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Submission to Senate Standing Committee on Community Affairs: Stronger Futures in the Northern Territory Bill and the Social Security Legislation Amendment Bill 2011

Dear Sir/Madam

I am responding to your invitation to comment on the government's proposed Stronger Futures in the Northern Territory legislative package including the Stronger Futures Bill, and the Social Security Legislation Amendment Bill 2011 that links Income Management with School Attendance Plans.

I understand key legislated NTER measures will cease in August 2012 and government intends to introduce these new Bills to support Aboriginal people in the NT to live strong, independent lives where communities, families and children are safe and healthy.

I further understand these Bills are presented as special measures within the meaning of the Racial Discrimination Act.

I am writing as chair of remoteFOCUS, a project facilitated by the Alice Springs based organisation, Desert Knowledge Australia (DKA). DKA is a statutory corporation of the Northern Territory which has a Board appointed by the Territory Government which I chair. The views expressed are those of the project and should not be taken

as the views of the Territory Government. Our engagement with the issues being reviewed by the committee and the general scope of our activities can be found at http://www.desertknowledge.com.au/Our-Programs/remoteFOCUS. We would of course welcome the opportunity to present oral evidence to the Committee if that would be appropriate.

This letter addresses the overall scope of the present enquiry and, in particular, about the appropriate perspective for evaluating the Stronger Futures and Income Management proposals. We certainly do not challenge the need to tackle the very difficult problems that are intended to be addressed by this legislation.

The Governance of Government is an Impediment to Stronger Futures Legislation

Our concerns relate to an issue on which this legislation is silent, but one which in our view is critical to its successful operation. The 'governance of government' refers to the ways governments are structured and administered to deliver on the responsibilities assigned to them by elected representatives. Our particular interest is with governance in the vast territory known as 'remote Australia'. Our project remoteFOCUS responds to basic questions about the vision, capabilities, mandates and authorities that determine how tasks are performed at the local level and whether they are sufficiently legitimate, strong or appropriate? Are present governance arrangements themselves up to the challenge of delivering the Government's proclaimed intentions? For example:

- Are the responsibilities appropriately assigned to the right levels of government?
- Are these mandates assigned in ways that are adapted to specific local/regional circumstances as well as nationally shared visions?
- Is there sufficient flexibility and discretion at the local level in determining how resources are to be assigned and used?
- Do the mandates of the Commonwealth, Territory and Local Government agencies allow genuine engagement of the citizens whose participation and involvement in practice is essential to achieve beneficial outcomes and who must live with the consequences of poorly assigned mandates?
- Are the public servants on the ground in the Northern Territory sufficiently skilled experienced and consistently motivated to engage with these demanding, distinctive and critical challenges?

Our work suggests that the underlying Government governance framework that is presently in place far from offering a solution is itself a cause of repeated failure to achieve widely shared desires for progress. It leads us to believe that the presently favoured governance framework deserves and needs to be substantially reworked if the proposed legislative amendments are to have a sustainable impact. We accept that the proposed Stronger Futures legislation probably needs to pass to meet immediate term administrative requirements. But we urge the Committee to follow

this inquiry with the examination of a more fundamental question: namely, are present Government governance arrangements themselves fit-for-purpose.

Interventions a Common Response to Failed Governance

The NTER in 2007 was symptomatic of profound failures of governance – failures that were long germinating. The overall strategy that has been in operation at least for the past fifteen years, through governments constituted from both major parties, has been tried and found wanting.

The 2007 NTER response was symptomatic of a wider problem in the way government is structured and operates remote from centres of power and economic markets. Dysfunction in these peripheral communities is responded to by governments in two broad ways.

First, they make ever more determined efforts to coordinate the different elements of government which in practice impact on remote communities incoherently and ineffectively. The COAG trials under the previous Government are an example of this approach.

The second approach is the intervention model when a government decides problems are too serious or too embarrassing for them to be allowed to continue and responds in a highly centralised and top down directive approach. The Northern Territory intervention is an example of this latter model[1].

Strategic interventions have often been designed to add authority and a selective focus on key issues to whole of government approaches. Australia's experience with strategic interventions in East Timor, Solomon Islands and the Northern Territory demonstrate that focus and resources can be mobilised to deliver tangible results

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[1] Through more determined co-ordination the power to define problems and priorities has become more centralised in public authorities, while at the same time the locus of responsibility for solving problems has been assigned to local communities, households and individuals.

Public policy acknowledges that many of the key drivers of change in remote communities are external, but problems are typically cast as 'local'– poor service delivery, dependency and violence, corruption and inefficiency, lack of will or commitment - with the strong presumption that their resolution is a local responsibility.

The NTER created unrealistic expectations that health, education, child safety, food security and land reform were the primary determinants of economic outcomes, it permitted powerful market players to limit the scope of their local corporate responsibility in the same way, and it encouraged higher levels of both government and business to speak to remote Australians in moralising, exhorting and a blaming manner.

In remote Australia, as in similar regions elsewhere in the world, the combined effect of this asymmetry is most noticeable in respect of economic livelihoods. For much of remote Australia, public policy remains blind to the fact that geography and globalisation conspire against an even spread of economic opportunity, and that viable economic livelihoods in remote Australia require an innovative blending of the formal economy, 'hybrid' or social enterprise economies, and public sector equity, risk mitigation and enablement. Dealing with this blind spot requires skills and capabilities that successful governments have underinvested in. **This must surely be acknowledged and remedied to achieve Stronger Futures.**

rapidly. But while strategic interventions serve to signal resolute commitment by higher levels of authority, experience also shows that the gains tend to be short lived unless accompanied by investments in long-term reforms to governance structures and practices.

Yet neither of these approaches is based on what governments seem to agree is the basis for success. What is puzzling about the numerous examinations of the vast number of programs which are aimed at alleviating Aboriginal disadvantage is that successive reviews seem to be about trying harder to make failed approaches work rather than examining whether the approaches themselves are a reason for failure.

Governments Own Conditions for Success

What are the current understandings within government about continuing disadvantage, the slow progress in remedying it and how it would best be remedied? We rely here on the publicly expressed views from within government.

The Commonwealth, State and Territory Governments are, in the words of former Prime Minister Kevin Rudd, *committed to six ambitious targets to close the gap in Indigenous disadvantage:*

- *Closing the life expectancy gap within a generation;*
- *Halving the gap in the mortality rate for Indigenous children under five within a decade;*
- *Ensuring all Indigenous four year olds in remote communities have access to quality early childhood programs within five years;*
- *Halving the gap in reading, writing and numeracy achievements for children within a decade;*
- *Halving the gap for Indigenous students in year 12 attainment rates or equivalent attainment by 2020; and*
- *Halving the gap in employment outcomes within a decade*.

(Letter from PM Rudd to Gary Banks, chairman of the Steering Committee for the Review of Government Service Provision, dated 11 March 2009)

The most recent Steering Committee review of progress records that:

> *Across virtually all the indicators in this report there are wide gaps in outcomes between Indigenous and other Australians. The report shows that the challenge is not impossible – in a few areas, the gaps are narrowing. However many indicators show the outcomes are not improving, or are even deteriorating. There is still a considerable way to go to achieve COAG's commitment to close the gap in Indigenous disadvantage.*

The Review published in 2011 records that disadvantage can have multiple causes and that some actions can have multiple effects. The complexity of such issues has led to them being described as 'wicked problems'. As in past Reviews the current report of the Steering Committee records that:

Analysis of the 'things that work', together with wide consultation with Indigenous people and governments, identified the following 'success factors':

- *cooperative approaches between Indigenous people and government - often with the non-profit and private sectors as well*
- *community involvement in program design and decision making – a 'bottom-up' rather than 'top-down' approach*
- *good governance – at organisation community and government levels*
- *ongoing government support – including human, financial and physical resources.*

The lack of any of these factors can result in program failure."

How governments go about their business in dealing with Indigenous communities is recognised by them as critical to achieving change. All governments have acknowledged the principal that *engagement of Indigenous men, women and children and communities should be central to the design and delivery of programs and services.* In the context of providing services to remote communities they have particularised that the engagement should:

(a) recognise that strong relationships/partnerships between government, community and service providers increase the capacity to achieve identified outcomes;
(b) engage Indigenous people who use government services, and the broader Indigenous community in the design and delivery of programs and services as appropriate;
(c) recognise local circumstances;
(d) ensure Indigenous representation is appropriate, having regard to local representation as required
(e) be transparent regarding the role of level of Indigenous engagement along the continuum from information sharing to decision-making; and
(f) recognise Indigenous culture language and identity.
(Schedule C National Partnership Agreement on Remote Service Delivery)

Similar sentiments were expressed in the Indigenous Economic Development Strategy released in November 2011.

