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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

Reference: Capacity building in Indigenous communities

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Wednesday, 23 October 2002

Members: Mr Wakelin (*Chair*), Mr Danby, Mrs Draper, Mr Haase, Ms Hoare, Mrs Hull, Dr Lawrence, Mr Lloyd, Mr Snowdon and Mr Tollner.

Members in attendance: Mr Haase, Ms Hoare, Dr Lawrence, Mr Snowdon, Mr Tollner and Mr Wakelin

Terms of reference for the inquiry:

To inquire into and report on:

Strategies to assist Aboriginals and Torres Strait Islanders better manage the delivery of services within their communities. In particular, the committee will consider building the capacities of:

- (a) community members to better support families, community organisations and representative councils so as to deliver the best outcomes for individuals, families and communities;
- (b) Indigenous organisations to better deliver and influence the delivery of services in the most effective, efficient and accountable way; and
- (c) government agencies so that policy direction and management structures will improve individual and community outcomes for Indigenous people.

WITNESSES

ALTMAN, Professor Jon Charles, Director, Centre for Aboriginal Economic Policy Research, Australian National University	21
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SMITH, Ms Diane Evelyn, Fellow (Anthropology), Centre for Aboriginal Economic Policy Research, Australian National University	21

Committee met at 4.39 p.m.

ALTMAN, Professor Jon Charles, Director, Centre for Aboriginal Economic Policy Research, Australian National University

SANDERS, Dr William Garrison, Fellow, Centre for Aboriginal Economic Policy Research, Australian National University

SMITH, Ms Diane Evelyn, Fellow (Anthropology), Centre for Aboriginal Economic Policy Research, Australian National University

CHAIR—I declare open the public hearing of the inquiry by the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs into capacity building in Indigenous communities. I welcome the representatives from the Centre for Aboriginal Economic Policy Research. I remind you that the proceedings here today are legal proceedings of the parliament and warrant the same respect as proceedings of the House. The deliberate misleading of the committee may be regarded as a contempt of the parliament. The committee prefers that all evidence be given in public. However, should you wish at any stage to give evidence in private, you may ask to do so and the committee will give consideration to your request. No doubt you would like to make a brief opening statement.

Prof. Altman—I was asked to say something brief to start with. On behalf of the Centre for Aboriginal Economic Policy Research at the Australian National University, I welcome this opportunity to make an early submission to the committee's inquiry into capacity building in Indigenous communities. Will Sanders and I compiled a fairly succinct, by academic standards, 15-page formal submission on behalf of the centre. We have provided the committee with a number of exhibits that address a wide range of governance and capacity development issues that impact on Indigenous communities, ranging from a focus on the capacity of state agencies to deliver policies, programs and services to Indigenous communities to the capacity of community based Indigenous organisations to deliver them, to the capacity of Indigenous individuals and families to make use of such interventions and services.

I am joined today, as you heard, by Will Sanders and Diane Smith; in large part because we anticipate that our initial discussions will focus on the issues of community governance and organisational capacity development. The three of us participated in the Indigenous governance conference convened by Reconciliation Australia in April this year. Between us, we have totalled nearly 75 years of research on Indigenous policy issues, despite our apparent youthfulness.

With us today as observers are a number of other CAEPR staff with different research expertise that the committee may wish to utilise in future hearings. They have expertise in population mobility, education, land rights and native title in particular regions like the Torres Strait, Central Australia, Cape York and so on.

In meeting today we believe that an inquiry into capacity development represents an opportunity to explore many of the difficulties that Indigenous communities in all their diversity face as they seek or are inevitably drawn into engagement with the wider Australian economy and society as part of the processes of globalisation. It is also important to be clear about what it is that we might be exploring. There is a contestable view at present that the last 30 years

represents a period of policy failure, a view that many within CAEPR do not share. Equally, there is an emerging view, much based on international experience in very different circumstances, that capacity building and sound governance are essential preconditions for Indigenous development. Development itself is a hotly contested notion, varying along the spectrum from the very wide Amartya Sen sense of development as a process of expanding the real freedom that people enjoy, to narrow, more conventional notions like economic growth as measured by income per capita, formal employment levels and independence from welfare.

In fact, the issue of capacity development cannot be divorced from wider issues like the education, health, housing and employment status of Indigenous people, where social indicators indicate that there have been significant shortfalls for as long as we have been able to measure—since the 1971 census. It is arguable that capacity development will be a panacea for Indigenous underdevelopment or whether these other contributing factors will need to be addressed first, both holistically and on an equitable, needs based funding formula. There are also the structural factors so often overlooked—the location of many discrete Indigenous communities in regions that lack commercial opportunity where, irrespective of capacity or ethnicity, development will never match that of mainstream metropolitan Australia, currently enjoying rapid economic growth.

CAEPR often takes the policy-realistic, culturally and situationally informed middle road in public debates about so-called new approaches to enhance Indigenous prospects in Australia. At the outset, we make the following broad observations to kick-start our discussions today. First, an inquiry into capacity building for Indigenous communities will invariably focus on discrete Indigenous communities, of which there are about 1,200, with a population of about 100,000, or 22 per cent of the Indigenous population, according to the 2001 census. These are the most highly visible Indigenous population agglomerations. Second, most of these communities are in rural and remote regions where relatively more recent colonisation makes many of these communities more culturally different from mainstream Australia. Nevertheless, these communities are invariably intercultural. Their populations are mixed. People live in situations that are culturally complex, including elements of both contemporary Indigenous and Western economic, social and legal institutions and value and belief systems.

