

Queensland Productivity Commission
***Inquiry into Service Delivery in Queensland's
remote and discrete Indigenous Communities***
CYI submission

13 June 2017

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The current service delivery model is broken: we need an entirely new approach

The Inquiry's Terms of Reference are very broad, and depending on the approach taken, they could be excessively so. The Inquiry's consultation paper notes that, in summary, it has been asked to investigate and report on five key areas:

1. Levels and patterns of government investment and how these change over time.
2. Interactions between investments made by all levels of government, non-profit organisations and third party service providers.
3. The range of service delivery programs and whether there is duplication or a lack of coordination across programs.
4. An evaluation of the design and delivery of existing Government services in improving outcomes for remote and discrete Indigenous communities.
5. Best practice approaches for evaluating the effectiveness and efficiency of service delivery.

The Queensland Government should be commended for having the Productivity Commission immediately engage with the urgent task of improving outcomes in Queensland's remote and discrete Indigenous communities. However, the task that has been set is a gargantuan one. Indeed the scope is so broad that potentially this one Inquiry could instead have been ten or more separate inquiries.

Given the broad scope of the Inquiry, at the outset a fundamental point must be made. The desired destination — that is, convincing improvement in outcomes in remote and discrete Indigenous communities — cannot be reached through improving the current model of service delivery. What is required is a complete shift — that is, a transformation that replaces the current service delivery model with a new approach.

There has been a long (and ongoing) succession of inquiries, reviews and reports on every aspect of Indigenous disadvantage: education,¹ child protection,² violence,³ alcohol and drug misuse,⁴ youth sexual violence and abuse,⁵ juvenile detention⁶, incarceration,⁷ and suicide.⁸ Each report must

¹ See e.g. the 2016 national Productivity Commission report on [Indigenous Primary School Achievement](#).

² Anderson, P. and Wild, R., Ampe Akelyernemane Meke Mekarle 'Little Children are Sacred' Report of the Northern Territory Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse, 2007. See also the 2013 [Carmody report](#) of the Queensland Child Protection Commission of Inquiry.

³ Department of Aboriginal and Torres Strait Islander Policy and Development (1999) The Aboriginal and Torres Strait Islander women's task force on violence report. Brisbane: Dept. of Aboriginal and Torres Strait Islander Policy and Development; Memmott, P., Stacy, R., Chambers, C. & Keys, C. (2001) Violence in Indigenous Communities. Canberra: National Crime Prevention, Attorney-General's Department.

⁴ Fitzgerald, T (2001) Cape York Justice Study, Brisbane: Queensland Government.

⁵ Smallbone S., Rayment-McHugh S., and D. Smith (2013) Preventing Youth Sexual Violence and Abuse, Griffith University, Brisbane Qld.

⁶ See e.g. recent review of [Queensland Youth Detention Centres report](#), and current [Royal Commission into the Protection and Detention of Children in the Northern Territory](#).

⁷ Johnston, E. (1991). National report: Royal Commission into Aboriginal Deaths in Custody, vols. 1, 2, 3, 4 & 5. Australian Government Publishing Service, Canberra. See also current Australian Law Reform Commission inquiry into [Incarceration Rates of Aboriginal and Torres Strait Islander Peoples](#).

reduce the entire complex scene into a set of recommendations, and such recommendations inevitably lead governments to focus on improving the current service delivery model, including by filling gaps, improving coordination, removing duplication, more co-design, identifying 'what works' and 'best practice', and more evaluation. Yet largely, the numerous reports, decades of effort, and the associated increase in resourcing often involved, have been unable to convincingly improve the situation. Indeed in critical areas, like child protection and incarceration, the outcomes clearly continue to worsen. For example:

- Indigenous children constitute at least 54% of children in juvenile detention centres. Indigenous children are 26 times more likely than non-Indigenous children to be in detention.⁹
- The number of Indigenous children in Queensland in the Child Protection system is rapidly going up. The rate of Indigenous children in out of home care tripled in the decade prior to the [Carmody report](#). Very soon in Queensland more than 50% of children in out of home care will be Indigenous. Spending is going up, but the picture is getting worse for our kids. The State is already spending more than \$700 million on Child Safety, and by 2020 it will be more than \$1 billion.¹⁰
- The suicide rate for Indigenous men in Australia is the highest in the world.¹¹

Remote and discrete communities make a vastly excessive contribution to this devastating human tragedy.

- For example, from Aurukun's small population of some 1100 people, there are currently around 70 adult men in prison, plus there are also women and juveniles also in incarceration.
- The Carmody Report notes the child protection situation for at least one in ten children in Queensland's discrete Aboriginal and Torres Strait Islander communities 'is particularly disturbing'.¹² The region with the largest absolute number of children in the system is northern Queensland.
- Communities in Cape York and the Torres Strait are amongst those with the highest rates of suicide when considered by postcode across the country.¹³

It is a critical mistake, and one that is repeatedly made, to think that the problem of Indigenous disadvantage can be solved through improvements to the current service delivery system. This naive belief has been pervasive over many decades, and it continues to be the dominant approach to closing the gap on Indigenous disadvantage. The current system is underpinned by the false premise that well-intentioned governments based in Brisbane or Canberra can somehow harness the expertise required to identify the 'right' programmatic solutions to be delivered to overcome the

⁸ Dudgeon, P., Milroy, J., Calma T., Luxford Y., Ring, I., Walker, R., Cox, A., Georgatos G., and C. Holland (2016) Aboriginal and Torres Strait Islander Suicide Prevention Evaluation Project (ATSISPEP) Final Report, University of Western Australia, Crawley, WA.

⁹ See Australian Institute of Health and Welfare (AIHW) (2015) Youth detention population in Australia. Bulletin 131, AIHW.

¹⁰ See Queensland Government's 10 year Roadmap responding to Carmody report

¹¹ <http://www.abc.net.au/news/2016-08-12/indigenous-youth-suicide-rate-highest-in-world-report-shows/7722112>

¹² The Carmody report notes this is based on figures that are likely to reflect underreporting in some communities (p. 350).

¹³ See Telethon Kids Institute, <http://www.indigenoussuicidepreventionmaps.com.au/suicides/>

devastating complex of problems affecting our people in remote and discrete communities. Yet the only reasonable conclusion that can be reached after several decades of effort is that the current service delivery model is broken and in many cases, so perverse in function, that it is making leading indicators of human development and wellbeing worse.

There is little value in pursuing programmatic reform that is not guided by structural reform that correctly diagnoses and responds to the flaws that are embedded in the foundations and operations of the current system. The transformation that is required from the current service delivery model is of such a scale, and so deep in nature, that it cannot be prescribed through any single point in time assessment of funding and programs, or even a succession of such assessments. This would be the case even if complete information about funding and an evaluation of every program was available to the Inquiry (no such perfect information exists). It is only once the right foundations are in place in terms of structures and processes, that over time the available resources can be used far more efficiently and effectively to improve the outcomes in remote and discrete communities to address the entrenched, wicked problems of Indigenous disadvantage.

The top-down, centrally planned and administered approach must go. Instead we must develop a system that vastly increases the control that First Nations peoples of a particular place themselves have for planning, implementation and resource allocation. Such a transformation cannot occur overnight. New structures and processes must allow for a phased approach so that First Nations have the capacity for collective action and decision-making required at a place-based level to progressively lead their own development.

Indigenous people ‘cannot live by Service Delivery alone’: a coherent approach to development is required

Programmatic responses necessarily focus on delivering solutions to particular problems when in fact, the social, economic and cultural challenges faced in our communities are interconnected and cannot be adequately addressed through isolated programmatic responses targeting one issue at a time. If we continue to travel down this well-worn path, we are simply guaranteeing that some already very big problems, such as the crises in child protection, incarceration and suicide, will continue to grow.

The danger of the ongoing preoccupation with service delivery solutions is that it allows the need to tackle these problems from other key angles to continue to be ignored. A recent statement made by Commissioner Matthew Myers, who is leading the current Australian Law Reform Commission (ALRC) Inquiry into the Incarceration Rates of Aboriginal and Torres Strait Islander Peoples, exemplifies the dominant approach that focuses almost exclusively on identifying the right programs to respond to problems. The Commissioner suggests, for example, that programs to make it easier for Aboriginal people to obtain their drivers licenses to prevent unlicensed driving could be part of the solution to the Indigenous incarceration¹⁴ and he goes on:

Even at this early stage [of our Inquiry] we’re seeing really good programs where we are changing people’s behaviour. All those programs are designed to reduce criminality, change

¹⁴ <http://www.alrc.gov.au/news-media/podcast-indigenous-incarceration-meet-commissioner>

people's behaviours so that they don't find themselves in jail, but you are right they're often small programs in sometimes particular towns or particular states and because this country is so vast other people don't know about it. So what we are hoping to do is thread together or tie together all the good work that's been done, work out what's not working, work out what is working and if we see a program that's reducing crime rates which then leads to a reduction in incarceration, how can we take that program and adapt that, maybe, to a different state or across the board throughout the country, so we might see that as an answer. We are really looking at individualised programs and looking at the possibility of their adaption to the wider community.¹⁵

[Australia's Indigenous peoples are now the most incarcerated people on the planet](#). While there is no doubt that programs to help Indigenous people to obtain their drivers licenses are a positive thing to the extent that they prevent people from coming into contact with the criminal justice system, it is entirely misleading to claim that all that is required is to scan the existing landscape for such programs that work, and adapt and apply them more broadly. Only the most marginal gains, if any, can be made in this way. Instead this preoccupation with centralised, top-down service delivery approach represented in the comments of the ALRC Commissioner, provides a dangerous distraction from the critical task of identifying and dealing with both the key proximate and the ultimate causes of Indigenous incarceration.