Government cannot act alone. Success depends on working in partnership with Indigenous leaders communities and individuals and with business, industry peak bodies and non-government organisations

Closing the gap requires a genuine partnership with Indigenous Australians at all levels and the Government is committed to a relationship based on trust and mutual respect

> *Real sustainable change cannot be achieved by government alone. It relies on Indigenous Australians, the private sector, the not-for-profit sector and all levels of government*
>
> *Genuine engagement with Indigenous Australians is fundamental to the Australian government's efforts to increase personal and economic well-being and close the gap in Indigenous disadvantage*
> (Indigenous Economic development Strategy 2011- 2018 P18/19)

The Department of Families, Housing, Community Services and Indigenous Affairs has recently published a framework for engaging with Aboriginal and Torres Strait Islander Australians. In the context of that publication the Secretary of the Department, Finn Pratt PSM has stated

> *Genuine engagement with Aboriginal and Torres Strait Islander Australians is fundamental to our efforts to improve life outcomes and close the gap in the Indigenous disadvantage.*
>
> *A critical step in improving outcomes for Aboriginal and Torres Strait Islander Australians is for government agencies, service providers and contractors to engage them as valued stakeholders in the development, design, implementation, monitoring and evaluation of policies, programs, services and legislation that have an impact on them.*

Good Intentions Thwarted by Current Governance Arrangements

We recognise that it is not for want of effort or through lack of motivation by politicians and public servants that governments struggle to achieve consistent impact in remote Australia.

These prescriptions are thwarted by the demands for nationally uniform policy approaches, rigid funding cycles, departmental silos, accountability to the centre, overlapping jurisdictions in our Federal system of government, and the multiplicity of programs that all conspire to a business as usual approach within departments. This effectively precludes engagement of these essential stakeholders in the development, design, and implementation of the policies, programs services and legislation which impact on them and which cannot succeed without their willing involvement. In practice, the disjuncture between policy and practice becomes greater where administrative functions, for instance, service delivery, are being fragmented by outsourcing, and where at the same time responsibilities to plan, oversee and account for results are being 'shuffled' up and down levels of the system.

This policy over reach and administrative under reach is a significant factor in the gap between intentions and delivery of outcomes. Where problems are defined by external agencies as being 'local', this often results in local managers and organisations being constrained by a narrow degree of discretion and by contractual

arrangements that make implementers accountable for only a narrow range of outputs.

With regret we conclude that the worthy targets for Indigenous advancement referred to above will not be met unless changes occur in how government itself operates.

We urge the committee to examine the legislation with a view to seeing how it conforms to the success factors identified in many government documents more of which is set out in Appendix A. In addition it should examine the legislation against the on-the-ground capacity of government to deliver consistent long-term engaged interactions with the Northern Territory Government and individuals and communities which would in practice permit the sort of Aboriginal involvement which is a precondition of successful interventions in health education and employment.

The issue of public service capacity is critically important as is the issue of the public service finance and accountability frameworks with in which they are obliged to operate.

- There are few people in the public service who are properly trained and suitable to engage with Aboriginal people in a way which permits the bottom-up involvement in program design and delivery to be really possible.

- At the same time the Committee should examine whether there is a financial legislative and accountability framework which authorises and incentivises public servants to operate with enough autonomy and legitimacy to work effectively with communities in the way that identified successful approaches demand and which actually authorises them to act on the results of their consultations by tailoring approaches to the actual circumstances of highly diverse communities.

The foregoing is amplified in two attachments to this submission. These are extracts from one of the consultant's reports that were commissioned in association with our wider study of governance in remote Australia. Attachment A surveys recent experience of 'whole-of-government' program delivery efforts in remote communities. Attachment B explores the strategic framework within which Indigenous policy has been developed.

Of course we are not claiming that improving the governance of government by itself offers any miracle solution. What we claim rather is that this is a threshold concern – styles of governance are critical if there is to be, in the longer term, any change in the circumstances of the Indigenous peoples who live in remote Australia. Every protagonist acknowledges the depth and scale of this challenge. The exclusions and lack of opportunity that continue for Australia's Indigenous peoples diminish their life chances disproportionately and unacceptably.

Stronger Futures and Micro Economic Reform in Remote Australia

Moreover, the gains in a reconsideration of governance may not just lie in individual dignity and policy effectiveness. This can also be seen as an essential micro economic reform. What is clear in emerging policy from OECD and non OECD developing country contexts is the importance of economic policy rather than 'services' as the key policy objective in remote communities and the role of government not just in regulation of the broad macro-economic framework but as an active partner in business and livelihood with community and private sector.

In the absence of a narrative that embraces micro economic reform and establishes the national interest in remote Australia and a settlement pattern that supports that national interest, nothing is going to change and it will be difficult to sustain the objectives of the Stronger Futures legislation.

Experience in the UK is relevant[2] and demonstrates that applying more resources does not necessarily lead to improved outcomes. No analogous accounting exercise has been undertaken in Australia.

We are also profoundly aware of the challenge to existing ways that a move away from these approaches would represent. Budgetary and fiscal protocols that are at the heart of government are involved as well as departmental organisational arrangements, federal-state governance protocols and agreements and political accountability structures. But parallel systems to our own both in the UK (under the Cameron-Clegg government) and throughout the OECD and non OECD developing countries are confronting exactly analogous issues and they are devising solutions which could be considered for application to Australia.

Why not try more contextualised governance approaches though a pilot scheme in remote Australia?

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[2] In the very different context of dysfunctional UK families, and as part of the move away from siloed to more place based approaches to program delivery, its official Total Place report (Treasury and DCLG, 2009) documented the variability in total government costs associated with families in different categories. This report pointed to the gains associated with a progressive increase in family responsibility, which not only reflects that enhanced independence that is a right of citizenship but also very substantial budgetary returns:

> 'The pilots demonstrated that much current public spending was focused on consequences not the causes of complex problems. Other research demonstrated the very substantial costs (and the potential savings) in moving families from 'chaotic' (L49, 425 per child) to 'barely coping' (L6527 per child) and then to 'coping categories (L643 per child). The pilots indicated that in order to target services, the involvement of a wide range of organisations was needed to 'wrap' services around the individual. Sharing data proved to be a particular problem. For example, one Family Intervention Project involved a single case worker who helped families with multiple problems to get the help they needed. The problems encountered included crime, anti-social behaviour, attendance/behaviour problems and evictions. Treated separately, costs were estimated to be ten-times larger'.

The Test of Stronger Futures Legislation – Authority, Legitimacy and Effectiveness
The test of the proposed legislation is whether it can be delivered at every level by institutions that have authority, legitimacy and capacity to achieve the intended outcomes. If the answer to this test is that outcomes can only be achieved by more intensive centralised policy then, on our research, government policy objectives will be thwarted.

The Stronger Futures legislation provides yet more detailed prescriptions around the lives of Aboriginal people in the Territory. It is relevant to note that this is, then, an extension of the underlying approach that was utilised in the NTER. It is effectively a strategic intervention package involving vast and complex edifices of programs similar to those outlined in Attachment A.

At some point the question must be asked whether adding more and more very expensive layers of bureaucratic intervention can in the long term induce a higher level of personal responsibility and embed good governance practice in remote Australia.

This rendering of the general interest in pursuit of Stronger Futures is once again imposed through an executive short-cut – through yet another 'strategic intervention' – as a one-sized solution that substitutes for or over-rides and repudiates an array of intermediate and local level efforts to cope with governance, security and welfare challenges, in the long term adding to the graveyard of partially implemented policy solutions that we have reviewed in the remoteFOCUS project.

Can more and more restrictions result in people learning to take responsibility for themselves and their families? What is the cost of all this and how much actually flows to Aboriginal people and their communities? And importantly what benefit flows to the regional economy in order to sustain the outcomes from an investment in Stronger Futures?

There can be few more challenging issues on the present public policy agenda in Australia than the right way to advance the condition of Indigenous Australians in remote locations. Yet there can be few issues on which the immediacy of need and the determination to make a difference as quickly as possible diverts attention from the real requirements for long term social and economic change. The parable of not seeing the wood for the trees is all too apposite. The suggestions we are advancing have no apparent place on the current public agenda and it is hard to see anywhere where they can be advanced, save before this and similar committees.

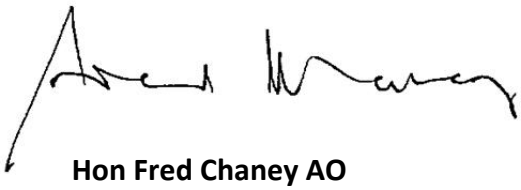
Recommendations
In summary, we urge the committee to examine the legislation with a view to seeing how it conforms to the success factors identified in many government documents (Appendix A) and against the on-the-ground capacity of government(s) to deliver consistent long-term engaged interactions with individuals and communities. Will this legislation once enacted in practice permit the sort of Aboriginal involvement which is a precondition of successful outcomes in health, education and

employment and provide micro economic reform that will support Aboriginal people in the NT to live strong, independent lives where communities, families and children are safe and healthy well into the future.

We also urge the Committee to follow this inquiry with the examination of a more fundamental question: namely, are present Government governance arrangements themselves fit-for-purpose, and how could government governance arrangements be changed so that long-term improvement in the conditions, circumstances and opportunities of remote Aboriginal and Torres Strait Islander Australians can be sustained.