Third, these communities are serviced by several thousand organisations. Many are community controlled and many operate very effectively given their difficult interface roles mediating between state agencies and Indigenous clients. There is considerable exemplary practice in the Indigenous sector and also much failure. Fourth, the issue of enhancing the capacity of such organisations operating in a myriad of fields—economic, social, service delivery, economic development, cultural maintenance and so on—has been noted many times in the last three decades, but there has been little policy innovation or program support. These organisations are struggling to operate effectively in very difficult circumstances, often with inadequate financial and human resources. Many face real diseconomies of isolation and small scale.

Fifth, it is highly unlikely that focusing on them rather than us will generate positive outcomes. Such an approach will only exacerbate power differentials between state agencies and private sector interests on the one hand and Indigenous organisations and communities on the other. Capacity development needs to enhance cross-cultural communications. In any case, in reality, Indigenous communities are less and less in sector and more and more interlinked with all aspects of Australian society and economy. Ultimately, capacity development must look

to how best to marry the very diverse intercultural and different perspectives of Indigenous communities in the mediating organisations with the performance and accountability expectations of the wider Australian public and state agencies. As our submission emphasises, this will require capacity development for all and more holistic, less fragmented approaches to Indigenous community development.

CHAIR—Where do you see capacity building fitting into the priority of Aboriginal issues in contemporary Australia? Where is it in the pecking order? There are always priorities in life. How do you see it fitting? Where does it fit?

Prof. Altman—I think that is a very useful first-order question that this committee should be asking. I think it is probably quite important to unpack why it is that we are looking at the issue of capacity development. Part of what I see in this is that this is a concept that, to a large extent, is borrowed from Third World development contexts where there is a view that a lack of capacity development is resulting in bad, as distinct from good, governance. By bad governance—I guess we should not mince words here—we are talking about corruption. There is a view that aid outcomes are being undermined by a lack of capacity.

The question is whether this sort of borrowing is appropriate to Australia and Indigenous Australia because we are dealing with very different contexts. We are dealing in a First World context. Whatever problems Indigenous organisations might have in delivering outcomes, the issue of accountability is rarely one that is not fairly rigorously investigated.

To me, capacity development is a concept a little like empowerment. It sounds very good, but the question is whether it is something that needs to come from the grassroots or whether it is something that public policy can somehow deliver. In the context of what I have just said, from a public policy perspective, I guess there is the question of whether one looks to deliver capacity development programs as if it were something that can somehow be developed and somehow be delivered. That is problematic in terms of people's capacity development because you are actually delivering something from outside. Alternatively, do you approach this issue in a more indirect way and look at the proper resourcing of Indigenous organisations? There is no doubt that most could enhance their capacity enormously by more equitable resourcing. That was my reference to issues like shortfalls in housing, health, education, training and employment. What you often find is that Indigenous organisations are trying to deliver all those things with limited resources. Often they will have very adequate capacity in one of those areas but not necessarily capacity in all of them. So I am sure we will have a diversity of views. My view is that probably capacity development is something that should be happening alongside other policy interventions. It is probably something that needs to be driven from the bottom up rather than the top down.

CHAIR—Do you want to add to those comments?

Ms Smith—I think your question raises a series of other questions that we probably need to answer. They are: capacity for what, capacity for whom and then which capacities in that context? In our submission, we are starting to talk about capacity for development to emphasise that these processes are going to take a long time. They really need to be targeted to particular issues. Otherwise we could probably replace the words 'capacity development' with the older term 'education and training'.

CHAIR—Professor Altman, you mentioned corruption. It does raise its head from time to time. I guess in any situation you will find corruption from time to time. Hopefully, the systems are able to cope with it and deal with it et cetera. I wonder whether in terms of capacity that really is a capacity to misunderstand what we are trying to do. Maybe it is as fundamental as that in terms of cross-cultural issues or what government thinks it should receive or should see in terms of its accountability. I think I have seen corruption, but how you put your finger on it and how you fix it is a totally different matter altogether. I wonder whether it is just a total misunderstanding and two different groups of people heading in different directions sometimes.

I have two other questions and then I will open it up to others. You mentioned that there has been little policy innovation. I have seen your little booklets. Your organisation has put out many of them and I intend to read as many of them as I can. Could you offer a bit of direction. This whole issue has plenty of history. You could say it is at least 200 years old, or you could say it is at least 20 or 30 years old, wherever you want to pick it up. There is a heck of a lot of information out there. Could you offer two or three directions on policy innovation. Clearly we all have a view about it. Would you mind having a go at that?

Prof. Altman—I will take a step backwards. I used the word ‘corruption’. I was not mincing words there. I would define that probably as bad practice, of which there is some, but there is also good practice. I certainly concur with what you say. There are pressures on Indigenous organisations to balance, if you like, 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.

In terms of policy innovation and the issue of bad practice, obviously it is often associated with people having a limited understanding of the broader accountability framework within which their organisation is operating. I am not saying that is a guarantee that bad practice will not happen. Obviously a very important first step is to have boards of organisations in particular—because they are ultimately the people who are externally accountable—understanding what their responsibilities are.

