

# Little Fish



## The Northern Territory Government's Indigenous Economic Forum - 2003

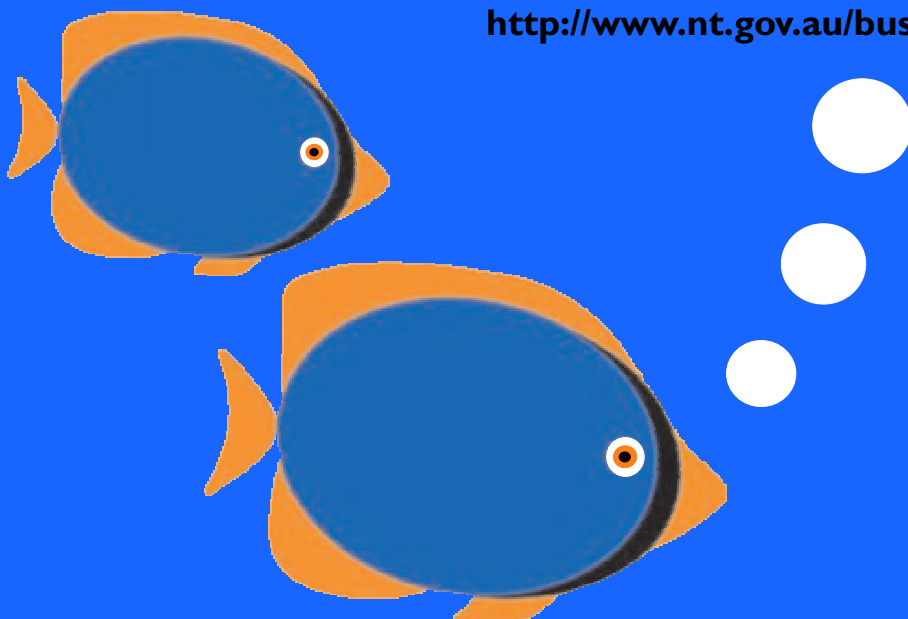
Presentation  
By Little Fish CEO  
Hugh Lovesy

# Building On Sand

Without clear information there can be no good decision making.  
Without good grass roots decision making the effectiveness  
of government funding will remain low.

[www.indigenousforums.nt.gov.au/](http://www.indigenousforums.nt.gov.au/)

<http://www.nt.gov.au/business/services.cfm?cat5id=96>



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## Summary

The most useful thing that Pangaea can contribute to this conference is to go beyond our particular case studies and put forward what we have come to see as overarching issues that are critical for the future economic development of indigenous people in the Northern Territory. In fact, we believe that these ideas can be applied worldwide and apply to many groups in mainstream society. Our ideas are derived from long *practical* experience.

Political will and favourable strategic frameworks are important determinants of empowerment and economic advancement. However, in our desire to get things moving we have not paid enough attention to supporting and nurturing **real and genuine decision making at the grass roots level**. Without it, how can indigenous organizations and communities, **as a whole**, move away from being dependent? This goes far beyond the minority who sit on boards.

Good decision-making requires the presentation of information in a clear, concise and appropriate format that is accessible *for everyone, especially those outside of the immediate decision making process*. Developing an understanding of finances is a key component of this genuine decision-making. Without it capacity building programs are building on sand, because they leave the core area of power untouched. Without money there would be no organization to work with!!

Currently management support is treated as a peripheral. In future, if programs are to achieve the outcomes that are intended, then developing capacity to understand and manage finances needs to be **the foundation of every program. It is vital that the government takes decisive steps to ensure that departmental structures are changed to support this sort of capacity building**.

Finally, we present 2 typical case studies which show the practical results of our work. – 1 in depth, 1 brief. We would like to present more but there is neither the time nor the space.

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I am going to start with three key points to stimulate your thinking.

Three Key Points:

Presenting Financial Information - Best Practice: In a paper presented to the 19th Congress of the European Accounting Association M. Jones and V. Beattie (University Of Wales) noted that 96% of leading US companies use graphical methods of presenting financial information at major company meetings. The figure was only slightly lower for other OECD companies. They noted that areas of critical concern are usually highlighted in graphical format. Dot point text items are then used to elaborate this graphical information.

