

## CHAPTER III

### Sustaining Public Investment in Indigenous Wellbeing

The pathway to reforming government ‘interventions’ to support Aboriginal and Torres Strait Islander people is what might broadly be called ‘the development approach’. Such an approach has antecedents and demonstrated practical application in the World Bank’s poverty reduction program, much of it inspired by the work of Dr Amartya Sen, author of the definitive work *Development as Freedom*.<sup>72</sup> A key element in the development approach is ‘political participation’ in decision-making.

In its conceptual framework for their new policy proposals for the 2002-2003 Budget, ATSIC defined its development approach as ‘Reconstructing Indigenous Australia.’<sup>73</sup> It outlined ‘new approaches to assistance programs for Indigenous people’, observing that:

There is general public consensus that the situation of Aboriginal and Torres Strait Islander peoples’ needs to be improved. There is concern that expenditure in the past has not achieved enduring results.

In preparing its framework, ATSIC took into account a number of contemporary international programs, including poverty reduction, sustainable development and livelihoods, capacity building, individual capability and had been influenced by the writings of Sen, describing its approach as:

A systematic reconstruction of our communities who are recovering from much individual and collective trauma ... The framework seeks to integrate new thinking into the way future funding is provided for the development of Aboriginal and Torres Strait Islander peoples.

The framework was developed within ATSIC’s existing policy of self determination, guided by ‘an evolving rights-based approach to policy and practice.’<sup>74</sup> The purpose of the framework was to urge an incoming government to give high priority to the present circumstances and future wellbeing of Australia’s Indigenous peoples, arguing that Indigenous assistance programs should be an integral component of national economic and social policies to build social and economic opportunity.

The philosophy behind the framework was that Aboriginal and Torres Strait

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<sup>72</sup> Amartya Sen, *Development as Freedom*, Oxford University Press, 1999.

<sup>73</sup> Aboriginal and Torres Strait Islander Commission, National Policy Office, Occasional Paper Series, *Reconstructing Indigenous Australia: The Starting Point*, Indigenous Affairs New Policy 2002-2003, Conceptual Framework, Canberra, November 2001.

<sup>74</sup> Aboriginal and Torres Strait Islander Commission, National Policy Office, Occasional Paper Series, *Reconstructing Indigenous Australia: The Starting Point*, Indigenous Affairs New Policy 2002-2003, Conceptual Framework, Canberra, November 2001, Preface.

Islander people should have the opportunity and capacity to take the lead in the reconstruction of healthy Indigenous communities.<sup>75</sup> It argued that:

A budget strategy should promote sustainable development through the provision of adequate resources, effective governance arrangements, the enhancement of individual capability, and the transfer of responsibilities to enable communities to determine their own destinies.<sup>76</sup>

The framework also sought to build on existing structures and integrate them within a framework of sustainable development against which community wellbeing could be measured and its performance judged. It argued that all programs of assistance should meet the test of how they sustained the development of Aboriginal and Torres Strait Islander communities.

Sustainable development meant adding long-term capacity to existing assets and strengthening individual capabilities for self-management. Public funding of Indigenous development, ATSIC argued, must give greater attention to the way programs transferred capacity to the people involved. It should aim to provide secure, stable and equitable long-term commitments to reduce the disparities between Indigenous and non-Indigenous Australians and overcome poverty reflected in the deprivation of basic rights and capabilities.

ATSIC argued for a ‘whole of government’ response based on shared responsibility between all levels of government, integrating budget sourced inputs across the full range of programs and services applicable to Indigenous people. The strategy involved giving greater recognition to the role ATSIC and regional councils played as instruments of governance within the federal system.

Despite recognised deficiencies in the ATSIC structure and uneven performance, it may have been reasonable to conclude some 40 years after the 1967 referendum and a number of failed attempts, that ATSIC and regional councils were close to being a settled national structure with some appropriate reform in the light of that experience. The abolition of ATSIC swept that possibility away and with it a number of reforms which were being generated by Aboriginal and Torres Strait Islander people themselves.

Since then, Mr Noel Pearson, Director of the Cape York Institute, who has been one of the most articulate advocates for a development approach, has also acknowledged the influence of the writings of Sen. In an article in *The Australian*, Pearson drew on Sen when he described the reform goals in the Cape York Peninsula as ‘for our people to have the capabilities to choose lives

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<sup>75</sup> Aboriginal and Torres Strait Islander Commission, National Policy Office, Occasional Paper Series, *Reconstructing Indigenous Australia: The Starting Point*, Indigenous Affairs New Policy 2002-2003, Conceptual Framework, Canberra, November 2001, p. 5.