While I speak of policy innovation, I guess I should highlight for the committee the fact that certainly in the 1980s and the 1990s there were attempts to provide what Diane referred to as education and training specifically targeted at boards. That is not necessarily an easy thing to do, because you are dealing with situations that are often cross-cultural. There are communication difficulties. You are trying to provide deliverables often in very remote circumstances. Nevertheless, I believe with programs like the enterprise management training scheme, or EMTS, and the community management training scheme, or CMTS, there were some very positive things happening. Similarly, the Registrar of Aboriginal Corporations has tried to educate and provide material that is fairly accessible to boards of Aboriginal organisations.

But it seems to me again, as Diane says, capacity development is a long-term process. Many of these approaches, which certainly were innovative in their time, were not sustained. What happened is that, as soon as funding cuts came along, these seemed to be issues that in some ways were not given priority. Often when you get funding cuts, the bricks and mortar take precedence over process issues. What you find, of course, is that these sorts of programs are not

around at the moment. In terms of priority, there are very few programs that are actually targeted at the education of Indigenous boards.

CHAIR—You mentioned burnout. I have seen it. Do you have any counsel on that? Once again, we would all have a view about it. We have all seen it. We all probably think we understand it a bit. Can you just give us a clue. I think it goes to the long term and a lot of the things you have just talked about. You might have a view that might add to where we might go on burnout.

Prof. Altman—I guess burnout is partly a function of the fact that are you often dealing with fairly small populations and small communities. As I noted, we are talking about an average community size of less than 1,000, so you are going to have a skilled personnel base that is pretty small. You are also going to have internal pressures like letting sometimes older people control boards, or sometimes having the opposite, which is letting skilled young people control boards. What you have to say about that is that one wants to pass the ball around a bit. The way that can be done is obviously by the broad based enhancement of people's educational levels and targeting skills enhancement and understanding about the sorts of issues I was talking about to a wider cross-section of the community so that it is not just limited to a few people.

Dr Sanders—One of the issues we have identified fairly strongly in the written submission is this issue of the scale of these organisations. They 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. There are some issues of scale that are quite generic here.

When you talk about innovation, obviously, the reason that a myriad of small-scale organisations has developed is quite clearly because people value their local autonomy. There are some quite tricky issues around innovation and how we can allow people to maintain their autonomy but also get some of the benefits of organisational scale that can support better ongoing administrative systems and better council and board systems over time rather than having this sort of breakdown of a small organisation when key employees leave or key board members move on.

Dr LAWRENCE—That was going to be my first question to you. You point to that tension between having the capacity to in a sense manage complex tasks with a small number of people, the burnout and the desire of many Indigenous communities to maintain control over the organisations that represent their people. You talked about the need for innovation. Have you seen anything or do you have in your heads models that might facilitate, if you like, the sharing of skills and expertise in taking some of that pressure off individuals while maintaining a degree of local autonomy? Do you have practical examples?

Prof. Altman—From my point of view, where you have a large number of local people who have a commonality of interest in what it is that their organisation does and a recognisable comparative advantage in relation to the wider society, you tend to get fairly robust organisations. That sounds a bit generic so I will get a bit more specific and talk about organisations that are involved in natural resource management and Aboriginal land.

I am not sure whether I should provide this as an exhibit. It is an annual report of the Bawinanga Aboriginal Corporation for 2000-01. I was trying to encourage them to make a submission to your inquiry. I hope they have. Basically, they run a community ranger program which seems to me to be organisationally extremely robust. There is in fact good governance there. There is a fairly regular turnaround of leadership in that organisation because all the rangers take turns at providing leadership. They are living in a very complex situation where there is a huge diversity of landowning groups. Nevertheless, they are able to, if you like, take responsibility and speak on behalf of other people because they are committed to the core mission of their organisation.

Similarly, in the work we have done, we have seen—again, one could provide many names—many CDEP organisations that seem to us to deal with this issue very effectively. Again, we would probably say that the bigger, the better. In other words, having regard to the way in which CDEP is structured, the more participants you have, the more on-costs and administrative resources you have. This tends to allow organisations to build administrative structures that give them greater capacity. So scale is an issue.

That follows on from something that Will said, which is that there is probably a need to look for models that provide regional administrative support but local autonomy. Again, one nevertheless has to convince Indigenous stakeholders that this is something worth participating in. An example that we have certainly raised in the literature is the operations of the larger land councils in the Northern Territory. They seem to be fairly robust organisations. Again, for political purposes, sometimes they come under attack from one side of politics or the other or from their constituents. Nevertheless, at the moment an efficiency audit is being undertaken by the ANAO of the Northern Territory land councils. Certainly everything I have heard so far suggests that they see them as robust organisations with organisational capacity.

Dr LAWRENCE—I will follow up with a question that turns to an observation you make in your submission and which you touched on in your opening remarks. One of the big problems is not so much the capacity, however that is defined, amongst Indigenous individuals or in communities but rather in the way governments of all kinds deal with Indigenous communities. It strikes me that that is a very profound problem, regardless of whether you talk about state, national or local governments. There is the complexity that we impose on Aboriginal communities, the lack of cultural understanding, the inexperience and the high turnover; you could add to that list, I am sure, very readily. Again, do you have any ideas about how governments, particularly at the national level, since that is our responsibility, should be responding to that challenge? What kinds of changes might easily be made to improve outcomes? It is a tough ask, I know.

