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Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES  
STRAIT ISLANDER AFFAIRS

**Reference: Capacity building in Indigenous communities**

WEDNESDAY, 4 DECEMBER 2002

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**HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

**Wednesday, 4 December 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 Danby, Ms Hoare, Mrs Hull, 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**

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**Committee met at 4.46 p.m.**

**ELU, Mr Joseph Benjamin, Chairman, Indigenous Business Australia**

**MORONY, Mr Ronald Arthur, General Manager, Indigenous Business Australia**

**MYERS, Mr Ian Allen, Deputy General Manager, Indigenous Business Australia**

**CHAIR**—I declare open the public hearing for the Aboriginal and Torres Strait Islander Affairs inquiry into capacity building in Indigenous communities and welcome the representatives from Indigenous Business Australia—IBA for short. Can you tell us the positions that you hold within the organisation, and I am sure that somebody might like to make a brief opening statement.

**Mr Elu**—Thank you, Mr Chairman. My name is Joseph Elu. I am the Chairman of Indigenous Business Australia. I herald from the Torres Strait, and I have been chairman of the organisation for the last six years. To my left is Ronald Morony, who is the general manager, and to his left is Ian Myers, who is the deputy general manager.

First off, I would like to just say thank you to the committee for having us. You have obviously gone through our submission word for word, so I will spend little time on it and just say that over the last couple of years there has been a lot of talk and a lot of—what would you call it?—mumblings about dysfunctional Indigenous communities. There have been roundtables, there have been conferences, there have been inquiries, and I suppose yours can be added to that. But, when we the people who actually operate on the ground look at it, it is very difficult to answer it in one submission.

**CHAIR**—Joseph, could I just interrupt you briefly. I welcome the people from the Indigenous Leadership Centre. It is delightful to see so many of you here. I trust you enjoy whatever may transpire in the next hour, and we look forward to sharing with you a little later. Back to you, Joseph.

**Mr Elu**—Thank you. One of the programs of course concerns the people sitting behind us. The leadership in those communities has been talked about. Mr Chairman, just going back to what I was saying, capacity building could not be answered in one submission. We have just addressed a couple of things which are in the terms of reference, and we go back mainly to the impact of intergenerational welfare. I think that history teaches us that Indigenous communities, whether they be Indigenous specific communities or Indigenous people living in urban-metropolitan areas, have a historical background that makes it a bit difficult for them to interact with society today.

In our work we have been trying to introduce big business to Indigenous people, whether they be rural, remote, urban, metropolitan. But, despite what people will say, there is a big difference in services provided to Indigenous people, to migrant Australians and to the rest of Australia.

We had a banking and finance workshop in Sydney last year. I think Carmen was at that and Minister Ruddock was at it. Banking and financial services in Australia have very little to do with community service obligations. Ron and I, and then Ian and I, did a tour of Canada. Canada and America treat their Indigenous peoples' development very differently to Australia. I

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fronted the Parliamentary Joint Committee on Corporations and Financial Services last month, and I said to them that in Canada and America they treat banking and financial services as an essential service to the community where regulators put down certain rules that apply and if you do not meet those rules you lose charter. In Australia, governments and/or regulators treat banks as if they are untouchables. But I keep saying that Indigenous communities cannot survive where they are, especially remote-rural, because these essential services are not there.

Another thing I raised at that hearing is that the banking board of Canada took it on themselves to write curriculums to push through schools for indigenous Canadians, which is now done for all Canadian schools—a curriculum that is written by the banks and put into the education system to teach kids on financial and banking services. And, of course, the ABA here say they have no money to do such things.

But, going back to why we are here, in our organisation we class communities as sophistication of how they can handle business, how they can interact with business and how they can progress in the business sector of this country. But, like I say, historically there has been very little interaction. When you have miners going into communities, talking about multimillion dollar deals and plonking \$3 million into their bank accounts every year, there is a big, big upheaval. I think Warren would know what happens at Groote Eylandt every Thursday of the third week of the third month every year. Ron was there and he witnessed it. There is just \$2,000 hitting people's bank accounts in one afternoon, and all hell breaks loose. So it is sophistication on how people interact with today's society.

I think I will stop there. Capacity building is like what capacity do you build. There are communities like mine in Cape York. I think we have the human capacity there, but we cannot get access to capital. We cannot get access to money. There is a blockage there, which means it is not capacity; it is something else. So there is more than capacity building we are talking about. We can build human capacity, but if legislative and other pathways are not open to them then they will be educated CDEP workers.

**CHAIR**—Can I just go to the last recommendation in your submission to us—and thank you very much for your submission; we really appreciated it—where you say:

- Government policies aimed increasing capacity and reducing welfare dependence should recognise the critical relationship between these policies, and—  
as you were just saying—

importance of individuals [having] access to essential banking and financial services.

