1

Introduction

Referral to Committee

1.1　On 19 June 2002, the Minister for Immigration and Multicultural and Indigenous Affairs, the Hon Phillip Ruddock MP, referred to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs terms of reference for an inquiry into capacity building and service delivery in Indigenous communities.[1] A copy of the terms of reference is at page xxii.

Conduct of the inquiry

1.2　The Committee advertised the inquiry and sought submissions in June 2002, and distributed an information pamphlet on the inquiry throughout Australia. Additionally, the Chair wrote to relevant Ministers, State Premiers, Chief Ministers, organisations and individuals seeking submissions to the inquiry.

1.3　Eighty written submissions were received in response to the invitation to comment on the terms of reference. A list of the submissions received by the Committee is at Appendix A. A list of other documents of relevance to the inquiry that were formally received by the Committee as exhibits is at Appendix B.

1　The Minister's referral was made pursuant to House Standing Order 324b.

1.4 The Committee consulted widely and took evidence at public hearings and private briefings from 16 October 2002 to 22 March 2004 in:

- ⇒ Thursday Island, Coconut Island (Poruma) and Moa Island (St Pauls and Kubin) in the Torres Strait;
- ⇒ Maningrida, Wadeye, Alice Springs and Darwin (NT);
- ⇒ Shepparton, Warrnambool and Melbourne (VIC);
- ⇒ Adelaide (SA);
- ⇒ Yamuloong (Newcastle), Redfern (Sydney), Bourke and Dubbo (NSW);
- ⇒ Cairns, Palm Island and Brisbane (QLD);
- ⇒ Perth, Port Hedland, Lombadina and Broome (WA); and
- ⇒ Canberra (ACT).

1.5 A list of organisations and individuals who gave evidence at these public hearings is at Appendix C.

1.6 Copies of all submissions and transcripts that were authorised for publication are available electronically from the Committee's web site at www.aph.gov.au/house/committee/atsia/indigenouscommunities/inqi nde.htm.

Scope of the report

1.7 Chapter one '**Introduction**' outlines the content of the report, reviews other reports and inquiries in relevant areas and deals with key definitions relating to the terms of reference.

1.8 Chapter two '**Setting the context**' presents a socio-economic and demographic profile of Indigenous people in Australia. This chapter examines current service delivery practices to Indigenous populations in Australia.

1.9 Chapter three '**Building the capacity of government agencies**' identifies barriers to effective and adequate service delivery at departmental and governmental levels. It proposes a strategy of integration as a means of addressing current service delivery weaknesses.

1.10 Chapter four '**Building the capacity of Indigenous organisations**' focuses on the themes of good governance, leadership and resources for organisations. The chapter identifies barriers to good governance, and proposes a range of strategies and a number of service delivery models.

1.11   Chapter five **'Building the capacity of individuals'** focuses upon the empowerment of individuals through conveying positive initiatives by Indigenous groups addressing issues within their communities.

1.12   Chapter six **'A way forward'** summarises the evidence received by the Committee and outlines key strategies for the future.

1.13   Several key themes dominated the evidence, specifically, the need for greater coordination and integration of service provision, the need for improved governance within Indigenous community organisations and the need for greater individual empowerment in order to enable Indigenous people to play a key role in articulating and achieving better outcomes. Overlaid on these themes are factors of geographic location. Different strategies are needed to address issues in remote, rural, regional and urban areas, and there is no one-size-fits-all model.

1.14   In evidence to the Committee it was stressed that the third term of reference, building the capacity of governments, was the area in which the most significant effort was needed in order to facilitate capacity building in Indigenous organisations and communities. As a consequence the Committee agreed to structure the report accordingly with the terms of reference addressed in reverse order.

Relevant inquiries and reports

1.15   The term 'capacity building' raised a breadth of issues which have been examined in other inquiries, including inquiries without a specific service delivery or capacity building focus. A summary of the findings of key inquiries is set out in the following section.

State inquiries and reports

The Dillon Review

1.16   The Dillon Review[2] reviewed the Indigenous communities of Doomadgee and Palm Island in Queensland. Many of the issues examined in the report are similar to the issues raised in the Committee's inquiry.

---

2   Dillon, C., 2000, *The Dillon Report: Review of the Indigenous Communities of Doomadgee and Palm Island.* Undertaken at the request of the Federal Minister for Aboriginal and Torres Strait Islander Affairs, Senator the Hon Senator John Herron.