Prof. Altman—It is a tough ask, and I should not be flippant. I was going to say outsource the staff.

Dr LAWRENCE—You mean you could do it?

Prof. Altman—Not do it, but it would be nice to give staff of bureaucracies, for example, an opportunity to spend a little more time out in Indigenous communities to see first-hand what is going on. It strikes me that over the last decade or so we have probably seen increased centralisation. We have seen increased relations between remote communities and bureaucracies in terms of electronic communications. It seems to me that staff of bureaucracies do not actually

get out to communities enough. That was something that was commented on a decade ago by the ANAO when they did an efficiency audit of ATSIC's regional administration. They said there used to be a time when communities used to complain about the number of bureaucrats that used to turn up to see what was going on. Now we have a situation where people rarely experience first-hand what is actually going on in communities.

I guess what we try to emphasise in our submission is that cross-cultural communication and understanding are certainly very important. We are so vehement that when mining companies operate in remote communities they provide cross-cultural training for their staff. I wonder to what extent we are also adamant that that should happen in terms of state agencies.

Dr LAWRENCE—Because they do not. At a state level, police, nurses and doctors come straight out of their training programs, where they may have had minimal exposure. It does not do either side very much good.

Ms Smith—Over 10 years, a number of inquiries and reviews have recommended urgently the need for coordination, especially across different government departments. That is extremely difficult to achieve in practice. One of the important demonstration projects that is going on at the moment is the so-called 10-community study. That could be potentially very important in terms of its outcomes. We need to have it closely monitored and evaluated. We need to see whether it can actually come up with some sustainable mechanisms that can be generated across departments to deliver coordination. It also raises the question in terms of departmental coordination: is it a top-down only issue or is there something that can be generated bottom up? An international best practice study from the United States that assists that is called public law 477. That is a very interesting little device to enable communities to plan for coordination across program delivery in communication with government departments.

Dr LAWRENCE—I have a lot of other questions I could ask. I will defer to other members. I also have to attend another meeting.

Dr Sanders—In our written submission, in the part on developing the capacity of government agencies, we refer to the obvious need to recruit Indigenous people into public employment. There is also the need to go much further than that. There is a common fallacy, I guess, in public administration that if you create an Indigenous policy unit in your department, you recruit a few Indigenous people. I really think for government agencies to develop capacity they have to avoid that trap of ghettoising this issue in a particular group of employees or a particular group of policy individuals and see it as an issue which cuts across all their concerns.

I have been concerned to try to do that often when we are working with government agencies on various consultancy arrangements. I can count the number of times when I have travelled to communities with people from agencies and it is the first real exposure on the ground that they have had. This is in organisations that are very important to Indigenous communities, like Centrelink and the Department of Family and Community Services, which are very central to the economies of these places. There is an enormous need for government employees to have exposure to these circumstances so that some understanding is developed.

One thing we do not mention in that work on Centrelink is that we have been quite strong advocates of much more localised offices. To give Centrelink and FACS their due, that emphasis has been taken up in the last four or five years. There is quite a strong push for more

localised offices. I think more localised offices are the basis for employees within Centrelink having a much greater understanding of local circumstances.

Mr TOLLNER—You mentioned the Northern Territory land councils. Does the nature of the Aboriginal Land Rights (Northern Territory) Act assist or restrict in any way economic development in Aboriginal communities? Have you done any research on that?

Prof. Altman—We have done plenty of research on it. Of course it assists, because without the Northern Territory land councils, firstly, Indigenous people would not have been able to claim such a large part of the Northern Territory. Secondly, Northern Territory land councils play a crucial role in assisting with mediating negotiations with resource developers. You have some very major resource developments on Aboriginal land that return significant financial resource streams to Indigenous people but also provide opportunities for employment and training. If you are asking me whether they are perfect, that is a different issue. But there is no doubt that the structure that is there and the political clout that they give Indigenous stakeholders in the Northern Territory are enormously helpful in terms of development.

There is another issue that one may want to debate, which is whether the nature of land tenure is problematic to development. I guess that is a different order issue from whether the institutions that have been set up under the land rights act are effective or not. I will say, too, that historically there is no doubt that with previous governments in the Northern Territory there has tended to be a somewhat contested form of politics where land councils have tended to be representatives of the Indigenous constituency and the Territory government has tended to see itself as being representative of the non-Indigenous constituency. It seems to me that that sort of polarisation has died down considerably with the change of government in the Northern Territory, in part because there are a number of Aboriginal members of parliament in the current government who operate very effectively to represent Indigenous constituents.

Mr TOLLNER—You mentioned the nature of tenure with regard to land rights. Does that have any impact on the economic or capacity building opportunities in communities?

Prof. Altman—The nature of land tenure is inalienable freehold. Again, one can take a diversity of views about that in terms of issues like, for example, biodiversity maintenance on Aboriginal land. One could argue that inalienable tenure, which results in intergenerational land ownership, is very positive in terms of building people's capacity to look after their country. They are not going to be selling off the farm, if you like. They are going to have it for generations. In terms of raising collateral for a development on Aboriginal land, the fact that land is inalienable can be problematic. There is a fair bit of research that suggests that because land can be leased for up to 99 years, that is a sufficiently secure form of tenure not to affect the potential to borrow money on Aboriginal land. So you have had some fairly significant developments in Aboriginal land in terms of infrastructure where money has been borrowed from banks.