Just taking the first part, 'increasing capacity and reducing welfare dependence should recognise the critical relationship', can you talk about that relationship and what you think is the critical nature? Can you just define that for us in a way that would lead us forward?

**Mr Elu**—Like I said, there are very few government policies regarding financial services and how they are delivered. Like I said before, banks are left to their own devices of what they do, where they go, how much fees they charge. There is a bit of regulation of the fees they charge, but very little. I go back to what I said about America, and I have just been over there in Phoenix, Arizona, where I was talking to a few Indian bankers. What they said to me was that the state regulators actually tell the big banks who move into their states where they can build their banks and what services they can offer—it is a negotiated package—whereas here I think

it does not go that way. In the Northern Territory we have found that banks have issued credit cards that have overdraft mechanisms built into them, and when those people go into overdraft they have \$45 charged up straightaway. So when their next cheque comes in that goes out. But the government did not even know about that.

**Mr Morony**—We have been looking at this in a broader sense in terms of the role that IBA can play in encouraging the banking sector as one area to improve the level of service to remote communities. Many of you will have visited very remote communities. Many do not have access to the same standard of or to any banking services and quite often rely on the local store or traders to cash their cheques and to provide credit to them. That creates problems particularly for family groups that receive their fortnightly welfare cheque. It is almost like a feast and famine exercise that occurs in those communities where mothers have a limited capacity to spread their spending patterns over the fortnight before the next cheque arrives.

So when we are talking about capacity building within communities we are saying there are these essential services like access to banking that must also be addressed at the same time, because people's living patterns and their style of living are affected very much by their capacity to just buy the basic essentials for life. It is an issue that we have started to focus on because we believe that the standard in Australia for banks is that most Australians should be within an hour of banking facilities in one form or another, whether that be electronic or otherwise.

If you actually go to some of these very remote communities, you find that they are sometimes days away from electronic banking or even the most modest of facilities. So we believe that there is a need to explore ways of providing access for these very remote communities to these services which enable families to have access to basic services that we take for granted in cities like Canberra that then enable them to better cope with issues like building their own leadership within the community.

**CHAIR**—Mr Morony, I wonder whether you would care to comment on the evidence the Hon. Bob Collins gave us at a public hearing in the Northern Territory last Wednesday that about two per cent of Aboriginal people in schools in the regional parts of the Territory have a level of literacy and numeracy which would be regarded as sufficient to survive in, if you like, a Western type culture. I am wondering what sort of impact you believe that sort of situation has on the capacity to negotiate banking et cetera.

**Mr Morony**—I really do not know what the numbers are, but I would imagine—

**CHAIR**—I think last week with Mr Snowdon we talked about this exact issue of how these charges just compound on—how it is out of hand in some ways, in our opinion. I am just trying to get a little deeper into this. How do we actually get people to a capacity where they perhaps can avoid some of the crap? You have suggested offering a service, but I am asking whether that is going to be enough. Will that overcome it?

**Mr Morony**—We have tried to restrict our submission to our areas of influence, but in terms of any economic development strategy IBA starts from the point of view of education being, if you like, the first building block. It is essential to achieving employment in the broader community. Higher income levels we are very much aware influence people's living styles. Our employment generally determines the way in which we live. The complexity that happens

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particularly in remote communities is limited education. But the point we were making about banking and finance is that there are these limited services out there that affect just the basic survival issues as well.

**Mr SNOWDON**—There is an EFTPOS machine in a bank next to my office in Alice Springs. People come to that EFTPOS machine continually. People who are from the bush bring their card into my office and they will say, ‘We cannot get any money out of the bank.’ You find out subsequently that they have been putting this card in and out, putting this card in and out and being charged 20 bucks—or whatever the fee is—every time they do it. The magnitude is a number of times bigger than the cost.

It raises a number of issues. First, people have an account that they have no idea how to use. The banks accept no responsibility to educate people about the accounts they have signed up to or their obligations under those accounts. If I go to the bank and I have no money in my account, it will not overdraw. But I have records of a person who was earning a monthly income of \$800. This particular woman paid \$170-odd in bank fees. That is just a nonsense. But what I think the chair is trying to allude to, and certainly I will point out, is that, if I cannot read or write in my own language or in English and I have been signed up to a bank that does not try to communicate with me about what my obligations are, there is no way in the world I am ever going to have the capacity to manage a bank account properly.

I think the issue that we want to bring out here is that your submission, which I have to say is a very good submission, talks about intergenerational welfare and the relationship between education and welfare dependency. You do not have to skip too far to see where we are coming from: if you do not have the basic educational requirements being given to people so that they can actually survive in the community with all the things they have to survive with, they cannot be expected to be able to manage these things in the way in which we would want them to be able to and they would want themselves to be able to if they had the opportunity.

