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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

Reference: Capacity building in Indigenous communities

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Wednesday, 4 June 2003

Members: Mr Wakelin (*Chair*), Ms Hoare (*Deputy Chair*), Mr John Cobb, Mrs Draper, Ms Gillard, Mr Haase, Dr Lawrence, Mr Lloyd, Mr Snowdon and Mr Tollner

Members in attendance: Mr John Cobb, Mrs Draper, Mr Haase, Ms Hoare, Mr Lloyd, Mr Snowdon, Mr Tollner and Mr Wakelin

Terms of reference for the inquiry:

To inquire into and report on:

Strategies to assist Aboriginals and Torres Strait Islanders better manage the delivery of services within their communities. In particular, the committee will consider building the capacities of:

- (a) community members to better support families, community organisations and representative councils so as to deliver the best outcomes for individuals, families and communities;
- (b) Indigenous organisations to better deliver and influence the delivery of services in the most effective, efficient and accountable way; and
- (c) government agencies so that policy direction and management structures will improve individual and community outcomes for Indigenous people.

WITNESSES

**OXLEY, Mr Stephen George Rice, Assistant Secretary, Social Programmes and Reconciliation
Branch, Office of Aboriginal and Torres Strait Islander Affairs, Department of Immigration and
Multicultural and Indigenous Affairs 681**

**VAUGHAN, Mr Peter, Executive Coordinator, Office of Aboriginal and Torres Strait Islander
Affairs, Department of Immigration and Multicultural and Indigenous Affairs..... 681**

Committee met at 4.37 p.m.

OXLEY, Mr Stephen George Rice, Assistant Secretary, Social Programmes and Reconciliation Branch, Office of Aboriginal and Torres Strait Islander Affairs, Department of Immigration and Multicultural and Indigenous Affairs

VAUGHAN, Mr Peter, Executive Coordinator, Office of Aboriginal and Torres Strait Islander Affairs, Department of Immigration and Multicultural and Indigenous Affairs

CHAIR—I welcome representatives of the Department of Immigration and Multicultural and Indigenous Affairs. You are familiar with the formal requirements of parliamentary committees. You may wish to make a short opening statement.

Mr Vaughan—Since you have invited me to do so, I will take three or four minutes of the committee's time to make a few opening remarks. I think the first question I would like to say something about is why capacity building matters. I do not want to talk about the definition because I think we could talk all day about the definition. I want to mention why I think it is important in an Indigenous context.

We use the phrase 'community' in the Indigenous context rather loosely at times, and inaccurately. In a physical sense, of course, only about one in four Indigenous people live in discrete communities. The vast majority of Indigenous people live in towns and cities and suburbia. Indeed, today most Indigenous people are married to a non-Indigenous person or have a non-Indigenous parent. Nonetheless, whether we are talking about a physical community or a dispersed community, we expect more of Indigenous communities than we do of non-Indigenous communities or their non-Indigenous neighbours or counterparts. That is because we tend to use Indigenous community organisations as the principal vehicle for delivering government programs. That ranges from everything from primary health care to housing, legal aid, even forms of local government and day-to-day policing functions. In fact, many Indigenous community organisations have a wider range of responsibilities than metropolitan city councils. We ask Indigenous people in those situations to be landlords, nurses, teachers, police officers and maintenance personnel for their own neighbours and relatives. That puts an enormous amount of pressure on those communities and on the community organisations. Often they are communities that are suffering abnormal degrees of dysfunction, be it substance abuse, violence or whatever.

So community capacity building becomes quite central in those circumstances because these communities and their organisations are the vehicles we are using for the delivery of government programs. As you probably know, partly because of that issue, Minister Ruddock has talked about putting a bit more emphasis on individuals rather than communities as the interface with government.

Having said that, I just want to make a couple of comments about what we in the office at the department would regard as the two dimensions of capacity building. One is obviously the capacity of individuals and, therefore, the capacity of community organisations. The other is the capacity of community organisations. That distinction between those two forms of capacities is in fact reflected in the committee's own terms of reference. In our submission, we give considerable emphasis to building the capacity of individuals because at a fundamental level the

capacity of a community represents the collective capacity of its constituents. In that sense, in reality, community capacity is about things like individual self-esteem and self-confidence, about individual values and behaviours and about individual skills and individual attributes, which is why in our submission we emphasise the basics, such as English literacy and numeracy, and the development of individual leadership skills.

At the same time, there is also such a thing as organisational capacity building, or what is also known as governance. In that context, I will just very briefly draw the committee's attention to certain key findings of the Harvard Project on American Indian Economic Development, to which we partly refer in our submission. The Harvard project is a long-term study aimed at identifying what distinguishes successful American Indian reservations. It is a study of reservations, not of the Indian populations in cities and urban contexts. They define success for this purpose as things like the comparative unemployment rate or labour force participation rate. What is of relevance to this committee's deliberations is that the Harvard study identified two factors that more than any other distinguish successful tribes from unsuccessful tribes, success measured in their terms as economic indicators of employment rates and so forth. Neither of those two factors turned out to be things like natural endowments, education, location, proximity to markets and access to capital. In fact, the first of the two factors that they identified as critical to success was what they called sovereignty or self-determination, which in practice meant decision making control over resources, law making and taxation—in other words, forms of self-government as opposed to external government.

