful engagement with Indigenous communities.

---

135   Ms Janina Gawler, Rio Tinto Ltd, Transcript of discussion (19.02.03), p. 475.
136   Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 745.
137   Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 745.
138   Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 747.
139   Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 749.

4.171 IEP works in a collaborative way with Indigenous community leadership and peak bodies in the Cape, having developed a method of engagement that supports community aspirations:

> What we do is very varied and it responds to Aboriginal requests for assistance… One of the things we found in our development was that it was critical for our partners to take a support role and not a leadership or ideas role. It seems so simple and obvious now, but it took a lot of work by the corporate and philanthropic sector to shift their mindset… What we really deliver is people. Through pro bono work, volunteers, secondments and fellowships we put several hundred people a year into Cape York and the Aboriginal organisations and also into mentor programs. They do a wide and varied range of things.[140]

4.172 IEP argued that there can be a tendency in government to expect immediate changes from the injection of resources, but that the larger context needs to be taken into account:

> This is where the government can sometimes fall down. They want those results quickly. They want them before the next election. They say something like, "We have invested a million dollars and there are only six small businesses up and running." However, we have to look at the big picture long term, the snowball effect and the change within the community that is required—the permission, the allowance and the will and the desire of people to engage in the economy.[141]

4.173 The Committee commends the work of IEP and looks forward to the conceptualisation of a model arising from the important work it is undertaking in the Cape York region, and the potential roll out or adoption of the model elsewhere in Australia.

---

140 Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 746. Mr Winer advised the Round Table Discussion that IEP's coalition included organisations such as Westpac Bank, Boston Consulting Group, the Body Shop, Myer Foundation, Colonial Foundation, Designworks, Gilbert and Tobin, Right Management and a broader support network. See Mr Michael Winer, Transcript (13.02.04), p. 1463.

141 Mr Michael Winer, Indigenous Enterprise Partnerships, Transcript (07.07.03), p. 748.

Strategies to encourage Indigenous-corporate collaboration

Corporate Leaders for Indigenous Employment Project

4.174 The Corporate Leaders for Indigenous Employment Project, an initiative of the Commonwealth Government, challenges corporate organisations around Australia to demonstrate their commitment to providing job opportunities to Indigenous Australians.

4.175 The project is part of the Indigenous Employment Policy, launched in 1999, and administered by DEWR.[142] The project involves some provision of funding to signatories in recognition of their commitment to Indigenous individuals and communities, while also recognising Indigenous Australians who take part through an annual awards ceremony. In April 2004, there were over eighty corporate signatories from around Australia.[143]

4.176 The Corporate Leaders Project is one way in which the Commonwealth can encourage corporate responsibility and private sector support for Indigenous employment advancement.

Partnerships for banking and financial support

4.177 The Committee received evidence on the need to improve financial understanding among Indigenous organisations and individuals, together with increasing the capacity of banking institutions to appropriately cater for Indigenous people. Evidence concerned addressing Indigenous people's capacity at two main levels, from basic personal banking and elementary financial literacy, to business and enterprise banking involving more complex financial knowledge and access to a wider range of services. Many of these issues are covered later in this report in chapter five, while information regarding partnerships between communities, banking institutions and government will be covered here.

4.178 One of the most successful and prominent partnerships between a banking organisation and Indigenous communities, is that between Cape

---

142 The Hon. Kevin Andrews, MP, Minister for Employment and Workplace Relations, Minister Assisting the Prime Minister for the Public Service, *More Companies Encouraged to Employ Indigenous Australians*, Media Release, Parliament House, Canberra, 16.10.03.

143 Australian Employment Services (DEWR), *Corporate Leaders for Indigenous Employment Signatories*, <http://www.workplace.gov.au/WP/Content/Files/ES/IEP_Corporate_Leaders.pdf> (accessed 16.04.04).

York Partnerships (CYPs) and Westpac Banking Corporation. Westpac sees its involvement in the CYP as a contribution toward fulfilling its social responsibility. The partnership has several aims, including the creation of a private sector economy, breaking welfare dependency through empowerment, and building sustainable skills and capacities.[144]

4.179   The partnership takes a multi-pronged approach, working at many levels to improve financial understanding and access. One method is the Family Income Management (FIM) initiative, which involves a three-way partnership between FaCS, Westpac and CYP. The trial goes from 2002 to 2004 in three communities in Cape York:

> FIM will assist families share their resources and build an understanding of responsibility which will re-empower families and individuals through the prioritised and planned use of financial resources.[145]

4.180   Westpac contribute significantly through the secondment of staff to the communities four times a year, for a duration of four weeks.[146] Westpac told the Committee:

> … we have benefited through the development of our own people while at the same time providing the opportunity for our people to share their skills and knowledge … to help local people achieve their goals.[147]

4.181   Westpac are working with the Australian Bankers Association to develop financial literacy initiatives, as well as continuing to develop programs such as Financial First Steps and Let's Talk, to involve Indigenous people in building their capacities and understanding basic financial management.[148]

