

The Cape York Agenda

Noel Pearson
Director, Cape York Institute for Policy and Leadership
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Cape York Institute
For Policy & Leadership

J Block, Newton Street, TAFE Campus
PMB 1, Cairns. QLD 4870

Telephone: (07) 4046 0600
Facsimile: (07) 4046 0601

Email: info@cyi.org.au
Web: www.cyi.org.au

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1. Introduction

Thank you for your introduction.

I'd like to begin by acknowledging the traditional owners of Canberra, the Ngunnawal people. I'd also like to thank the National Press Club, and the National Australia Bank and other sponsors for giving me the opportunity to speak today.

My talk today will be about how Indigenous people in Cape York Peninsula can overcome disadvantage. But before I talk about the specifics of my home region, I want to make a general point about overcoming disadvantage.

Maximum participation in economic life is *key* to overcoming disadvantage.

I believe most people in the audience would concede this, because we have personal experience of participation. It was the efforts and decisions of an earlier generation that lay the foundations for our wellbeing. Like you, I stand here because of the hard work of my mother and my father.

I will talk much about “capabilities” today. I will explain later exactly what we mean by “capabilities” in Cape York, but let me just state initially that capabilities are to a large extent something that is accumulated, it is intergenerational. Example and expectation is crucial.

Income support may be necessary temporarily, but it is fraught with danger. I have not seen income support contribute to intergenerational accumulation of capabilities. Intergenerational dependency and exclusion is the more likely outcome.

I do not make these introductory remarks in order to launch a general attack on welfare and income support. It is not true what some people believe—that the policies we advocate for Cape York Peninsula entail decreasing government investment or decreasing the welfare of any family or child.

My point is that when we are confronted with the most difficult cases, we tend to suspend our insight about participation being the surest or perhaps even the only way out of disadvantage.

We postpone economic development in favor of comprehensive income support. We do this because it is just too hard to figure out how to assist disadvantaged people, especially if they are indigenous.

But obviously, the result of the current policies is larger generations of young people with much less capability than their grandparents. Economic development for indigenous people is therefore of national interest and an absolute necessity.

In 1999 I wrote ‘Our Right To Take Responsibility’, in which I drew attention to the impact of passive welfare on our families and communities.

Since then, through the work we have done in Cape York, we have learned more about the nature of the crisis confronting our people. We have done a lot of thinking and careful analytic work on the *fundamental* drivers of our dysfunction and disadvantage, and how to address them.

Today I would like to share this more recent work with you and set out an updated ‘Cape York Agenda’.

2. The end goal

The end goal of our Cape York Agenda is framed in the language of Nobel Prize winning economist, Amartya Sen.

Sen considers freedom to be the critical measure of individual wellbeing. However, his concept of substantive freedom is not simply about exercise of choice.

He incorporates the consideration that freedom may be constrained by the *range* of choices available to people. This range of choices is dependent on our capabilities, or the personal and social resources that we can bring to bear on improving our lives.

The end goal of the Cape York agenda can then be expressed as seeking *to ensure that Cape York people have the capabilities to choose a life that they have reason to value.*

Importantly, this agenda does not entail making choices *for* people, but is rather about expanding the range of choices people have available *to* them.

This framework exposes the failures of the previous policy paradigm. In the 1970’s, it was accepted that Indigenous people in remote areas should be able to choose between a traditionally oriented life or a life integrated with the mainstream.

Policymakers with the best of intentions sought to facilitate this choice, but the only capability they seriously invested in was that of income. The policy of the last 30 years sought to create choice by simply providing income through welfare and quasi welfare systems.

Thus, over the last 30 years, Indigenous people were not supported to develop basic capabilities in important areas such as education, health and employment. Consequently, our people were ill-equipped to take advantage of opportunities in the real economy. The so-called ‘decision’ to remain in their community was therefore made in default of any real choice. Our task today is to ensure that remaining in one’s own community is the result of choosing between real options.

Without education and a whole set of other capabilities, successive generations of young people, at ages where they would ordinarily seek work, were led away from engaging in the real economy by the poisonous disincentives of the welfare system. Traditional skills were eventually traded in for the free stream of welfare, and the communities of Cape York descended into a state of passive dysfunction.

Bureaucrats stepped in to arrest this descent, and effectively propped up communities. In doing so they shifted responsibility away from the people in the communities and towards government. Thus began the vicious cycle of government-community-individual dependence that led to the complete disintegration of indigenous society and culture—the very thing the policies had first sought to protect.

We must develop new policies that release us from this vicious cycle and in doing so we must assert our right to responsibility as much as we do other rights.