But the study also revealed that self-rule alone was not enough to produce economic growth, just as decolonisation alone has not been a panacea for a lot of independent states, even those with substantial resources. The research found the second critical success factor to be the one that lies, in a sense, at the heart of this committee's current inquiry, and that is the governance or the institutional capacity of the community concerned. Governance is critical because, as the researchers observed, successful independence is not just a question of power, as they put it; it is a question of exercising the power in an effective and judicious and fair way. In particular, in relation to the institutions of governance, the Harvard project found that effective governance depended on four features. The first was that it requires the existence and observance of formalised rules that regulate decision making so that both insiders and outsiders—for example, investors—can be assured of organisational stability. The second effective feature was that effective governance depends on keeping community politics out of day-to-day business and out of program management so that decisions are made and disputes are resolved in a fair and non-politicised way.

Thirdly, they said that successful governance requires a system that defines who decides what; in other words, a clear separation of powers. The role of elected community representatives, for example, should be to make the rules and determine the strategic priorities but not to make the sort of day-to-day management decisions about who gets a job or a house or a contract or whatever. Finally, they observed that effective governance also requires professional bureaucratic systems for finances and personnel records and so forth.

I would like to conclude these opening remarks by drawing out one or two of the implications of those findings in terms of the role that government agencies should play in building capacity within Indigenous communities. First, of course, I think it means that governments must invest in developing the skills and wherewithal of individual Indigenous people, both their basic

technical skills and their leadership skills. Second, it means that governments have to encourage good institutional governance within community organisations. That means building governance training and monitoring into the design and delivery of every major funding program. It means favouring and rewarding those community organisations that demonstrate a commitment to the principles of good governance. It also means encouraging organisations characterised by transparent, merit-based decision making and a proper internal allocation of roles and responsibilities.

I think I will stop my opening comments there. Some of those issues are canvassed at various points in our submission. I thought I would take the opportunity to try to synthesize what I think is the basic purport of what we have tried to say.

CHAIR—Thanks. Stephen, do you want to describe what you actually do? Do you want to add anything? You have a particular role. Do you want to talk about that briefly?

Mr Oxley—My role within OATSIA is that I look after one of the two branches. That branch has responsibility for social programs, so it covers the full gamut of service provision to Indigenous communities. The other part of my role is looking after, more broadly, reconciliation and providing advice to the government on issues of reconciliation through agreement making and so forth. Within that range of responsibilities, capacity building falls into one of the areas.

CHAIR—I will kick off. In terms of capacity building, perhaps we could talk about the word ‘capacity’ for a start. I checked the dictionary before I came. It has about eight different meanings, actually, in terms of the English language. Most of them are quite different in their definition of what capacity actually means. Capacity here is about the capacity of an individual or a body to function effectively; I suppose that is one definition. Do you want to talk about the word ‘capacity’? We blame the Public Service for a lot of things. We could probably say it is something that is generated out of government somewhere over the years. What is that word ‘capacity’ actually trying to tell us here, do you think? What are the problems people have in defining it?

Mr Vaughan—In terms of a community, it means, to me, an ability to articulate your needs and manage your conflicts. For an organisation representing perhaps a community, it means the ability to meet those community needs, deliver the service and resolve conflicts over priorities or whatever. For an individual, I think it is a much bigger and larger question as to what you define capacity for an individual to mean. I guess it depends on the circumstances in which you place the individual. If it is a school child, you are talking about certain capacities. If it is someone exercising the role of a policeman or a teacher or a community leader or in a family situation, each demands different capacities. I would not like to generalise about what we mean for capacities for individuals.

CHAIR—The capacity of individuals seems to me to mean that if you want to look at some of the issues in certain communities, clearly literacy and numeracy are a key part of that. You mention that in your submission. You discuss the cultural context. In terms of the Harvard issue, the submission says government needs to match the political culture of the community, working with, not against, Indigenous practices for the support of the people. You have highlighted the issue of separating politics from business. What you are saying to me is that there are certain

things that have to happen in a community for it to actually function. Sitting over here, you have a whole lot of politics happening as well. But life has to go on as well.

I have one question; I will then open it up for everybody else. What is the cultural context or the cultural match? I find it enigmatic, I find it difficult to quite link up and link this individual capacity for literacy and numeracy, for example. I endeavoured to learn a bit of Pitjantjatjara earlier in the year. That is when I learned about cultural differences in a way I had not before. Therefore, I can understand how a number of Aboriginal people would not necessarily find English all that attractive if it is their second language and there is the difficulty of getting on top of that. Therefore, in that cultural context, it is a major barrier. You would be aware of the Collins report and the comments in it. I want you to talk about cultural context and give us a bit of an idea of what you think about that.

Mr Vaughan—I think for 99.9 per cent of Aboriginal people to survive in Australia today, they need to be bicultural. Part of that is having fluency in English and an ability to read. If we do not give Indigenous people that, we cripple them for life. When you are talking about an organisation and cultural compatibility, one of the things the Harvard project says is that the sources of authority and decision making in an organisation have to take account of the culture. Otherwise you will have the full source of authority and you get dissonance and dysfunction arising from that. I think to be realistic we are always in any society, and in Aboriginal communities not least, going to have conflicting loyalties—family based loyalties, kin loyalties and so forth—which are potentially a source of dysfunction within organisations. One way in which that has been managed on a de facto basis rather than on an intentional basis is that we have encouraged numerous organisations so that in a sense you have almost a power base for each faction within the community, which is not necessarily the most functional way to go.

But the other way it can be managed and needs to be managed is in terms of the separation of powers. You keep the politicking side of life away from the day-to-day management decisions about who gets houses and jobs and so forth. You try to confine it to the board's responsibilities about long-term strategies and about the basic rules of life. You try to keep that politicking away from the allocation of jobs, houses, contracts and so forth. That is the governance factor you can try to put in place. It encourages and rewards good governance. It keeps those things apart so that we do not have community politics contaminating service delivery to individuals.