1.17   The Review examined a needs-based approach to community development and proposed the establishment of a national framework for community development to create formal partnerships and Memorandums of Understanding (MOUs) between Indigenous communities, the Aboriginal and Torres Strait Islander Commission (ATSIC), governments, Aboriginal and Torres Strait Islander affairs agencies and a number of non-government organisations and development agencies (such as Oxfam Community Aid Abroad). The Review proposed that these partnerships would develop Indigenous leadership and provide development support to the broader Indigenous community.[3]

The Gordon Inquiry

1.18   The Western Australian Government's *Inquiry into the Response by Government Agencies to Complaints of Family Violence and Child Abuse in Aboriginal Communities* (the Gordon Inquiry) provides a comprehensive overview of service provision in relation to family violence and child abuse, and outlines proposed changes to the service system.

1.19   The report identified the following features as barriers to effective service delivery to Aboriginal communities:

- the silo approach of agencies;
- the mismatch between centralised bureaucratic approaches to service delivery versus Aboriginal communities' consensus model of decision making;
- the lack of coordination and planning across bureaucratic structures;
- the inappropriate manner in which government agencies consult with communities;
- issues around location and historical government practices;
- inequity of funding to Aboriginal communities compared to local Shire councils;
- current levels of appropriate governance and leadership within Aboriginal communities;
- issues around the role of customary law;
- the poor environmental conditions in Aboriginal communities; and
- the lack of benchmarks for the delivery of services.[4]

---

3   i*bid,* pp. 126-127.

4   Gordon, S., Hallahan, K. & Henry, D., 2002, *Putting the picture together: Inquiry into Response by Government Agencies to Complaints of Family Violence and Child Abuse in Aboriginal Communities,*

1.20   In analysing these barriers, the Inquiry identified the need for greater integration of service delivery across sectors and for improved equity in the allocation of resources to Indigenous communities.[5]

1.21   In proposing to establish an integrated service system in relation to the prevention and early intervention in family violence and child abuse, the Gordon Inquiry developed a planning, resource allocation and service delivery model.[6]

The Collins Review

1.22   *Learning lessons. An independent review of Indigenous education in the Northern Territory* (the Collins Review), sought to document the educational aspirations of Indigenous parents and community members in relation to their children's schooling, with reference to English literacy and numeracy. The Review also considered the key issues affecting educational outcomes and actions for improvement.[7]

1.23   The Review found that educational outcomes were deteriorating from an already low base and highlighted poor school attendance as a direct cause of poor learning,[8] which was exacerbated by high teacher turnover and long-term systemic failure. [9]

1.24   Extensive consultation with parents, students, staff and external stakeholders emphasised the importance of the need for Indigenous children to develop their English language oracy, literacy and numeracy skills while maintaining their own language, cultural heritage and Indigenous identity.[10]

1.25   The Review noted a strong imperative for the adoption of an outcome-based approach to Indigenous education at all levels; the need for a whole of government response; and the need to establish partnerships between Indigenous parents, communities, peak bodies, service providers and the Northern Territory and Commonwealth Governments.[11]

Department of Premier and Cabinet, Western Australia, pp. 419-424.

5   *ibid,* p. 425.

6   *ibid,* p. 427.

7   Collins, R. & Lea, T., 1999, *Learning lessons: An independent review of Indigenous education in the Northern Territory*, Northern Territory Department of Education, Darwin, p. 1.

8   *ibid,* p. 141.

9   *ibid,* p. 1.

10   *ibid,* p. 17.

11   *ibid,* p. 1.

Commonwealth inquiries and reports

ATSIC Review

1.26   In November 2003, the ATSIC Review assessing the roles and functions of the Aboriginal and Torres Strait Islander Commission was released, entitled *In the Hands of the Regions – A New ATSIC*. The Review recommended a package of reforms intended to give greater control of ATSIC to Aboriginal and Torres Strait Islander people at a regional level.