3. What is the current situation?

Framing the end goal in Sen's language - *to ensure that Cape York people have the capabilities to choose a life that they have reason to value* - means that the essential challenge is to build the capabilities of Cape York people so that our people can exercise meaningful choice.

Capabilities in the Cape are in extremely poor condition. For example:

- Employment is very low and there are very few 'real' jobs. Only around 14 per cent of Indigenous Australians receive an income from paid employment in the real economy (rather than through the Community Development Employment Programs – CDEP).
- Incomes are low – the average personal income is around 60 per cent of the Australian average.
- Passivity is very high. Income transfers (including CDEP) account for approximately 70% of the total community income in remote communities, compared to around 10% for Australia as a whole.¹
- Health outcomes are very low. Life expectancy for Indigenous Australians is nearly 20 years less than the average Australian. In fact, life expectancy of Indigenous Queenslanders (reflecting the most disaggregated data available for Cape York) is amongst the lowest in the world and considerably lower than in many poor and developing countries, such as North Korea and India.
- Education outcomes are very low. There are very low rates of attendance and secondary school completion. One Cape York statistic shows that of year 7 students, only 6% will complete year 12.²

Most of the distressing statistics would be well-known to you. A common reaction is to despair – to believe that it is all too hard.

Instead, I wish to set out a clear agenda for turning this situation around – one that I believe would see significant impacts within five years, and could transform communities within a generation.

4. What needs to be done?

In recent speeches, I have set out the case for why we believe that the underlying driver of the dysfunction and disadvantage on Cape York is the lack of economic and social development. And why we believe this is compounded by the unintended consequences of interaction with a welfare system designed for a rich country.

¹ Source: Internal Cape York Institute analysis and ABS Catalogue 1379.0.55.001.

² Education Queensland report on transition support supplied to Cape York Institute

I will not repeat those arguments here. Suffice it to say that only engagement with the real economy can build incomes over time, can allow for higher levels of education, health and general consumption, and perhaps most importantly, bring long term employment opportunities and economic participation.

In this speech, rather, I wish to consider the broader context of the overall reform agenda.

To even be able to access the opportunities of the real economy, we must return to the issue of *our right to take responsibility*. As a fundamental precondition, we must restore social order, attack passive welfare, and tackle substance abuse.

But we must also build a range of capabilities to enable real engagement. We must focus on building health, education, and community life, and support people's efforts to build their lives.

And we must get the incentives right, so that people perceive greater benefits from working and investing in themselves (in their education, health and so on), than from staying on welfare.

It is only by doing all of this that we can enrich the choices available to people in a sustainable manner.

5. The metaphor of the staircase

To illustrate how these different elements of the agenda fit together, I use a metaphor of building a staircase for Cape York people--a staircase that will give them the chance to climb out of their current deprivation.

The construction of the staircase has three parts:

- a strong *foundation of social values and norms*,
- a generous investment in *capabilities supports*, and
- a reformed set of *incentives steps*

Let me take these in turn.

(i) A strong *foundation of social values and norms*,

The foundation for the stairs of social uplift must be the re-establishment of some basic rules that society expects of its members—in relation to mutual responsibilities, in relation to public order and safety, and in relation to expectations toward their children and their upbringing.

Mainstream Australia has social order. This has a visible component, for example, law enforcement, neighbourhood watch groups, etc. But it also has an invisible component - social norms that act upon and influence individual behaviour.

These ensure that in mainstream Australia, bad behaviour has consequences. In contrast, Cape York is operating at a social order deficit, largely due to a breakdown of social norms.

We need to be clear that this deficit is the legacy of our history, of dispossession, trauma, discrimination, and the undermining of indigenous leadership and authority. Our people have been immensely scarred by this history: it was what made us vulnerable to substance abuse in the first place.

We fell into passivity because in the years following our attainment of citizenship we were alienated from the mean hold we had in the real economy. The past is strongly with us in the present, but while we must never forget history, we must also engage for the future.

But while our inequality and dysfunction have larger structural causes, they are ultimately realised in the behaviour of real human beings – who have the potential for insight, organisation and agency.

If you don't confront behaviour – and indeed you choose to absolve people from their behaviour because you do not wish to 'blame the victim' or you wish to demonstrate your understanding of the 'structural causes of dysfunction' – then you deny the importance of human agency in confronting disadvantage and inequality, and you therefore perpetuate both disadvantage and dysfunction.

Dysfunction has ceased being just a symptom or consequence of poverty: it has also become a causal factor. A still-worsening culture of dysfunction has become a major hurdle to marginalized group's re-entry into the real economy.

Most Australians underestimate the importance of social norms simply because they assume that they must exist in any society. But in the absence of social order, leadership and authority, societies cannot prosper.