Ms HOARE—You were talking about literacy and numeracy and childhood education. You refer in your submission to the National Indigenous English Literacy and Numeracy Strategy launched in March 2000. Before that you also referred to how educational disadvantage basically remains the same. Has there been any improvement in the last three years? What is it looking like? Is it time to go back and revisit the strategy?

Mr Vaughan—We only had the first national results of the literacy and numeracy testing come out about a year ago, so that is our benchmark. We are waiting for the next round of testing. But there are other ways, in a sense, that we have been testing this issue for a while. One is school retention rates. Indigenous school retention rates, while they are still about half the level of non-Indigenous rates, have in fact been steadily increasing over the past 20 years and indeed over the past decade. So that as a measure of making headway is there. But I guess we have to wait for the next annual round of literacy and numeracy testing to say whether we have improved on the results we got in the last round, which again showed Aboriginal kids way

behind. What we are measuring here is Aboriginal kids then with Aboriginal kids now in what we are trying to do.

Ms HOARE—In your initial statement, you talked about expecting more from Indigenous communities than we do from non-Indigenous communities in relation to service provision. Can you expand further on that? Do you think that is a good thing or a bad thing? If you think it is a good thing, and if we are talking about Aboriginal communities and Indigenous communities providing services through their regional council or whatever their organisation is, we should also be using the word ‘self-determination’ because that is what we are expecting them to do. I would like you to expand a bit further on that, if you could.

Mr Vaughan—I will do that. I have just realised that in answer to your previous question I should have pointed out that we do actually have two years worth of data on literacy and numeracy. The proportion of Indigenous children who achieve the year three rate went up from 73.5 per cent to 77 per cent between 1999 and 2000, which is the first two years data that is out.

We partly expect too much from Indigenous communities—I am talking here in particular about physically discrete communities—because normal local government services and normal state government services often do not extend to those locations and they have to put in place their own substitute or surrogate services or contracted services; in many ways, they are contracted by the state to do it themselves. That is partly also because Indigenous communities often want to do that themselves. They see that as a form of self-management and self-determination. But what it in fact amounts to quite often is just managing the day-to-day affairs of community. It is not really self-determination, about determining long-run directions. We could move to a position where communities were more confident in exercising their power in terms of deciding the longer term strategic issues and happier about contracting the day-to-day service provision to professional providers. Those professional providers might be regional based organisations, as is happening, for example, in the area of certain community housing associations. Instead of having one or two per town, they are grouping the towns and saying, ‘We’ll manage this resource on a regional basis because it requires that degree of expertise and it causes too many conflicts at the community level.’ That then also allows the community leadership, instead of wrestling with the day-to-day issues of rent collection and evictions or house allocation, to focus on some rather more important longer term issues for the community. So I think that is one way in which we can reduce the pressure on these communities to be a world unto themselves.

Mr HAASE—I think this is a great opportunity for us to really get some serious input into this inquiry. I appreciate this opportunity. You mentioned in your opening brief some of the findings of the Harvard study. The points you listed, of course, clearly point to—my interpretation—leadership. It is the leadership and potential for leadership that I want your comments on. You mentioned in your submission Minister Ruddock’s five policy objectives. The third of those five is education. You briefly state that education is necessary and you would have to attend school to achieve it for long-term gains in economic independence et cetera. I wonder if you can comment on any process to achieve that. It is something that all members of this committee have been belting their head against a brick wall over. We seem to be talking up the necessity for education but never ever making any headway in improving attendance.

Your colleague Stephen might comment on the fact that we have heard a great deal about the need for reconciliation. I could not agree more. Part of that reconciliation process, we are told, is, for want of a better word, white Australia understanding Aboriginal culture. I wonder if you could comment on what I believe is a strong necessity for Aboriginal people to understand that there is an important and very old Western culture and for harmony to truly exist they also have to take on board the necessity to learn that culture. They are a couple of meaty issues, perhaps.

Mr Vaughan—I am glad you have divided them between the two of us.

Mr Oxley—I am not sure that I am!

Mr Vaughan—I bag the first one. I will turn to your question about education. If you look at Aboriginal unemployment rates, you find that if you are an Indigenous person living in Sydney or Melbourne with a university degree, you are likely to have a lower unemployment rate than the average non-Aboriginal person. If you are an Indigenous person living in the north of the country who has not completed high school, you are highly likely to be unemployed. We cannot do anything about where people live, but we can do things about equipping them for the labour force.

Education, as you say, is the key. It is actually primary school education that is the key, in my view, because once kids get into high school and they have not mastered reading skills, they are stuffed. In primary school, you need three things, in my view. One is you need to make sure the kids go to school. Where you have attendances averaging three days a week, you are only getting 60 per cent of your primary education by the time you exit primary school. It is a very hard thing to find effective policy lever interventions for governments. Some people suggest things like making some forms of assistance conditional. We are talking about community participation agreements. We are talking about ideas like making parental support contingent upon agreement to things like encouraging and promoting and improving their kids' school attendance. Certainly at the end of the day it is only the parents that can make the kids go to school. But having got the children to school and providing a culturally supportive environment in terms of Aboriginal teacher aides and so forth, to focus specifically in on the question of literacy, you need two things. One is you need regular testing to identify the kids who are starting to fall between the cracks. Secondly, you then need intensive tuition to target those kids who are falling between the cracks. That is partly what they have been trying to do with the national strategy, which is early identification and intensive intervention.