1.27   The panel identified regional plans as important vehicles to articulate localised needs and expectations, recommending that the regional planning process, currently provided for under the *Aboriginal and Torres Strait Islander Commission Act 1989*, be given a high priority, with a more realistic focus to ensure goals are achievable. The panel viewed regional plans as important: for spelling out what is expected of ATSIC;[12] to identify levels of disadvantage in local communities;[13] to identify responsibilities of government agencies in service provision;[14] to aid State/Territory governments in developing policies and programs; and for ATSIC to develop a national plan.[15]

1.28   The Review made a number of recommendations relating to funding and planning including proposing that funding to regions be on the basis of need; that the Office of Aboriginal and Torres Strait Islander Affairs, currently housed in the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), be replaced with a small coordination group in the Department of Prime Minister and Cabinet in order to provide a whole of government approach to addressing Indigenous issues; that triennial funding be introduced; and that performance audits of all organisations expending Australian Government funding for Indigenous purposes be undertaken.[16]

1.29   The panel recommended changes to the structure of ATSIC in order to improve representation at the local level, to address the under-representation of women in elected positions and to simplify governance layers.

---

12   Hannaford, J., Huggins, J. & Collins, R, 2003, *In the Hands of the Regions - A New ATSIC: Report of the Review of the Aboriginal and Torres Strait Islander Commission*, Canberra, p. 6.

13   *ibid*, p. 7.

14   *ibid*, p. 6.

15   *ibid*, p. 6.

16   *ibid*, pp. 6-7.

1.30   Towards the close of the inquiry the Government announced that the ATSIC Board would be abolished and relevant programs would be devolved to mainstream departments (see paragraphs 2.72 - 2.74).

Commonwealth Grants Commission: Inquiry into Indigenous Funding

1.31   In 2001 the Commonwealth Grants Commission reported on the distribution of Commonwealth funding for programs that affect Aboriginal and Torres Strait Islander peoples.[17]

1.32   The report: calculated the relative need of Indigenous Australians in each of the 35 ATSIC regions and the Torres Strait Regional Authority's area for health, housing, infrastructure, education, training, and employment services; took account of the level of expenditure by the States and Territories; and, where possible, compared the distribution of expenditure with regions' current needs. The issues raised in the Commission's report are central to the Committee's current inquiry.

1.33   The Report addressed the complex issue of needs and resource allocation. It was noted that Indigenous people were comparatively disadvantaged and that mainstream services were not adequately meeting their needs. However, it cautioned that:

> [T]here is no obvious and simple proportional relationship between measures of needs and the funds required to achieve outcomes.[18]

1.34   The types of services accessed by Indigenous people and their funding sources were identified, as were strategies to improve funding allocation to meet Indigenous peoples' needs. Strategies identified were: the pooling of funds; multi-jurisdictional and cross-functional approaches to service delivery; the removal of barriers to mainstream programs; and increasing collaborative decision making arrangements between the Commonwealth and service providers to ensure that targets were set and achieved and that Indigenous involvement in decision making be increased.[19]

Inquiry into Local Government and Cost Shifting

1.35   The recent report *Rates and Taxes: A Fair Share for Responsible Local Government* by the House of Representatives Standing Committee on

---

17   Commonwealth Grants Commission (CGC), 2001, *Report on Indigenous Funding 2001*, Canberra.
18   *ibid*, p. xvi.
19   *ibid*, p. 102.

Economics, Finance and Public Administration addressed cost shifting and governance arrangements between all three spheres of government.[20]

1.36   The inquiry explored Commonwealth, State, Territory and local government relationships, roles, responsibilities, funding arrangements and the potential for improved intergovernmental relations.

Overcoming Indigenous Disadvantage: Key indicators 2003

1.37   In April 2002, the Council of Australian Governments (COAG) commissioned the Steering Committee for the Review of Government Service Provision (SCRGSP) to produce a regular report against key indicators of Indigenous disadvantage of relevance to both Indigenous stakeholders and all levels of government. The result, *Overcoming Indigenous Disadvantage,* was released in November 2003.

1.38   The report sought to bring together previously dispersed information in a way that demonstrated the impact of government policies and programs on identified outcomes for Indigenous Australians.[21] The report developed a framework on three levels which identified:

- priority outcomes (the vision);
- headline indicators (measures that need to improve if the vision is to be realised); and
- strategic areas for action (areas that have the potential to have significant and lasting impacts and that are amenable to policy action).[22]

1.39   The framework proposed that individual agencies examine their capacity to contribute to improving outcomes in the indicator areas identified.[23]

1.40   The *Key Indicators to Overcoming Indigenous Disadvantage* have been widely received as a vital step in addressing issues of disadvantage and in reinforcing agencies' roles in achieving outcomes for Indigenous people.