**Mr Morony**—When we talked to the banks some of them were very surprised at the information that we provided to them of the difficulties that are confronted in remote communities. But what we are trying to build in is not only putting in facilities—just putting in an ATM in remote communities is not the answer—but coupling that with education and support; and we looked at a couple of examples. The one being run by Tangenteyere Council and the Traditional Credit Union out at Darwin are providing that level of support.

Warren, you mentioned the costs. We understand the transactional costs in the Traditional Credit Union are high for people—most of them are on unemployment benefits or CDEP—but in order to access that service they are prepared to pay that additional fee in order to be able to manage their affairs better during that fortnight period. In some way I think we have to look at that and ask: how does that impact on the economy of the community and the individuals? But I think the important part of those two examples is that they are providing backup support and advice about how to bank. People are borrowing money for fridges, washing machines and cars. So there is an educational program that is attached to it. What we are saying is that those sorts of—

**CHAIR**—You are saying the relationship between the banker and the client rather than—



**Mr Morony**—Very much so, in those two examples. We believe that the larger banks in the country also have a responsibility. The chairman, Joseph Elu, and Leon Davies recently jointly chaired a conference where Mr Davies said, ‘Look, we want to do better. We know we have to do better. You are pushing against an open door here. We are willing to accept that we have to do better.’ Now it is really a job for people like us, ATSIC and the ILC, I think, to encourage them to focus on how they can do better.

**CHAIR**—I have two quick questions, and then we will just go around the table to get in as many questions as we can before a quarter to six. You say you want to reduce the number of organisational layers to ensure the local decision making is genuine in terms of representing community interests and priorities. Can you give us a quick summary of that? I will get my other question in so someone else can back up and think about it—promoting the notion of accountability of an organisation to the community rather than to the funding provider. I think that is what we are all about and trying to be about. Can you just talk about the organisational layer and where the accountability should be?

**Mr Elu**—I will just go to Torres Strait because I know that better. There are four layers in Torres Strait of different governmental type bureaucracies. On the map there are three different lines. We have the border, we have so many resources lines and we have the quarantine zones. It is all governed by the federal government. Then there are five other layers that are run by the state government, and there are of course two different local governments. Each services the same clientele.

If you go to fisheries, there are four different fisheries in federal government and there are three different fisheries in state government. They all have different licensing. Their tickets are different for boats they run. If you try to run a fishing business on Thursday Island, you have to go through these—you’re like a hound jumping through hoops—and that is before you come to the Indigenous side of things. You have ATSIC, you have TSRA, you have ICC—up in Torres Strait there are about five different government agencies that receive and disburse loans from government.

**CHAIR**—What do you think is the main blockage? There are 4,500 organisations, I think, that you are talking about in your submission. With 60 people per organisation, when you try to put people into them it really does put a great pressure on people to try and just be there and attend. So what would we do to try and—

**Mr Elu**—We go back to our experience in Canada. They have what is called block funding to communities. They have one community organisation that all government agencies block-fund to. They call them band councils. Everything in that band council’s area goes through this band council, whether it is federal, state or whatever they call them over there, and local government.

**CHAIR**—That would lead me straight to my second point, would it not—accountability to the community rather than to the funding provider? That is what you have just said. I need to move on quickly.

**Ms HOARE**—I am interested to pursue the examples that you have given of the Canadian and US experience. I am unsure of the population spread in the US and Canada but, being an infrequent visitor to Mr Snowdon’s electorate, I am just wondering how those examples could be translated into our communities.

**Mr Elu**—They have many more people over there, of course, of indigenous background, and they have much more money than we have. There is no doubt about that. But it just boils down to what the government does with facilities that are going into those communities. I go back to the Canadian experience, where they say to the band councils, ‘You organise yourselves as you see fit.’ Some of them have hereditary councils, some of them have elections, and it is all done by the way that those people did it before the French or whoever settled Canada first came there. Then that is the body that the government deals with from all levels. So what they try to do, I think, is not to have different organisations on the ground doing things. They have one organisation on the ground, and there is a bottleneck where all other people interact with them.

Of course, they have treaties, which is different from what Australia developed as, and some of those—what would you call them?—policies evolved with government dealing with another government, as they see it. That is what America says, and I think Clinton, just before he resigned or finished his term, said, ‘We must deal with these people on a government-to-government basis.’ That is where American Indians especially hold a very strong persuasive mechanism with their government—that they see themselves as different sovereign nations, and hence they can run casinos and all of these other things in states that have no licences for casinos but that can be done under federal law.

**Mr Morony**—If you come to the Australian situation, you can visit communities where you sometimes see service delivery or the funding arrangements being in competition with each other. I have visited communities where there will be a town council structure funded for local government activities and you will have a separate CDEP work force essentially doing sometimes the same work. The labour force for the council will be receiving full-time employment. The CDEP workers, under another structure, will be doing something else. So it repeats itself.