As I say, that can only work to its maximum effect provided that there are certain other elements in the environment, and they are not just related to the school environment or to the parental attitudes. There are wider things that go on in the community which also impact. But if we can get kids out of primary school with basic life skills and reading and writing, they will always be able to pick up at some stage later, even if they get derailed.

Mr Oxley—In terms of how that might be addressed, I guess the take I have on that is that we need to be encouraging innovation. I think there are a lot of novel or new ideas being tried in Indigenous communities in order to get better engagement with the education system. It is things like the no school, no pool thing. It is up in the north of the country looking at whether the school hours in the summer are actually conducive to an effective education environment for children. Then for me, as a parent who is relearning primary school mathematics at the moment,

there is a critical issue there about engaging the parent in the child's education. We need to look for innovative ways about making the child's education not just the child's education at the primary level but taking it as an opportunity to actually help educate those parents who have an educational deficiency and looking at ways that we might be able to achieve that. I guess I would badge that latter approach in a way as a second chance education, where I think there is a significant opportunity there, including around young teenage mothers, for example. We should not be consigning them to the scrapheap because the education system has failed them once. We should be looking for opportunities to give them a second chance.

In relation to your question about the need for Aboriginal people to understand that we have a long and deep Western culture, I would suggest that for a lot of Indigenous people that is the reality they have to live and deal with every day. As Mr Vaughan indicated earlier, we expect that almost all Indigenous people need to be able to operate in a bicultural way. I think that if we can achieve the foundations of a successful life for Indigenous people through the focus on education, for example, then over time their appreciation of the good things that Western culture brings to them will grow.

Mr HAASE—I raise that issue because anecdotally I am hearing that there is a belief that we have laws certainly and if you break the laws you get alternatively a slap on the wrist or a holiday for a while. But it is just law. It is just about punishment. It is not really about any alternative to culture. I strongly believe that we do have culture and from that culture comes laws, and it is quite equal to Aboriginal culture and law relationships. But enough of that.

Right in the forefront of my mind on the education issue is an article in my local rag in Kalgoorlie today that says that Aboriginal students would be real whiz kids if teachers knew more about Aboriginal English and understood it. It worries the hell out of me, I have to confess, because I think it is the thin edge of the wedge where there will be driven by Aboriginal groups an expectation that teachers in the system be taught, for the want of a better word, pidgin so they will give a better opportunity to students. I truly believe that that is the wrong alignment. Yes, we should be putting more emphasis on teaching English, but I do not know whether we need to underline that. I would like you to elaborate just briefly on that; I do not want to deprive other members of having a go. In this politically correct world that seems to be going nowhere, how do we get hold of the tiger's tail again?

Mr Vaughan—I suppose we are getting into issues of pedagogy and so forth and what the educationalists would tell us, which is that it would take some expert education. In terms of communication and language, if you are a teacher in a school, there is a continuum or a spectrum of language in which you can operate on—this applies to a person in any environment—from using language that is words that have meaning to your audience to ones that do not mean things to your audience. It is where you operate on that spectrum. All communication has to be adapted to its audience in order to communicate. Providing Aboriginal kids—this is the ultimate test—can turn on a radio and understand what is being said and pick up a letter from a government agency about their income support and understand vaguely what it says, I do not really care how they are taught to get to that point as long as they come out at that point.

CHAIR—I want to offer a snapshot that is from practical experience. A lot of Aboriginal men aged 50-plus have English as good as mine or better than mine and literacy and can write a letter in cursive and have all the skills. I am aware of them because I talk to them from time to time.

But as you get into the younger generation, it does not seem to be happening quite as easily. That may be only in parts of my electorate. But something happened within the education system some time ago—30 or 40 years ago or 20 years ago, possibly—regarding quite clear-cut English skills and literacy and numeracy. Subsequently that seems to have dropped away. There would be some very good reasons for that for people who studied it, I would imagine. Is that anecdotal or consistent with some of your experiences?

Mr Vaughan—A lot of people would say anecdotally that it is also true of non-Aboriginal kids today. To the extent it is true, I suspect that some of the influences have been operating in both domains. But it is true that Bob Collins made that observation very strongly in his education report in the Northern Territory. In fact, I was reading something just the other day that had some very spooky echoes of that. A comparison of the number of Aboriginal people in employment in the Northern Territory showed the number actually dropped between the 1996 and the 2001 census. Now that could be the downstream effects of those kids who come out of school in the 1980s and 1990s without the same skills as kids who came out in the 1970s

CHAIR—I had better put more time into the Collins report. I have scanned it, but I have not got to that point.

Mr SNOWDON—I agree that education is a fundamental issue. I actually think there is a broader issue, which is poverty. I will come to that in a moment. I am interested in the issue to do with capacity. I have a slight difference of view, I think. It seems to me that governments generally and government bureaucracies have to do more to understand their client base. There are very many examples—I am sure you will not have to trawl too far to find them—where people are employed in agencies to go and do, for example, a field visit without any knowledge or understanding of the communities which they are visiting. They have no cross-cultural skills themselves. So when they go and have a discussion with people about what it is they need to know, they are not able to communicate. So there is a basic issue here to me. Whilst I accept the need for Indigenous people—and they do—to be able to live in two spheres, we do not have the same expectation of non-Indigenous people who actually work with them. It seems to me that unless you have that bicultural understanding, your ability to be able to transfer information and transmit knowledge is limited enormously. I would like your comment on that.