---

20   House of Representatives Standing Committee on Economics, Finance and Public Administration, 2003, *Rates and Taxes: A Fair Share for Responsible Local Government*, HRSCEFPA, Canberra, p. vi.

21   Steering Committee of the Review of Government Service Provision (SCRGSP), 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 2.

22   *ibid*, pp. 9-10.

23   i*bid*, p. 11.

Report on Government Services, Indigenous Compendium

1.41   The Steering Committee for the Review of Commonwealth/State Service Provision released its Indigenous Compendium in May 2003. The aim of the Compendium was to collect and publish data on Indigenous-related service provision in order to enable ongoing comparisons of the effectiveness and efficiency of Commonwealth and State government Indigenous-related services (including intra-government services) and to compile and assess service provision reforms by Commonwealth and State governments.[24]

1.42   The Review assembled Indigenous-related data in the areas of health, education, justice, emergency management, community services and housing, though it suggests caution in the interpretation of data due to collection inefficiencies.

The Social Justice Report 2003

1.43   The 2003 Report of the Aboriginal and Torres Strait Islander Social Justice Commissioner overviewed key developments in improving Indigenous well-being and socio economic status, going on to explore the themes of accountability, participation, moving beyond welfare dependency and reconciliation.[25] Overall, the Report concluded that there were a number of recent initiatives that were beginning to head in the right direction as well as small gains in some areas, particularly noting the release of the national indicators for overcoming Indigenous disadvantage and COAG's whole of government community trials.[26]

1.44   The Commissioner emphasised the need for governments to change the way they interact with Indigenous people and communities; highlighted that there have been some developments, but that these were only preliminary in nature, with results and actions yet to be achieved; cautioned that there were concerns about the pace of progress and the sustainability of such progress; lamented the 'overwhelming sense' that the crisis for Indigenous people was likely to exacerbate; and argued that the absence of a clear accountability framework for governments was a matter for urgent attention.[27]

---

24   Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP), *Report on Government Services 2003: Indigenous Compendium*, Productivity Commission, p. 8.

25   Aboriginal and Torres Strait Islander Social Justice Commissioner, Dr. William Jonas AM, 2003, *Social Justice Report 2003*, Human Rights and Equal Opportunity Commission, Sydney, pp. 1-2.

26   *ibid*, p. 2.

27   i*bid*, pp. 2-3.

Former inquiries of this Committee

A Chance for the Future Report

1.45　　In August 1989, the House of Representatives Standing Committee on Aboriginal Affairs tabled its report *A Chance for the Future: Training in Skills for Aboriginal and Torres Strait Island Community Management and Development.* The inquiry reported on the effectiveness of existing support, administrative and advisory services within Aboriginal and Torres Strait Islander communities. The Report noted the need for education and training for community administration. Significantly, literacy, numeracy, and skills for community management and development were identified as areas of need.[28]

1.46　　The Report made a number of recommendations around a coordinated approach to the funding of education and training programs. At a local level the Report recommended that government agencies assist Aboriginal and Torres Strait Islander communities to develop community plans identifying programs through which government agencies could provide coordinated long-term recurrent funding and support community consultation in the complex process of program design.[29] Field staff were identified as contributing significantly to coordination at the local level. The Report argued the need for a more integrated use of Commonwealth agencies' field officers.

> [There is a] need for field staff… to shift their focus from individual clients and programs to the linkages between programs and their place in achieving the developmental goals of communities. Field staff in a sense must become facilitators of community development rather than administrators of programs.[30]

1.47　　The current Committee is disappointed that many of the recommendations from this report have not been implemented and that problems identified 15 years ago continue to persist. Many of the recommendations are still valid and there is a need to re-examine some of the themes.

28　House of Representatives Standing Committee on Aboriginal Affairs, 1989, *A Chance for the Future. Training in skills for Aboriginal and Torres Strait Island Community Management and Development,* HRSCAA, Canberra, p. 11.

29　*ibid,* p. 29.

30　House of Representatives Standing Committee on Aboriginal Affairs, 1989, *A Chance for the Future: Training in Skills for Aboriginal and Torres Strait Island Community Management and Development,* HRSCAA, Canberra, p. 29.

The 'We Can Do It!' Report

1.48 In August 2001 the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs released its *We can do it!* Report on the needs of urban dwelling Aboriginal and Torres Strait Islander peoples.