The Vital Role Of Board Engagement in Modern Organizations: The importance of a properly functioning board has been underscored by several recent examples of large companies collapsing where boards were either weak or received incomplete information. Such companies included OneTel, HIH, and Enron.

Significant Resources But Few Results: Practically everyone accepts that despite significant resources being put into key areas of Aboriginal development over the last 10 to 15 years that - even according to the most favourable interpretations - there has been only a marginal improvement in the peoples' conditions.

### **Observations On These Three Key Points:**

Presenting Financial Information - Best Practice: It is our view that, in contrast to best practice, Aboriginal organizations have to suffer *worst practice in this fundamental area*. Very few Aboriginal organizations present financial information to their boards in a way that is easy to understand. From our experience, many of the directors and administrators have difficulty understanding such reports properly and quickly. As big business organizations are keenly aware, everyone, no matter of what educational or cultural background, can benefit greatly from having access to clear concise financial information This is especially so when important decisions need to be made and there is little time to digest large amounts of information.

The Vital Role Of Board Engagement in Modern Organizations: Since it is clear that there is a serious problem in the mainstream model with boards being weak or receiving incomplete information then don't we need to provide *far more support* to Aboriginal boards than we are doing now? Are not we too accountable? Accountable for making sure that we have *provided a workable model!*

Significant Resources But Few Results: a significant number of people are beginning to feel that we have *reached an impasse*. More of the same is highly unlikely to give us any significant improvement in results. That's why we are here today!

These points form a backdrop to the rest of what I am going to say:-

At the moment programs for Aboriginal people are planned and funded by separate governments, departments, or separate sections within departments. They are delivered as a myriad of discrete programs. Usually there is little or no co-ordination between these programs. Despite some feedback, nearly all the guidelines are set and major decisions are made centrally. Within these limitations a small amount of initiative is allowed at the local level. As a direct result of this approach resources are very often used ineffectively, applied inappropriately and even worse, spent wastefully. *Ironically, it is usually the recipients of funds and not those who perpetuate the use of the existing model who are held accountable for the waste and poor results.*



More and more people are coming to the conclusion that the only way to start going forward again is to look at things from a new perspective. This involves looking at new models for program delivery. The main model that is being put forward is a model based on local self-management of resources by Aboriginal people themselves. Ideally all available resources are pooled and local people decide upon the most effective way to use them.

The idea that underpins all this is that local people have the best knowledge of conditions in their area and so are best placed to decide on how to use available resources more effectively than anyone else.

Undoubtedly there are some very successful self managed organizations. For instance the 2 Co-ordinated Health Care Trials on Tiwi and in the Katherine West region are recent examples of the sort of solid improvements that are possible. I've been professionally involved with Katherine West from almost the beginning. My role has been to provide clear financial information to the board using the graphical presentations we have developed, to help the board understand the structure of their own organization and to help the board understand the mass of information rained down upon them by government departments. Subjectively speaking, I feel that a lot of positive changes are taking place.

While doing my work, I have been particularly impressed by the fact that board members have become highly motivated to learn and are keen to take their own decisions provided that information is presented to them in such a way that they can understand it clearly. It is interesting to note that significant gains were objectively quantified by an independent evaluator in many areas of this trial after only a couple of years.

This is exactly the point where we need to stop and ask ourselves some searching questions about the nature of self-management. From a political and strategic perspective it is clear that self-management can only reach its full potential where leaders from the government, bureaucracy and Aboriginal organizations work together to create a favourable environment in which it can flourish. There needs to be a genuine partnership between those who self manage and the bureaucracy and the government.

However, there is a factor which lies at the core of the self-management model that tends to be overlooked when we focus on this big picture. We need to ask this question – what is the *primary factor* that distinguishes the self-management model from the welfare model or the centrally planned discrete programs model? It is the capacity of the self-managers to make their **own decisions**. If we turn this the other way round it can be stated like this – that however positive the political will or however favourable the strategic framework that without real and genuine decision making there will be no real and genuine self management.

We need to be very careful that we don't create a situation where it appears that we have self-management but in fact decision making has been subtly redistributed amongst administrators and staff, and the people themselves remain largely disempowered. If such is the case, then we will not have achieved any significant degree of self-management and as a result resources will still be applied ineffectively and wastefully.