We would welcome the opportunity of elaborating any of these points and of course of presenting our views in oral evidence.

Yours sincerely



Hon Fred Chaney AO
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1 February 2011

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ATTACHMENT A

Are there Structural Barriers to Whole-of-Government?

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Is it possible to design effective whole-of-government arrangements within present meta-structural constraints? The latter has become the primary framework within which Indigenous policy development and service delivery has been orchestrated. From the outset, the profound challenge that this would pose to governance was recognised. Two MAC reports (2004, 2007) described the changes in organisation and processes that were essential if whole-of-government was to work.

This included five basic imperatives:

- substantial initial cross-agency/stakeholder agreement about the broad purposes to be pursued;
- use of the outcomes budget framework to pool resources and to create appropriate accountability frameworks;
- lead-agency staff empowered with sufficient authority to manage whole-of-government settings and to lead the engagement of local stakeholders,
- empowering these same managers to engage with relevant individuals and interests;
- And finally ensure the individuals engaged in these latter roles have the appropriate networking, collaboration and entrepreneurial skills.

These are very demanding requirements. Can the development of localised authority and localised discretions be reconciled with central determination of outcomes and central budgeting and accountability arrangements? Or are devolved, whole-of-government outcomes not possible without much more radically decentralised designs?

What programs are involved? To grasp the whole-of-government challenge, a first step involves assessment of the multitude and variety of programs that ICCs are supposed to broker into local communities. In practice, they can do this by one of two means: either by brokering linkages between communities and programs; or, more demanding, by joining individual programs into a funding block funding. By

either means, ICCs are expected to achieve greater program impacts in a specific local context.

The Strategic Evaluation of Indigenous Programs (Department of Finance, 2010) offers the most recent comprehensive overview. It identified no less than 232 individual programs which in one way or another support Indigenous Australians. This report reviews these programs in the context of the various broad outcomes that the government has established.

An earlier ANAO report (2007) focused on the four primary departments - DES, DEWR, FaHCSIA, and Health. This report identifies 94 programmes, either mainstream or niche, that are relevant to Indigenous affairs. DES operates 15 Indigenous specific programs and 43 mainstream programs that have Indigenous applications; DEWR 11 Indigenous specific programs and the Job Network; FaHCSIA , 6 Indigenous specific and 6 mainstream programs; Health and Aging, 5 Indigenous specific programs and 9 mainstream programs. To add to the complexity, many of these major programs have sub components.

In a report on the Indigenous trials, Gray (2006) noted the challenge of program management as perceived on-the-ground, in this particular case from Wadeye. The trial was intended to reduce the number of individual programs that local communities need to manage. In fact in the course of the trial the number of programs applied to the community increased to 90 (p.). In another example, Dillon and Westbury list the five Commonwealth programs that could be tapped to fund natural resource management on Indigenous land: 'An important and growing policy area where in recent years scores of Indigenous ranger programs have emerged across northern Australia focused on land and resource management. Program funding in this area comes from a diverse array of agencies: the National Heritage Trust, the Indigenous Protected Areas Program, CDEP, STEP and the ABA. …Programs vary in size from hundreds of millions (for example the CDEP or ARHP) to less than half a million (for example the Indigenous Children's Program). (p 66)

With 39% of the Indigenous population under 15, education is another critical area. The same authors note the array of programs relevant here: 'The national flagship programs include the Youth Allowance and Abstudy: the former is targeted at young people studying, undertaking training for Australian apprenticeship, looking for work, or sick; the latter at Indigenous students. Over and above this FaHCSIA has four 'niche' programs which provide youth services of various kinds with a total national budget of $34.6 million and a client base of approximately 340 000 nationally. DEST has at least ten youth related Indigenous specific niche programs….the data on numbers of service providers suggests that the availability of these programs in remote Australia is very patchy…It is clear that across the national government there are a couple of hundred different programs potentially allocable to the circumstances of remote citizens. Access is a different matter entirely' (p. 67/68)

Finally, they note the bewildering array of programmes aimed at Indigenous housing: 'The existence of concurrent state and national responsibilities means that in some areas programs are duplicated by each jurisdiction. Housing is a classic example where states, territories and national governments deliver both mainstream and Indigenous housing and housing related programs, and even within the national government there are a number of separate Indigenous housing programs (CHIP/NAHS, CHIP/AACAP, FHBH) all delivering housing and essential services at the community level, along with ARHP which funds the states and territories to deliver housing at the community level' (p. 65).

The whole-of-government architecture was designed to ensure these programs are accessed by the citizens that they are intended to serve. How effective have these arrangements proven to be?

Whole-of-government administrative architecture: Since whole-of-government arrangements were introduced in 2002, there have been at least nine reviews. The first four covered the initial COAG trials and the rest subsequent developments. Seven were official or commissioned evaluations and the remainder independent academic assessments: Urbis, Keys, Young, 2006; Morgan Disney, 2006; Gray and Sanders, 2006; Gray, 2006; ANAO, 2007; KPMG 2007; Hunt, 2007; FaHCSIA, 2007; O'Flynn and Blackman, 2010). All these reviews repeat points stressed in the MAC documents, namely that whole-of-government will not work without devolution of authority, funding, accountability and coordinated organisation. They also all find continuing and unresolved administrative difficulties. It has not proved possible to reconcile centralised 'siloed' organisation and funding with devolved authority and flexible resource management.

As an introduction to these unresolved problems, consider the case of Mutitjulu, ironically the first community named in the NTER. Before whole-of-government was conceived, this community tried, over more than a decade, to obtain for itself a new style of governance (Smith, 2009?). Its efforts foundered on immovable central structures. This story starts in 1991 when the NPY Women's Council prepared a report highlighting concerns about 'controlling and caring for children'. A series of submissions and discussions followed. In 2000 the community council at Mutitjulu asked Centrelink, ATSIC and FaCS to work with it to develop a practical strategy to deal with welfare dependency and related family problems. Following a consultation, the Community Council itself proposed a Participation and Partnership Agreement. The departments did not respond. Why? 'First, the key departments would not support an "All in" community model of welfare reform and would not support linking Youth Allowance with school attendance, even though these had been specifically requested by community members…Second, Centrelink and FACS would not countenance an Indigenous community working with them to develop and implement locally-relevant breaching rules. Neither would they countenance a community organisation being provided with a delegation under the Social Security Act in order to do so…Third, entrenched inter-departmental turf wars in Canberra meant that the departments concerned were unable to negotiate a common position…And finally the Australian government was unable or unwilling to reform

the chaotic state of its departmental program funding in order to streamline the pooled funding and grant reporting arrangements that would have been required…In late June 2007, the Australian government announced that Mutitjulu would be the first community into which it activates national emergency measures. It will do so unilaterally' (p.). So far as coordination is concerned, we will see little has changed.

The findings of the various evaluations affirm that whole-of-government is confounded at the critical regional and ICC levels. The obstacles are structural not contingent. Consider the two most recent reports, one official (2008, conducted by KPMG) and the other independent (2010, conducted by academics from the ANU and the University of Canberra). The KPMG study involved a review of internal documents plus interviews with 158 Australian and state government agency staff and 35 community organisations. The following selected observations define the magnitude of the structural barriers that continue to frustrate this arrangement despite six years experience and at least eight preceding reviews:

'There is a definite trend of line agency staff presenting to communities/ organisations as representative of their agency…..Communities/organisations reported this as confusing as they do not know who to talk to or if they have to talk to all the different agencies instead of accessing services through the ICC….ICC staff and line agency staff rarely visit communities together'

'Many line agency staff were unable to provide governance and financial management assistance to organisations due to probity issues relating to assessment of funding applications…Communities advised that it was difficult for them to keep abreast of the changing policy and service delivery environment'

'ICC managers reported frustration in undertaking (their intended leadership) role. As coordinators, Managers indicated that they do not have authority to gather agency staff support….Line agencies confirmed that their staff are directly responsible to their line agency and that the ICC manager has no authority to compel or direct staff to undertake ICC work.

'Line agency staff located in ICCs commented that they experienced a tension between their program management responsibilities (i.e. the expectations of their line agency) and their responsibility to engage in what they referred to as ICC work….Conversely ICC managers reported feeling powerless in some situations as they do not have the authority to direct change.' (p. 9)

'The implementation of whole-of-government collaboration in ICCs is an area requiring significant improvements. Many of the issues that impede whole-of-government are structure and have little to do with ICC staff and management's willingness to collaborate' (p. 10)

'Overwhelmingly the consultation repeated the message that the current funding and reporting arrangements are a significant barrier to whole-of-government

collaboration…Line agencies have different program guidelines, funding rounds and delegation which do not align…Complaints were raised about the different risk assessments each line agency applies..in some cases this can result in applications undergoing up to 8 different risk assessments'

'One ICC took over 12 months to negotiate and approve an SRA which was worth under $50 000 in funding…To overcome the barrier of obtaining multiple line agency approvals…many ICCs have adopted the approach of developing smaller SRAs in terms of dollar value, number of signatures and issues to be addressed'

'A perceived barrier to reducing red tape is line agencies different program and funding guidelines….For example one agency may apply more rigorous risk assessment for applications over $100 000, while another agency's more rigorous assessment only applies to applications over $150 000.'