Mr TOLLNER—Can you give me some idea of the number of these 99-year leases that are in place at the moment. I suppose they are not perpetual leases.

Prof. Altman—Two of the most well known are at Kakadu National Park and Uluru-Kata Tjuta National Park where Aboriginal land trusts have leased back to the Commonwealth, to Environment Australia. In those two contexts you also have, especially in Kakadu, some pretty

significant investment by both Indigenous organisations and local royalty associations, often with collateral from the banking sector.

The issue of the form of land tenure and potential for development really does have to open itself to the scrutiny of reality testing. A lot of Indigenous land is extremely remote. The reason it is Aboriginal owned is because it had historically no commercial value; it was unalienated crown land. Sometimes there is a view abroad that if you only changed the land tenure you would suddenly get development. When you look at the Northern Territory and where much of the Aboriginal land is located, you find it has limited commercial opportunity in terms of mainstream criteria. That is not to say that with time it will not have enormous potential in terms of other forms of development like, for example, the potential for carbon abatement and carbon trading.

Mr HAASE—Once again, I find myself with a head full of questions and minimum time. Dr Sanders said that administration is vitally important and that often the structures of administration are not perfect. We are moving on to talk about economic development, the nature of land tenure, whether it is a bankable document and whether we can get financial independence et cetera. Traditionally, we talked about education and everything being built on education. Given that we have handed over the responsibility for internal development of so many of these communities to the local administration structure or whatever it might be, ought not we be doing more to simply come up with the best practical form of administration? It seems that group is charged with everything thereafter. If we have a shaky foundation, everything is going to fail. I suggest that all of us are aware of many examples of failures. Even the huge success stories, as I think you said, Professor Altman, do not stack up against the general level of Western practice.

Prof. Altman—I am not sure whether I said that.

Mr HAASE—I think you said they will always be disadvantaged when compared with mainstream Western practice.

Prof. Altman—Because of their intercultural tensions.

Mr HAASE—Yes. You have covered yourself well. Thank you.

Mr SNOWDON—And given you an improved understanding.

Mr HAASE—Of course. When we resource a community to maintain an administrator and to elect a board, would it work if we used an understudy model? Professor Altman, you mentioned that some models have bright-eyed and bushy-tailed bucks and some have elderly traditional owners in the main. From my observation, the best systems are where traditional owners are involved always in the decision making process but often the traditional owners are out of step with the Western-trained administrator.

I suggest that the Western-trained administrator, who is invariably from outside the community, ought to be understudied by somebody from the community with a formal responsibility for replacing them over time. And the traditional owners, taking their place on the community board, ought to be understudied by some of the bright young bucks who have had a degree of formal Western education and understand to a degree the workings of Western law.

The next part of that, of course, is this huge problem of remuneration of board members. Often I witness elders, traditional owners, taking a very serious participation in board matters with CDEP and often no top-up. If I had the time, that would lead me to discuss the frequency of misappropriation and all that that causes. I think I have outlined where I am going there. If you have some specific questions that you might ask me to allow you to answer more fully, by all means do so. But I would like your response to that as a model—that we might endeavour to put the basis right on which to build everything else.

Prof. Altman—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 of their internal workings and the sorts of issues that they need to address. I think that despite common perceptions most responsible Western-trained, often non-Indigenous staff will look to train and mentor local counterparts. I do not think there is any lack of goodwill there. I think the truth is, though, that there are structural reasons why a local person may find it extremely difficult to take that sort of leadership role in an Indigenous organisation. Part of that will be linked to their relationship to the traditional owner board and the fact that the traditional owner board, according to customary practice, may be able to put more pressure on them to do things that externally we may not regard as acceptable than they can on a non-Indigenous outsider. I think there are some structural tensions there.

I certainly agree with you that at times there is an absence of financial incentive for boards to operate as effectively as possible. In some ways, that is part of what is linked with the burnout. I think people with ability have enormous goodwill but they often do it on a charitable basis. I guess to some extent one thing I certainly would be suggesting in response to what you are saying is that the people who manage these organisations are remunerated appropriately. I think sometimes there are, again not so much on the Indigenous side but on the non-Indigenous side, enormous demands made on people who are fundamentally running multimillion dollar organisations.

Another problem we have—we have hinted at it—is that we are falling into the old mistakes of glossing over the fact that often these communities have a number of organisations. These organisations are often driven by external service delivery agencies. What you have is a number of organisations in a community that are divided on functional lines. One thing we should think about doing much more innovatively is having one organisation for a community rather than having a myriad of organisations, each accountable externally and accountable to different internal constituencies. I think that is part of the problem. In some ways, if we have a scale issue, we are exacerbating that by having a number of different organisations. One is delivering health, one is delivering education, one is delivering the outstation support and one is delivering the enterprise support et cetera.