Although there are many things that impact on good decision-making there is no doubt that the basic raw material that all good decision makers rely on is accurate, clear and understandable information. However skilled or intelligent a person is, if they start from false premises due to faulty



information flow then there is no way they can take good decisions, let alone implement those decisions in an effective way. In cross cultural situations, where there is far more likelihood of misunderstandings and misperceptions, good information flow is **even more crucial**. It cannot be emphasized enough how easy it is, even with the best intentions, for self management to be eroded in such a way that an organization becomes self managed in name only with strategic decision making passing from the members to paid staff.

Now we get to the crucial point. What is being done, in practice, to ensure that where self-management models of program delivery are implemented that information flow to the decision makers is of high enough quality to ensure that effective decision-making can take place? If information flow is poor, then the decisions will be poor. If decisions are poor then self-management will be weak. If self-management is weak then the new model is barely any better than the old one. As a result, resources will still be ineffectively applied and funds wasted. Worst of all, conditions in Aboriginal communities are unlikely to improve significantly. At best results will be patchy – some organizations will be effective self-managers when there is a lucky confluence of staff in the organization who understand the principles of self-management and staff in government departments who support their efforts in trying to implement these principles. Such an important fundamental should not be left to chance. *There needs to be an overall policy and framework for ensuring that conditions conducive to good self management exist uniformly throughout all areas of program delivery.*

At the moment what objective criteria/statistics does any government or department have to measure the level of self-management, quality of decision making and quality of information flow that is being achieved in a given Aboriginal Organization? How are these factors correlated to better outcomes for given inputs? As far as I am aware there are none. The reason for this is that government organizations have never been directed to provide such information. (I have found many of the staff, as individuals, to be very committed to achieving better outcomes for Aboriginal people). *In a model where the delivery of individual programs is perceived to be central factors such as self-management, decision making and information flow tend to be considered relatively peripheral.*

Quite a few government departments have management and support training programs. But crucially, the funds available are usually very small in comparison to the other programs. Such programs are clearly not core programs. This reflects the generally low level of awareness of the *central importance* of active and comprehensive support for self-management

Government policy is moving towards adopting a self-management model for the delivery of many Aboriginal programs. So it is now a crucial time for the government to consider how effective present departmental structures will be for supporting such models. This analysis needs to be done now, before these models are implemented. *If nothing is done to change the present structure then we will be tacitly importing the assumptions of the old model.* We will have a model that calls itself a 'self management model' but in fact is not.

In departments which deliver programs to Aboriginal people it is essential that a core section called 'Self Management Support' be established. A significant, but relatively small shift of resources would provide immense leverage for all the ongoing programs. The shift of resources should be in the order of 5 to 6% of the department's *overall* budget. This is a very small amount compared to the vast amount of resources now being ineffectively applied.

It is vital that such a section is not just an add-on to another area. It must be structured in such a way that it becomes an equal partner to other sections in the department. It will need to play a co-ordinating, underpinning and supporting role.



In the briefest way let me suggest a few initial ideas that could act as a starting point for discussion about how a 'Self Management Support' section in such departments might operate. These should include: -

support of good information flow from self managed organization to local people and from organization to government and vice versa.

presenting financial reports so that everyone can understand and act upon them.

support for good decision making especially at the local level.

provision of administrative structures that positively encourage self management

pragmatic training based on real life situations

and resources for individual staff to be given skills to enable them to support self management so that self management is not just left to chance or is assumed to take place.

In a short presentation like this I have only been able to touch on the essential points. There is a great deal to be talked over and evaluated in greater detail. Despite this, I hope that you find these ideas stimulating and that they will contribute to the forum's work.

### **A Final Thought:**

Understanding how to use money is power. Developing capacity building programs without first ensuring that board members have *real access* to the *levers of power* is *building upon sand*. Financial literacy programs must *underpin* capacity building programs. Financial literacy programs need to be based upon understanding *real financial reports in real time*.

## **Two Case Studies**

### Introduction: What We Do.

We provide clear information about money, budgets and financial reports in a way that everyone can understand. We empower people to present that information for themselves.