The findings of the University-based study (O'Flynn and Blackman, 2010) echo these conclusions albeit in more graphic terms. This study was based on 48 field interviews covering staff at ICCs, State and regional offices and in Canberra. It suggests that despite the top-down whole-of-government effort, Mutitjulu's experience has not been transcended. Their conclusion is unequivocal: 'Due to entrenched barriers, which permeate the broader public service, ICCs have been a failed experiment.'

Like KPMG, O'Flynn and Blackman identify structural failings in the basic organisational design:

- No or limited assignment of authority to the Indigenous Coordination Centre Managers,
- An ad hoc approach to the representation of departments (which meant staff were withdrawn as cost pressures emerged);
- An underinvestment in skills;
- Inconsistent operating systems.

They cite the comments of ICC managers, first on their delegations of authority:

> I could not go out and direct another person to do something in this ICC … because they're not from my agency. I could (only) ask, influence, beg (Executive Level, ICC).
>
> Whole of government doesn't work … when you've got all different agencies sitting in the one place, supposedly working together … they're supposed to be all collaborating and telling each other what they're doing … I'm telling you it doesn't work and I work in an ICC and I've been there since the day it started (Executive Level, ICC).
>
> The fact that we're co-located with [Department A] and [Department B] and a couple of [Department C's] people is just window dressing. So there's no whole

> of government activity between them ... There's no practical program [or] whole of government approach (APS Level, ICC).

The NTER Review also picked up these criticisms but this time from the perspective of the clients: 'There is extensive comment in communities about the lack of co-ordination across locally based professional staff. Between the GBMs, Community Employment Brokers and shire service managers, there is not a clear point of authority or coordination' (p.)

A second set of unresolved governance issues arose from conflicting vertical and horizontal tensions which cut across in the administration of programs: According to O'Flynn and Blackman: 'The pervasiveness of a program focus and the silos that it creates were seen as impossible to combat even in a setting where there was physical co-location and strong endorsement from Ministers and Secretaries.' The comments of ICC staff provide graphic confirmation:

> There's all these horrendous issues [in] the way we structure and design ... we're all in-house, independent silos that are not meant to really do anything more than service that particular program (Executive Level, ICC).

> It seems to me the whole of government approach is about being entrepreneurial inside the public service … [For] program managers and project managers it's not quite like that … [they] are constrained within the approaches and silos (Senior Executive Service, ICC).

> When you go from the top down to the bottom [WG] disconnects at multiple levels. It disconnects through the allocation of finances, it disconnects through the rewards for your accountabilities for your program … so all those things work against it (Senior Executive Service, National Office).

A third problematic element involved centralised decision-making. This aspiration also fell foul of more embedded administrative practices and requirements:

> The idea [was] for ICCs to have a pool of money that they could make decisions about. Well, in the great thing about being risk averse that was all centralised back in Canberra: … useless basically. It just went against the whole thing about whole of government which is about sharing, devolving, not controlling everything, but taking responsibility and it's the same pattern. And that was a bit of its undoing, in fact because it was to give people the power to do the deal on the ground (Senior Executive Service, ICC).

> There's systematic and the structural problems that everyone faces … around the funding agreements ... really inhibiting for anyone … and that certainly has happened [on] numerous occasions where … people have been able to say, "well I think we can do that" and … then going away and finding the actual delegate says, "no" … and yet you've said, "yes" … the people that are actually

> there [in ICCs] don't have ... the ability to be able to make a call that can be carried through ... (Executive Level, National Office).
>
> [In the past] you'd have a cup of tea and even if you said "no" [community members] appreciated it. Whereas now, God, they're too scared to pick up the phone. They just feel the concept of the decisions and the power over their life is just so far removed … a lot of the funding has been removed back to [the capital] … [and] not only the position but the decision making [power] (Executive Level, ICC).
>
> You cannot make a decision … You can agree and say "we'll take it up the line" but that doesn't mean squat to me ... a lot of the poor old officers who go out there every two weeks, collect notes, build relationships, but in reality it's a very long and tortuous process … (Executive Level, National Office).

Most recently, under the 2009 *National Partnership Agreements* between the Commonwealth and the States, the same broad arrangements have been extended to coordinate the delivery of programs across jurisdictions. Six agreements have already been signed and others are foreshowed in relation to native title claims arrangements, remote infrastructure and healthy food. In general, the parties also commit to 'developing a co-ordinated approach' and 'enabling initiatives to be delivered in a manner appropriate to needs in particular locations'. To oversee the arrangements, a Coordinator-General based in Canberra was appointed in 2009. This officer would 'have the authority to work across agencies to cut through bureaucratic blockages and red tape…the Coordinator –General will have direct relationship with Commonwealth Secretaries …and will work collaboratively with State and Territory officials and Ministers to achieve a unified approach' (all quotes from p.). This approach replicates on a national scale, the Commonwealth governments own whole-of-government arrangements. The ANAO report discussed earlier identified some 95 relevant programs in four departments that were potentially relevant to ICC operations. Many sub-divided into a variety of further streams. How many more might be added when the diverse array of state programs are included? In the light of the experience with ICCs, it is hard to be sanguine about the likely success of this exercise in federal-state collaboration.

Accountabilities as a structural barrier to local effectiveness: Central accountability requirements create another barrier to on-the-ground effectiveness. Take health services. In the interests of enhancing local choice and control, the Aboriginal Community Controlled Health Services (ACCHS) were established in the 1980s. Funding was later transferred to ATSIC and grants were on a yearly basis but with an expectation of continuance. The Commonwealth Department of Health assumed responsibility in 1995 and thereafter funding increased. The pattern of funding has since further evolved with most services now drawing support from several sources: a core operating grant from the Office for Aboriginal and Torres Strait Islander Health (OATSIH); state government Health Department grants; and finally by proposal driven niche funding that could include broader social purposes.

Each funding source adopts its own application process, accountability framework and priorities. In an assessment of these arrangements, Lavoie et al (2009) note: 'Analyses conducted by the Victorian Department of Health suggests that the reporting and compliance burden is disproportionate compared to that imposed on other small and medium-size funded agencies' (p. 6). For example, aboriginal agencies receiving on average $2 million were accountable for between 26-30 activities. NGOs typically received total funding of $10 million for the same array of activities. This study also found that agencies can be required to produce up to 59 separate reports for 13 programmes. This boosts transaction costs disproportionately. Further, in a small service disentangling the daily time allocation of a single staff member between varieties of programmes can be wholly artificial. Finally, a 12 month funding cycle makes the recruitment of staff precarious.

These multiple accountabilities and the associated burden of transaction costs have persisted despite having figured so strongly in other evaluations. This suggests that the requirements derive from wider structural imperatives and cannot be excised without systemic change.

Consultation and the development of social capital. Every official report since 2001 has emphasised the imperative of working with and through local communities (e.g. Commonwealth Grants Commission, 2001; ATSIC, 2003; Whole-of-Government 2004; Morgan Disney 2006; wicked problems, 2007, NTER Review 2009; Devolved Government 2009; Department of Finance, 2010; Productivity Commission, 2011). To illustrate the complexities that can arise, Edmunds (2010, p. 16) cites the negotiations over James Price Point, which involved Woodside and a proposed LNG development. Negotiations were conducted with the Kimberley Land Council, the organisation which had statutory responsibilities for consultation under the Native Title Act. The Council had secured a consensus amongst key traditional owners. But a dissident group challenged these processes. Edmunds comments: 'This is a common situation and one that traditional law could once have dealt with. However, it fits uneasily into contemporary decision making, raising a crucial question about how much, and whose consent is needed for informed consent.

If this is one dimension of the issue, another is the quixotic (from the perspective of local communities) behaviour of their governmental interlocutors. Take the NTER. This banned sales of alcohol on Aboriginal land. According to Maggie Brady, a specialist in alcohol use in Indigenous communities: 'The (political grandstanding associated with the NTER) was a little strange considering that most Aboriginal land in the Territory was already dry. There were already 107 general restricted areas, all on Aboriginal land and all in non–urban areas except for one town camp in Alice Springs…..the alcohol recommendations in the *Little Children are Sacred* report…are designed to work with and enhance the NTs existing legislative structure and that the Intervention measures unhelpfully cut across them' (2007, cited Edmunds, p. 19).

Another example involved the impact of the NTER at Wadeye, an early trial site. 'When a crisis erupted at the Wadeye trial site……the Commonwealth government

resorted to a more coercive approach characteristic of hierarchical or contract government…It has chosen not to develop housing through the legitimately elected Thamururr Regional Council, with whom it signed the COAG trial agreement thereby by-passing and potentially undermining the very Indigenous governance structure it partnered with only four years ago, and to which it remains formally committed in the NT bilateral agreement (Gibbons evidence to Senate Estimates Committee Hearing, 2007, cited in Hunt 2007, p. 167).