4.182   As well as contributing staff secondees to communities, Westpac are part of the Commonwealth Government's Corporate Leaders for Indigenous Employment initiative, which involves signatories committing to the

---

144   Paterson, G., 2003, Westpac Regional Community Partnerships, *Cape York Program*, <http://www.accpa.com.au/resources/Paterson_Westpac.pdf> (accessed 31.05.04)

145   Cape York Partnerships, *Family Income Management*, <http://www.capeyorkpartnerships.com/project/families/fim.htm> (accessed 31.05.04)

146   *ibid*

147   Mr Graham Paterson, Regional Community Partnerships, Westpac Banking Corporation, Transcript (13.02.04), p. 1455.

148   Mr Graham Paterson, Regional Community Partnerships, Westpac Banking Corporation, Transcript (13.02.04), p. 1455.

employment of Indigenous Australians. To date, this commitment has led to the development of fifty jobs within Westpac for Indigenous people.[149] Westpac are also involved with Indigenous Community Volunteers, which is a non-profit organisation that matches skills with community requests, and places people in Indigenous communities to mentor and pass on skills.[150]

4.183   Though Westpac is not the only banking organisation committed to such undertakings, it provided evidence to the Committee, and offers an illustration of the many levels at which a banking institution can make a real difference to Indigenous Australians, from on-the-ground skill exchange, to corporate agreements. One commendable aspect of the partnerships is the lead role taken by CYP, with Westpac becoming involved at the request of the Indigenous communities, and the communities being the driving force behind the projects. The case of Westpac illustrates the positive impact partnerships can have.

The banking industry

4.184   The Committee notes the Parliamentary Joint Committee on Corporations and Financial Services 2004 report *Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia*.[151] Several chapters of the report focussed on the issues faced by Indigenous Australians, and a number of recommendations were made relating to the way banks operate. These recommendations addressed problems common in many Indigenous communities where financial literacy is low, such as the cost of bank fees and the use of ATMs.

4.185   The report discussed obligations relating to the Safety Net Basic Bank Account described in the Code of Banking Practice. The Safety Net Basic Bank Account involves a service obligation on banks to deal with low income or disadvantaged people in a way that is different to other people, by offering accounts which may be more suitable to their needs in order to reduce the incidence of unwarranted or unnecessary fees charged to low or fixed income people. This service must however, be subject to the

---

149 Mr Graham Paterson, Regional Community Partnerships, Westpac Banking Corporation, Transcript (13.02.04), p. 1455.

150 Mr Graham Paterson, Regional Community Partnerships, Westpac Banking Corporation, Transcript (13.02.04), p. 1455.

151 Parliamentary Joint Committee on Corporations and Financial Services, 2004, *Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia.*

scrutiny of the ACCC. Among the sub-points of the recommendation relating to such accounts, the Joint Committee recommended the elimination of fees for bank balance inquiries and the removal of overdraft facilities.[152]

Banking and economic development

4.186   In addressing financial capacity building, Reconciliation Australia highlighted the need for improving Indigenous access to commercial and housing loan finance and joint venture capital, through partnerships between the private sector and Indigenous organisations. Reconciliation Australia also drew the Committee's attention to overseas examples that were improving the economic independence of Indigenous people, referring in particular to the scheme operated by the Bank of Montreal.[153]

4.187   The Bank of Montreal established an Aboriginal Banking unit in 1992, which provides an on-reserve housing loan program, a private home ownership program, and business banking to Aboriginal Canadians, taking a partnership approach.[154]

4.188   The Committee was heartened to hear of examples of partnership in Australia, for example, FaCS told the Committee that it has been working in partnership with the Traditional Credit Union (TCU) in the Northern Territory to develop education packages for communities, and to explore the expansion of the TCU's banking system.[155]

4.189   The Committee believes Indigenous people's ability to participate effectively in the economy is strongly related to access to services and an understanding of such services. The Committee explores banking issues further in chapter five.

Conclusions

4.190   Clearly, a long term commitment to rebuilding communities and establishing systemic and long term strategies to enhance the capacities of

---

152 *ibid,* pp. 243-245.

153 Reconciliation Australia, Submission 55, pp. 18-19.

154 Bank of Montreal, *Aboriginal Banking*, <http://www4.bmo.com/aboriginalbanking/0,4442,35649_975748,00.html?pChannelId=244704> (accessed 01.06.04).

155 Mr Barry Smith, FaCS, Transcript (25.06.03), p. 736.

communities and organisations to manage the delivery of services within communities is needed.

4.191   Strategies need to be put in place to attract suitable staff to assist Indigenous organisations, to mentor Indigenous staff and thus assist in the building of requisite skills. The Committee also believes that the development of a central register of community advisers as suggested by the South Australian Department of Aboriginal Affairs[156] will assist in this process.