I would also make the observation that, having lived and worked in remote communities for some years, particularly in the Pitjantjatjara country of my colleague the Chairman, I can confirm the view that he has expressed about the education structures in terms of the capacity of younger people. This is true across northern Australia; it is not just true of the Pitjantjatjara country. I think there is a significant question here, and that is that there is a need for cross-cultural understanding on all sides. Most teachers, for example, who arrive in the Northern Territory to teach in the bush have no experience of the bush. They have no knowledge of Indigenous cultures. They have no knowledge of language. They have their own perceptions of living wherever they have lived.

Most of them have no educational experience in terms of learning about Indigenous cultures. If they have, they probably did some generic course in whatever it is. So there is a significant question about the adaptability of the educational system to the needs of Indigenous communities.

I also make this observation, which I think you confirmed by the census data. If you look at the dislocation between primary school and high school—well, what we will call high school, but let's say post-primary for the purposes of this discussion—there are some thousands of young people, in the case of the Northern Territory and certainly in the top end of South Australia and parts of the Kimberley, who finish their primary education and have no access thereafter to any post-primary VET or school. For the first time in history this year, there will be four or five Aboriginal kids matriculating in their home communities in the Northern Territory. So there are many thousands of kids who are not getting assistance. This is not their fault; it is the fault historically of governments not delivering the goods.

The whole notion of capacity building is extremely important. It seems to me that there is this question of how you accept that we have a responsibility as non-Indigenous people to be communicating effectively and understanding the cultures with which we are going to communicate. We need to understand that they will vary across Australia and that they will have different understandings themselves of where they fit in the community. I argue that one of the major issues for us is to give people the capacity to live within their own community and not be bludgeoned by drunks or whatever it might be. So that is an issue.

There is the capacity to articulate needs and manage conflicts. It is an entirely laudable outcome. You can look at the community issues. There are communities in northern Australia. You have mentioned one of them here, which is Port Keats, or Wadeye. I think the average household occupancy is somewhere between 15 and 20. In that sort of poverty stricken environment, it is very difficult for, in my view, us to impose our values of what we believe people should be doing in terms of governance et cetera. In this case, of course, though, they have responded themselves. The government has this joint program going with the Northern Territory government. What is interesting about that program is that they have actually just thrown aside a Western construct of governance and put in place their own. At Thamarrurr it reflects their own community aspirations and needs. I think we have to be very careful about making judgments about what it is that is appropriate for any particular place. Whilst it is okay to make generalisations, I think the circumstances are so different across Australia that we need to understand how to address them. I wonder—

Mr TOLLNER—What is your question?

Mr SNOWDON—Well, you don't have to listen to it, mate. There's the door.

Mr TOLLNER—I am not sure whether you are asking a question or making a statement.

Mr SNOWDON—As I said to you before, mate, you may actually learn something by listening. I have a very strong view about this. I have indeed written on it. You might want to refer to the writing at some point. You might actually learn something. I participated in an exercise with Nugget Coombs, which you may be aware of in a book called *A Certain Heritage*. It looked at the impact of government programs on socialisation processes in Aboriginal communities. I think it is worth contemplating what we saw then, which was the late 1970s in the Pitjantjatjara country, and what we are talking about now. We are talking about the same things—the expectations we have, rightly, of transparency and accountability and the need for us to expect, rightly, that people have a capacity to govern their own communities. The question is

what that governance should be and how those structures should reflect their aspirations and priorities as opposed to ours. I would not mind a comment on some of those issues.

Mr Oxley—In relation to Thamarrurr, which you raised, I think it is a very good example of what Mr Vaughan was saying earlier about the essential prerequisites to a community making a fist of things. If you take the extension of that, that the community is self-determining and it has in place now a governance arrangement that fits its cultural requirements, then the next challenge is for all governments to be able to interact in an effective way with that governance arrangement. We are going through that process now, as you know, with the COAG trial.

Your opening observation about government capacity, of course, is correct. We refer particularly to some work by Rolf Gerritsen in our submission. There are three sides to capacity. One is the community's capacity comprised of individual and organisational capacity. Then there is government capacity. No matter how good individual community capacity is, without a good capability on behalf of government to interact with that community for its benefit, it is starting behind the eight ball. It would be recognised that historically delivery is not a strong suit of the Commonwealth government, which is the furthest removed of governments from the community. As part of the COAG trial that is going on in Wadeye and elsewhere around the country, I guess one of the key things that has been looked at is how we actually at the Commonwealth level—and we hope also at the state level they will be going through this same process—improve our capacity to work with those communities in order to address their self-identified needs and get some better results for them.

In this exercise, I think that will be the most challenging aspect of it from the Commonwealth perspective. It is early days. But what we are talking about there is a capacity for bureaucrats not only to think outside the box but to work outside the box. Where we have very strong systems of accountability within the Commonwealth system of government, we need to be looking, in a very careful and serious way, at how we can achieve a greater flexibility without losing accountability. That I think takes us to looking at very simple things. Where we have a community that has a need that has multiple elements to it, the community needs to be able to come to the Commonwealth or to the state or to the Commonwealth and state and say, 'This is our particular need. We need some funding from that program, that program, that program and that program in order to get the integrated solution we need. How can we do that in an efficient and effective way for us?' So that joining up of the government is one of the major challenges that we face at the Commonwealth level.

Mr SNOWDON—As a follow-up, in terms of cross-agency stuff, I think these trials are terrific. You get these internal priorities in agencies which differ. It depends where you are how different they might be. How do we actually get governments, again, not just the Commonwealth but state and territory governments, to reflect upon a common objective?