Smith (2007) describes the proposed governance arrangements for the West Arnhem Shire that were developed slowly and after protracted negotiations that had begun in 2004. Their purpose was to plan implementation of a new local government shire covering the entire region. Following protracted on-the-ground negotiations over three years which progressively built support amongst relevant groups and communities, a new governance structure had been settled. In 2007, the Intervention unceremoniously aborted these arrangements, leaving behind a frustrated and cynical local community.

According to the ANAO, in 2007 75% of 257 managers surveyed in the ANAO Audit responded positively to the statement 'The Indigenous Affairs Arrangements (IAAs) have encouraged consultation with Indigenous communities at the local and regional levels'. How effective were these conversations from the perspective of their interlocutors. The on-the-ground evidence is not positive. For example, in May 2010, DEEWR and FaHCSIA issued a draft Indigenous economic strategy. Submissions were invited and consultations held with Indigenous communities throughout Australia. The following are the reporter's notes on the consultations held in various remote centres in November 2010:

In Alice Springs: 'Approximately 22 (Indigenous) participants attended the workshop…People participated in both the questions and answer session and the table discussions but there was widespread criticism of the relevance of the Indigenous Economic Development Strategy to remote areas and the likelihood of anything changing on the ground…..There are no economic foundations in remote communities and this needs to be acknowledged..There was widespread criticism that the strategy was homogenising and represented an urban western model…(it) needs to respond to the different circumstances, opportunities, economies and drivers in remote regional areas..There are so many economic strategies around that people are blasé about "just another plan"..The gap between the strategy and what is happening on the ground is very wide..There is a different sort of economy operating in remote areas. It's not just a matter of transferring these into real jobs, they are real jobs but not recognised as such.'

In Broome: ' Indigenous people need to be heard..this has not happened in the past and this is being repeated in the current process: not enough time….and doubt as to whether the draft strategy will properly take account of the feedback..The current ranger program should be expanded. It has been successful in raising confidence and helping people become work ready.'

In Cairns: 'Many participants said that over the decades they had participated in similar discussions with Government and had raised the same issues….There was obvious frustration with the focus of this consultation…the Mayor of Yarrabah led a symbolic walkout at 2pm underlying the level of frustration at the meeting…The strategy was seen as meaningless without a means of implementing it through planning at the community level and there was scepticism that anything would change on the ground..There is a need to open up communication between government departments.'

In Port Lincoln: 'There was a high level of scepticism regarding the draft Strategy as participants note that consecutive governments had consulted on similar policies in the past without any noticeable achievements to date…Government (should) be held accountable for not following through its own recommendations in the area of Indigenous economic development in the past ..The one-size-fits-all approach is inappropriate – there is a need for regional level planning including local employers and business. Local communities both Indigenous and non-Indigenous need to work together to achieve solution'

`In Karratha: 'Real engagement means listening to Indigenous people and not just telling them…it is difficult to engage with government…..previous feedback for policy development over the years has been ignored. There is no apparent correlation between what the Australian government proposes and what Indigenous people want. A place-based approach is needed. Different communities have different needs and opportunities'

The funding framework: At a material level, W H Stanner's indictment of the 'great Australian silence' about Indigenous Australians is reflected in an accumulation of deficits which dog present programs: 'The list would include in no particular order, the pre-existing failure of educational outcomes, which lead to a largely non-literate Indigenous citizenry, extreme housing shortages for personnel required to deliver government funded programmes and service across remote Australia; poor law enforcement and less than optimal levels of intellectual capital within government agencies relevant to remote service delivery……The combined absence of social and physical infrastructure means that there is nothing for governments to graft mainstream services onto as happens elsewhere. Government appear to discount or underestimate the importance of a pre-existing network of social, physical governance and business infrastructure…(Dillon and Westbury. p. 59).

One important source of equality in services for Australians is the periodic determinations of the Commonwealth Grants Commission (CGC). Via complex metrics, the CGC attempts to equalise funding for service provision around Australia. But there are several problems. First, determinations are based on average or mainstream needs. There are no special provisions or allowances for remedying acute backlogs such as those that exist in remote Australia. These were comprehensively documented by the CGC in its 2001 report (cited previously).

Second, while the Commission grants money on the basis of an assessment of needs in particular areas like housing, transport etc, there is no requirement for governments to spend their allocations in these areas. On the contrary. The States and Territories are free to spend the sums as they choose. On the contrary, the Commonwealth has 'defended the practice of making untied general purpose grants to (the states and local government) in recognition of their status as independent-elected democratic spheres of government. The fact that allocation of these grants was determined through an exercise which made reference to Aborigines in the measurement of disability factors in order to achieve some degree of fiscal equalisation….was clearly regarded as of secondary importance to the principle of general purpose funding' (Sanders, quoted Rowse, 2002). In addition, the Commonwealth operates a substantial number of special or supplementary programs. The States and Territories may use the existence of special Commonwealth programs as a ground for reducing their own allocations to Indigenous services.

There is now no aggregate assessment of the needs of remote Australia and no mechanism to check that total allocated funds match the rhetoric and proclaimed intentions of governments.

Take the Northern Territory CGC allocation. According to a NT Council of Social Services analysis, in 2009 twenty-five per cent of the total $4 billion budget came in special purpose payments from Canberra, mostly for Indigenous services. A further 55% represented a GST allocation by the CGC. The report demonstrates that in 2006-07 the Darwin government underspent its CGC allocation by $542 million across a range of key social welfare indicators. This represented no less than 42% of the total CGC allocation (NTCOSS, October 2008; see also *The Australian*, 24 October 2009). The NTCOSS report commented: 'The spending priorities of the NT government exacerbate the differences in measures and senses of equality for low-income and disadvantaged people thereby contributing to the reduced life expectancy, poor health, violence and other differences that they are intended to address'.

Another issue concerns allocations to local government. These are determined on a per capita basis. 'The bizarre result is that jurisdictions like the Northern Territory with one sixth of the Australian land mass receive less in local government assistance than is notionally allocated to the population of Geelong' (Dillon and Westbury, p. 188).

A dedicated and periodic CGC review of remote Australia needs and circumstances would seem to be a prime requirement. The data collected for the Expenditure assessments (noted earlier) could provide a basis for such analyses.

Whole-of-government policy development - a case study of CDEP: Whole-of-government is difficult to achieve not just in on-the-ground delivery, but also in processes of cross-departmental policy development. Despite its popularity and considerable impact in remote Australia, at the same time as it is promulgating

ambitious employment targets, the government is also curtailing CDEP. At its peak, CDEP engaged some 40 000 people. 'From 2005, CDEP has been systematically dismantled…..without much evidence, CDEP is being blamed for cost shifting by governments and for poor mainstream employment outcomes….as CDEP is dismantled people will be given the choice of mainstream work or welfare, on the proviso that work might require migration from home communities…This policy change fails to recognise Indigenous aspirations, cultures and life projects' (Altman, 2009; also Sanders,).

Seized by budgetary concerns and a larger paradigm concerning the need to enhance pressures on unemployed people to seek work, the specific situation of citizens in remote Australia has seemingly received short shrift. What is to be done in remote communities where there is zero conventional economic infrastructure? For example, to illustrate the effectiveness of CDEP, Altman describes the experience of the Kuninjku community in west Arnhem Land: 'For the majority of Aboriginal people in remote community's migration away from ancestral lands..and from extended kin networks will be neither an aspiration nor a solution. This in turn suggests that key institutions like CDEP that are currently being dismantled will need to be retained' (2009, p.). He notes the specific contributions of CDEP to the Kuninjku economy: harvesting game for local consumption; producing art for sale in the national and global arts markets; being employed in paid provision of environmental services.

A review of CDEP by the Department of Finance in 2009 (Finance, 2009) found that the scheme had very limited success in fulfilling its work readiness charter and that it was almost impossible to assess its community development contribution. It also noted these goals are likely to conflict. By contrast, Jon Altman (2011) observes: 'The Australian government (is committed) to radically reform the CDEP because it is erroneously and negatively perceived to hamper engagement with the mainstream labour market rather than positively as an enabler of remote livelihood possibilities in the hybrid economy. It is after all the highly variable interactions between customary, state and market sectors of hybrid economies from place to place that give them distinction and potential comparative advantage'. These perspectives played no role in the formal assessments.

The changes to the CDEP scheme in the NT also indicate the difficulties government faces in managing policy development on a whole-of-government basis. The acute problems recently experienced in town camps may be in part a consequence of reductions in CDEP employment. This displaced population from outstations and other settlements. This was the intended result. The scheme was run down without town camp capacities being augmented. Moreover, there was no development of new town-based employment opportunities and no or little opportunity for mainstream employment, despite the promise in the COAG charter to narrow substantially the job gap.

Finally, the governance requirements for CDEP have been criticised for a want of cultural appropriateness: 'A number of developments in the CDEP program may be

viewed as quite deliberately coercive and, occasionally, quite unrealistic by the Aboriginal organisations involved. They may fundamentally change an Aboriginal organisation's relationship to its community members. These include requirements that no more than 50% of the Board should be CDEP participants, supervisors or managers. In some remote areas almost all of the able-bodied adult population is on CDEP, making this requirement impossible to meet without changing the very nature of the organisation. Programs also have to meet DEWR-determined targets for placement of CDEP participants in non-CDEP jobs…which in some contexts is almost impossible' (Hunt, 2007, p. 159).