Ms Smith—In terms of that mentoring or understudy role, it is something that we have recommended in a number of our research projects at an organisational level—that is, the understudying of board members and the understudying of council members. The statement that immediately comes, especially from the people who have to do it, is that the job they are doing takes 200 per cent of their time to really do properly. The training that is involved in training up young people to take over roles is on top of that. It usually gets shunted to the back of their duties. There was even discussion about trying to put something into employment contracts in communities that included training in understudying. One of the recommendations we developed as a way of thinking about community needs for that understudying for key

organisations is something more like a regional service deliverer of particular kinds of governance training capacities. There would be financial management rather than having every community council organisation trying to develop its own financial management systems. They are all different and people who come and go do not know how to operate them. You would have one systematic approach to that at a regional level and the sharing of systems and a training capacity.

Mr HAASE—I am sure you are right. I would want to see a model where it was satisfactorily resourced, where people had the financial capacity to take formal courses either in the community with a mobile service or external to the community. I am concerned, however, when you suggest that this mentoring model is being adapted now. I agree with you that in the best communities with the best outcomes that is the case. I would like to see it universally adapted. I accept that one size does not fit all. But one broad concept with some of these important facets contained therein should be applied more generally. I want to question the point you made with regard to it not working everywhere. Would you perceive, then, that even in the long term we are always going to have outside administrators dictating to communities on the ground what they will do? It seems to be the case now. I would like to look to a point where we remove that principle.

Prof. Altman—What I would say there is that with time and capacity development—

Mr HAASE—Here we go again. What is capacity?

Prof. Altman—With time and capacity development, I would like to see Indigenous boards choosing or employing and holding accountable the most efficient people to work for them. Whether they are Aboriginal or not does not worry me unduly. But I think it is important that boards have the capacity to judge their staff. Sometimes that is missing. I also have to add to the issue of mentoring and the resourcing of organisations. It would also be nice to see them have multiyear planning and funding. It would be nice to see them have strategic plans. It would be nice to see them have business plans. It would be nice to see them have manuals for incoming staff. It would be nice to see some of them have—

Mr TOLLNER—Most European businesses do not have that!

Prof. Altman—But they also have a high failure rate.

Mr TOLLNER—That is right.

Prof. Altman—What I am saying, following on from what Diane said, is that when you go to these places—and we go to a number of them as external researchers—we say, ‘Where are these basic things?’ It is true that many businesses might not have them, but many businesses do not have the public investment in them. Some do, but a lot of them have private investments. If they go bankrupt, that is the problem of the owner of the business. These are highly exposed organisations that really do need these sorts of very basic best practice procedures, and many of them do not have it. Likewise we can get back to that issue of annual funding cycles. How do you really build anything in terms of capacity if you do not know what your next year’s allocation is going to be?

Mr SNOWDON—There are a couple of issues I would like to explore a little further. One is the issue of—‘capacity’ is probably not the word I want—the abilities of many non-Aboriginal employees in Aboriginal organisations and communities.

I can think of one in particular, Willoura, where over the last three years the community has effectively been bankrupted because of the activities of non-Indigenous employees. I might be wrong but I suspect I am not: I do not think there would be one person in that community who has ever been to high school, yet they are expected to supervise and control non-Indigenous staff who come in as administrators or whatever. Clearly, they are unable to do so. That actually places a huge burden on the community and in the end they pay a penalty, as in this case. Have you thought of ways in which we might impose some structure or develop some structures that might accommodate the need to have external supervision in circumstances where communities clearly do not have the capacity to supervise their own staff?

Dr Sanders—We have been advocates of what we have called regionally based support services for some time. There are instances of that which have been emerging that have been quite successful. It would seem to us that that would be the general model that emerges here. It has to be one which provides the supervisory capacity of on-the-ground employees that you are suggesting. It also leaves in place that important degree of local autonomy. That is a difficult issue to deal with, but we certainly believe it can be dealt with. One thing you do not want to do, as you know in places like Willoura, is immediately suggest a sort of aggregation of that with a neighbouring community—

Mr SNOWDON—Which is what happened.

Dr Sanders—where people get suspicious that the aggregated body will favour one community over the other. There are good reasons to try to protect your local autonomy but also to get some regionally based professional and other support.

Prof. Altman—I think there is a requirement that funding agencies are held accountable for the sort of risk assessment they make of communities. If it has happened a number of times in a short time, I would be looking to have some external input there. As you know, there are organisations like Ngurratjuta that provide accounting services to Indigenous communities. In some ways, they too should be accountable for making sure that the staff there are operating effectively. Maybe at times funding releases do have to be very short term so that, if you are going to blow something, you are blowing a month’s rather than 12 months’ allocation.

Mr SNOWDON—That is true. I visited a community last week where the Northern Territory government has imposed quarterly reporting on financials, replacing monthly reporting. This person who is in a small community said, ‘I would actually prefer it fortnightly, because that way the external agencies can be monitoring on an ongoing basis our cash flow situation and the situation with regard to our accounts, and can hold us accountable.’

Ms Smith—But those recommendations are really contradictory in terms of any long term situation, if we are talking about capacity development. They really take almost—I think we have done this a lot in the past—an emergency ward approach to issues of financial management. A community is in dire straits and an organisation is in dire straits because of financial mismanagement and there is a sort of quick fix. We want the organisation in the community to keep operating. But the quick fix is often in terms of an audit or stronger

conditions on the financial delivery and grant lines, all of which I think create more negative effects within a community in terms of their own ability to start developing longer term capacity to deal with financial management.