Mr Oxley—There are two things I would say in response to that question. The first is that we can look at the recent experience in Britain, for example. Two key messages have come out of the British experience to date, from the reading I have done. The first is that when we are looking at joining up government, we should not bite off more than we can chew. We have to deal with tangible, graspable pieces of activity and get there progressively. Secondly, it requires strong leadership and support for that message about the need for governments to work better across government. We have that, for example, with the COAG trials, where we have ministers

and secretaries of departments as sponsors of particular communities. They are not just out there working with those communities; they are back in their departments saying, 'Meeting the needs of this community is a priority for our organisation, and not just in terms of that community but in terms of this whole trial process.' So they are giving that leadership in terms of getting a message down about portfolio coordination matters.

The next area where one can look is what sort of framework or structures one could put in place in order to facilitate better cross-government working. The sorts of things that one starts to look at then are things like what is the budget framework that we have in place. Are there opportunities, for example, for a whole of government outcome around Indigenous affairs that would have portfolios still to identify their particular outputs against which they deliver? They would be able to report against a whole of government outcome. Potentially, there would also be some flexibility about the transfer of resources between programs, between portfolios, where that flexibility is needed in order to meet a local or regional need.

CHAIR—Indirectly, that is a commitment to the current community that does not deliver?

Mr SNOWDON—That is right.

CHAIR—I need to move on because we are going to run out of time.

Mr JOHN COBB—This question is to Stephen. We all know that we have state and Commonwealth differences and what have you, but how are we getting on in coordinating some of this stuff, be it services or programs? You mentioned one of the necessities of getting kids into school. I seem to recall there used to be financial inducements to parents. From memory, I cannot remember if that was funded by us and administered by the state. I wonder if that still exists and, if so, how. There are programs through the Premier's Department of New South Wales about helping Indigenous people become self-employed. How do we get involved in them? Generally, do we coordinate it at all or well, or have we done any good in coordinating between our different governments?

Mr Oxley—I think the COAG trials that are under way now are really a recognition by the heads of all governments that we have not been very good at doing that coordination either within government or between the levels of government. In terms of those trials, it is early days in terms of how we go about that working together. OATSIA is not responsible for these trials. They are being run by the Indigenous Communities Coordination Task Force, which also sits within DIMIA but is comprised of officers seconded from across the Commonwealth. What the task force team are saying to us when we talk to them is that the early signs are good in terms of the interaction with the states and territories, that there is a genuine engagement there around a desire to meet the needs of those communities as they have been identified. But there is always that constant friction in the Commonwealth-state relationship.

CHAIR—Effectively we struggle.

Mr Oxley—We do.

CHAIR—We have not got within a whisker or a bull's roar of doing it as well as we potentially could be able to.

Mr Vaughan—Well, even within the Commonwealth itself, some of these problems about coordination actually go right back. Their foundations are in our parliamentary system in the sense that money is appropriated to a program or an agency. The people associated with that program or agency come along to a Senate estimates committee and answer in terms of whether the money was used for that purpose and delivered the outcome. In the blue sky world of total flexibility, you would have to surrender, there is a trade-off there between that sort of A to B accountability and the flexibility. So it is a delicate balance of not breaking everything in the china shop.

CHAIR—This goes to our terms of reference, doesn't it, in terms of how well government can do it. We are really talking about that. We do not do it that well.

Mr Vaughan—I meant to actually pick up on one point that Mr Snowdon mentioned earlier about poverty in all of this. It is fundamental to the Indigenous area. Poverty is not just an economic thing. It is a culture and way of life that transmits itself generationally. That is also true for poor white people. A lot of the problems Indigenous people have are the same, being poverty in a cultural sense.

CHAIR—Can I test you on this and see what you think. A young person in a particular community in the Pitjantjatjara land said, 'There is a lot of poverty in this community, but there is significant money.' They are two different things.

Mr Oxley—I did not actually respond very effectively to Mr Cobb's question. There are positive, good examples where that working between governments is beginning to happen. A very good example would be the regional health planning framework that now exists, where you have the Commonwealth and state governments and ATSIC and the community controlled health organisations all working together under a framework to develop regional health plans. Certainly in areas such as employment, where the Commonwealth has a structured employment and training program, there has been some good work done with the state governments in making sure that they are communicating with each other and to potential employers of Indigenous people that those sorts of programs are available. In the Northern Territory, for example, with Indigenous housing there is an organisation called IHANT, where the resources are pooled between the Commonwealth and the state. There is a joint decision making process.

CHAIR—And ATSIC.

Mr Oxley—And ATSIC, yes. I think that there are some good signs about more effective coordination.

Mr Vaughan—I think we also need to be wary, though, that people often tend to make a loose assumption that the problem is mainly in terms of a lack of coordination. I think that has its role to play, but if there are, say, 10 issues in Indigenous affairs, coordination comes between six and 10, not between one and five.

Mrs DRAPER—I would like to follow up on some comments both by Peter and by Stephen, particularly in relation to—I will be devil's advocate here—the expectation that our Indigenous community has to, in order to be able to succeed, be bicultural. I will move on to Stephen's comments. I empathise with him because currently I am relearning year 11 maths, science,

English, the whole kit and caboodle, as far as relearning year 10 stuff. I have one son who is brilliantly academically gifted, to the point of embarrassment almost. I have another son with a learning difficulty who is 17 and has been exempted from learning a second language, such as Indonesian, at his school because he is unable to cope with that and is battling with numeracy and literacy. If the criteria for his success were to learn Indonesian as a second language, he would fail. That is with a parent who did not get to be a teacher almost and has been through the tertiary system. In my family, education is one of the most important issues I think for wellbeing et cetera. He just has a learning difficulty and always has had. He has ADD, which was diagnosed at a very early age but not treated with drugs by my choice. But I have a real problem. The fact is that these kids are learning English as a second language. Even getting as far as they do, I think, from my experience with three boys going through our education system, it is an absolute miracle, in my view.