1.49 As the Report is recent and specifically covers urban dwelling Indigenous issues, and has sections on service delivery and decision making, this (current) report will focus more on rural and remote service delivery and capacity building, with less focus on urban Indigenous issues.

Summary of previous reports, reviews and inquiries

1.50 The inquiry, report and review summaries outlined above indicate the proliferation of attempts by all spheres of government to address the causes of Indigenous disadvantage and to explore potential solutions. This is commendable. However, prominent Indigenous leader Noel Pearson notes that:

> We've produced mountains of thinking around Aboriginal affairs…[but] we've got to face up to the fact that none of that huge production has produced any improvement. In fact, we've gone backwards… as the mountains of papers… have accumulated… the social situation's gone down…[31]

What is capacity building?

1.51 The Committee was told that capacity building 'is a term that can mean many things to many people'.[32] To date, a definition for capacity building has not been universally agreed upon.[33] The need to clarify the term was argued by the Victorian Aboriginal Community Controlled Health Organisation:

> The term "capacity building" is bandied around… [Yet] no one defines what capacity building is. So when government and community talk together and we use the same language, we have

---

31 Noel Pearson, *The Cape Crusade*, Australian Story transcript, 11.11.02, <http://www.abc.net.au/austory/transcripts/s723570.htm> (accessed 21.04.04).

32 Central Australian Aboriginal Congress Inc., Submission 30, p. 2.

33 Government of Western Australia, Submission 57, p. 2.

a different interpretation of what capacity building is. That causes a dilemma...[34]

1.52 Many submissions received by the Committee presented definitions of capacity building in relation to Indigenous organisations, while few addressed a definition of capacity building in relation to government. This is not to say that building the capacity of government was not emphasised in the evidence, but that *definitions* relating to capacity building almost always addressed capacity building in relation to Indigenous aspirations.

Public management or community development?

1.53 A number of submissions identified two differing approaches to Indigenous community capacity building, namely, a public management approach and a community development approach.[35]

1.54 The public management approach to capacity building emphasises the need to develop a community's governance, administration, managerial and leadership structures and skills in order to meet accountability requirements in terms of government funding and processes and to comply with relevant corporate governance laws. That is, to respond to *external* needs and processes. The Commonwealth Grants Commission noted the importance of building the capacity of Indigenous organisations to manage service delivery.[36]

1.55 Capacity building within the community development paradigm is concerned with the empowerment of communities in a 'people centred' way that relates to *internal* needs and processes.[37] This approach involves empowering communities to participate in *their own* policy-making and implementation, in the development of *their own* effective and culturally informed governance structures, and in developing the skills to take effective responsibility and control over *their own* issues and futures.[38] Oxfam Community Aid Abroad told the Committee that:

> Capacity building is not just training and it is not simply about individual and collective skills development. Capacity building is

34 Ms Jill Gallagher, Victorian Aboriginal Community Controlled Health Organisation, Transcript of discussion (19.02.03), p. 487.

35 Gerritsen, R., 2001, *Community Capacity Building: An ATSIC Discussion Paper,* cited in DIMIA, Submission 42, pp. 2-3 and attachment E, pp. 10-11.

36 CGC, 2001, *Report on Indigenous Funding,* Canberra, p. 94.

37 Oxfam Community Aid Abroad, Submission 39, p. 4.

38 FaCS, Submission 46, p. 19.

about community development and is essentially a political process.[39]

1.56   The Committee believes that the public management and community development approaches to capacity building are both essential to any overall development strategy. The Committee received a number of submissions which understood capacity building to lie somewhere between these two approaches.[40] The Department of Family and Community Services (FaCS) considered that a synthesis of these two approaches is necessary, together with building government agencies' capacities to apply them more effectively.[41] Oxfam Community Aid Abroad told the Committee:

> One should not be confused with the other. One is not "better" than the other and nor can one be replaced by the other. Each has a different dimension and tackles different issues and phases in the life of communities.[42]

1.57   The Committee considers the work by Dr Rolf Gerritsen useful in analysing these two approaches to capacity building[43] and supports defining capacity in a broad sense to include activities which seek to empower individuals and whole communities while building the operational and management capacity of both organisations and governments to better deliver and utilise services.[44]

Terminology

1.58   The Committee received evidence involving definitions of 'capacity', 'capacity building', 'capacity development', 'community development', 'human development' and 'community capacity', with different definitions within and between each concept.