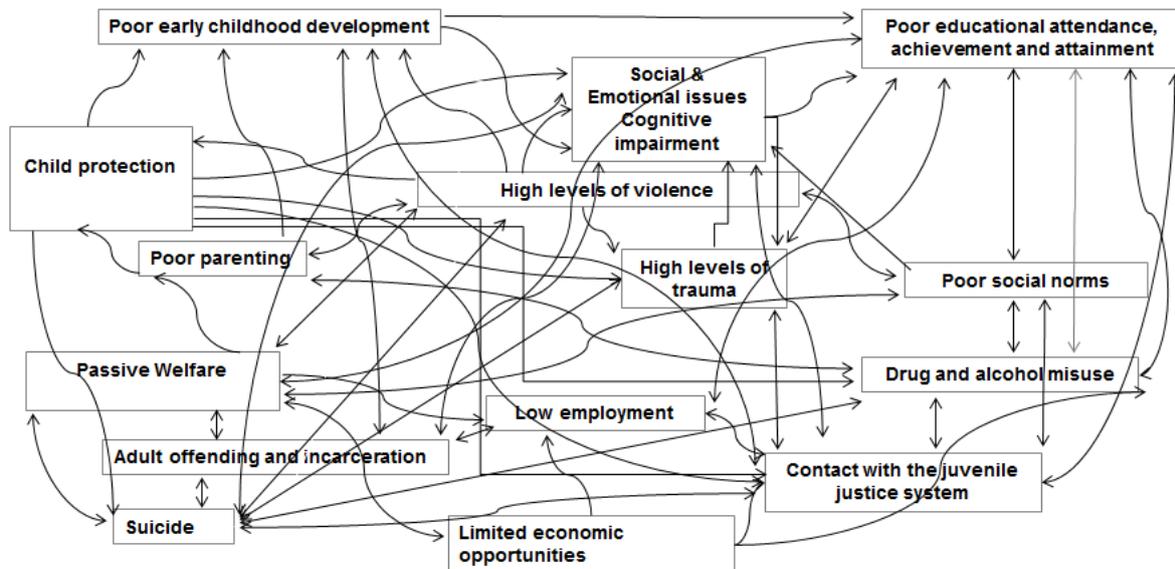
It is offending, and in particular the intolerable rates of serious violence that Indigenous people inflict upon each other, usually with alcohol or other drugs involved, that provides the leading proximate cause of the overrepresentation of Indigenous people in prison.¹⁶ To effectively respond to this leading proximate cause we must tackle the dense causal pathways involved in the very high prevalence of violent behaviour and other offending of Indigenous people. This simply cannot be done effectively through a programmatic approach to service delivery improvement, it requires a far more holistic, cohesive and strategic approach to tackle the social, economic and cultural development of Indigenous peoples and places.

The problems afflicting Indigenous people and communities are of course connected. There are clear causal trajectories (albeit not necessarily linear ones, but interrelated, complex, cumulative, self-reinforcing, casually dense pathways) that stretch across generations and are replicated within them, by which Aboriginal people in remote and discrete communities are disadvantaged. These dense causal pathways and trajectories drive a broad array of poor outcomes, which in turn provide the causal pathway to other poor outcomes. Alcohol and violence are heavily implicated in these vicious casual pathways:

¹⁵ See <http://www.alrc.gov.au/news-media/podcast-indigenous-incarceration-meet-commissioner>

¹⁶ Weatherburn, D., Fitzgerald, J. and Hua, J. (2003), Reducing Aboriginal Over-representation in Prison. Australian Journal of Public Administration, 62: 65–73.

Dense causal pathways drive Indigenous disadvantage, for example:



As with Indigenous incarceration, other problems or causal factors cannot be effectively tackled in isolation through programmatic solutions. This is the fundamental flaw in the current centrally-driven, highly siloed, problem-by-problem service delivery approach through which the focus is on the provision of (more and more) programs to Indigenous communities. Decisions about what services get delivered, where, to whom, by whom and for how long, are highly disjointed, even ad hoc, under the current system — instead of being part of a more comprehensive, cohesive and well sequenced strategy for a particular place.

First Nations communities require clear place-based strategies for development that can be pursued over the long term. Service delivery is necessary but not sufficient. Services are needed to support families to function and to promote child development, but social, economic and cultural development requires much more than just programs. The right enabling environment must be created so that change can occur. The current public economy of communities, in which there is nothing other than government service delivery and welfare support, is far from the right enabling environment. Reforms must overcome passive welfare¹⁷ and provide economic and employment opportunities (see **Appendix A** for further information about a Cape York Indigenous economic development strategy).

It is only by pursuing a comprehensive strategy for development, of which service delivery is merely one part, that communities can achieve a functioning level of social, economic and cultural health to reverse the crises in Indigenous child protection, incarceration and suicide. Applying a coherent strategy that goes beyond service delivery as the solution, means that the dense casual pathways turn to our advantage — success achieved in key casual areas will bring knock-on benefits in other areas, creating a virtuous circle instead of a vicious cycle.

¹⁷ Pearson, N (2000) in *Our Right to Take Responsibility* outlines the various dimensions of Passive Welfare.

The service delivery paradox: both more, and less, focus on service delivery is needed

Indigenous development cannot be achieved through a preoccupation with service delivery alone, and in this sense service delivery ought to be less of a focus for remote and discrete communities. However, there is a paradox to be grappled with in that in every community, services require a stronger focus too as they need reform.

Every community needs services to support family functioning, especially to promote child development. There are two types of services are required in all First Nations communities:

1. Base services of essential public goods, such as education, policing, infrastructure, health care, and town planning must be adequately delivered.
2. Additional supports to improve capabilities, e.g. to assist individuals and families to manage money, and take responsibility for the education of children and for the home.

Reforms are needed to ensure that services operate in a far more effective and efficient way in both types of services. Here, we are confronted with another dimension of the service delivery paradox. Despite the preoccupation with service delivery solutions Indigenous disadvantage continues to be exacerbated by service delivery neglect, underperformance and failure in critical areas. On the other hand, service delivery in small Indigenous communities is now a very crowded space, and there is over-servicing, duplication, waste and useless service provision in some areas. Even then, often services are so poorly targeted that there remains a high level of unmet need. To unpack this further we provide four examples.

Firstly, in remote and discrete communities there is ongoing failure in the provision of essential public goods, such as education. Children in remote and discrete Indigenous communities suffer extreme educational disadvantage. This inequity must be considered to be an urgent crisis that prevents Indigenous social, economic and cultural development. If a child's education is poor, their likelihood of achieving an enormous range of positive life outcomes is limited. Conversely, a good education provides a very powerful response to closing the gap. Schools in communities must close the gap in literacy and numeracy, and until they can these schools are a key driver of Indigenous disadvantage.

Secondly, by way of further example, there is a large area of service delivery neglect in responding to disabilities and special needs of First Nations people in remote and discrete communities. This neglect has a direct impact on learning opportunities and outcomes, and it is a significant contributor to persistent and exceedingly poor outcomes in terms of crime, incarceration, suicide and education. In this area Queensland appears to be out of step with more progressive jurisdictions, for example, New Zealand where the education system has a major focus on investment in the prevention, treatment and management of childhood social and emotional disorders, for example, to respond to evidence such as that showing that 'there is no other commonly occurring childhood condition that has such far reaching and pervasive consequences for later health, development and social adjustment... [so they] should be a

matter of the highest priority in the planning of services for children and adolescents.¹⁸ In Queensland there is no systematic response within Queensland Education to identify and respond to social and emotional disorders such as Post Traumatic Stress Disorder and Conduct Disorder, even in our remote and discrete communities where the indicators make plain that we are well and truly 'on-notice' that these will be high-risk, high-prevalence populations.

Thirdly, every remote and discrete Indigenous community will be able to point to examples of waste, inefficiency and duplication arising from poorly targeted and poorly coordinated service delivery. In Coen, for example, a small community of only around 400 people, there are two primary health care facilities less than 100 metres apart (see images below). That is, there are two separate buildings, each separately staffed, delivering primary health services and using separate patient records in one small community. One service is funded by the Australian Government, and the other is funded by the Queensland Government. The Queensland Minister for Health is the Government Champion for Coen, yet this most fundamental service delivery confusion and duplication is manifest.



¹⁸ Fergusson, D., Boden, J., & Hayne, H. (2011). Childhood conduct problems. In P. Gluckman (Ed.), *Improving the transition: Reducing social and psychological morbidity during adolescence* (pp. 59-78). Wellington, New Zealand: Office of the Prime Minister's Science Advisory Committee.