I would go one step further to what Warren says. Not only should our government people, our project people, who are going out there to our different communities for fieldwork have to have themselves educated and have a bicultural appreciation, all of the teachers going out there should. We have to reverse that thought process that they, in order to survive in our Western culture, have to be able to deal with that. As I said, from my experience with a son with a learning difficulty, we would be up for failure. While I am a sole parent, I would not say that we have a dysfunctional family either. My children are being brought up in a healthy learning environment supported by grandparents and aunts and uncles. We do not have problems with drugs or alcohol abuse or sexual abuse. We do not have any of that. However, my son is exempted to learn a second language because of a learning difficulty. He is coming from a very good family and a very good home with no other problems.

CHAIR—Thanks, Trish. There is a challenge regarding the cross-cultural experience.

Mr Vaughan—Mr Snowdon touched on this as well. In Australia today because of the sort of society we live in, we all have to have a degree of cross-cultural sensitivity.

Mrs DRAPER—I agree with that.

Mr Vaughan—I would distinguish that from being bicultural in the sense that I, as an Anglo-Australian, do not have to understand Greek culture where I have to interact with it every day. But if I were teaching in a Greek school or Greek kids, I would have to have a particular understanding of Greek culture. A Greek child in Australia or an Aboriginal child in Australia has no choice but to experience the mainstream culture. So they have no choice but to be bicultural. We have to be culturally sensitive but we do not have to be bicultural unless we work in a particular cultural milieu. But Aboriginal people do not have the luxury of that choice.

Mr SNOWDON—You can take that further. If you go to work in a community in Western Australia, Queensland—it does not matter—if you do not understand the laws of that community, Aboriginal law as well as non-Indigenous law, it seems to me that—

Mr Vaughan—You will be ineffectual.

Mr SNOWDON—That is right. The issue, I think, comes back to how we actually make sure that those public servants who we want to be there, and they need to be there, actually have the training and expertise to be able to do the job that we expect them to do.

Mrs DRAPER—Teach the kids.

Mr HAASE—I am not pleading my case. I simply want it on the record in this debate that in my own patch there is a requirement at corporate level that employees that interact with Indigenous groups jump through numerous hoops to understand the culture of that particular Indigenous group. That attitude generally is extremely formalised. Any miner today who wishes to get approval for exploration on particular land will be well-versed, and a lot of money will be spent on employees by that corporate body having them understand the culture. I do not ever see any formalisation of a very justifiable, in my mind, request to have Indigenous groups understand the Western culture. There is an informal and assumed expectation, but it is never formalised, in my opinion, in any way. That is why I specifically asked the question of how you would consider that. Perhaps that is all now by way of explanation only.

One further specific question is in relation to the whole of government approach to address dysfunction or lack of opportunity in communities. Balgo area is one that has been concentrated on very strongly by governments today. How does, in your opinion, that concerted effort to crank the show up and get back some organisation and some facility and some capacity for self-governance hold with your earlier statement that we ought to be rewarding achievement? It would strike me that under this whole of government approach we are rewarding failure. I know that is not our intention, but it may be interpreted as such, I suspect.

CHAIR—I hear the question, but I do not want to just cut across Trish Draper's point. Did you feel you had a response? Do you want to develop it before we go to Mr Haase's point? It is part of the same issue, but yours was very specific. Do you want to develop it a little further?

Mrs DRAPER—Perhaps Stephen would like to make a comment. I empathised with him having to learn the year 7 stuff. It is grim.

CHAIR—Mr Haase made some good points.

Mr Oxley—In the end, it is the point Mr Vaughan made about communication. One has to be able to communicate with the person on the other side of the table or across the room or sitting next to you or what have you. For a school teacher whose job is to impart literacy and numeracy skills to a student, if that student does not have the basic capacity to communicate in the English that we use in this room today, then the relationship is doomed from the start. So I think that there needs to be a capacity instilled, given to teachers, taught to teachers, as examples to communicate. When you are talking about the school education system, of course in the Northern Territory we deal with some of those challenges of intercultural communication by the provision of interpreter services, which have been a highly successful initiative of this government in the area of accessing service, particularly around the legal system.

Mr SNOWDON—If you go back to the original point, though, I go to teach in wherever it is. I arrive in the community. Unless I have an Aboriginal teacher assistant who can actually speak the language and can converse and advise me on the cultural mores, the protocols of the place,

then I cannot communicate. How do we fix that problem is the issue. It is a resourcing question and a training question. A lot of Indigenous people have been trained as teachers but do not teach for a whole range of reasons. They cannot get a house.

CHAIR—Teaching is a pretty key issue for state departments of education in the various states. We will have to ask that of the state departments we are going to talk to.

Mr Oxley—It is a major work force development issue in areas where we have the bicultural issues. Of course the majority of Indigenous people are urban and are mostly English speakers. For them, it is not an issue. When we are talking about discrete communities in remote areas, it certainly is.

CHAIR—You touch on a really important issue, because all the time I am aware of the balance between urban Aboriginal and rural and regional Aboriginal and remote Aboriginal groups. There is that very clear definition. Mr Haase, did you get your response? You were going to give it.