We were a little surprised by the numbers ourselves when we started looking at it. The average number of organisations to the average population is 59 persons per organisation. That, to us, was quite stark. The difference I think is that we have organisations to service health and legal services—all of them different—whereas the approach in other countries seems to be that they have umbrella organisations which can conduct themselves in a number of different areas or they can outsource those activities to contractors.

The important message is that the service that is required back at the community level is that the community be empowered to be able to make those decisions. A lot of the research that we found overseas on this building of capacity within communities is very much focused on empowering the local community or the local organisation to make decisions and having a direct interaction with the funding providers.

**CHAIR**—What do you think aids that interaction in the local community? What do you think is most important about helping that to happen?

**Mr Morony**—I think the message that we were receiving from some of our overseas visitors was that the sense of being empowered at the local community and being able to interact directly on almost a government to government relationship is important, that it empowers the community to know that it is responsible for the delivery. There is a very set agreement in terms of what moneys or funds are being provided for and then the responsibilities of the local organisation in the delivery of that service.

**Mrs HULL**—It was interesting to read your charter attached to your submission. I could not agree with you more—there is an industry built on a whole host of areas such as Indigenous areas. There is a total industry built up that provides services for Indigenous areas. There is a total industry built up on providing services for rural and regional Australians. There is a total industry built up on service for drug-affected people, for substance abusers, on the issues of drug abuse et cetera. So I think that it goes across the board, not just in Indigenous communities. But basically you indicate your economic development aspirations, and your charter is certainly about that area.

However, when we look at requiring education to perhaps be able to deliver ultimately those outcomes and the preference of the Indigenous community to accept predominantly your social courses rather than your management law and education areas in universities, at some stage you cannot just go from all of these organisations delivering into community empowerment if you have not built the capacity in those communities to deal with what they are being delivered. So you cannot just knock them completely out and then say, ‘Well, we will fund communities now for empowerment.’ How would you suggest it would be possible to remove the majority, if not all, of these organisations but still enable your communities to become proficient and efficient at delivering, handling and dealing with the powers that you are entrusting to them?

**Mr Myers**—If I use some of the examples that are being put to us from the United States, the main changes have come from within the communities themselves. One or two people have taken a leadership role. They have had a longer term vision, and they have been able to sell those ideas and that vision to that particular community. Change that is driven from within the community is obviously going to be far more successful than change that is imposed, because it will be resisted, and quite rightly so.

It seems to me that one of the things that really struck us in the States and in Canada was the fact that if the community feels empowered it is then prepared to take on the responsibilities that come with that. But if they do not feel empowered, if they feel other people and other structures are making the decisions for them, then obviously they sit back and watch it all happen. So what comes first? That is always the tricky question. Do you try to get the education in place first or do you try to get the empowerment in place which will then give people the incentive to pursue better education outcomes because they actually feel it is going to make a difference to their life?

**Mrs HULL**—That is exactly the question I was asking you. There has to be a transition phase. You just cannot go from here to there if you are not prepared, if there is no preparation in place. So which does come first? How do you get that transition phase into place? Out of all of the organisations that are listed in your submission here, who is expendable very quickly? What are your suggestions for expending the ATSIC organisations and a whole host of organisations in here in order to enable that transition of power to take place in communities? There has to be a will to be able to do that, and there has to be a confrontational issue about being able to do that. So what we are trying to do is to determine from you how we look to providing the capacity for you to be able to do that.

**Mr Myers**—If you look at ATSIC, for example, that took some very strong leadership roles in western New South Wales where it folded a number of very small housing organisations into one. So quite clearly there is a willingness to look at those sorts of things if the outcomes are there. So I think the concept of rationalisation of small organisations has been done, it has been

pursued. It is a question of how you might give that some more momentum. It certainly happened with CDEPs where smaller CDEPs have been merged to rationalise resources. So, yes, I think it can happen.

One of the problems I believe is funding structures—both state and federal funding structures—where respective departments like to have specialised organisations to receive their money: for example, health services or legal services. That is an issue that needs to be got through with bureaucracies. In other words, if we are going to talk about genuine block funding to a community organisation where it can make the decisions, the bureaucracy really in many ways has to come to grips with that.

I think the reason we have so many organisations in Australia at the moment is that it probably reflects the history of funding decision processes by bureaucracies over many, many years resulting in, rather than existing organisations trying to, I suppose, spread thin resources to take on a new function, if a new funding program starts, an environment being created for more organisations to pop up to try and tap into those new programs. So really the history has occurred, and it is a question of how you convince funding agencies to look at what funding goes to single organisations and then at the ground how you might start to have communities consider the merits of merging organisations so you can get block funding.

But if I were at the community level I would be asking questions back to you like, 'If we are going to do this and merge organisations, why should we? Unless you can tell us that there is going to be some genuine outcomes like we will have a genuine say in whether the money is going to be spent on health or education, what is the value in it for us?' So I think it has to be a two-way street to have a real long-term outcome.