The answer is not stronger conditions; I think the answer is going back to what Will was talking about and what we have talked about a lot in our papers. If you are looking at financial management systems and employment contracts and trying to suss out a person's background in terms of their competence to do the job they say they can do, communities often cannot assess those things effectively. Your regional service function, which provides those sorts of services at a regional level to 70 communities, is a much more effective way of tackling that rather than going back from 10 years of recommendations to multiyear block funding, to two weeks.

Mr SNOWDON—I do not mean two weeks block funding. I can understand this person's point of view. He was saying, 'In the context of our management and the oversight for people to be more accountable, it suits us because clearly we are on computer; we are online. We just send our stuff through. If there is a hiccup, they will pick it up.' If there is no-one looking at the hiccups, if they are only reporting every three months, it will be six months before they see the hiccup, which might have happened in the first month.

Prof. Altman—So they are outsourcing their financial management?

Mr SNOWDON—Effectively to the funding bodies, which would seem to me not to be a stupid idea if you are in their situation. That brings me to the other question: how do you ensure that the persons employed have the competencies they require to do the job? You know, I know, any number of these organisations in communities who employ people who clearly do not have the capacity or the competencies to do the job they are employed to do. Does your regional employing agency have a role in monitoring and providing blockages to the employment of staff who do not have what we might see as appropriate qualifications to do the work?

Dr Sanders—One of the crucial roles for regional based service agencies in the general financial services area is to be involved in the employment process right through, not just at the initial recruitment stage but providing things like relief and stopping people getting into crisis situations which ends up with them leaving the community and the whole community going through a period of not having an administrative system because the administrator left in a crisis situation. If you can avoid the crisis situation, you have a much greater chance of having administrative systems that actually continue through changes of employment or through periods of leave or whatever. I have had some dealings with communities in Central Australia last year that were going through administrators at the rate of one about every two months. Basically, the administrative systems for the community were never really getting up and running.

Prof. Altman—I guess the issue of getting good staff is not limited to Indigenous organisations. Some of the biggest corporates around the place have had trouble with boards ensuring that their CEOs operate in a legal manner.

CHAIR—It is by no means exclusive. How are you going for time, Professor Altman?

Prof. Altman—We have about another five or 10 minutes. The other thing I would say is that there are some regional recruitment agencies. Again, support for them might be quite

appropriate. It is a form of assisting capacity development but it is not actually interfering at the community level.

Mr SNOWDON—I have some ideas about that, but we will not look at them at the moment. There are a couple of other issues that I want to touch upon very briefly. I heard your earlier comments about cross-cultural understandings. One issue that concerns me is the very point you have made, which is that whether it is with a Commonwealth agency or a local government agency or a Territory agency, they employ people often who have no experience or understanding of the circumstances in which they are going to work. They go out there as the expert and have no ability to relate. That creates obviously complications for them. It really creates an enormous burden for those local communities. I want to support your comments about that. It raises serious questions about the capacity or ability of government to comprehend its responsibilities to improve its training of its own staff. That is really a big issue for this committee.

One issue is language. I do it; you do it, I am sure. You will go to a community and sit down with someone for whom English is their second or third language. They may not have been to school themselves and you are trying to talk to them about banks. It creates a problem. We saw this recently. This is about an individual issue but I know it has manifested itself in the way in which Centrelink is now dealing with communities through electronic funds transfers and what it means to those communities. I have just undertaken an exercise where we are looking at bank fees. Because people have EFTPOS and banks give them an account because they have to have an account to get their payment, their obligations under that account arrangement are never explained to them. We have circumstances where people are being charged an overdrawing fee of \$20 to \$30 each time they overdraw, which is usually once a month on an account where you and I could not overdraw.

It is a scandal. It raises serious questions about the level of understanding of the individuals—let alone the collective understanding of the community—regarding very fundamental issues about financial management and how to look after their own accounts, not the community's accounts. That is an issue on which I know Ms McDonald and Mr Westbury have done some work. I spoke to Ms McDonald in Alice Springs.

Prof. Altman—There is also a report that I should leave you with that we have completed for the ACCC on these sorts of issues that was released on Friday.

Mr SNOWDON—You will be pleased to know that I had a yarn to the banking association this week about that very question. The other issue which I want to raise is the question of community literacy. I note you make comments in paragraph 24 of this document about work in terms of literacy. In the case of the Northern Territory—I do not know the exact demographic—I estimate there are somewhere between 3,000 and 4,000 young people between the age of 13 and 18 who do not have access to high schools or educational services. So we have effectively a very large group of people who will be the leaders of these communities and will be the responsible ones heading up the communities that people are talking about who do not have the very basics in terms of the skills required either to access training or to run an organisation. It seems to me that one of the issues for this committee is to look at education in the broadest possible sense as a fundamental concern for us in terms of ensuring that people have the innate ability to be able to comprehend their obligations, let alone deal with them if they are part of an organisation.

That takes me to the last issue that I want to raise briefly and get you to comment upon. It is the question of one organisation that you mentioned. You will recall that in the Northern Territory there have been a plethora of organisations created over the last 25 years. A lot of them were created because they could not get on with government. When the Northern Territory government introduced community government councils who sought to take over the affairs of little communities, the communities themselves reacted by setting up incorporated bodies under the council associations act to prevent what they saw as a takeover of their communities by the then Northern Territory government.