4.192   In addressing the Committee a senior officer at the Department of Employment and Workplace Relations stated:

> The private sector is a huge part of our country. Essentially, it drives our market economy. It has a lot of talent and skills to contribute. I think it is an untapped resource. We need to put a lot of effort into how we can actually engage not just the large corporates but the medium size enterprises, who are more than happy to engage Indigenous people but are also struggling with how they should do that. We get a lot of feedback in our travels about how they can actually get involved.[157]

Recommendation 12

The Committee recommends that, in relation to Indigenous communities and organisations employing staff from outside their communities in service delivery roles, the Commonwealth Government initiate action to establish a central register to accredit people available to work for Indigenous communities and organisations in order to provide those communities and organisations with confidence in the selection of reputable staff. In particular, the register should:

(a)   be compiled in collaboration with representatives from Indigenous communities and relevant State and Territory bodies responsible for the funding of Indigenous communities; and

(b)   be maintained centrally, either through an agency such as the Department of Employment and Workplace Relations, or a central employment agency.

---

156 See paragraph 4.136 of this Chapter.

157 Ms Carolyn McNally, Priority Groups Policy Branch, Department of Employment and Workplace Relations, Transcript (13.02.04), pp. 1485-1486.

Recommendation 13

The Committee recommends that the Commonwealth Government:

(a)   promote and further develop initiatives such as Indigenous Community Volunteers to enhance mentoring and skills development in Indigenous communities and organisations; and

(b)   take a leadership role in encouraging partnerships and joint ventures between the private/corporate sector and Indigenous communities, organisations and individuals.

Conclusions on building the capacity of Indigenous organisations

4.193   This chapter has been concerned primarily with enhancing the capacity of Indigenous organisations to better deliver and influence the delivery of services to Indigenous people, on behalf of government. The Committee believes, however, that in order to move beyond the current level of need for the delivery of such services, employment through small business and enterprise development is essential. Micro and small business development was seen in evidence as providing an avenue for the achievement of economic development leading to increased Indigenous control over resources. In turn, this could be expected to lead to the building of capacities in a range of areas.[158]

4.194   The importance of the development of Indigenous small businesses to improved governance and service delivery was also referred to. Mr John McDonald stated:

> Indigenous small business development fosters self-reliance in more meaningful ways than employment in the public and private sectors. Small business promotes autonomy, self-confidence and respect. Small businesses owned and operated by Indigenous Australians are more likely to be accepted by Indigenous communities as a good place to work. Small businesses are generally community friendly. Indigenous small business development is fundamental to governance and service delivery

---

158 Dr Don Fuller, Flinders University, Submission 48, p. 1.

within Indigenous communities and should be singled out for government policy direction.[159]

4.195 The Committee received evidence from IEP in Cape York where, having recognised the total structural and community change required, IEP is assisting in moving towards the breaking of the cycle of welfare dependency and helping to create a real economy for the region through a range of initiatives. The attention of the Committee was drawn to a number of barriers to the development of small business together with strategies to assist business development,[160] many of which have been addressed elsewhere in the report. The Committee was particularly heartened by its observations and the evidence it received at Lombadina. Through skill and resourcefulness, together with assistance from the private sector and government organisations, Indigenous owned and operated businesses were succeeding at Lombadina, thus giving the Committee a glimpse of what could be achieved in the small business area.[161]

4.196 It is clear to the Committee that the responsibilities placed upon Indigenous organisations to deliver services within their communities have been substantial. The Committee believes, however, that whilst governments can do much to facilitate enhancement of the capacity of Indigenous organisations to better deliver these services, the impetus must come from the Indigenous community and the major responsibility lies with that community. In saying this, the Committee is acutely aware of the need to address certain underlying issues at the local level (and many of these will be discussed in the next chapter). The Committee recognises that governments and local authorities have heavy responsibilities in these areas.

4.197 The Committee has made a series of recommendations in this chapter which it believes will lead to enhancing the capacity of Indigenous organisations. It looks forward to the outcome of other developments such

159 Mr John McDonald, (private capacity), Submission 24, p. 3. Mr McDonald also referred to Canadian practice and recommended that governments use their purchasing power to directly promote Indigenous small business and encourage the growth of Indigenous owned and commercially operated financial institutions to improve access to capital.

160 See, for example, IBA, Submission 29; and Dr Don Fuller, Flinders University, Submission 48.

161 Mr Vincent Angus, Mudnunn Mud Crabbing and Camping, Mr Warren Clements, Ultimate Boat Charters, Mr Eric Hunter, Leveque Dingy Hire and Firewood and Mr Phillip McArthy, Ultimate Experience Charter Boat Company, Transcript (07.08.03), pp. 1062-1074.

as the governance research being undertaken by Reconciliation Australia and the legislative proposals arising from the review of the ACA Act.

4.198   The requirements that will enable a move beyond service dependency, towards sustainable economic development were stated succinctly by the Northern Territory Government:

> The evidence is clear-cut: without effective institutions of governance and genuine local decision making, the prospects of achieving sustainable economic development remain illusory.[162]

4.199   The Committee endorses this statement.

---

162 Mr Neil Westbury, Office of Indigenous Policy, Department of the Chief Minister, Northern Territory Government, Transcript (27.11.02), p. 175.