**Mrs HULL**—I could not agree with you more, but I guess the point that we are at with this committee and the point that I am at is looking to see how you can bring about positive results and positive outcomes rather than just talk about it. That is why I am trying to knuckle down to some suggestions that you might have that would enable that to happen.

**Mr Morony**—No one single issue is going to resolve or build capacity within communities; it is going to be a combination of strategies. I think that the underlying issue is that individuals, communities and family groups need to feel that they are empowered or going to be empowered to make decisions and that their lives are not going to be determined by service agencies or external forces. That means that government agencies need to make a concerted effort in the area. Education obviously is going to be an issue. We have to work on ways in which we can improve the standard of education in different areas.

We have to give people hope as well. I remember a few years back talking to a group of young people back in my home town of Alice Springs—Aboriginal people—and talking to them about education, the importance of moving on to jobs. There have been some very prominent Aboriginal people who have come out of Alice Springs, but when talking to a lot of the young people today what they say to me is, 'Why should we bother? All we can look forward to is CDEP.' We have to be able to provide a hope for those young people and say, 'You have a future beyond CDEP,' and that is either in the private sector or moving on into the area that we are focusing on of commercial development.

People in the businesses that we focus on, which are the larger businesses, sometimes say to us, 'Look, you are better off focusing on a corner deli and getting Aboriginal people used to small business.' We have a number of communities where we joint venture and we have partners who sit at board tables and are dealing with very sophisticated balance sheets, profit and loss statements and whatever. People could say and have said to us that at the moment they are not quite ready for that, and some of the communities that we work with probably are not totally familiar with all the complexities of what is being discussed around the table. But, if we do not bring them into that process and do not involve them in it and get them involved in it, we could wait another 20 years. The communities are growing and they are learning and they are understanding that in business you have to service debt. In business there is a whole lot of other complexities that are a part of day-to-day life, and people are learning from that, and they are also making money, which is an important part, and learning how to manage that money.

**CHAIR**—What percentage of Aboriginal people are involved in business, approximately?

**Mr Morony**—I am sorry, I just do not have that.

**CHAIR**—Can you take it on notice?

**Mr Morony**—Yes.

**CHAIR**—It would be something that would be pretty important for your—

**Mr Myers**—The last figure I saw of Indigenous people involved as in business owners was in the order of 6.2 per cent of the Indigenous work force.

**CHAIR**—Thanks, Mr Myers. Mrs Hull, I will need to move on.

**Mrs HULL**—Yes, please do.

**Dr LAWRENCE**—Thank you very much for your contribution to this discussion and also your submission. There are a couple of questions I would like to ask which really follow in a way from what Kay Hull was just saying, and that is that it strikes me that in your submission and in a lot of others that I have read and from my own observation a lot of the problem with the lack of capacity is not on the Indigenous side. Implicit in what you have been saying is that the structure of government, the attitude toward Indigenous capacity, the understanding of local views about the authority structure, if you like, and accountability mechanisms are not well understood on, if you like, the non-Indigenous side of the political and administrative structure. I guess I would like your observations—particularly yours, Mr Elu, from your experience—on what you would suggest by way of recommendations to change the government capacity and whether you think there is a case to be made for significantly improving the understanding of those people who act in the bureaucracy and in government of the needs and interests and, indeed, the capacity of Indigenous communities.

**Mr Elu**—In my other life up at Seisia around the council we have about \$7.5 million turnover a year. But, because we are guided under the state government financial whatever it is called, we cannot borrow unless the minister gives us her okay—we have a female minister right now. For the last two years we have been trying to get an overdraft of \$250,000. A corner store can go and get an overdraft from the Commonwealth Bank in two days. We have been

doing it for two years, because there is this other rigmarole happening with Aboriginal and Torres Strait Islander councils and it just flows on from there. She said, 'Treasury is uncomfortable,' and we say, 'Well, tell us when they are comfortable, please.' It is that type of thing. It is an attitudinal change.

I have told this story a million times, but when I was elected ATSIC commissioner and had a \$75,000 job I went to get a credit card and the bank said, 'You have no credit history. We cannot give you a credit card.' I said, 'I have a minister's letter here saying I am going to hold this position for the next three years.' The banks do it to everybody. But today now they are giving credit cards left, right and centre.

The other thing I would like to say is that—you are very right—the capacity is sometimes on the other side of the table. It is kids who come out of school and go to those communities, but, like Ian said, unless it fits into the funding organisation's structure the kids cannot get jobs in those communities. I know at Woorabinda, which is an old mission in Queensland, they have a trained, qualified midwife, but they still cannot get Woorabinda women to give birth at Woorabinda. For some unknown reason they have to go to Rockhampton, and they have this qualified woman who is more qualified probably than the woman in Rockhampton.