Fourthly, we provide an example showing the daily on-the-ground results of poor coordination, and poor targeting of services to local need. In Aurukun very recently three experts flew into town for a week to plan the delivery of training (for other on-the-ground service providers or locals) so that people would be accredited to deliver a particular parenting program targeting parents of children with disabilities. This service provider had received funds to train people up in this particular program from the Queensland Government through a central decision-making process that applies more broadly than to Aurukun. Neither the government nor the provider has ascertained from any people in Aurukun whether training of this type was in fact the best use of additional resources available given the local context in Aurukun. No communication had occurred with existing services already supporting parents, of which there are several funded by other areas of government delivering closely related programs, to ensure there would be no duplication and that the additional training and program would support existing strategies and efforts. In the same week, a third area of the Queensland Government commenced a public procurement process for further parenting services across a number of communities, including Aurukun. Again, it appears there was no local input from Aurukun to determine or influence this allocation of additional resources.

There are two final things to note about the need for service delivery reform in Indigenous communities. One relates to the increase in outsourcing of service delivery which has been a key trend over several decades resulting in the rise and rise of many external NGOs who are now active in remote and Indigenous communities.¹⁹ Many such NGOs are large, and some are for-

¹⁹ See e.g. Shergold, P (2012) 'Foreword' in R Craven, A Dillon, and N Parbury (eds), *In Black and White: Australians All at the Crossroads*, Connor Court, Sydney.

profit. There is now a large industry that includes these NGO service providers, in addition to government agencies that support them, and many people whose jobs depend on the ongoing servicing of Indigenous disadvantage. While these NGOs may provide some local employment outcomes, in many cases they rely on non-local employees and these NGOs have displaced community-controlled organisations which previously delivered programs. To provide another example from Coen (although again, every community could readily identify similar examples), the home and community care program for aged-care used to be run by a local organisation but it is now administered by the Greek Orthodox Church of Australia, although there are no Greek Orthodox people in Coen. It employs two local people.

Finally, even if one takes a relatively narrow focus on service delivery reform in a single community to identify where there is service delivery failure, neglect or underperformance, and where there are instances of fragmentation and duplication — this is still not a straightforward exercise that can be undertaken through a single point in time, centralised assessment process with any reasonable expectation of success.²⁰ Of course the current system of funding and programs has created powerful vested interests, and there will be very real consequences in terms of job losses that can flow from such decisions. So even if things are clearly not working well, people tend not to want to let a program go. There are incentives embedded in the current system that work against the changes that are needed being enacted. At the community level too, people will generally not want to let a program go unless they can be assured that the funding will stay, and can be spent in their community in another way. This is why a place-based approach is needed that provides funding certainty at the existing level over the long term. Then, with the right structures and processes put in place, and the best available information about existing services and funding transparency provided, key-decisions about priorities must be led by those with an intimate knowledge of local context and the end users, so that service delivery is well targeted.

Within the existing funding envelope it is Indigenous people of a place who are in the best position to lead the iterative service delivery reforms required so that over time effectiveness and efficiency will increase.

First Nations peoples must be supported to resolve governance issues

For Indigenous people to play the leading role in their own development there are longstanding governance issues that must be resolved. Indigenous peoples themselves must be supported to determine governance mechanisms to support empowerment and development needed for their particular local and regional context and circumstances.

²⁰ Indeed, governments seem to be perpetually undertaking 'service mapping' for Indigenous communities to identify gaps and duplication, to inform their decision-making about services. CYI, however, is not aware of any useful or substantive changes to arise from such exercises. Indeed, governments are not very good at changing funding arrangements, and once programs have commenced there is often reluctance to repurpose that funding or to 'let it go' elsewhere.

In most communities there is a patchwork of Indigenous leadership organisations, not working strategically together for development and indeed the structural incentives embedded in the system almost guarantee that key leadership organisations will be sometimes at loggerheads, impeding development. Here we include discussion of PBCs and Aboriginal Shire Councils and refer to some key examples.

Firstly, Prescribed Bodies Corporate or 'PBCs' now exist under the native title regime. These Indigenous corporate structures have the key leadership role, legally prescribed, with respect to decisions over any land where there is native title (which in communities typically includes some land within and some surrounding the town area). PBCs are required to follow internal cultural rules to ensure that the right traditional owners of land are involved in making decisions about activities that could affect their interests in that land.

Secondly, elected Aboriginal Shire Councils (previously called DOGIT councils, Community councils or Aboriginal Councils) play an important leadership role in many Indigenous communities located on former reserves or mission sites.²¹ The role of these councils has changed over time:

- Councils were originally established in 1984 (at least in most instances)²² to provide a form of democratically elected self-government, and they were given powers and responsibilities beyond those usually associated with local government, such as dealing with social issues, including by employing community police and convening community courts.
- A unique form of land tenure was created over the former reserve lands to underpin the council areas on establishment — called, a deed of grant in trust or DOGIT. This title was held in trust by the councils for the benefit of the Indigenous inhabitants.
- Councils commonly encountered problems in relation to their limited organisational and financial capacity which was poorly matched to their wide ranging responsibilities. There were a number of corruption scandals during the 1980s and 1990s.
- There was a widespread acknowledgement that that the council elected representative structures often disrupted other local power dynamics such as the cultural leadership within the community, and commonly resulted in the problematic concentration of power and resources in particular sections of community or family groups. For many years during the 1990s the Queensland government ran an 'Alternative Governing Structures' project through which communities were to devise more suitable governance arrangements, and although good work was done in this area, no alternative governing structures were ever established.

²¹ There are eight Aboriginal Shire councils on the Cape: Aurukun Shire Council, Hope Vale Aboriginal Shire Council, Kowanyama Aboriginal Shire Council, Lockhart River Aboriginal Shire Council, Mapoon Aboriginal Shire Council, Napranum Aboriginal Shire Council, Pormpuraaw Aboriginal Shire Council, and Wujal Wujal Aboriginal Shire Council.

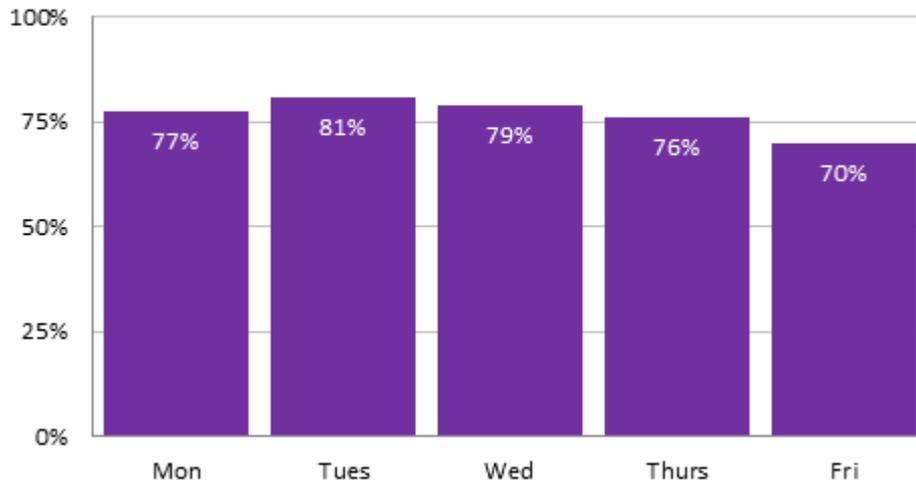
²² The reasons for the establishment of the Mornington Shire Councils and Aurukun Shire Council were different.

- Indigenous councils were ‘mainstreamed’²³ and their roles and responsibilities were re-focused to better mirror those of traditional local government responsibilities of ‘roads, rates and rubbish’ and town planning, as per other local councils in Queensland.
- Except in the Torres Strait Islands and the Northern Peninsula Area, other Indigenous councils were excluded from the amalgamation reforms occurring elsewhere across the state in 2008. There has since been no effort to consider or address the sustainability of the small mainland Indigenous councils which continue to be entirely dependent on government funding as they have no private rate base from which to raise revenue.
- Due to their complete lack of a private rate base, for many years up until 2008 Indigenous councils were heavily dependent on profits from the sale of alcohol in community canteens. The inherent and serious conflict of interest was eventually dealt with by Premier Bligh who forced the councils to close their canteens, with government funding subsidising the revenue shortfall through the State Government Financial Aid (SGFA) program.
- During the Newman Government years, perhaps because of Premier Campbell Newman’s background as Brisbane Lord Mayor, Indigenous councils, as the elected representatives of their communities and as the trustees of DOGIT lands, were afforded a privileged position as the key representatives of the community on all things, including for example, on social issues such as whether alcohol restrictions should be removed. Such an approach represents a poor understanding of the role and history of Aboriginal councils in the alcohol debates as from the outset they had vested interests in alcohol sales to generate revenue for council through the canteen, but also that it most frequently is and has been women outside of the elected council who have been the key advocates for reforms to reduce the levels of alcohol related harm, stabilise the community and protect the vulnerable.

Existing incentives structures for Aboriginal Shire Councils are a problem for discrete communities. By and large these councils have not adopted a reform agenda, and there is no real incentive for them to do so. These councils don’t need to change, or even help to lead or support other important changes in their communities. For example, in Hope Vale the local council shuts shop at midday on Friday each week, and many Hope Vale families head out of town for the weekend at this time. Yet improving primary school attendance at the Cape York Academy (CYA) in Hope Vale has been a very large focus since 2008, and despite a clear drop off in school attendance every week on Friday (see figure below), Hope Vale Aboriginal Shire Council has not changed this practice. There is nothing to incentivise them to do so as school attendance is not their responsibility, so why would the council want to change?’

²³ Aboriginal Councils on the Cape were transitioned to Aboriginal Shire councils with the passing of the Local Government and Other Legislation (Indigenous Regional Councils) Amendment Act 2007 (Qld).