On the basis of this clear understanding and real information, we provide support programs on 'governance' and 'capacity building'. For instance, we help people who are members of boards and committees be clearer about such things as Roles And Responsibilities, Conflict Of Interest, and Balancing Cross Cultural Issues and so on. Our support programs act as *awareness raising programs* which encourage participants to take part in formal/accredited type training courses so that they can attain specific competencies that are nationally recognized

We support the flow of clear information from government departments to indigenous organizations, their boards and their members.

For further examples of our work and graphical reporting tools please visit our web site located at [www.littlefish.com.au](http://www.littlefish.com.au)



## I. A Detailed Example – Katherine West Health Board – The Co-ordinated Health Care Trial.

In late 1997 we were invited by the initial committee and the first CEO, Marion Scrymgour, to work with the board. It has been very stimulating for us to be involved from the very beginning with an organization that has been so successful.

We had three key roles.

The presentation of financial information in such a way that all the board members could understand it. We were there to ensure that they could pass this information on to their communities, could learn how to understand spreadsheets, and could be empowered to present their own financial reports in formal meeting type situations. (These were extremely challenging aims).

To encourage 'capacity building' by providing the board members with clear information that would allow to them to take decisions for themselves on critical financial and organizational issues. (This involved flexible responses to situations as they arose on the ground, working from real specific issues to more general and abstract principles, and great discipline in ensuring that we provided information only without crossing the line into getting involved with decision-making. We developed a model that moved beyond training to one that made us part of a team that was solving real problems in real time).

Facilitating Information Flow: We sat on what was called the 'monitoring group' – this group comprised of 4 senior government representatives and 2 board members from Katherine West. We were there to ensure that the board members understood the complex information that was being considered by the monitoring group and, even more importantly, were able to transmit it back to the full board for their consideration. (Once again, this was an extremely difficult job considering the complexity of the information being considered).

### A Few Key Outcomes

This financial year and last financial year 2 executive board members presented the health board's audited yearly financial reports, using the Money Story format, to the members of the organisation at the Annual General Meeting.

One of the executive board members had the confidence to explain to the Federal Minister Of Health, The Hon. Kaye Patterson, how the board used the Money Story to manage resources, reallocate budgets and make financial plans.

5 Board members reported that they were 'far better able' to understand spreadsheets thanks to using the Money Story.

Board members have reported that they are able to understand financial reports and are able to pass on financial information to others.

Board members were able to make key decisions at critical times in a way that went beyond their own personal interests and were for the betterment of the whole organization. To take one example that was critical - the board members, themselves, (not staff) decided that no board member could simultaneously hold a paid position in the organization and be a member of the board.

Monitoring Group – Half way through the trial a situation arose where there was what was perceived to be criticism of the organization. We were able to help the board prepare a presentation which put information to the Monitoring Group from the board's perspective. The board members themselves were able to explain their point of view using aids developed by us. They gave a presentation to the monitoring group which lasted about an hour. The government representatives and others present listened. The result was that there was a genuine exchange of views, some misunderstandings were dispelled and the potential for conflict melted away.



#### Independent Evaluations And Assessments:

Leonie Young, State Manager, Commonwealth Department Of Health And Ageing, NT, in a business review of Pangaea carried out in 2002 by Pattens Strategists, of Adelaide – section 4. Customer Review. A short extract .....

'In closing Leonie asserted that from the Federal Minister of Heath down, there is strong respect and acknowledgment for the conceptual framework and training offered by Pangaea.'

Source: Menzies School Of Health Research. Report of April 2000. This report is part of a national evaluation program on health programs undertaken by Menzies in the Katherine region for the Commonwealth Government. 'Jirntankgu Miyrta' Katherine West Coordinated Care Trial – Final Report' (p90 – p91). A short extract .....

'As observers at KWHB meetings throughout the Live Phase (of the Co-ordinated Health Care Trial) we have witnessed the progress that Health Board members have made in terms of gaining a genuine understanding of the KWHB finances. It is clear that the Money \$tory and the training provided have been effective. By the end of the Live Phase several Health Board members were able to present the financial report using the Money \$tory and in addition several were able to ask questions of the staff when they identified something in the Money \$tory which concerned them.'

Source: Michelle Capitaine, State Manager, Commonwealth Department Of Health And Aged Care, N.T., in January 1999. Michelle Capitaine was the department's manager during the initial 2 ½ years of the Coordinated Care Trial at Katherine West. A short extract .....