The *Indigenous Economic Development Strategy 2011-2018*, released in November 2011 seems to sideline the potential of hybrid economic activities as a likely source of employment in remote locations. It declares that the source of primary opportunity in remote locations lies in the existing labour market and in 'removing barriers to genuine commercial ventures' (p. 16). Later it gestures to green economy opportunities: 'As investment in clean energy sources such as solar, gas and wind increases, the growth of the clean energy sector will also provide many new opportunities. Through the Indigenous Carbon Farming Fund ..the Australian government will support Indigenous Australians to take up opportunities in carbon abatement activities. This may include savanna fire management, feral camel management and environmental planting…..Indigenous Protected Areas, while delivering significant environmental benefits, will also support economic endeavours such as ecotourism' (p. 17).

Conclusion: The Indigenous Clearing House in FaHCSIA maintains a register which records current, pending and past evaluation studies. There are currently 572 entries. Taking recent and pending years, 128 refer to studies due in 2010, 63 to studies due in 2012 and 121 studies have no precise date attached to them. These seem an extraordinary number. The sector is being heavily researched. The ANAO has three pending program studies, all due in 2011. However, not one study involves the effectiveness of the government's own governance. Indeed, as noted earlier, the major comprehensive overview of this policy area concluded that 'on balance' present uses were due more to the complexity of the area than to failures of governance (Department of Finance, 2010). The evidence reviewed here suggests this finding is at odds with the facts.

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ATTACHMENT B

Framing the Remote Australia Challenge: What Narratives and Contexts are Pertinent?

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Centralised and top-down approaches currently dominate Australian policy thinking, despite the many gestures to more joined-up approaches and to the engagement of local communities. Moreover, most policy discussion about remote Australia focuses only on the circumstances of Indigenous Australians. Both these propositions are questionable. Also questionable is a key finding of the Department of Finance Strategy Review (February 2010) which represents the most recent comprehensive assessment of government programs. According to this review, the basic challenge in Indigenous Affairs is one of delivery (p. 298). This present report reaches a wholly contrary conclusion. It suggests the basic challenge is strategic and conceptual. The basic challenge concerns the basic paradigm through police design is conceived. This is fundamentally a question of strategy. How well equipped is the policy system for such a conversation?

This issue is explored in the following sections. The first section discusses the framework and approach currently adopted to develop overall strategies. A second section looks at the NTER not as it was politically constructed (as an appropriate response to a 'crisis'), but rather as symptomatic of failed governance capabilities at the strategic or agenda entry or paradigm end of the policy cycle. The third section asks if the governance pathologies evident in remote Australia are like those that have caused failed states. A final section explores the platforms that might mediate a richer strategic conversation.

The present strategic framework

The most recent comprehensive statement of strategy was embodied in the 2008 COAG agreement on closing the gap in outcomes for Indigenous Australians. It is worth restating the six ambitious targets that were endorsed:

- Closing the gap in life expectancy within a generation
- Halving the gap in mortality rates for indigenous children under five within a decade
- Ensuring all indigenous four year olds in remote communities have access to early childhood education within five years

- Halving the gap for Indigenous students in reading, writing and numeracy within a decade.
- Halving the gap for Indigenous students in Year 12 attainment or equivalent attainment rates by 2020
- Halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

The supporting notes underline the magnitude of the challenge. For example the gap in life expectancy is to be closed within 25 years. 'This equates to an annual improvement in life expectancy of 0.5 years for males and 0.4 years for females…Gains of this magnitude have taken around 60 years to achieve in the Australian population as a whole' (Intergovernmental Agreement on Federal Financial relations, p. G-84). On employment too, Altman shows that the espoused goals are deeply problematic. 'Research shows that between 1996 and 2006 less that 50 000 new jobs were created for Indigenous Australians. To halve the employment gap by 2016 will require between 71 000 and 106 000 new jobs, an extremely ambitious target given that only about 140 000 indigenous people are currently employed. There are enormous variations in projected indigenous jobs required depending on the region of residence…The chance of finding mainstream employment in remote Australia is limited owing to geographic isolation' (p.8). In the absence of employment, 'closing gaps and ending disadvantage' is a mischievous fiction. Altman notes dryly: 'Goals expressed in such statistical terms become somewhat rhetorical and hollow if they are not matched by effective policy action or analysis of the causes of socio-economic difference, and if such goals do not reflect indigenous aspirations' (p. 6).

Further detailed discussion of the problematic nature of these goals is to be found in the *Strategic Review of Indigenous Expenditure* (Department of Finance, February, 2011). This is particularly relevant to schooling where 'even by year 3 at school (average age 8), a very large gap has been established between the learning outcomes achieved by indigenous and non-Indigenous students…The size of the gap varies widely by jurisdiction and location..it is widest in the Northern Territory in some remote schools no indigenous students meet national minimum standards' (p. 98). In relation to health, this report comments: 'Clearly achieving the COAG targets for indigenous life expectancy will be a major challenge with some commentators already labelling the target "aspirational"' (p. 132). A report *Aspirations versus reality: closing the gap by 2030*, W Hoy, *Medical Journal of Australia*, May 2009, is cited.[3] In relation to economic participation, the whole burden is referred to the

[3] A paper issued by the *Closing the gap clearinghouse* indicated the gaps in basic knowledge that constrain program design in early childhood and pre-school educational services: 'What we don't know –1. How to significantly increase the early childhood Indigenous work force; to train and support Indigenous workers who will remain in their communities; and to build structures to enable Indigenous workers to develop a career path. 2. How to develop unique Indigenous services for Indigenous families rather than rely on models developed for and tested with non-Indigenous groups 3. How to increase trust of Indigenous families in mainstream services and non-Indigenous staff 4. How to best deliver programs to Indigenous organisations and their children in the various Australian contexts, including across geography and sub-cultueres 5. How to create the funding and management structures to operate truly integrated services' Margaret Sims, *Resource Sheet No. 7*, May 2011).

Indigenous Economic Development Strategy which will be discussed later. However the Finance paper notes that to meet the stated target an extraordinary 100 000 jobs would need to be created over a single decade.

The Discussion Paper issued in conjunction with the government's Indigenous Economic Strategy, gives no indication that government is contemplating an active role. Yet short of that, change in employment outcomes seems unlikely. Similarly, in relation to housing and home ownership, the report documents the daunting obstacles both legal and administrative to the realisation of targets. Finally, the Department of Finance review implies that the seven nominated major gap areas omit some important policy areas: for example, it suggests the development of an additional policy segment covering Youth at Risk

Nor are these the first attempt to spell out ambitious goals. In 1983, the Hawke government declared a new beginning as did Prime Minister Keating (1992) and the Howard government in 1996. For example, in 1987 the Hawke government committed itself to achieving equality between Indigenous and other Australians in employment, education and income by 2000. Needless to say, this was not achieved. In 1998 Prime Minister Howard declared 'practical reconciliation' would reduce disadvantage in health, housing, education and employment and outcomes were subsequently endorsed by COAG. The PC was subsequently commissioned to report on a biennial basis with comprehensive reports from 2003. The Howard government did not commit to specific targets until 2007 when it declared the gaps for the Indigenous community in the Northern Territory would be closed in five years (surveyed in Altman, 2009).

Others have questioned the conceptual foundations of the 'closing the gaps' (CTG) strategy. Altman (2010) notes that CTG was tried and failed in New Zealand, where it was finally abandoned in the mid 1990s. More deeply, this 'modernisation' frame presumes that this is what Indigenous Australians would themselves want. But they were never asked or consulted. It also overlooks other frames that might surround the enterprise of Indigenous development with a much more complex narrative, and which might better communicate the challenge to a broader public. The possibilities are naturally contested. But if not widely debated there is little possibility of generating appropriate support in the relevant policy community, much less in the wider society.

Take economic development and employment. The government released a draft *Indigenous Economic Development Strategy* in 2010. There was a subsequent call for written submissions and some 95 were received. A final policy statement was released in November 2011. Divergences in approach are striking. For example, the draft itself and the submissions by Helen Hughes and Gary Johns all march in a 'modernising' direction, with the latter two more committed to uncompromising assimilationist conceptions and measures. Other submissions suggest approaches that are more accommodating of cultural difference and the opportunities that might be imminent within Indigenous communities themselves. Several refer to the 1984 Miller report as still the most comprehensive and relevant

treatment of the issue, yet it is not cited in the present draft. Others argue Indigenous cultural practices and norms, which undercut the impact of developmental programmes, need to be confronted (Sullivan, 2007; Sutton, 2001). Some submissions support an approach based around mutual responsibility but administered in conjunction with relevant communities. For example, Janet Hunt (2010) questions the implicit individualism of the draft strategy. She observes: 'Those communities that are making progress with economic development across Australia have developed strong, culturally legitimate and effective governance. They have collectively developed a vision about what they want to achieve and then have developed locally-relevant strategies and programs to achieve it' She cites ten specific examples of successful action which reflect these principles.