CYA Hope Vale average attendance by day, 2017



Source: CYA internal absence data, not EQ data.

When the mainstreaming of Indigenous councils occurred in 2007, in one key respect the roles and responsibilities of Aboriginal Shire Councils were not normalised to be like all other councils. While they are responsible for municipal service delivery as the local government, Aboriginal Councils continue to operate as the Trustee for DOGIT land.²⁴ No other local government in Australia has such a dual role and in communities this constrains development in key ways. Aboriginal Councils are responsible for municipal services, but also as Trustee they must approve the creation of secondary land interests, such as is required to create social housing, home ownership and economic development in the town area.

Land reform is required to create enabling environments for development to occur. Land reform is essential if markets are to be given the opportunity to emerge in these communities which are currently still almost entirely public economies that in some ways resemble the economies associated with the old Eastern bloc more than those of other Australian towns.

Many Aboriginal Shire Councils are actively using their trustee powers as a means to fund their Council operations, and they are apparently endorsed and supported by the Queensland Government in doing this. (It is important to note that this situation is quite different in the Torres Strait.) The underlying incentives impede rather than help development, for example they have crowded out any focus on economic opportunity or creating home ownership opportunities, and instead have further entrenched these communities as social housing ghettos in which any private economy struggles to emerge. Three key examples provide details.

²⁴ The situation in Aurukun is unique. It is the only Cape York town where the town area has been transferred to Aboriginal Freehold and is held by local government. Therefore, the State has entrenched the Aurukun Shire Council as a Land Trust for Aboriginal Freehold in the town area, with no plan yet to deal with native title consent by the PBC, NAK. In the other Cape York communities, the land (DOGIT) transfer and trustee question is yet to be settled.

Firstly, for example, the single largest infrastructure investment for Indigenous communities over the past decade has come through the National Partnership Agreement on Remote Indigenous Housing (NPARIH) which provided the biggest allocation of funding ever to the State and the Territory governments to deliver a new housing program to fix remote Indigenous housing — \$5.5 billion over 10 years from 1 January 2009 and to 30 June 2018. This ‘astonishing’ level of funding for remote housing was the grand practical gesture intended to bolster the symbolism of Prime Minister Rudd’s apology. The NPARIH funds were far greater, for example, than even the large sum allocated by the Rudd government to the infamous nation-wide Home Insulation Program and their impact was intended to be wide and deep.

However, the perverse incentives embedded along the Canberra-Brisbane-Community continuum under NPARIH have crowded out efforts to enable home ownership and economic development and have institutionalised structures that impede development. Under NPARIH both the Queensland Government and local Indigenous Councils are perversely incentivised to keep, maintain and increase the pool of social housing in communities. They have been cast as ‘rent seekers’ who would financially stand to lose should remote Indigenous communities move away from the current model of social housing.

Under the model the Queensland Government, is a NPARIH appointed social housing agent, manager and provider for the Australian Government and taxpayers. As a Council (and trustee) if you want NPARIH money for new houses or refurbishments of existing social houses in your community then you first had to agree to a major change in the underlying housing program arrangements by signing over 40 (plus 40) year leases over the land involved to the Queensland Department of Housing and Public Works. These long-term leases over Indigenous land for social housing were said to be needed under NPARIH to provide state and territory governments with ‘secure tenure’ and the required degree of access to and control of the land to ‘do their job’ as housing providers under NPARIH.

While the specific nature of the fiscal relationship between the Commonwealth and Queensland is not transparent, from high level funding agreements it is clear that the Queensland Government is paid a management and servicing fee for the number of social houses built or rebuilt and refurbished (subject to 40 year leases being signed with trustees).

Indigenous councils, as trustees of the underlying tenures on which the social houses sit, are paid a lease fee of \$800 per year for a 40 year social housing lease provided back to the Queensland Government, and they receive from government a \$2000 annual service fee as a rates equivalent. In addition, Councils are also paid a special one off payment of \$6000 for each new (greenfield) block that is leased for social housing under a 40 year lease.

After several years of NPARIH these payments have become a critical component of council funding and create a deep structural disincentive for the transfer and settlement of DOGIT tenures to Land Trusts that are independent of Councils. Councils also have preferential procurement contracts for refurbishments and maintenance contracts for social housing.

This helps to explain the pattern of NPARIH building in Indigenous communities where Councils and the Queensland Government are overseeing builds that value having more and cheaper houses on smaller lots (i.e. Bartlett Street in Aurukun) than would be the case if it was a question of what is best for the community (and the beneficiaries) as a whole (wherein one might build less houses on larger lots).

NPARIH has become the new CDEP (Community Development and Employment Programs) in terms of its cross-subsidisation of both the Queensland Government and Aboriginal Councils with Australian Government funding that does nothing to overcome welfarism, but which further entrenches it.

Secondly, for example, if you are a community member wanting to obtain a lease on town land in your community to set up a business, the price and process by which you can obtain such a lease from council is likely to be highly uncertain, dependent on politics and your own personal standing with Council, and the time it takes to resolve will also depend on the capacity of the council involved. Having Council as the land Trustee, puts them in the role of gatekeeper with complete control over whether any entrepreneurial effort can occur if it requires a lease in town. There are many anecdotal examples where councils have acted in a predatory manner to crowd out or make life difficult for independent local businesses that rival council businesses or are seen to take business away from other businesses sanctioned by council, including through Joint Ventures.

Finally, the dual role of council as local government, and land Trustee, also constrains development by stifling local entrepreneurial efforts by setting up the council and PBC for complex negotiations and conflicts over land. Where native title exists over land for which the Council is Trustee, there are interests held in the same land managed by two separate Indigenous organisations – the PBC and the Council – which inevitably leads to tension. Councils will require consent via the PBC where native title may be affected, but often the traditional owners and councillors are not aligned, and traditional owners may oppose Councils being Trustee and benefitting from land development. Government has circumvented this challenge for itself by creating amendments to the *Native Title Act 1993* (see s. 24JAA) which allows for interests to be created for public purposes without consent.

The role of Aboriginal Councils must be normalised as the local government municipal service provider, and their role as land Trustee should cease and be transferred to a PBC Land Trust. If both sets of rights and interest in the land are managed by the same Indigenous organisation it would significantly reduce the current perverse incentives for service delivery funding and simplify land arrangements and enable development to occur.

The Torres Strait Island Regional Council (TSIRC) provides an example of how a reformed local government model could work elsewhere- TSIRC acts as the Council for 15 islands but defers all trustee decision making to individual island trustees. TSIRC does this even though most of the islands are still DOGIT and technically under the trusteeship of TSIRC. TSIRC has also supported individual islands, such as Badu Island in 2014, to become autonomous as trustees. This is the

opposite of what has happened on Cape York where Councils all want to remain trustees as this is a core part of their ongoing power and funding base.

The ‘ultimate cause’ has been entirely neglected: empowerment is the answer

Of course it is the oppression of Indigenous people, both historically and in the present, that is the ultimate cause of the complex problems that afflict our communities and people, and for which we have yet to seriously attempt to put in place much needed solutions. This oppression is rooted in the history of the colonisation of Australia, and the dispossession, dislocation and disruption and trauma that was inflicted upon First Nations people. Today this oppression continues in the almost complete dependence that Indigenous people have on the governments of the day to set priorities, make the laws, policies, funding and programmatic decisions that govern our own fates and futures. Objectives of protection and management are still the dominant paradigm for the treatment of families living in remote and discrete Indigenous communities. Structural, institutional and process changes are needed to confront the ultimate cause of the problems faced in First Nations communities.

In 1991, in his final report of the Royal Commission into Aboriginal Deaths in Custody, the commissioner, the late Elliot Johnston QC, noted that ultimately what was needed to address the issue of Indigenous overrepresentation in custody was an empowerment agenda.²⁵ Commissioner Johnston was by no means the first, or last, to recognise the need for empowerment for Indigenous Australians. Indeed, nearly every genuine and serious consideration of any problem afflicting contemporary Aboriginal society highlights this same ultimate conclusion that solutions depend on Indigenous empowerment, self-determination, control, power, autonomy, engagement and responsibility for decision-making.²⁶

However, it is one thing to note that empowerment is the ultimate solution, it is quite another, to set out ‘how’ it is to be achieved and to implement the necessary changes. Despite correctly identifying that the ultimate solution lies in Indigenous empowerment, the Royal Commission into

²⁵ Johnston, E 1991, Royal Commission into Aboriginal Deaths in Custody: National Report Volume 1 at paras 1.7.8, 1.7.9, 1.7.14, 1.7.18 and 1.7.19.

²⁶ See, for example, Keating P 1992, Redfern Speech, Redfern; Perkins C et al. 1994, Recognition, Rights and Reform: A Report to Government on Native Title Social Justice Measures, ATSIC; Dodson M 1996, Assimilation versus self-determination: No contest, at the HC (Nugget) Coombs Northern Australia Inaugural Lecture; Scott E 2000, Reconciliation: a culture of peace-making, Speech at Cultures of Peace, Perth; Hunt J and Smith D 2007, Indigenous Community Governance Project; Two year research findings, CAEPR, Canberra; Yunipingu G 2008, ‘Tradition, Truth & Tomorrow’, The Monthly; Rudd K 2008, Presenting the Sydney Peace Prize to Patrick Dodson University of Sydney, Sydney; Walker B, Porter D and Marsh I 2012, Fixing the hole in Australia’s Heartland: How Government needs to work in remote Australia, Desert Knowledge Australia, Alice Springs; Gooda M 2013, Social Justice and Native Title Report 2013 Aboriginal and Torres Strait Islander Social Justice Commissioner, Australian Human Rights Commission, Canberra; Abbott T 2013, Speech to the Garma Festival, Gulka; Mundine W 2013, Shooting an Elephant: Four Giant Steps, Gulka; Yunupingu D 2013, Speech to the Garma Festival, Gulka; Chaney F 2015, A road to real reconciliation with Aboriginal Australia, John Button Oration, Melbourne. Wild R and Anderson P 2007, Little Children are Sacred: Report of the Northern Territory Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse, Northern Territory Government, Darwin.