Mr Oxley—Certainly I am. I do not look at the COAG trials as essentially picking the failures and rewarding them. What the whole COAG exercise is about is actually working with those communities to address the needs and problems they have identified themselves. But the way the Commonwealth is rolling out that initiative, we are using what we call a shared responsibility framework. So there is some reciprocity there in the relationship. Once the initial discussion has happened, where the community has been consulted, the Commonwealth and the states and the community come together. They make an agreement about what they want to achieve. From the community's point of view, it is what the community's responsibilities are in that partnership. The Commonwealth and the state governments say what their responsibilities are in the partnership. So it is not rewarding failure; it is actually reaching agreement on how we are going to improve things and the community accepting responsibility for its part of making that difference.

Mr HAASE—I accept what you are saying. It is a very reasonable defence, in my personal opinion. But I do believe that when you look at our target areas, you will see the lowest achievers. If you were one of the communities that were outside our target area in this process, you would be firmly of the opinion that the government was giving greater opportunity to them and therefore rewarding failure. I do not think we can step out of that spotlight. I know how so important it is not to reward failure. But if we are ever going to address the issues of lack of capacity and move on and develop, successive governments will want to do something in those 'failed' communities. If we are doing something, we surely are in the minds of many seen to be rewarding failure. I do not know how we can sidestep that equation. We can develop fancy theories and explanations as to why we are not rewarding failure technically, but I am not sure that we can convince those who are in communities that are missing out. Everyone has had the same opportunities in the past.

Mr Oxley—I think that in a number of the actual communities where the trials are going on, the governments collectively have actually picked winners, not failures, to work with, where there have been some established processes under way.

Mr HAASE—Maybe there are. I can think of one in particular.

Mr Oxley—Indeed. In Mr Cobb's electorate, for example, the mechanism that is being used is the community working party arrangement, which has been long established by ATSIC. And in Wadeye or Port Keats, where Thamarrurr is now operational, longstanding work has gone on in those communities around improving their governance arrangements. The point you make is that if you are on the outside looking in, you are going to feel deprived. The challenge for governments collectively is to demonstrate that all of the effort is not just being put into these special communities. We have an ongoing role and responsibility to meet the needs of those other communities. One of the key objectives of these trials is to try and identify what works and why, and what does not work and why not, and then take those lessons and apply them much more widely than is currently the case. There will be real questions arise as to the costs of doing that. If it is proven to be successful, then there is a question about whether it is the only way of being successful or not.

CHAIR—There are a number of ways to look at this. There are programs all the time operating right across government which become pilots for whatever reason. There is all of this debate. I am totally envious of one program Mr Haase has that I do not have. I am chastising him all the time about it. That will be an ongoing debate. The issue is that they are pilots and they are endeavouring to develop a new way of doing it. I think we have a hell of a long way to go, quite frankly. They may not succeed, I have to say. We have to be realistic. I certainly hope we do because there is a lot of potential in it. But from what I am seeing at the moment, we have a hell of a long way to go. I need to start wrapping this up. We will throw it open for one or two last questions. Do you get involved with the review of ATSIC in terms of policy advice? Where is that at?

Mr Vaughan—Yes.

CHAIR—Just a quick answer. There is no need to dwell.

Mr Vaughan—Is the question where it is at at the moment?

CHAIR—Yes. Well, is it a work in progress? Will it report by September or something or will there be a published report or a green paper and a white paper?

Mr Vaughan—The committee is about to report to the government. It was meant to be by the end of May, so there has been a bit of slippage. Then the report will be made public by government in due course.

CHAIR—Okay. And the separation of powers. We touched on COAG. They are some of the things that are quite innovative, to borrow a phrase which Steve mentioned earlier. There are some interesting things happening there. I need to ask a question on the findings of the review into the Aboriginal Council Association. Where is that at?

Mr Vaughan—The report of the review is in the public arena. It is a very good report, I must say. It goes to some of these governance and capacity questions we are talking about.

Mr SNOWDON—Do you have a copy of it?

Mr Vaughan—We can get a copy of it, yes. It is probably also on the registrar's web site, actually. The government is currently considering its response to the report. It just has not announced what its response is, but it is well and truly in the pipeline.

Mr SNOWDON—I want to follow up on the Commonwealth Grants Commission and Indigenous funding. Has there been any further development of the thinking as a result of that report? One of the issues that comes to my mind, which will not be too popular in New South Wales and Victoria, is the whole question of principles of horizontal and fiscal equalisation as a formula and how you might actually do something about addressing the need which cannot be addressed under the current formula basis.

Mr Vaughan—The government announced what it was doing about it in the report. I think we touched on it briefly in our submission. The issue you touch on is really the nub of what it boils down to: how you shift these historically based funding patterns, with all the dependant constituencies and programs that hang off them, and get an apportionment and redistribution of money that is based on needs. Even the definition of needs, of course, is not an obvious thing. It is obviously a process, and it is going to take several years to gradually shift the resources to where they are most needed. I suspect a lot of sound and noise will come along the way too.

Mr Oxley—There is a public commitment for reporting there by the government in 2005-06 and progress against its response.

CHAIR—Any further questions? I have a quick one. How many people are employed in the Office of Aboriginal and Torres Strait Islander Affairs?

Mr Vaughan—About 30.

CHAIR—That is all. Thank you very much. I declare the public hearing closed.

Resolved (on motion by **Mr Snowdon**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 5.52 p.m.