1.59   The Committee heard a number of State and Territory government departments define capacity building to broadly encompass international development paradigms using the United Nations Development Programme (UNDP) definition. According to the UNDP capacity development is:

---

39   Oxfam Community Aid Abroad, Submission 39, p. 3.
40   Such as FaCS, Submission 46, p. 19 and DIMIA, Submission 42, p. 3.
41   FaCS, Submission 46, p. 19.
42   Oxfam Community Aid Abroad, Submission 39, p. 6.
43   DIMIA, Submission 42, p. 3.
44   Government of Western Australia, Submission 57, p. 6.

> The process by which individuals, groups, organisations, institutions and societies increase their abilities to perform core functions, solve problems, define and achieve objectives, and to understand and deal with their development needs in a broad context and in a sustainable manner.[45]

1.60   One submission noted that the UNDP favours the term capacity development over capacity building in an attempt to move away from traditional donor-driven aid to a more partnering role in which people are empowered to better use their capabilities to ensure sustainability of development programs.[46]

1.61   Many submissions argued the multidimensional nature of capacity development and noted that capacity building (or associated terms and definitions) cannot be separated from wider issues such as the health, education, housing and employment status of Indigenous people,[47] nor the general wellbeing and confidence of Indigenous people.[48]

A definition of capacity building

1.62   The Ministerial Council on Aboriginal and Torres Strait Islander Affairs (MCATSIA) released a draft statement that defined capacity as follows:

> The knowledge, ability and commitment for individuals, families, groups and organizations to:
>
> ■ Maintain their cultural identity;
> ■ Interact confidently and effectively with the dominant Australian society;
> ■ Identify goals;
> ■ Determine strategies to achieve their goals; and to
> ■ Work effectively with government and the private sector to access the resources necessary to implement these strategies.[49]

---

45   United Nations Development Programme (UNDP), cited in DIMIA, Submission 42, p. 2.
46   Faculty of Aboriginal and Torres Strait Islander Studies and Centre for Indigenous Natural and Cultural Resource Management, NTU, Submission 27, p. 16.
47   Professor Jon Altman, Centre for Aboriginal Economic Policy Research (CAEPR), Australian National University (ANU), Transcript (23.10.02), p. 22.
48   Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), Submission 10, p. 9.
49   Ministerial Council on Aboriginal and Torres Strait Islander Affairs (MCATSIA), cited in DIMIA, Submission 42, p. 2.

1.63 The Committee accepts the usefulness of this definition and, in relation to capacity building, believes that it reinforces the combined goals of community development and public management.

1.64 Another term frequently used and defined in submissions was community capacity building, which Aboriginal Affairs Victoria defined as:

> Strategies/programs/initiatives which seek to empower, motivate and enable individuals, families and communities and provide them with the necessary skills, resources, networks and information to allow them to pursue their own development goals.[50]

1.65 According to FaCS, community capacity involves four elements:

- *Commitment*: the community-wide will to act, based on a shared awareness of problems, opportunities and workable solutions;
- *Resources*: Financial, natural and human assets and the means to deploy them intelligently and fairly;
- *Knowledge*: Having the information or guidelines that will ensure the best use of these resources; and
- *Skills*: Including the talents, expertise and governance structures and processes of individuals and organisations that can be drawn upon to address problems and capitalise on opportunities.[51]

Capacity building for what?

1.66 Several submissions posed the question 'capacity building for what?',[52] that is, to what purpose?

1.67 The Committee believes that capacity building is a process, not a final outcome and, as such, is about developing sustainable skills and abilities. The Northern Land Council informed the Committee that:

> The goal of capacity development is not simply to encourage "well managed communities" and "better service delivery", but to enhance Aboriginal people's capacity for self-determination and sustainable development.[53]

---

50 Mr Anthony Cahir, Aboriginal Affairs Victoria, Transcript of discussion (19.02.03), p. 2.
51 FaCS, Submission 46, pp. 12-13.
52 For example, Aboriginal Services Division, Department of Human Services, South Australia, Submission 49, p. 5.
53 Northern Land Council, Submission 43, p. 5.