The final statement of government policy, released in November 2011, (*Indigenous Economic Development Strategy 2011-2018)* sidelines the potential of hybrid economic activities. On the contrary, it declares that the primary opportunity in remote locations lies in the existing labour market and in 'removing barriers to genuine commercial ventures' (p. 16). Later it gestures to green economy opportunities: 'As investment in clean energy sources such as solar, gas and wind increases, the growth of the clean energy sector will also provide many new opportunities. Through the Indigenous Carbon Farming Fund ..the Australian government will support Indigenous Australians to take up opportunities in carbon abatement activities. This may include savanna fire management, feral camel management and environmental planting…..Indigenous Protected Areas, while delivering significant environmental benefits, will also support economic endeavours such as ecotourism' (p. 17).

This document underlines the primary theme of this study, namely that wholly top-down government is itself a threshold contributor to policy failure. Dillon and Westbury have succinctly summarised this failing: 'Because it looks to mainstream solutions to deeply entrenched non-mainstream problems…(centralised governance fails to) recognise the sheer diversity of contemporary indigenous circumstance…Unless we get beyond 'closing the gap' the next phase in indigenous policy making and program investments is as "destined to fail" as previous approaches' (2007, p. 1).

Returning to more general processes of strategic policy development, Altman asks why the Australian State is not engaging more deeply with these strategic alternatives. Perhaps one answer lies in the approach adopted for development of the Indigenous Economic Strategy, which reflects the standard assumptions about strategic policy development in Australian public administration. In May 2010, the responsible departments, FaHCSIA and DEWR, issued a discussion paper. They called for written submissions and attracted some 95 responses. In the *Australian Policy Handbook* (2007), Bridgman and Davis discuss the varied forms of consultation. Their consultation ladder consists of eight steps - in ascending order of depth of participation, exchange and transparency. The present approach – release of a discussion paper and a call for written responses - stands at the second lowest level, only one up from sharing information. This is hardly a process designed to illumine

strategic options and choices, to uncover implicit premises and frameworks and to promote dialogue and, if possible, consensus. Altman himself suggests a parliamentary committee enquiry (p.).

A variety of other issues that create strategic needs and circumstances in remote Australia quite different from those that operates in urban and regional Australia. For example, whereas aging is the primary issue for non-Indigenous Australia, the opposite is the case in remote Australia. 'In remote Australia the population is both extremely youthful and highly mobile. The high numbers of young indigenous citizens place new pressures on government service delivery but (also) place extraordinary pressures on social cohesion within societies whose traditional structures are under attack from without and whose legitimacy is under constant pressure….In this environment government programs need themselves to be specifically designed for delivery to a mobile client base. Very few programmes meet this benchmark' (Dillon and Westbury, p. 58).

Another is the connection between indigenous and non-indigenous communities. 'The geographic and demographic inter-penetration of Indigenous and non-indigenous populations (means that) it will be more and more difficult for governments to separately focus on indigenous or non-indigenous citizenry' (Dillon and Westbury, p. 58).

A third issue concerns the varied bases of economic opportunity in each of the fifteen regions of remote Australia. To take only the Pilbara, already around $90 billion of new private investment has been committed. The resources boom will touch all Australians. Yet there is now no official governmental paper which pulls together relevant economic and social considerations or discusses the implications for remote Australia, much less the community more generally. So far as the pastoral industry is concerned, recent reports suggest not only that its future is clouded but also that a new economic activity, carbon farming, may constitute the base for a widespread economic renaissance (Rothwell, 2011; Henbury Conservation project, 2011). In other regions (such as Central Australia) government is itself the principal generator of the local economy, an issue which deserves more detailed consideration.

Settlement and Housing Patterns.

Take two basic strategic issues, housing provision and settlement patterns. These have been identified as contributors to the current malaise. The early settlements were originally ration points and mission posts established as convenient staging points away from major centres or in support of the pastoral industry.

Over the past 30 years culture and land attachment have driven development of more than 1000 new settlements including some established as a retreat from the dysfunction of larger settlements where forced co-location of different groups was unwieldy. Under today's conditions this re-engagement with significant country

through the outstation and homeland movement has been questioned on grounds of viability.[4]

This settlement pattern driven by cultural attachment is now problematic because Indigenous culture is seen to not support increased engagement in the mainstream and in the view of some has helped create the social dysfunction evident in many communities. [5] Further the nature of the land holding is seen as problematic by those seeking to use conventional models of Indigenous economic development.

The present approach assumes most settlements are unviable but that resources are best focused in a series of 26 hub towns (e.g. Department of Finance, 2010, p. 72). A combination of policies that aims to move Indigenous people up the settlement hierarchy from outstations to townships and now from townships to mainstream urban employment could see urban migration at an unprecedented level. Take the Northern Territory. Even before the emergency measures were announced, it was estimated that if the Alice Springs hinterland was emptied of Indigenous people living on their traditional lands, the Indigenous share of the Alice Springs population could increase from 20 per cent to about 50 per cent. This is obviously a statistical extreme, but if the full suite of commonwealth policy is taken at face value, and is effective, then this could be the outcome. Negative social cohesion impacts from relocation would make Alice springs a very different sort of town. [6]

A reflection on settlement practice suggests that they survive and thrive when they are associated with a significant economic resource or have a market adjacent to them. Moreover, issues of water, energy, resources, skills, markets, transport and services, etc are relevant factors in resilience of settlements.

If culture and land are seen as necessary but not sufficient factors in settlement viability into the future then more time needs to be spent examining what might form the economic base for the dispersed network of settlements across Australia.

Meantime, it is difficult to see how employment opportunities will be found should people abandon their communities and move to town. The social trauma and dysfunction currently faced by people is unlikely to be relieved by creating a series of fringe settlements or new suburbs around Darwin, Alice Springs, Cairns, Kalgoorlie, Mt Isa, Broome and Kununurra. In sum, sustainability will be greatly enhanced if there is a clearer agenda for investment and development of the settlements across remote Australia.

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[4] Walker, Bruce, Doug Porter and Mark Stafford Smith, 'Investing in the Outback: A Framework of Indigenous Development within Australia,' *Dialogue* 28, 2/2009, Journal of the Academy of Social Sciences, p.25

[5] Sutton,P., *'The Politics of Suffering: Indigenous Policy in Australia Since the Seventies'*, Inaugural Berndt Foundation Biennial Lecture given at the annual conference of the Australian Anthropological Society, University of Western Australia, on 23 September 2000.
Kunoth-Monks, R., *'Land and Culture: Necessary but not Sufficient for the Future'*. Identity in the 21st Century, presentation to Desert Knowledge Symposium, November 2006, Alice Springs

[6] Taylor and Altman – The Australian 11th July 2007

Moreover, until it is possible to understand and define a settlement pattern that is in the national interest it is difficult to invest in housing with confidence. There has been much discussion around Indigenous housing and the cost of construction and the short lifecycles of these investments in existing settlements. The NT Government estimates required expenditure of $1.6 billion on some 4000 houses in the NT. In the absence of a strategic rationale for the investment beyond providing accommodation for Indigenous people this could further contribute to misalignment between location and opportunity. Housing rather needs to be positioned in a wider regional development context with investment decisions made around the capacity of the industry to deliver and the capacity of the users to manage and sustain the service they obtain through the house. This requires a shift from a primary focus on normalising services and minimising disadvantage to a process that is principally driven by investment potential in a regional economy.

Home ownership and individual land holding only make sense if there is a reasonable prospect of the owner having an income source that is commensurate with the nature of the investment made. According to Stafford-Smith: "The truth is that people can choose to make almost any scale of settlement and remoteness work if they are prepared to adjust their aspirations and take on an appropriate service delivery model (probably involving a great deal of self-reliance)".[7] For example, most pastoralists provide their own power and water and rubbish management services, and accept greatly increased health risks in exchange for their lifestyles. Likewise, some older Aboriginal people even today would rather live in subserviced humpies on their country than in (admittedly crowded and dilapidated) housing with water and power in town (e.g. Amnesty International, 2011).

Such a position requires Government to rethink how it applies some basic equity principles that don't necessarily result in the statistical equality that comes with policies of practical reconciliation and mainstreaming[8]. It also challenges local communities to fully understand the reality of their expectations or the politicisation of their inequality by external interests.