'The challenge was how to ensure that everyone had equal access to relevant information, was kept abreast of developments, new ideas and alien concepts like monthly financial returns and financial data. Fortunately for the Trial and the partners, your company Pangaea Pty. Ltd. was selected to help us meet this challenge.....to explain the philosophy behind Co-ordinated Care and how the many government and non-government agencies would work together was a great achievement. That notwithstanding, I consider that your greatest achievement, was demonstrated at the February 1999 Meeting at Timber Creek when members of the Katherine West Health Board delivered, with confidence and clear understanding of the content, the financial component of the agenda utilising the "Money Story". This was a major breakthrough. Members of the board have since gone from strength to strength in the development of their understanding of the complexities of running a health service and why it is so important to have sound financial management'.

Source: Andrew Podger, Secretary (CEO), Department Of Health And Aged Care, Canberra, in September 1999 to IPAA (The Institute of Public Administration - Australia) at a conference in September 1999 on 'Aboriginal Care Trials: Partnerships, Responsibility & Better Health.' A short extract .....

'For financial management information, the board uses a system developed by a company called Pangaea P/L that converts modern accounting information and systems into an accessible, pictorial form for the local community. It has been an important step in ensuring that board members can draw on relevant professional financial expertise and practice.....Katherine West has thereby reached a point where people from the communities understand their financial situation at any given time and are able to discuss these issues confidently. Some community members have even gone on to master spread sheets due to The Money Story.....(it) has been very successful in allowing the Katherine West communities to participate fully in the management of the local co-ordinated care trial'.



Kirk Whelan, CEO, Katherine West Health Board in a business review of Pangaea carried out in 2002 by Pattens Strategists, of Adelaide – section 4. Customer Review. A short extract ..... ‘Kirk could not think of any other model comparable to what is offered by Pangaea, it is unique and he asserted that it is unbelievably good as it enables people with low level of English or no understanding of finances to ask questions and then they become part of the process of making financial decisions about the organisation.’

An official history of the board by Harvey Creswell, November 2001. (p28 and p33-36). ‘The hardest concept...’ the inside story of the Katherine West Health Board.’ A short extract ..... ‘The practical nature and immense value of the training provided ..... in the way in which it was used at Katherine West ‘training’ is an inadequate word. It was not simply the transfer of information or ‘facts’ from one head to another. Rather, it was a constant process of negotiation between different knowledges, with the outcome being a hybrid which in effect mediated between two cultures’.

## 2. Pormpuraaw Community, Cape York, Queensland.

### A Few Key Outcomes

We have worked for 5 years with the council of Pormpuraaw community. The council members have decided that their primary concern is to have someone come into the community from outside and explain the accounts to them clearly as a neutral unbiased observer. Our sessions are well attended by council members. The sorts of questions raised by councillors about areas of their accounts that concern them, indicates that they have developed a good understanding of financial management.

### Independent Evaluations And Assessments:

Typical comments made by councillors and recorded in our session reports to Pormpuraaw Community.

‘What you did was very clear’.

‘ When I saw the Money Story about the fishing business I felt a lot happier. I realized why there were no profits that could be paid out to my family. Before I saw the Money Story I was worried for that.’

‘ Thank you for coming – it’s really made us think clearly.’

Harry Krause, Town Clerk, Pormpuraaw Community, Cape York in a business review of Pangaea carried out in 2002 by Pattens Strategists, of Adelaide – section 4. Customer Review. A short extract .....

‘Harry indicated that Pangaea provides The Money Story as a product for monitoring budgets in a simple format that is easy for people to understand. Hugh is very good in dealing with Aboriginal and Torres Strait Islanders with the delivery of his product. He is very well liked, enlightening and well versed with Aboriginal society. The quality of Pangaea’s service is very thorough, the company is good to get along with, is very well presented, very understanding and Harry describes them as a good watch dog on what is happening and it is good to have someone else looking from outside the business to pass on information and make recommendations about the impact of the financial information.



With regards to competition, the council always prefers to deal with someone that understands the people, accounting firms do not have this understanding and they cannot maintain people's attention like Pangaea. Pangaea gets result.....'

Hugh Lovesy, CEO, Littlefish