**Dr LAWRENCE**—Because there is no program for that; there is at the hospital.

**Mr Elu**—What does it do to the esteem of this woman who has gone through so many years of training and she cannot do it in her home town. There are all of these other things that stop empowerment or stop Aboriginal and Torres Strait Islander people taking the next step. Of course, there are doctors who come out of universities and accountants and all of that, but because they cannot practise in their own towns they have to go where the funding organisations or government instrumentalities tell them to go. Somebody told me that the bank regulators in America hold guns to the banks' heads, and here the government holds a gun to its own head. That is what I have heard; I did not say that.

**Dr LAWRENCE**—Can I follow up on that. I am very attracted to, and have been so especially after listening to people, the ideas of block grants and local control over those—breaking down this plethora of organisations. It is easy to look at that now and say for every 60 Aboriginal and Torres Strait Islander people there is one incorporated organisation, but most of that has been forced on the communities by governments who insist on setting up another organisation to be the recipient of funding. I do not think it is a question of the Aboriginal people needing to change their views about this. I think they would happily say after appropriate consultation, for instance, 'We would rather have the funds as a health service rather than administering 87 separate funds, 87 separate projects. We would happily have one budget that we can manage with our community controlled health service.' I think that is a possible transitional arrangement.

But one of the problems that they found in the United States, and you report this in your submission, is that when some of those funds were handed over in various forms, some of them with the program still attached—at least a program heading like health education and some of them just generally made available—the amount of money that went to indigenous communities was not actually sufficient to do the task. I raise that question because the most recent work that has been done by the health ministers showed that the purchasing power of the Indigenous health dollar is about half of that of the rest of the community because of remoteness and

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severity of illness. So I guess my question is: do you have any views about how we can ensure that if we move in that direction we have a proper accounting taken of the real purchasing power of the dollars that might go into such communities and programs?

**Mr Myers**—Can I just make a couple of comments on that to start with. There are a couple of things that did come out from that. Clearly both in the United States and in Canada they have mapped the population growth and current expenditure levels, and the bottom line is government programs will never match need and the gap will get bigger. I suspect the situation is exactly the same in Australia, where the gap will just get wider and wider between need and dollars. That being said, looking at some of the other programs like housing, in the United States they are doing some very innovative things where, for example, if a particular tribal council gets a funding offer over three years to build 20 houses a year, they take that letter of offer in essence to the local bank and pre-borrow the full three-year program at once and go out to contract and, because they are letting the contract, rather than building 60 houses in total they might get 62 or 63 because of efficiencies. So the governments over there are trying to work with people to actually lever better outcomes with the limited dollars. So I think there are ways of improving things without necessarily putting more dollars in but actually getting more effective use of the existing dollars.

**CHAIR**—That was an excellent question and an excellent answer. I think it just shows what thinking differently can do.

**Mr SNOWDON**—I have just one question, which relates in a sense to the guts of this report of your submission about intergenerational welfare dependency, unemployment and education, but it follows on from Mrs Hull's and Carmen's points about capacity. I observe that in the Northern Territory we have only two government schools that run high school equivalent education programs in the bush. Most, not all, of these communities—and there are a large number of them; hundreds of them literally—have a non-Indigenous person as a gatekeeper. These are assorted spivs, misfits and socially dysfunctional people. Some are very good, but a lot are not.

**Mr Elu**—Missionaries.

**Mr SNOWDON**—Missionaries, misfits.

**CHAIR**—We know it well.

**Mr SNOWDON**—But I think it is a huge issue because how are people to assert control if they actually cannot control the people they employ? There are obviously very smart Indigenous people, as you well know, leaders who are able to sit around a table and have a decent discussion and be able to supervise people, but they cannot read accounts often and they do not understand the legal frameworks within which they work. They have a town clerk or a community adviser or whatever who controls what goes on in those communities. They can say they do not, but you and I both know they do. Then there are the storekeepers who control the financial transactions. I am sure you and I know and can give examples of where these storekeepers are corrupt and who pay people a bit of sugar to get the decisions they want. How do you overcome those problems? This document I think is a very well written document and it raises very significant issues. But there are immediate issues and, unless we actually find a way

to nobble them now, we are going to have another generation and then another generation confronting the same problem, particularly these remote communities.

**Mr Elu**—It is a law and order issue. Up in Queensland they said that if somebody pulls up at a bowser and puts in \$49 of fuel and jumps in his car and takes off the police will not even pursue him. Under \$50 they forget about it. But that \$50 might be the service station's profit for that day. That is going back to a law and order issue. We have taken over the Croc and we have looked at the book work of Gagadju and there was clear theft, but you cannot pursue it. So it is out of the Northern Territory—

**Mr SNOWDON**—Yes, I understand that, and I understand there is illegal activity and there are people who run across to Queensland. I know of an instance where a community person, a non-Indigenous employee, took a vehicle over to Queensland—skipped the border. He thought he could take the vehicle, he did take the vehicle and the police could not pursue it because they did not know where it was until eventually it was sighted by someone who said, 'We know that car'—you know what it is like—and they got the vehicle back. But how do you actually address the problem of capacity in those circumstances? What do you do to give people the power that they want to be able to determine what happens in those communities if these non-Indigenous people largely—some are Indigenous, I have to say—actually control what happens for their own purposes? This is not all cases, by the way of course, it is a gross generalisation on my behalf, but I am sure, Ron, you are aware of the circumstances. How do you deal with it? Unless we fix that, how the hell are you going to fix the other issues?