Aboriginal Deaths in Custody, for example, failed to ensure an empowerment agenda was activated. Indeed in Queensland and across the nation, there has been an almost total lack of serious engagement with the design and implementation of new models by which Indigenous people can drive improvements in outcomes for our own people and places. One might wonder, if we had embarked on this most important task after the Royal Commission, whether Indigenous people would now be facing still worsening Indigenous incarceration figures?

Empowered Communities proposes institutional changes and new processes to grapple with the fundamental but largely unanswered question of 'how' to address the ultimate cause of Indigenous disadvantage. First Nations must be empowered to lead and to learn over the long term to disrupt and overcome entrenched, extreme, intergenerational disadvantage in their places.

Empowered Communities: proposals and progress

Indigenous leaders well understand the development challenge confronting their people in remote and discrete communities, which must be confronted more broadly than through service delivery. For example, in Cape York, Noel Pearson shone the light on the development challenge when he set out the issues and realities that have to be challenged so that 'Cape York people have the capabilities to choose a life they have reason to value' (Pearson 2005, p. 2):

Until the indigenous people of Cape York can largely generate their own incomes they will be dependent on income transfers, where someone else takes all of the rights and responsibilities to make decisions and take actions on behalf of a relatively powerless people. Economic development is therefore closely linked to self-determination. The reason for emphasising the importance of economic development is not that the economy is more important than cultural and social issues. It is that without economic advancement, Indigenous Australians are guaranteed to lose their heritage and identity. (Pearson 2005, p. 10)

Reform-minded leaders from eight different regions across Australia collaborated to design a national and regional blueprint to achieve their aspirations published in the *Empowered Communities: Empowered Peoples Design Report*, released in March 2016. The Cape York Institute supports the Empowered Communities (EC) framework as a prism by which all government objectives and expenditure should be considered to ensure an unwavering focus on Empowerment, Development and Productivity.

The EC report describes key systematic service delivery and funding problems which result in few outcomes being achieved for the expenditure involved. We do not reproduce these here, for details please see the *Empowered Communities: Empowered Peoples Design Report* at <http://empoweredcommunities.org.au/f.ashx/EC-Report.pdf>

EC proposes root and branch structural reform so that Indigenous people can be the principal actors driving their own development while at the same time pursuing a productivity agenda. It is neither bottom-up, or top-down, but presents sandwich strategies for reform at both ends. EC pursues structural reforms to enable four key changes:

1. The creation of an enduring and aligned reform leadership — a partnership between governments and Indigenous peoples, in which First Nations people are the senior decision-making partner for their people and places, which abides by the principle of subsidiarity, and that can provide strategic continuity across time and changes of government.
2. The replacement of the broken service delivery system and funding arrangements to provide First Nations peoples with far greater control over their own development in a place.
3. To enable all players to be held to account over the long-term and ensure compliance with the Empowerment, Development and Productivity framework.
4. To drive adaptive, iterative practice for more effective implementation and delivery.

In our region of Cape York we are now working to progressively and iteratively apply the EC principles to everything we do, and we see every day the transformative power of this approach – through EC increasingly local people are highly engaged, have a clear vision, are focused on outcomes, and are desperate to build momentum.

In Cape York, under EC much work has been done at the local level on the ‘Indigenous-side’:

- to build a broad understanding of the EC reform framework so they could decide whether to engage with EC engagement processes further at this stage
- to facilitate the building of EC governance arrangements from the ground-up to strengthen locally joined-up Indigenous reform leadership, broad-based inclusive local participation, and the capacity for collective action
- to progressively build aspects of local Development Agendas.

There has necessarily been long lead times required for these ground-up processes to establish a strong base for going forward. **Appendix B** provides by way of example further details of the EC engagement process that has occurred to date in one Cape York community.

The next critical step is for the settlement of local Development Agendas that address short, medium and longer term priorities in participating communities. It is intended that local Development Agendas will become the key to guiding coherent investment in a particular place, and that these agendas are stable in their design, scope and implementation. These Development Agendas will form the basis for the negotiation of shorter-term formal development accords and investment agreements with government that establish a binding commitment to achieving the goals and priorities set out by Indigenous people themselves in their own development agenda for their place. Participation in the Development Agenda build process has been broad and inclusive, with the need to avoid relying only on a few key structural or organisational leaders uppermost.

On the ‘government side’ work has progressed under EC to address the total lack of transparency about funding at a place-based level as this means there is currently no ability for Indigenous citizens who are the intended beneficiaries of services to hold them to account, be informed to influence future decision-making and priorities, compare and contrast to learn about the effectiveness of various investments. The Australian Government has taken steps to increase the level of transparency over funding flows within EC regions and although this information is far from perfect at this stage, it will continue to improve over time and the critical thing is that a start has been made down the transparency path.

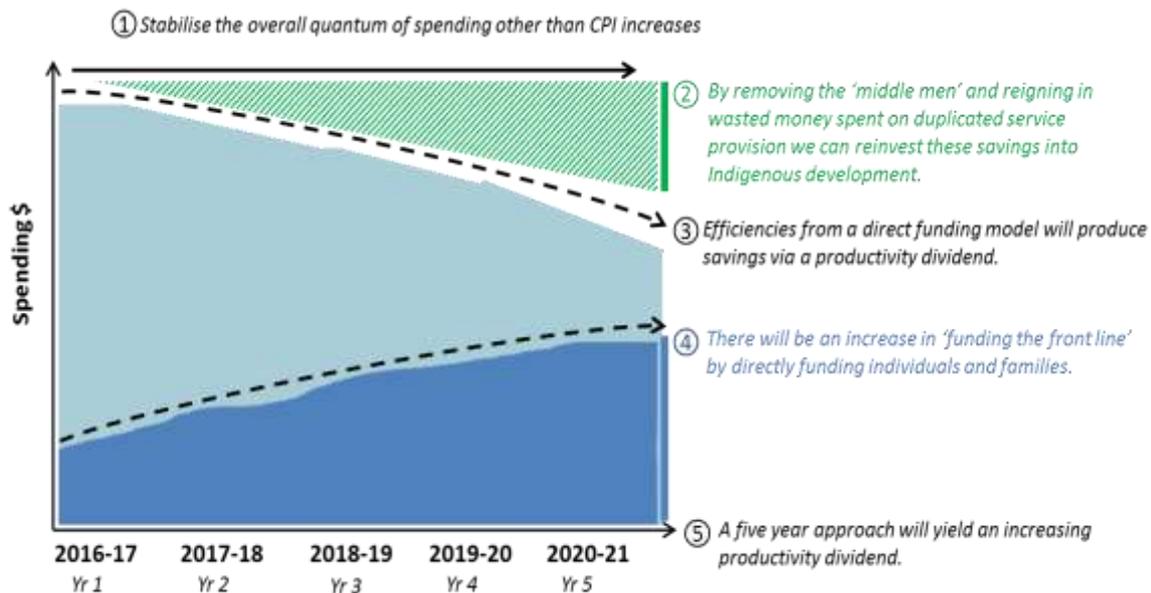
The Australian Government has also agreed that as existing program contracts expire in EC regions, these funds will be progressively rolled into EC processes to enhance Indigenous control over priorities and resource allocation. In some EC regions, the first Indigenous panels will be established in the near future to be involved in the selection of service providers to be awarded contracts in their area. This represents the first implementation of the EC proposal to have Indigenous people from a place increasingly play a role as purchaser or co-purchaser of services, rather than being dependent on governments to play these roles. The idea is this will improve the demand side of service provision so that services become more responsive to the people they are meant to serve, instead of being almost entirely focused on 'upward' accountability to governments.

The Australian Government is also implementing changes proposed by EC to reduce the dominance of large external NGOs (including for-profits) that now have vested interests in the Indigenous disadvantage industry. Contracts in EC regions will now require that such providers build Indigenous capacity so that by the end of contract there is an Indigenous provider who could deliver the service.

A Productivity Dividend to provide an Indigenous reinvestment approach

Under EC it is also suggested that more funding is not what is required, rather Indigenous people at the local level must have a far greater say in setting the priorities, resource allocation and holding services to account. Under EC in this way a productivity dividend can be produced by reducing inefficient, ineffective and duplicative spending. The productivity dividend can then be redirected into place-based development.

The wedge diagram below sets out the five key steps over 5-10 years to achieve the productivity dividend.



In summary the framework is:

1. Stabilise the quantum of spending in each region (excluding CPI)

2. Remove 'middle men' and 'rent seekers', reduce duplication and inefficient or effective services – and reinvest the savings from that into Indigenous development.
3. Efficiencies from direct funding model will produce savings via productivity dividend.
4. There will be a commensurate increase in 'funding the front line' closest to families and individuals.
5. A 5-10 approach will yield an increasing productivity dividend.