<sup>76</sup> *Ibid.*

they have reason to value'<sup>77</sup>. As Sen argues, ultimately it is individuals who will determine the kind of life they value. But to have choice, individuals must have capabilities.<sup>78</sup>

The Secretary to the Treasury, Dr Ken Henry, who has brought a new and refreshing policy approach to an understanding of Indigenous development, has also observed that Pearson's development goal for the Cape York communities is grounded in Sen's work. Henry has pointed out that there is a vast chasm separating most Indigenous Australians from this goal, yet it is precisely the goal to which all Australians should commit. Henry has also drawn on Sen's philosophy in stating that among the most pressing challenges governments face are those that address, among other things, the 'freedoms and opportunities of citizens'.

Henry explained that in recent years the Treasury has developed a framework that it considers to provide a robust underpinning for the advice they provide, stating that:

The wellbeing framework reflects our intellectual heritage, and is anchored firmly in the mainstream economics literature. But it did not emerge from an abstract intellectual exercise. Rather, we distilled the considerations that we have found, over many years, to have been most pertinent to our identity. The framework does not attempt a quantifiable index of wellbeing. Rather, it concerns itself with the considerations that are important in the preparation of public policy advice.<sup>79</sup>

Significantly, the Treasury's first of five dimensions of wellbeing was 'the level of opportunity and freedom that people enjoy'. Henry went on to argue that people having the opportunity to participate fully in economic, social and cultural life is important for its own sake; and not just because of the important link between full participation and aggregate incomes and wealth. In particular he stated:

Our perspective accords very closely with Nobel Laureate Amartya Sen's focus on 'substantive freedoms that people have reason to enjoy'. Specifically, we are interested in the 'capabilities' that Australians have to lead the lives they want to live – and that they have reason to value.<sup>80</sup>

For Henry, the Sen principle of opportunity and freedom 'provides a rich description of our overall policy objective, [of] improving the wellbeing of the Australian people'.<sup>81</sup> This recital is important for setting in place policies to

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<sup>77</sup> Noel Pearson, 'Choice is not enough', *The Australian*, 28-29 April, 2007.

<sup>78</sup> Amartya Sen, *Development as Freedom*, Oxford University Press, 1999, p.19.

<sup>79</sup> Dr Ken Henry, 'Enhancing Freedoms, Generating Opportunities – Challenges for Governments, Challenges for Citizens', Address to Institute of Public Administration (Victoria Division), Melbourne, 20 July 2004, p. 2.

<sup>80</sup> Amartya Sen, *Development as Freedom*, Oxford University Press, 1999, p.19.

<sup>81</sup> Dr Ken Henry, 'Enhancing Freedoms, Generating Opportunities – Challenges for

overcome Aboriginal and Torres Strait Islander disadvantage in that it implies a substantive role for government to ensure the provision of the basic infrastructure for economic and social interaction. People may not have the capabilities to lead the lives they have reason to value, he argues, if they are denied access to education, health, and job opportunities.

The ‘wellbeing’ theme has been generally adopted by the Government, stating in its *Intergenerational Report* that:

The wellbeing of successive generations requires sustainable economic, social and environmental conditions. The Government’s policy framework therefore aims to ensure that economic, social and environmental policies complement each other to bring about improvements in wellbeing.<sup>82</sup>

However, the theory of economic sustainability and wellbeing could have a negative impact, further compressing Aboriginal and Torres Strait Islander disadvantage. On releasing the *Intergenerational Report* the Treasurer explained that it was required by the Charter of Budget Honesty every five years to:

... report honestly and openly on the effect this generation will have for the one that follows. It would be unfair if today we spent on ourselves and sent the bill to tomorrow’s generation. It would be unfair if we indulged a standard of living today at the expense of the standards of living for our children and their children.<sup>83</sup>

For Aboriginal and Torres Strait Islander people, this policy approach means that many of the decisions made today will have a consequential impact on future Indigenous wellbeing because of deferred commitments for the wellbeing of future generations that may bring Aboriginal and Torres Strait Islander people to the same level of capability as other Australians now and into the future.

The definition of capabilities offered by Sen provides a better understanding of the situation of Aboriginal and Torres Strait Islander people and what is required to overcome their disadvantage and to improve their general wellbeing on terms they themselves decide. Sen defines capabilities as the ‘substantive freedoms a person enjoys to lead the kind of life he or she has reason to value’<sup>84</sup>. This approach also transfers the responsibility for achieving outcomes with a redirection or better allocation of funding to priority areas.<sup>85</sup>

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Governments, Challenges for Citizens’, Address to Institute of Public Administration (Victoria Division), Melbourne, 20 July 2004, p. 2.

<sup>82</sup> The Australian Government, the Treasury, *Intergenerational Report*, 2007, p. 1.

<sup>83</sup> The Hon Peter Costello, PM, Treasurer, Address to the National Press Club, Canberra, 2 April 2007.

<sup>84</sup> Amartya Sen, *Development as Freedom*, Oxford University Press, 1999, p. 19.

<sup>85</sup> *Ibid.*