**Mr Elu**—Probably these people sitting behind us are the next leaders. It is leadership, it is self-determination, it is what do you do when something like this happens. I know what happens at Seisia when something like that happens: a fellow wakes up with a sore head.

**Mr SNOWDON**—But there is a case in the Northern Territory where a community not far from Alice Springs purchased a pub in Alice Springs. The community was not really aware of what was going on. They lost control of it. They got defunded. All of this happened as a result of someone else making these decisions. How do you fix that problem?

**Mr Elu**—I keep going back to it being a law and order problem. If it happens to us, we sue the pants off them.

**Mr SNOWDON**—But they could not; that is the point. The police did not chase them. ATSI/A would not chase them. They could not prosecute them.

**Mr Elu**—Then all we can say is we would.

**Mr TOLLNER**—The Northern Territory government should fund the police better.

**Mr SNOWDON**—Okay, Comrade, it was under the CLP.

**CHAIR**—It is an issue for us: it is about capacity and it is about a whole lot of stuff that is so important.

**Mr Morony**—About the things Warren was talking about, I lived seven years at a community called Haasts Bluff. We had store managers ripping off communities then. Many, many years



later we are still sitting around talking about these issues. The reality is that most of these people re-emerge somewhere else, and I think somehow we have to get down to a system of empowering the communities to better think about the way in which they—

**CHAIR**—That is the dilemma: you said ‘somehow’. We really would like you to say how. Give us one. Law and order. Joseph is right, that is one.

**Mr Morony**—I think, for example, the funding agencies perhaps need to be a bit more strict and say, ‘If this guy has ripped them off or you haven’t checked them out, we are not going to fund you if you recruit those sorts of people,’ or there may be a way of accrediting the sorts of employees that go to communities.

**CHAIR**—I agree. That is what we should look at.

**Mr Morony**—Many people that get employed in these communities are drifters that probably would not normally get a job as responsible as the ones they get in these remote areas. I think we have to set standards for these sorts of people. In the case of Kakadu, where we have taken over the Crocodile and Coinda, we have sat down with the community there. They do not have at the moment and did not have at the time—they had been ripped off—the capacity to test the advice of their accountants and their lawyers. We are partners with the Gagadju Association. We have 70 per cent equity at the moment in those assets and the community has 30 per cent. Our staff attend board meetings, and we inform the community about what is happening at the board meetings and allow them to grow. They have come to me in recent times and said, ‘We would like to buy back those assets now because you have turned them around, you are making profits.’ I have basically said, ‘Until you establish within this community the skills that can test the veracity of the people that you are employing, IBA will not sell down. It has a responsibility to ensure that you develop a capacity within your community and your organisation before we will transfer back these assets.’ I think that that is a responsibility that we have. While the community may not like that, I think we are doing the community a service, because successive employees in that organisation have over the years ripped them off time and time and time again.

**CHAIR**—Mr Elu, how do you strike that balance? It is law and order. It is setting up barriers to crooks, if you like. It is encouraging people that nothing is going to happen until we have capacity. Are there one or two other things you might think about?

**Mr Elu**—Organisations like Gagadju have a structure. But, with these crooks, what we found out is when they go in they slip a couple of dollars under the table to some key people in those organisations so that they get into favour with these people, and then they start taking things to themselves. Like we did with one particular business in Victoria, we just pursued the person until he was running from his own shadow, and that is what you should do with people like that. It cost us an arm and a leg.

**CHAIR**—But set the pattern.

**Mr Elu**—Set the parameters and say, ‘If you do this, we will chase you to the ends of the earth.’

**Mr TOLLNER**—I have one question. My understanding is that these 4,500 organisations would be a high employer of Indigenous people. If you wind up 4,500 organisations and create one, what about the job losses and where do these people then find employment?

**Mr Myers**—Perhaps I can make some comments first. It is not necessarily about reducing jobs, because most of the employees of the different organisations are providing specialised services. When we have used the examples of block funding, what we are talking about is basically having the one representative body for that community making decisions about where their local priorities are and where the funds should be spent. If we use again the examples in Canada, they have almost like the equivalent of a local government body. They will have a health function under them, they will have a pre-education function under them, they will have a range of service delivery mechanisms which are reportable back to them and they make their funding priority decisions. So in this case many of the jobs would in fact just transfer or transpose into service delivery structures responsible to that—

**Mr TOLLNER**—There would be job losses.

**Mr Myers**—Management level et cetera, yes

**Mr TOLLNER**—And different levels of government mirroring other governments and the like. I think you talked about the competing interests amongst the Commonwealth, states and local governments.