The NTER as evidence of governance failure:

In a governance perspective, the NTER represented systemic failure. Why? Starting from 1991, at least seven reports had explicitly noted the presence and degree of sex abuse - but nothing happening. To take only the more recent past. In June 2004, COAG adopted two documents one covering the delivery of indigenous services and the other a 'national framework for preventing family violence and child abuse in indigenous communities'.[9] In June 2006, a Summit on domestic violence and child

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[7] Stafford Smith, M and Moran,M., 'The Community – Settlement nexus – drivers of viability and resilience in remote areas of desert Australia.' (in develoment),p18

8 Peterson, op cit,p13

[9] COAG Communiqué 25June 2004, available at http://www.coag.gov.au/meetings/250604/index.htm#attatchments.

abuse in indigenous communities was convened. This included representatives of state and federal governments. The participants agreed to examine a range of proposals, including 'a greater role for a network of Aboriginal seniors'.[10] These recommendations were discussed at a COAG meeting in July. In December, the federal minister released his blueprint for action whose three key points were the same as those announced in May 2004: early childhood intervention, safer communities, and building an entrepreneurial culture.

In June 2007, five months before an anticipated election, the report, *Little Children are Sacred*, was published. It documented distressing levels of child sexual abuse. Its release was accompanied by much media fanfare. Six days later the federal government announced its emergency intervention.[11] The intervention itself extended well beyond the recommendations of the enquiry (Anderson, 29 June 2007).[12] As noted earlier, this response effectively repudiated processes and approaches that had been unfolding over the previous seven years.

Should the policy system have registered the scale of the challenge earlier? Why did it take seven years after the promulgation of 'practical reconciliation' to identify the scale of a problem that was acknowledged to be long standing? Did the national government policy system have earlier intelligence? The answer is a resounding yes. As far back as 1999 a report entitled Violence in Indigenous Communities had been prepared for the Department of Aboriginal Affairs by Dr Paul Memmott.[13] This was released publicly in 2001, a delay of two years after its completion. The report offered a no-holds-barred assessment of the scale of the problem. It emphasised the prevalence of sexual abuse and the inadequacy of existing responses. It had no impact on policy. The government did not seek to seed a wider discussion about options.

In November 2001, the Queensland government released a report on problems in indigenous communities in the Cape York area.[14] This effectively repeated the Memmot findings, and in equally unequivocal terms. In 2002, the Western Australian government also released a report on sexual abuse in Western Australian communities (The Gordon Report, 31 July 2002). The COAG process cited above unfolded with these reports available. In 2003, the indigenous leader Mick Dodson spoke forcefully at the National Press Club about violence, alcoholism and sexual abuse.[15] Nothing happened. The Ministerial Task Force established in 2004 had all these findings available to inform its deliberations, but they had no apparent impact. Finally, as noted above, an inter-governmental summit on violence and child abuse was held in 2006. This pointed to the cost and blame shifting that

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[10] Larissa Behrendtt, Indigenous Policy: law and order is only part of the solution, Australian Policy Online, 3 July 2006, accessed at www.apo.org.au
[11] See FaCSIA media release 21 June 2007
[12] Accessed at www.apo.org.au/webboard/print-version.chtml.filename_num=161613
[13] Memmott, P. et al. Violence in Indigenous communities (2001), Attorney-General's Department, Canberra.
[14] Fitzgerald, J., *Cape York Justice Study* (2001), p. 60. available at http://www.communities.qld.gov.au/community/publications/capeyork.html
[15] Sydney Morning Herald, 30 June 2007, p. 35.

characterised federal-territory and state relations. Again, nothing substantive happened. Despite its declared leadership role, the national government failed to treat sexual abuse as a priority issue.

Another example of a governance problem that the policy system has not properly highlighted is turnover. Peter Sutton (2001, p.) notes the profound dilemmas associated with short term assignments of public servants to indigenous communities. Writing in 2008, Prout provides a specific example in education, which suggests that the problem persists: 'Despite the clear finding that one of the most significant facilitators of academic achievement for Aboriginal students is their relationship with teachers…..At Meekatharra District High School..there have been 15 principals in the last nine years. Almost the entire school staff turns over every one or two years. Most of the nursing staff turnover regularly every few months' Prout, 2008, p. 23, 24)

Why was the political system unable to register compelling evidence of a policy need? Executive preoccupations are surely part of the answer. For at least half of this period executive preoccupations with symbolic and representational issues trumped attention to policy needs. Further, despite its declared aims, the severity of the problem was never acknowledged in the practical reconciliation process. But this was not because intelligence was unavailable. It was, presumably, an inconvenient truth. Ultimately, the problem is structural. There was no capacity to seed public discussion of a highly sensitive issue. There were no access points where concerns could register authoritatively.

Is remote Australia a failed state?

Through his articles over many years, Nicholas Rothwell has offered witness to the daily circumstances of many of Australia's Indigenous peoples. Far from the taken-for-granted urban experience of most, Rothwell records conditions of life that are, in another rendering, 'mean, nasty, brutish and short'. Recalling Hobbes vision of the state of nature is a reminder of the curse that created this malady: corrupted governance. And of a further consideration - Hobbes' remedy begins with an act of consent. The Australian state is far from *Leviathan* – but in his record of conditions in Alice Springs, the Kimberley's, Kununurra and Halls Creek, Rothwell's unsentimental eyes register circumstances and situations that are bleak, heart-rending and unchanging - despite repeated governmental promises over many decades (e.g. *The Australian*, 24 October 2009, 30th April 2010). Noel Pearson has written eloquently of similar developments in his own community (2007). These destructive outcomes are not of course the whole story. But they are disturbingly pervasive.

The NTER exactly parallels the response used by the Federal Government to address the failed states of the South Pacific where police have been used to stabilise acute social disturbance.

These responses have three main aspects:[16]

> i) security/policing, in order to re-create the primary public good of peace, order and stability.
>
> ii) executive solutions, that is, effective ceding by the state of executive authority to foreign control/influence (over typically, budget making and spending, audit and interdiction) in return for concessions (aid, trade and other benefits), Elected representational political processes play a second fiddle to executive solutions.
>
> iii) 'community solutions'- the usual raft of AusAID-type community based water, health, and education projects. Problems are seen as 'community/local' issues (not as the product of the society's geopolitical or trade position on the periphery of the global economy, history of violence and poverty, etc), for which there are few 'community solutions'.

The political and administrative elements of this approach include:

- Creating direct relations between the highest level of authoritative governance and local recipients regarded as 'risky' or 'at risk' (in the NT case directly linking the federal government and the children in risky places).
- Sidelining intermediating agencies (e.g. introduce tent clinics to usurp the community controlled health services next door)
- Creating systems of surveillance and contractualised accountability in which recipients respond to the policy priorities of central authorities (e.g. through income management)
- Using hard-edged 'command' and 'control' systems to intervene, to cut away all the other messy arrangements, and make it easy to access land (e.g. use the army to resolve logistic matters and directly lease parcels of land).
- Expressing high level policies as directly measurable outputs (e.g. number of children checked, decrease in outbreaks of violence, or number of sexually transmitted diseases).

In various ways these arrangements require failed state or local authorities to cede executive sovereignty – for policing, economic governance, fiduciary oversight – to external agencies. The situation is normalised so that services and aid targeted at poverty reduction can be delivered.

This mode of response improves direct security and can quickly channel large volumes of resources for popular services into peripheral places. It is highly desired by community members who want relief and it places executive staff in control of local institutions with direct lines of accountability to the central government. It puts kids in school, delivers additional primary health care, gets infrastructure built

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[16] Walker, Bruce, Doug Porter and Mark Stafford Smith, August 2008, *Investing in the Outback: A Framework of Indigenous Development within Australia*, Submission to the Northern Territory Emergency Response Review Board

and sets off a round of small and relatively inconsequential income generating projects.

Yet these conditions have little to do with the personalised welfare dependency that is the root cause of the current malaise.

Conclusion:

This section has ranged across the strategic context of policy. Several conclusions are clear.

First, imposed crisis responses breach every rule of governance that Australian governments have themselves promulgated. They also reflect a policy development system that lacks adequate structural capability. Yet in no area of public policy is the need for a rich and diverse and sometimes confronting conversation more essential. At a conceptual level, the NTER signified policy failure accumulated over many years. It parsed the problem of sexual abuse in wholly individual and local terms. It legitimised action through the metaphor of 'emergency'. Whilst this may have been helpful as a galvanising device, this obscured systemic governance failings – indeed deflected attention from this fact.

A second conclusion concerns the inter-dependence between indigenous and non-indigenous communities in any particular location. No where is this better illustrated than in the case of the Pilbara. It is impossible to separate in any substantial way the interests of the major stakeholders. Their interdependence is clear. But the complexity of the challenge of framing workable governance arrangements is no less clear. In the face of the massive economic and social pressures that are emerging and converging, this presents a considerable imaginative challenge. There are few precedents. The emergent pressures need to be absorbed and assimilated over a short decade. If there is to be a reasonable prospect of adaptive change that works for all the stakeholders now is the time to act. Moreover, given the scale of the challenge, nothing short of radical action is required.

Are the processes for framing strategic governance reviewed here appropriate for the complex issues associated with remote Australia? The answer seems clear. This is no way to advance or resolve such fundamental debates. The underlying strategy questions remain unresolved and largely unaired outside specialist circles, which are largely isolated from each other. If the object is prudent public policy, there could be no area with greater need for wide deliberative engagement. In other words, there is not only a delivery and local engagement gap - but also a profound systemic gap covering the development of strategies for remote Australia.