
Indigenous organisations investigated amid allegations of fraud and corruption by senior figures

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Allegations of fraud, shocking waste and corruption have rocked Indigenous-run organisations around the country.

There are 44 Indigenous organisations and programs currently being investigated by the Department of Prime Minister and Cabinet's IAG Risk, Compliance and Integrity branch.

Four Corners has learned that, in some cases, executives and other trusted figures abused their positions and have been accused of misusing taxpayer funds.

The organisations under investigation receive hundreds of millions of dollars in grants from the federal and state governments.

The department has also examined alleged nepotism and conflicts of interest, as well broader failures of governance and accountability.

In one disturbing case uncovered by Four Corners, a former project manager contracted by the West Australian Department of Housing swindled approximately \$3 million from the Indigenous community of Warmun in the Kimberley.

When flood waters decimated the Aboriginal township in 2011, Craig Dale supervised the reconstruction of 56 homes on behalf of the WA housing department.

"That's how the community always saw him," former chief executive of Warmun Community Incorporated Leigh Cleghorn said.

"He was the government representative."

After gaining the trust of Warmun Community Incorporated's council of elders, Dale proposed a scheme to deliver much-needed staff housing.

Council members agreed to pay Dale upfront for the additional building work.

"He started invoicing the community for bogus work that was never done," Mr Cleghorn said.

"The Department of Housing, of course, didn't know anything about it."

WA Department of Regional Development director-general Ralph Addis said he was "deeply distressed" someone who had worked so closely with the community had taken advantage of Warmun "in such a devastating way".

But his past is fast catching up with Dale.

Now a bankrupt, he is facing a possible seven-year prison sentence after pleading guilty to a separate scam in which he defrauded the Commonwealth Bank of \$487,574.51.

Warren Mundine 'not surprised' by investigations

In another case, charges were laid just weeks ago against the former chief executive of Garnduwa Amboorny Wirnan in Broome, for dishonestly abusing his position to channel the organisation's money into his own accounts.

Alan Bishop is due to face 38 charges of creating false records to raise cheques worth a total of \$237,305.48 when he faces the Perth Magistrates Court next month.

He had previously received an order in the Federal Court to repay \$323,858.19 to the organisation that he controlled for 19 years.

Garnduwa helps outback communities stage sporting events and mentors talented young footballers throughout the Kimberley.

Garnduwa's acting chief executive Mick Albert said it was "just absolutely gutting".

"We bust arse to try and improve the lives of Aboriginal people and there's this despicable act going on," he said.

The chairman of the Prime Minister's Indigenous Advisory Council, Warren Mundine, said he was not surprised the Department of Prime Minister and Cabinet was investigating dozens of Indigenous organisations and programs.

"I'm not surprised, sadly, that those investigations are happening," Mr Mundine said.

"You go into some of these communities and you see people living in abject poverty and you know that they have a trust fund or they have an organisation [which receives] millions of dollars, which is their money.

"It's a problem that we've really got to break through, and we've got to be tough on it."

Governance problems 'no worse' than in corporate sector

Mr Mundine has called for the independent regulator, the Office of the Registrar of Indigenous Corporations (ORIC), to be replaced with an Indigenous commissioner working within the existing Australian Securities and Investment Commission regime.

"I'm not going to paint the picture that all of them are [failing]," Mr Mundine said.

"There's a lot of good organisations out there and there's a lot of good people sitting on these boards, working really hard for their communities."

One of the architects of legislation created to specifically deal with Indigenous Corporations, Laura Beacroft, said she believed the governance problems Indigenous communities faced were no worse than in the corporate world.

"I've never seen any evidence that convinces me that it's worse in that sector," she said.

Ms Beacroft said the separate corporate regime for Aboriginal Australia was vital because it provided both the flexibility to deal with the nuances of Indigenous cultures across the country, but also sharp powers to crack down on unscrupulous operators.

"The regulator can put in a special administrator without going to court ... who runs the corporation for a period of time until things are sorted out and then exits," she said.

"There's also a very important power called examination power, so without any grounds the regulator can go and interrogate the books and the operations of a corporation or a group."

Unlike the wider corporate laws in Australia, ORIC also has the power to force an Indigenous organisation to reveal its trusts.

'People in the community are the ones who suffer'

Most federal funding for Indigenous programs is controlled by the Department of Prime Minister and Cabinet.

In May last year, the department allocated \$1 billion in federal grants to 996 organisations across Australia to provide a range of services for Indigenous communities.

Many provide basic services in regional and remote areas, maintaining roads, sewerage and water, while others are responsible for housing, health, education and legal services, among other things. Reconciliation Australia chief executive Justin Mohamed said Indigenous organisations had entered a "new age" of delivering services and "obviously the accountability which comes with that".

"People have come in and done the wrong thing and the people in the community are the ones who suffer," he said.

"They need to be equipped and governance needs to move with service."