1.68   The Committee heard evidence arguing that the purpose of capacity building is to support Aboriginal and Torres Strait Islander people to live successfully in their own country and as part of the broad Australian society.[54] The Committee anticipates that capacity building could be:

> …[A] potential vehicle for the renewal of societal structures and the political recognition and representation of Indigenous peoples' status.[55]

Capacity building for responsibility

1.69   Arguments detailing the need for shared government-Indigenous responsibility and of Indigenous people wanting to take (or accept) more responsibility, were common throughout submissions. These arguments articulate that the 'what for?' of capacity building, is for Indigenous people to have more responsibility for, and power over, their own lives.

1.70   One submission noted that approaches to building capacity were inadequate unless people were able to:

- accept responsibility;

- have authority;

- have access to and control of resources; and

- have the knowledge and skills to perform.[56]

Relating the terminology back to the terms of reference

1.71   The terms of reference require that the Committee inquire into:

> 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: community members…Indigenous organisations… and government agencies…

1.72   Thus, the mandate of the inquiry is not to inquire into capacity building per se, but into capacity building in relation to enhancing service delivery.

---

54   MCATSIA, cited in Aboriginal Services Division, Department of Human Services, South Australia, Submission 49, p. 6.

55   Aboriginal and Torres Strait Islander Social Justice Commissioner, Human Rights and Equal Opportunity Commission (HREOC), Submission 44, p. 10.

56   Sanders, D., 2002, *Strengthening Capacity of Health Systems: An integrated approach to primary health care education,* cited in Central Australian Aboriginal Congress Inc., Submission 30, p. 2.

1.73   Although the inquiry is commonly known as 'the capacity building inquiry', the focus of the inquiry has been on strategies to build the capacities of community members, Indigenous organisations and government agencies *in relation to service delivery*.

Government agency capacity building

1.74   While many of the submissions related capacity building definitions only to Indigenous community organisations, the Committee received evidence highlighting that significant capacity building is needed in government agencies. Reconciliation Australia told the Committee that:

> Capacity building is not simply about building the capacity of Indigenous communities, it is also about enhancing government agencies' capacity to understand and to meet the needs of Indigenous people.[57]

1.75   The Centre for Aboriginal Economic Policy Research at the Australian National University told the Committee that many government agencies are aware of their lack of capacity in responding to the needs of Indigenous people and understand that internal capacity building for government agencies is an important task.[58]

1.76   The Committee believes that the capacity of government agencies and their staff needs to improve in order to address the aspirations and needs of Australia's Indigenous people. The Committee strongly believes that the lack of government agency capacity is a significant factor in the continued disadvantage of Aboriginal and Torres Strait Islander people. Capacity building of government is explored in chapter three.

What is community?

1.77   The evidence suggests that the term 'community' is problematic[59] as communities tend to be made up of loose networks of individuals and families rather than coherent groups of people bound by similar beliefs, shared histories and aligned aspirations.[60]

---

57   Reconciliation Australia, Submission 55, p. 21.
58   CAEPR, ANU, Submission 25, pp. 2-3.
59   ATSIC, Submission 66, p. 4 and FaCS, Submission 46, p. 12.
60   FaCS, Submission 46, p. 12.

1.78   This has implications where funding is directed toward 'communities' defined externally for administrative purposes, particularly when those communities may be made up of discrete cultural and language groupings, mobile or seasonal populations, or independent groups whose major commonality is a shared location.

1.79   Identifying Indigenous 'communities' also becomes problematic in urban areas, as Indigenous people are more likely to be dispersed through the general population and may, at most, form a loose network of people, rather than a cohesive group.[61]

1.80   The Committee endorses a definition of community which emphasises the fluid nature of affiliations and group membership, and acknowledges the importance of cohesion, while also understanding that a community involves group members sharing interests, goals and social connections. Group cohesion is significant to this definition.[62]

1.81   As the term community is problematic, many submissions argued that the focus of government should be at the level of the individual, family or small group.[63] In building strong individuals and families the Committee believes that strong communities will develop.

Strong communities and nation building

1.82   The Committee heard evidence on the importance of strong communities in building individual capacity.[64] The Committee witnessed this first hand during inspections at communities such as those in Alice Springs, Shepparton and Warrnambool.

The Harvard Project

1.83   The Committee considered the work of the Harvard Project on American Indian Economic Development (the Harvard Project) useful in understanding the positive effects strong communities can have on Indigenous people's quality of life.