Achieving this aim in a place necessarily depends upon three other key EC reforms:

- 1) A Development Agenda.
- 2) An investment plan (accord) – anticipating a journey over 5-10 years with governments and their agencies.
- 3) An agreed regional budget reviewed annually, with funds available for reinvestment transparent to both EC Indigenous and government partners, potentially managed by funds manager (e.g. a KPMG funds management arrangement or similar).

The drivers of productivity will change over time according to the following (obviously overlapping) phases:

- **First** phase - getting rid of straight out duplication, waste and making choices according to a development agenda.
- **Second** phase - replacing inefficient services through better procurement and migrating the rent seekers and industry middlemen out of the scene.
- **Third** phase - getting better value through more rigorous evaluation and using the learning about what works and continuously seeking better returns on an investment.

There are more gains to be made in the first three years in phases 1-2, than through the third phase of evaluation. Evaluation without the levers to drive phases 1 and 2 will not work.

CYI has conducted some financial modelling to attempt to quantify the inefficiencies within the current system, relying on field research about programs and funding for youth in one location, and public data on Indigenous expenditure. To determine what would be a more efficient use of that expenditure we identified programs that had similar aims and outcomes and adopted a benchmark of no more than three programs across categories of provision. Based on this, it appears that in one location in the youth services area, there are 12 programs that are duplicated programs, amounting to a wastage in spending of approximately \$0.5 million — an inefficiency co-efficient of 29 per cent. Based on our assumptions of duplication and overlap in programs and using the expenditure estimates publically available we extrapolated the inefficiency co-efficient to the total Indigenous expenditure Aurukun and found \$3 million is hypothetically wasted on duplicated and overlapping programs.

While we can all agree that greater productivity in Indigenous affairs is required for the level of investment made, without strong institutional drivers change will not happen. This was the idea in the EC report behind the proposal for the establishment of an Indigenous Policy Productivity Council (IPPC). The reform oversight mechanisms used, particularly the IPPC or equivalent, will be essential in determining success or failure of this approach. This entity will be required to make the hard calls about efficiency and effectiveness, including potentially in regard to the practices and policies of leadership organisations in each of the opt-in regions. As with its mainstream predecessor, it will

need to shine a light on rent seeking, feather bedding and the misuse of funding (both large and small). Reforms will have winners but, as the Australian experience of microeconomic reform shows, will also have losers who are well organised and often more vocal. Given its remit, the IPPC will therefore need to be genuinely independent, adopt transparent and consultative approaches, and be able to operate 'above the fray' of sectional interests, in particular longstanding but undeserving beneficiaries of inefficient and ineffective funding sources.

A realistic role for evaluation

Evaluation is important. In the absence of evidence, decisions tend to be made on the basis of opinion which may be rooted in philosophical positions or politics. On the other hand, however, there is misplaced faith in the ability of data and evaluation to lead to the transformation of Indigenous outcomes that is needed. A far greater level of nuance and sophistication is needed in how we use evidence to inform our efforts to bring about change, and how we continue to build the most effective approaches.

To respond effectively to the whole complex of Indigenous problems, there is no verified 'best practice' solution — we cannot attempt to solve the complex of Indigenous problems in any single community by doing what experts have determined is the best approach. While we can learn from approaches to development elsewhere, in many ways the change process required in each local context is unknown and unpredictable. We need to work together, learn by doing and from collective experience, and iterate our way to holistic solutions (which are often not particularly amenable to meaningful impact evaluation).²⁷

At this stage affording Indigenous people themselves greater control and greater choice, and more responsibility for the policies, programs and use of funds that impact our lives and our futures is likely to be far more impactful in terms of improving outcomes than the application of best practice drawn from the small evidence base in many areas, or by ensuring comprehensive and rigorous evaluation of every program in an area.

Innovation and experimentation must be encouraged, led from the ground-up and informed by the existing evidence base. Again, this is likely to hold far more promise than by attempting to identify best practice or what works from the evidence base and then attempting to apply it in a particular community.

Of course we must focus on tracking progress. Locally setting place-based targets and tracking progress against them, and course correcting as we go, would be a very valuable approach and it is currently entirely lacking currently. Politicians and governments cannot set such targets, as they are too risk-averse and will fear that the moment information suggests that the targets have not been met and things have fallen short, they will be criticised. Setting such targets and sometimes failing to

²⁷ As stated by Fox (2014), interventions studied by impact evaluations tend to be spatially and temporally bounded, one-off actions. They are rarely combined with other initiatives that involve many actors, mainly because from the point of view of statistical analysis if one bundles together intervention X with actions A, B and C, then one cannot isolate its impact. Learning by doing and multiple stages may be what is required but these approaches do not lend themselves to treatment vs. control distinctions.

achieve them is part of the learning process that must occur in a place, and local people must be empowered to do just that.

In other areas there is a strong evidence base that should be used to inform improvements in service delivery. For example, education is an area in which there is relatively abundant rigorous evidence as to 'best practice' and 'what works' to effectively teach literacy and numeracy skills to a child. However, when it comes to addressing the stark inequity in education in Queensland's remote and discrete communities and the ongoing failure of schools in communities where literacy and numeracy levels are appallingly low, there is no systematic use of the evidence to ensure that every school is on track to dramatically lift their performance and close the gap. How to go about teaching a child literacy and numeracy is complex, but it involves less complexity than say interventions to prevent suicide and incarceration — this is what makes the education evidence very salient when it comes to implementing school improvement in Indigenous schools.

Just as the answer to the problems that afflict our children, families and our places will not be found through the dominant approach of a focus on improving service delivery, in many respects it cannot be found either even through the most conscientious application of the rhetoric about the need for more rigorous evaluation, application and adaptation of 'what works' evidence or 'best-practice' approaches. Indigenous communities are not laboratory environments, and the science of evaluation in such complex settings is not as precise as much of the rhetoric may suggest. For example, even the most rigorous impact evaluation of a program that identifies it is working (setting aside all the difficulties of small numbers and attribution in communities crowded with interventions), provides no guarantee that the program can be adapted or scaled up to work elsewhere. Success in these complex settings success tends to be highly context specific. Often it is a naïve idea to think that you can evaluate programs 'here' and adapt them to solve the problem 'over there'.

Rigorous impact evaluations often produce 'mixed results', or as they consider aggregate data to assess change they are not necessarily useful in helping to shine a light on the mechanics of change for example at the individual or family level. This means impact evaluations may produce very little insight in terms of informing future reform efforts to bring about change. In such cases, even impact evaluations using the best quasi experimental design, leave themselves open to still be used on the basis of opinion, philosophy or politics.

Recommendations

That the Inquiry recommends to the Queensland Government:

1. That the current service delivery model must be replaced with a new approach. The top-down, centrally planned and administered approach must go. Instead we must develop a system that vastly increases the control that First Nations peoples themselves of a particular place have for planning, implementation and resource allocation.
2. First Nations communities require clear place-based strategies for development that can be pursued over the long term. Such an approach must go beyond and replace the current

preoccupation with (more and more) service delivery as the complete solution for Indigenous problems.

3. To reduce service delivery failure, neglect and underperformance on one hand, and poor coordination, targeting, duplication and over servicing on the other, an iterative place-based approach is needed that provides funding transparency and certainty at the existing level over the long term. Key-decisions about priorities and resource allocations must increasingly be led by Indigenous people themselves as they have the intimate knowledge of local context and end users required to ensure that effectiveness and efficiency can increase.
4. Governance reform is needed to enable development.
5. The ultimate cause of Indigenous disadvantage must be addressed, by enabling Indigenous people to design and implement solutions for their own empowerment.
6. That the Queensland Government should support the Empowered Communities reforms and should immediately begin to implement the funding and other reforms underway through Empowered Communities within the Australian Government to provide transparency of funding arrangements, far greater Indigenous control of resource allocations and the ability to hold service providers to account.
7. That the Queensland Government work with CYI to implement the idea of a Productivity Dividend under Empowered Communities, which will produce 'savings' that can be reinvested in a community's own development priorities.
8. That the Queensland Government should support an independent arm's length institutionalised structure (such as the Empowered Communities proposal for an Indigenous Policy Productivity Council called the IPPC, or equivalent) to help facilitate agreement making and holding people to account under EC, as this will be crucial for the very substantial change that is needed.
9. That a clearer framework be developed to guide the use of the data and evidence. This framework must assist people to distinguish between different levels of complexity to determine when a rigorous evidence base should be systematically applied, for example, and when there must be a greater focus on context specific learning by doing, innovation and experimentation.
10. Processes through which First Nations people can locally set place-based targets and track progress against them, course correcting as they go, should form a key aspect of the a new approach that empowers Indigenous development and increases productivity.



Fiona Jose
Executive General Manager

Appendix A: Cape York Indigenous Economic Development Strategy Scoping Paper

The Cape York region is important to both Queensland and Australia. The region has outstanding natural areas of high environmental value, a diverse and rich Indigenous heritage and a wealth of natural assets, particularly mineral resources.

The economic realities of Cape York are well documented. Real unemployment rates are far higher than 50% in many communities, only 3.5 major industries (bauxite mining, silica mining, government services and an in-retreat cattle industry) exist despite a wealth of natural resources, and there is limited Indigenous participation in the mainstream economy apart from a few locally owned businesses.