That raises obvious questions about the internal politics of these communities. But it significantly says to me that, yes, there is a possibility of having the federation come together and somehow or other agree about the disbursement of responsibilities. But it raises significant questions about the ability to do it under an appropriate piece of legislation. I wonder whether you have any comments about the appropriateness of the council associations act. Last week we had the registrar here. I asked them whether they had looked at the Fingleton review and whether they had any comments to make on the proposals under the Fingleton review for amendment to the council associations act. I wonder whether you do.

Prof. Altman—There has actually been a subsequent review as well. I will make a couple of comments because I know that time is reasonably short. Certainly researchers at CAEPR are doing a lot of work on education. I hope that the opportunity might arise for this committee to talk to them, particularly to Jerry Schwab and Dale Sutherland, who have been doing work both with outstations, which are the smallest or the most remote communities, but also with larger organisations like the Jawoyn association in Katherine. In terms of the views within CAEPR, they would probably take the view that a primary need is a better education base and better educational opportunities. It is not necessarily a view we all share, but with respect to your terms of reference, that is where you have to start in terms of capacity development.

In terms of a one-stop shop of service delivery to communities, there are emerging models—again, there is a diversity there—but certainly something like the Tiwi regional authority might be something that is probably worth having a look at as a model. I am not sure how effectively it is working.

Mr SNOWDON—It is not.

Prof. Altman—I have not looked at it.

CHAIR—Professor Altman, you need to go. The other people could stay.

Prof. Altman—We have another meeting.

Ms HOARE—Can I get a quick comment in relation to the mentoring of young people in communities. It is an issue that goes to young people in remote and rural communities anywhere in our country. You can have these mentoring programs and leadership programs in place, but at the end of the day, a lot of them are going to leave town.

Prof. Altman—That is different for Indigenous people, who tend to stay in town. That is the interesting difference, particularly in remote communities.

Mr SNOWDON—They go and come back.

Prof. Altman—They go and come back. The demography suggests that populations are growing and you do not get that migration, which is generally for employment.

Ms HOARE—I know you have given us an example of an annual report showing a good service delivery area. I will look at that. I would be interested, because you do a lot of work in this area, in any other examples you may be able to give us which we might be able to visit and look at—the best practice examples. That would be better than trying to reinvent the wheel. There are good examples out there, if you could provide some to us.

Prof. Altman—I think if we can get some best practice examples, it would be really useful. I will qualify what I did by handing you the Bawinanga Aboriginal Corporation annual report. That happens to be an organisation I do research with.

Mr SNOWDON—We are talking with them. We are going to be visiting them.

Prof. Altman—Then you will get to see the sorts of things they do directly. It is probably worth looking at it before you go to get a feel for the diversity of functions they undertake.

Mr HAASE—I notice your comments there. The things that make some communities work are not transferable, sadly.

Prof. Altman—Yes.

Mr HAASE—Funds for mobile training, administrative service that provided all the good things to give good governance: what sort of a model for funding would you see?

Prof. Altman—It does not really matter where it comes from, in a way. I suppose the place that these sorts of resources should come from would be either people who deliver Indigenous-specific programs or education and training authorities. Again, there are models in places like the Northern Territory where you have educational institutions like Batchelor College, which provide training on site. Similarly, there are organisations like NTETA. Again, it is just a matter of these organisations being more fully funded to provide the services. I do not think they lack capacity to deliver some of the very basic administrative structures, financial management structures and governance structures that we are saying are needed. Starting with some of those existing institutions might be very appropriate.

Mr SNOWDON—You could develop an economic model which saves money.

Mr HAASE—So you would see it more as a formal system of a trainer having a contract to provide a service and going and delivering the service rather than a father figure mentor arrangement with the services and the skills?

Prof. Altman—I am a great believer that if organisations are well resourced—again, I refer to the Bawinanga example—they will buy in training expertise. They should have the freedom to choose who will be the best provider. I am not sure that plonking somebody on them as a sort

of father figure mentor is necessarily effective. I think they need to determine what model fits them best.

Mr SNOWDON—But they are unusual, aren't they, because they have a corporate structure which historically has a lot of expertise that a lot of other communities and organisations just do not have?

Prof. Altman—They have scale as well. That is the difference.

Mr HAASE—Some of our communities would just have no capacity to choose to determine what profiles were more desirable for their community. That is always a problem, isn't it—whether you let them make the decisions or whether you impose decisions?

Prof. Altman—Once communities get to a certain scale, you are probably looking to have some sort of regional structure there to assist them. Again, in terms of models that work, there is no doubt that there are many best practice regional outstation or resource agencies that do in fact assist a number of small communities. In fact, that is how Bawinanga Aboriginal Corporation started out.

CHAIR—I am acutely aware of the time. You can sense, I am sure, the level of interest and how much we have appreciated your time. So, Professor Altman, Dr Sanders and Ms Smith, thank you very much.

Resolved (on motion by **Ms Hoare**):

That the two documents presented by the Centre for Aboriginal Economic Policy Research be received as evidence to the committee's inquiry.

Resolved (on motion by **Mr Haase**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

CHAIR—I declare these proceedings closed.

Committee adjourned at 5.51 p.m.