1.84   Although the Harvard research focused on economic development, this inquiry is focused on capacity building in order to enhance service

---

61   FaCS, Submission 46, p. 12.
62   Batchelor Institute of Indigenous Tertiary Education, Submission 33, p. 2.
63   ATSIC, Submission 66, p. 4.
64   Oxfam Community Aid Abroad, Submission 39, p. 3.

delivery. However, the Harvard research does provide valuable insight into the positive effects of Indigenous governance.

1.85   The Harvard Project conducted field-based research with Indigenous groups in the United States, and consistently found that the effective exercise of sovereignty combined with capable and culturally grounded institutions of self-government were indispensable keys to successful, long-term economic development.[65]

1.86   Members of the Harvard Project argued before the Committee that it was not education, natural resource endowments, location, or the availability of financial capital that were the keys to successful economic development on reservation lands in the United States. Rather, the development of sovereignty, governing institutions, cultural match, strategic thinking, and leadership were the key elements of Indigenous success.[66] The evidence suggested that such a nation-building approach encouraged the questioning of the cycle of welfare dependency.[67]

> [The Harvard Project has] discovered… that, as Indigenous nations in the US take control of their own affairs, they tend to move from an attitude to welfare as being an entitlement, towards a position of wanting to escape the dependency, because they have realised that that dependency has a political dimension to it. The decisions that are shaping economic conditions in Indian country are being made somewhere a thousand miles away, and these nations want to make those decisions for themselves.[68]

1.87   This approach to governance and self-determination is echoed in calls made by some Indigenous leaders, particularly Noel Pearson, of the need for Indigenous people to take responsibility for their own affairs.

1.88   In travelling throughout Australia, the Committee saw examples of Indigenous communities developing a 'nation building' approach to community governance and development.[69] Indigenous leaders and their

---

65   Harvard University Native American Program 09.01.04, Harvard University, <http://www.ksg.harvard.edu/hunap/research.html> (accessed 08.11.03).

66   Cornell, S., 2002, *The Importance and Power of Indigenous Self-Governance: Evidence from the United States.* Paper presented at the Indigenous Governance Conference, 3-5 April 2002, Canberra, p. 3.

67   Cornell, S., 2002, *Governance and Economic Development.* Paper presented at the Indigenous Governance Conference, 3-5 April, Canberra, p. 3.

68   Professor Stephen Cornell, Udall Center for Studies in Public Policy, University of Arizona, Transcript (03.11.03), p. 1368.

69   Such as the Thamarrurr Council at Wadeye (NT), the Murdi Paaki Regional Council (NSW) or Tangentyere Council (NT).

communities are increasingly seeking to move away from dependency on governments, which leave them politically powerless, to a position of partnership. This movement is also apparent internationally.

> The role of the [United States] federal government as we [the Harvard Project] see it, has been to move from being the decision maker for Indian country, to being a resource and partner working with indigenous nations to try to achieve objectives identified by those indigenous nations, and investing in improving the capacity of those nations to achieve those objectives. So it is kind of like the government moving out of the driver's seat but remaining very much in the vehicle as a resource.[70]

1.89   Governments, too, are becoming increasingly aware of the role they play in Indigenous disadvantage[71] and of the need to develop stronger communities which can engage with governments, philanthropic organisations and the corporate sector in partnerships.

> As issues become more complex, and the limitations of government more apparent, it is clearer that government programs are far from the sole determinants of social and economic conditions.[72]

1.90   The Committee believes that governments must relinquish some control to Aboriginal and Torres Strait Islander people and Aboriginal and Torres Strait Islander people must assume greater responsibility in shaping their own future.

1.91   Governance is the overarching theme of chapter four of the report, and the work of the Harvard Project forms the basis for those discussions.

Conclusions

1.92   This chapter has set out the background to the terms of reference, overviewed relevant inquiries, and defined key concepts related to the terms of reference.

---

70   Professor Stephen Cornell, Udall Center for Studies in Public Policy, University of Arizona, Transcript (03.11.03), p. 1370. Professor Cornell is a member of the project.

71   Plumptre, T. & Graham, J., 1999, *Governance and Good Governance: International and Aboriginal Perspectives*, Institute on Governance, p. 2.

72   i*bid*, p. 2.

1.93   Significantly, it has reviewed the Harvard model of Indian Economic Development from the United States. The Committee believes that this model is useful in understanding Indigenous governance and the current capacity building debates occurring in Australia.

1.94   The following chapter sets out the demographic and socioeconomic profile of Indigenous Australians, and provides an overview of the status of service delivery to Indigenous Australians.