The opportunity: unprecedented access between Cape York and regional economic centers

Cape York is at a decisive moment in its history. Its remoteness has historically inhibited successful development of its great latent economic capacity. The prohibitive cost of sea transport combined with the seasonal flooding of an unsealed Peninsula Development Road impeded the logistical accessibility necessary for many commercial activities. However, the paradigm is poised to fundamentally shift - thanks to a five-year program to seal over 300 km of Peninsula Development Road from Lakeland to Weipa. This program is joint funded by the state and Federal governments through the Cape York Region Package and has yielded 68.8 km of newly sealed road as of December 2015, with the remainder expected to be completed in 2019.



The infrastructure advancement poses an unprecedented opportunity for economic development in Cape York. With all weather bitumen roads now connecting previously remote communities to regional centers such as Cairns, inbound and outbound industries may enter a rapid growth phase.

The challenge: building a thriving Indigenous controlled economy

An unintended consequence of the infrastructure investment, however, is that the emergent local economy and industries become controlled by external capital, with the participation of the local Indigenous population largely restricted to blue collar activities.

A more desirable alternative future would see the local Indigenous community building its wealth through controlling or significant beneficial interests in the key industries as market participants.

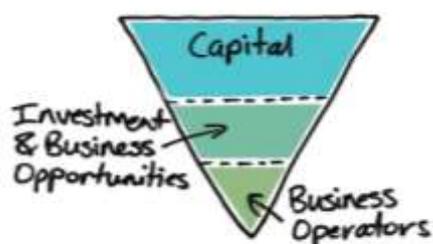
Much historical work in relation to Indigenous economic development on Cape York has focused on the resolution of four 'problems':

1. Black tape: Native Title has often been considered a barrier to investment and economic growth rather than a commercial interest or opportunity to ensure Indigenous Australians participate in and benefit from economic development.
2. Green tape: Indigenous economic development has been positioned as an opposing priority to environmental conservation, rather than as a potentially symbiotic cause.
3. Brown tape: Given Cape York's remoteness, the development of currently embryonic structural mechanisms for Indigenous people in remote communities to pursue mobility or 'orbiting' opportunities has been considered a prerequisite for economic development.
4. Red tape: Bureaucratic barriers to business development in Cape York often pose a challenge to investors trying to unlock the economic potential of the region.

The above challenges of a remote Indigenous economy create the situation where the abundant investment and business opportunities are limited by the scarcity of capital and capable business operators. This is in contrast to the mainstream economy where there more frequently exists an abundance of capital, limited by scarcity of investment and business opportunities.

Mainstream economy

- Abundance of capital
- Limited by scarcity of investment & business opportunities and capable business operators



Remote Indigenous economy

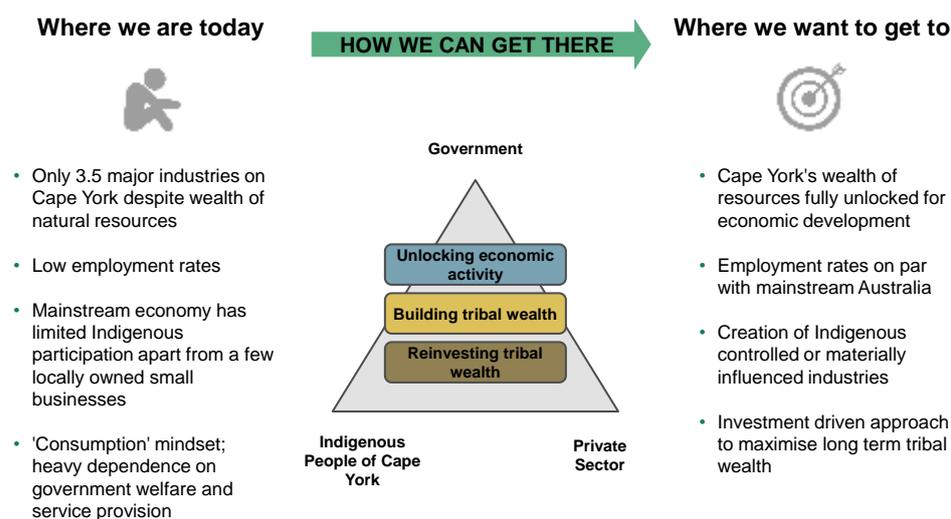
- Abundance of investment and business opportunities
- Limited by scarcity of capital and capable business operators



Access to capital for investment could bring about transformative effects on the economy of Cape York, and create a Cape York that is instead a significant contributor to national GDP, employer of local Indigenous adults and net importer of labor, with employment levels on parity with mainstream Australia.

While some moderately useful high-level desktop research has been conducted on assessing the economic potential of Cape York, the work to date is not sufficiently granular to form community specific economic development plans, let alone develop investment proposals.

The impending infrastructure upgrade creates the imperative for a coordinated effort to establish pre-emptive policy and support for the local Indigenous communities to undertake the necessary work in unlocking economic potential of their land, building tribal wealth through controlling or significant beneficial interests in the subsequent economic development, and reinvesting that tribal wealth for the long term benefit of the people of Cape York.



This effort would require a joint effort between the governments, the indigenous people of Cape York, and the private sector to focus efforts in three distinct (but interrelated) streams:

1. **Unlocking economic activity**

The current limited economic activity in the region is characterized by large-scale enterprises centered on mining, agriculture activity (cattle and intensive horticulture primarily in the south-eastern areas) and small- to medium-scale tourism enterprises. Apart from these economic sectors, micro-businesses in supporting industries such as retail, supply, and social services make up the bulk of economic activity. The region must expand and diversify its existing economic base to achieve long-term economic resilience.

Examples of industries that can and should be developed on the Cape as Indigenous controlled industries include (but are not limited to): soft commodities (including agriculture, timber, and aquaculture); environmental services; asset construction and maintenance (road, telecommunications, electricity, water etc); tourism; and extractive resources.

2. Building tribal wealth

Indigenous employees more commonly thrive in Indigenous-owned businesses, and Indigenous businesses often do better in Indigenous controlled or materially influenced industries. If local Indigenous communities are to build tribal wealth from the economic development of Cape York, it is vital to ensure Indigenous control over the economic development of Cape York.

In relation to this, several activities will need to be undertaken to put in place the enabling mechanisms:

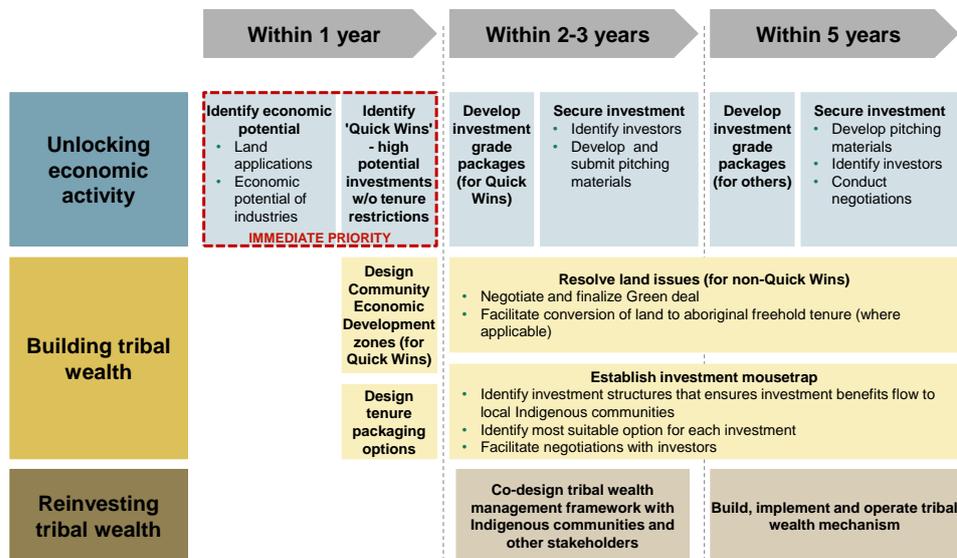
- Development of Community Economic Development zones.
- Design of tenure packaging options.
- Resolution of outstanding land issues related to tenure and Native Title.
- Establishment of investment mousetraps mechanisms.

3. Reinvesting tribal wealth

4. The creation of tribal wealth for Indigenous communities is a natural outcome of Indigenous controlled and influenced economic development. The subsequent safeguarding and management of this tribal wealth for the long term sustainability and benefit of the community will also arise as an important matter to be resolved.

In relation to this, a holistic tribal wealth management framework will need to be co-designed with Indigenous communities and other stakeholders. This can subsequently inform the blueprint for building, implementing and operating a tribal wealth management mechanism that will benefit the people of Cape York.

The immediate priority: Economic assessment for Cape York communities



There is an immediate priority to develop an accurate ground-level understanding of Cape York's latent economic development potential. This ground-level understanding should be developed through a rigorous, balanced data-driven process that combines quantitative data analysis, qualitative interviews and agronomic studies to identify the strengths and opportunities. This study should be conducted by experts with experience in agronomy, economic assessment and regional development.

Scope of works: deliverables and activities for economic assessment

The key deliverable of the above-described exercise is an accurate, ground-level view of economic opportunity for each community.