**Mr Morony**—In that case you really need to decide whether you are about trying to create employment or about empowering the individuals or the families or the community itself. There could be economies of scale that might improve the number of houses that might be provided, which might in turn create other levels of employment. A difference we point out in the paper is that in the States and Canada they do not provide services to people in a substantial way off reservation. So in reservations you have a band council that provides a raft of services whereas in the Australian situation governments provide support to Indigenous Australians that live in urban areas and metropolitan areas, so many of these organisations actually emerge and grow up in those areas.

But again, if your focus is about the delivery of service and empowering the local group, do you need a raft of competing organisations or can the substantial skills that are there be brought together so that the management and the infrastructure is not spread out over a whole raft of organisations?

**CHAIR**—And that would be a huge challenge in itself, would it not?

**Mr Morony**—Yes.

**CHAIR**—I need to ask you to wind up. I am going to allow Mrs Hull, if you can do it in 10 seconds, to ask just a quick question. You had something on your mind.

**Mrs HULL**—I did.

**CHAIR**—Really, I can allow only a 20- or 30-second statement about a takeaway message that you might like to conclude for us.

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**Mrs HULL**—I appreciate this, Mr Chairman. You as a group have indicated that when you took over some areas in Kakadu et cetera you would not sell down because the community were not ready. So were you not taking away the community's right and their control? You were again imposing upon them your will, not the community's will?

**Mr Elu**—We heard some rumours that it was not the community really, it was the white adviser again who was getting them this, because we were not as open as he would have liked us to be. He has gone now, but we found out later that it was the white adviser who was running behind them telling them to tell us to sell down these assets.

But what we try to say to people is the organisation that was robbed did not change and they were coming back for more equity. So that is what our message to them was: 'What has changed to make sure that you will not be robbed again?' They could not answer that because they were still the same people with still the same structure, and we were telling them, 'There is nothing changing here.'

The other gentleman, Mr Tollner, has gone. His question was: are organisations there just to be organisations or are they there to provide a service to make a difference and in the end to capacity build? Capacity was not built in that community when they came back and asked for the goose that laid the golden egg, which they half killed two years before we got there.

**CHAIR**—Thank you.

**Mr SNOWDON**—Perhaps at some point getting a history of the Gagadju Association and the problems it has had over the last 10 years would be a useful exercise. Then I think Kay would understand exactly what—

**Mr Elu**—You probably know more about it than we do.

**Mr SNOWDON**—I know a bit about it.

**Mr Morony**—Our strategy is that the community gets one or two young people or even mature people to work with us—to actually do a course in the NT University to develop the skills to know whether the advisers that they are employing are telling them the truth or not. That is really what we are saying: 'We want to help you to run these assets for the future, but you must take some initiative yourself and nominate a couple of young kids who will be your future managers.'

**CHAIR**—That is very important. Can I just offer the opportunity to anyone to make a quick wrap, just a few words, a takeaway message. Does anyone want to take that opportunity to give a takeaway message to this committee? Clearly we are deadly earnest about what we want to try and do here. We need all the support we can get, we need all the advice we can get, but we want to find solutions. The issue has been too neglected never to find solutions.

**Mr Elu**—I would just like to thank you for the work you are doing. We, I think, as I have said all the time, come in at the tail end I suppose—because we are talking about big business, we are talking about big end of town stuff. The sophistication in some Indigenous communities is not there to cater for that. But we are willing to stand in there for a long time, and there are others where we go in and work with that have the capacity to fly away, if you like, and do it

their own way. But I think it is work that should not be neglected. Like I say, we go to talk to different peoples in different countries and there is a joint effort now. There is a federation of first nations that has been formed in Canada that is sending staff around to see what is happening. We are very interested in the fishing in New Zealand, and here in Australia I think we can go into a lot more of that. But it is these governmental legislative structures that prohibit some of this. We will be in this house for a very long time knocking on your doors. We know who you are.

**CHAIR**—We welcome that. You make a very good point to me, and it is something that I do not understand, which is that big end of town and the importance that it would offer in terms of leadership, example and employment opportunity.

**Mr Elu**—And that is why I say that if you take Indigenous communities at the same level you will get it wrong. The far advanced one will get frustrated, so you have to take them at different levels.

**CHAIR**—Yes. I am breaking my own rules a bit here, but can we get some information about the NT University course that you are recommending to communities? Maybe you can just take that on notice, please. Thank you very much. It has been a real pleasure to sit and talk with you. Wish us well, and we wish you well.

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

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.

**Committee adjourned at 5.55 p.m.**