There should be sufficient granularity of detail to:

1. Form the basis for the development of actionable investment grade-proposals that align with community development plans. These proposals will be used to secure investment for Indigenous-led and/or controlled economic development. This is mainly applicable to communities which already hold Aboriginal Freehold land, and have a functioning way to manage matters that arise in relation to Native Title.
2. Provide insights which strengthen the communities' position conducting discussions and negotiations with (predominantly non-Indigenous) parties that advocate for environmental conservation of Cape York. This is mainly applicable to communities for which negotiations in relation to conversion of crown held lands to either Aboriginal Freehold or National Park tenure has yet to be initiated or finalized.

The following activities will be required to be completed:

1. Reviewing compilation of previous high level desktop research.

2. Identifying the primary goals and metrics to develop a transparent and consistent methodology to evaluate industries and land use.
3. Identifying key growth industries (e.g. to draw private investment, drive exports and create regional wealth) and enabler industries (to make Cape York a great place to live, work and locate businesses) where economic investment should be focused:
 - Identifying large industries/sectors (historic in Cape York, future in Australia) which show output growth, jobs growth, and wage growth.
 - Assessing potential land use to identify industries/sectors in which Cape York communities show specialization compared to Australia and Queensland.
 - Assessing local conditions to identify regional strengths and opportunities.
4. Quantifying the economic potential:
 - Identifying existing projects and metrics which demonstrate that there is already potential within these fields that further investment would accelerate.
 - Benchmarking other projects/policies similar regions/communities have which have implemented similar strategies in the past.
 - Quantifying estimated job creation and economic impact.
 - Identifying and quantifying concrete potential investments for each prioritized industry that can unlock transformative effects for the Cape York communities.
5. Synthesizing insights to develop overall recommendations for Cape York communities.

Appendix B: Empowered Communities in Cape York

To date, Empowered Communities (EC) in Cape York has been engaged at the local and regional level to assist communities to decide if they may wish to opt-in to the EC reforms and process. For those who may wish to participate, the EC process has also facilitated the building of EC governance arrangements from the ground-up to strengthen the capacity for collective action and locally joined-up Indigenous reform leadership. These EC governance arrangements have been designed and developed according to local context and circumstances. EC governance is not intended to provide another layer of formal organisational structure or complexity, but rather to be able to traverse across existing leadership organisations and engage other key leaders such as Cultural leaders and Natural leaders (e.g. heads of families). These EC arrangements are generally referred to as the establishment of EC Local Alliances. Finally, in the leading EC communities, there has been extensive testing of the empowerment process by 'trying it' and through this process Development Agendas have been progressively being built. These processes have taken some time which is what is required to establish a strong base for opting-in, for the ground-up design of local EC governance and decision-making processes, and to allow people to work through and establish their local Development Agendas.

With the permission of participants in the EC process at Mossman Gorge, we provide this appendix as an example of the type of work that has been occurring on the ground to date. Mossman Gorge is a small community with a total population of approximately 100 people. It has a history of strong reform leadership, including through its participation in Cape York Welfare Reform, under which it has made significant gains over the past eight years.

- Key early discussions on EC occurred across Cape York, including in Mossman Gorge, allowing for information to be provided about EC and for leaders and community members from particular places to shape the design of EC engagement process going forward so that it would meet their needs.
- Information Sessions held community by community early 2015

EC team members invited key organisations and all community members to hear about the major reform proposals included in the EC Design Report. It also explained that Local and Regional governance arrangements under EC would vary depending on the context, and that for those areas that wanted to participate in EC therefore there was much hard work to be done at the local and regional levels on the 'Indigenous side' to design and decide on their own EC governance and decision-making processes so as to enable people to make strong collective plans and decisions to achieve development 'their way'.

- Cape York Indigenous Summit in Cairns, May 2015

This two day event was held after feedback from various local level engagements that it was critical that across Cape York as a region people again begin talking and working together on reform, as was often the case in the past during the land rights struggle. People wanted the Cape York Regional Organisations (that is, Cape York Partnership, Apunipima and Balkanu) to support

a Cape wide summit to provide an opportunity to hear presentations on and participate in workshops about EC.

- Two-or-three day Local Summits held in community upon request

Two to three day Local Summits proceeded in those locations across Cape York, including Mossman Gorge, upon request to provide an opportunity for more in-depth discussion and workshopping on EC over several days.

From this initial process a smaller number of Cape York communities identified that they were enthusiastic to more intensively engage in the EC process. Mossman Gorge was one such community.

In 2016 and 2017, a further 14 events focused on supporting Mossman Gorge people to explore and understand EC, including to build their local Alliance and through actually 'trying it' (as per the steps 1-4 in the diagram below). This testing of the empowerment process was felt by community members and leaders to be necessary for a truly informed decision to be made about whether to formally opt-In (step 5).

EC governance arrangements in Mossman Gorge are relatively simple as it has one local representative leadership organisation, Bamanga Bubu Ngadimuku Inc (BBN). While Indigenous local organisational leadership is critical under EC, enabling and empowering other forms of leadership such as Cultural and Natural leaders (e.g. heads of families) is also a key aspect that has been progressively strengthened by the Mossman Gorge Local EC Alliance. (In other leading EC communities in Cape York the EC governance arrangements are more complex, involving numerous representative leadership organisations and all family groupings.)

The Mossman Gorge Local Development Agenda has been progressively being built through an iterative and ongoing process. Data and local knowledge play very central roles. For example, the people of Mossman Gorge through the EC process are considering available 'baseline' local level data, and are also providing their own data to supplement and add to administrative data, based on their own intimate local knowledge.

So far, the Mossman Gorge EC Local Alliance has identified the following issues which are important for their community and around which they would like to build their long term Development Agenda: Income and Employment, Health, Education, Language and Culture, and Safety and Leadership.

There has been a great dealing of capability and capacity building support, including from the backbone organisation but also from Mossman Gorge Local Champion, who has been able to lead and facilitate much of the process with her own people around developing the local Development Agenda for Language, and undertaking documentation of the process steps. The local champion and other Mossman Gorge leaders are increasingly confident to represent the views and decisions of the Mossman Gorge community through the local Development Agenda and the EC process.

EMPOWERED COMMUNITIES CAPE YORK

In 2016... The EC Team will work with those leaders who have invited us back
to start building the indigenous side – pulling together their alliances, agendas and first priorities
How we will do it...



Who does what?

Local Leaders & People

- ✓ Doing
- ✓ Leading
- ✓ Driving
- ✓ Building
- ✓ Deciding



EC Team

- ✓ We Support you from beside / behind
- ✓ We facilitate
- ✓ We coordinate
- ✓ We inform
- ✓ We enable



Local Champions

- ✓ Links the EC Team & Local People
- ✓ Does NOT represent
- ✓ Participates
- ✓ Coordinates
- ✓ Keeps everyone together & moving forward



Government

- ✓ Comes to the negotiation table ready to treat local leadership and people as equal partners

What about everyone else on Cape York?

If you want to learn more about Empowered Communities and/or be supported through the above process please contact the Empowered Communities team at Cape York Partnership.

More than 58 unique adult individuals²⁸ have been involved in 17 EC events between late March 2015 and 30 March 2017:

- BBN Board briefing, discussion and approvals for EC process to proceed
- *Talk and Draft, Local Development Agenda: Income and Employment - How to help our families have Income to support themselves*, 22 - 23 March 2016
- *Look and Learn Trip*: this was an opportunity for leaders from six Cape York communities to learn from another Cape York community, that is, to 'look and learn' about social change from people who are doing it, 18-21 April 2016
- Continue building the *Local Development Agenda: Income and Employment*, 5 August 2016
- Refine and finalise *Local Development Agenda: Income and Employment*, 16 September 2016
- *Talk and Draft, Local Development Agenda: Language - How to help our families have strong Language*, 21 September 2016
- BBN Briefing, 17 October 2016
- *Move to Action: Income*: Mossman Gorge participants identified first actions under their *Local Development Agenda: Income and Employment* (that is, people identified 'things we can do ourselves' to immediately action), 24 October 2016
- *Prep, Do, Act, Negotiate: Income and Employment*, 10 February 2017
- *Do, Act, Negotiate: Income and Employment* – ILC PMC, Voyages - attempt 1, 13 February 2017
- *Prep, Do, Act, Negotiate: Income and Employment*, 24 February 2017
- *Do Act Negotiate: Income and Employment* – ILC, PMC, Voyages - attempt 2, 28 February 2017
- *Do, Act, Negotiate: Income and Employment* – ILC, PMC, Voyages – actual negotiation held, 27 March 2017.

²⁸ Note the Mossman Gorge EC Alliance has been very conscious at each meeting to continue to focus on how to get more people involved their Alliance, as well as building further understanding about EC across the community of Mossman Gorge. The number of 'different people' rather than just the structural leaders has been steadily building over time and the key representative organisation appears to have a re-invigorated focus on empowering its own people.

On the 8 September 2016, the Ministerial Champion for Mossman Gorge, the Hon. Yvette D’Ath MP, chaired the Mossman Gorge Interagency Meeting where numerous Queensland Government representatives, Commonwealth and other stakeholders were in attendance. The Chairperson for BBN, Ms Karen Gibson made the formal announcement that BBN as a representative body, who has cultural and other authority for Mossman Gorge people, had formally opted-in to EC.

The Mossman Gorge Local Alliance will continue to accelerate its work and hopes to soon complete its full local Development Agenda which will incorporate further elements of Health, Education, Safety and Housing.