As a prerequisite to accessing the opportunities of the real economy in Cape York, social order needs to be restored – a basic, stable, functioning base must be established as a platform for building opportunity.

(ii) A generous investment in *capabilities supports*

On top of the foundation of social norms, we need to build the capabilities of Cape York people so that they are in a position to exercise meaningful choices.

To combat the lack of capabilities in Indigenous communities, policy has traditionally targeted the most obvious source of incapability, namely the lack of income. This has been done primarily by providing welfare payments to those individuals who are unable to work or find employment.

However, over time, as material conditions have improved to some extent in remote Cape Indigenous communities, wellbeing has actually declined.

The capabilities framework provides an explanation of this apparent paradox. First, as Sen notes, poverty needs to be understood to be a broader issue than simply lack of income. It is more fundamentally a lack of opportunity to exercise meaningful life choices. Under these circumstances, an approach that relies primarily on redressing the lack of income will never be wholly successful, if other constraints on opportunities remain unchanged.

Second, passivity is itself a negative capability, which undermines other positive capabilities. Thus all external interventions that have reinforced passivity, almost regardless of their direct material impact, have ultimately been damaging to the overall set of capabilities in Cape communities.

The solution to this issue is clearly not to cut support for capabilities, but instead redesign it in a way that does not reinforce passivity. We have been doing considerable work on this issue in Cape York, for example, looking to pilot innovative methods of service delivery in education and health that devolve real responsibility to the community level.

Let me be clear - the Cape York agenda will require more external expenditure on capabilities supports, not less, at least in the short- to medium-term. But we can commit that this additional expenditure will be more effective in the future – we will commit to increasing our responsibilities along with this increase in support.

(iii) A reformed set of *incentives steps*

Together with a strong foundation of social norms and good capabilities supports, we need to make sure that people have the right incentives steps.

For this to happen, the capability investments need to be priced so that people are *choosing* to ascend the staircase. If these incentives are rational, people will make choices that build their lives.

This is why I have been so critical of the passive welfare state that confronts our communities. It creates *perverse* incentives that tell sixteen year olds that it is better to go on the dole than to finish school, or that tell parents they will receive money irrespective of their child's well-being and educational participation.

The structure of income support payments in Cape York has set up a poverty trap where these perverse incentives actually encourage people towards welfare, and away from real employment.

Apart from depriving people of a real income, unemployment has other more serious effects that cannot be ameliorated, and indeed may be exacerbated, by long-term income support.

These effects include psychological harm, loss of work motivation, skill and self-confidence, an increase in sickness, and disruption of family and social life.

Welfare payments should instead be structured to support and encourage earning or learning. Where they do not, other obligations must be attached to payments so that they benefit the community.

Again, let me emphasise that this is not about cutting overall support for communities.

I am acutely aware that Indigenous people in Cape York are amongst the most disadvantaged in the country. I come from such a community, and the people whom I love and care for the most suffer from disadvantage.

But we must investigate innovative mechanisms to ensure that the support is not inducing passivity, and is really going to support the children for whom it is meant.

Unless we ensure that policy is targeted at economic development and capability building, we will simply condemn Indigenous Australians to continue in the poverty trap of welfare dependency.

6. The radical centre

There has been some recent interest in where this agenda sits within the spectrum of Australian politics.³

The metaphor of the staircase may provide some fresh insight into why our agenda has so often proven to be so difficult to categorise in conventional political terms.

Our focus on the foundation of basic social norms has an inherently *conservative* flavour.

But we then emphasised the critical importance of supporting capabilities – and this has a distinctly *social democrat* flavour.

Then we talked about incentives steps that allow people to choose to build their own lives – this has a distinctly *liberal* flavour.⁴

So our agenda has elements of all three great traditions of political philosophy that underpin contemporary Australian public policy debate.

But it is not an attempt to be all things to all people.

Instead, it is simply an agenda of basic necessity. These themes – norms, capabilities, and choice are the basic themes of any functioning society.

The idea that everyone should have the capabilities to choose a life that they have reason to value is part of the basic political fabric of mainstream Australia.

This is evident in the Australian Labor Party's platform which talks about the "ability to exercise and enjoy the fundamental human rights to which all Australians should be entitled."

And it is evident in the Prime Minister's stated desire for "an Australia where an Aboriginal child - whether born in a remote community or in one of our cities or in regional centres - can grow up and reach their full potential in life."⁵

This basic capacity to exercise substantive freedom should be common to all Australians.

It should be truly sad to all of us, that in a country as prosperous, as free, and as opportunity-filled as Australia, that any group of its citizens should have such little real choice as Indigenous Australians.

³ For example by David McKnight in his recent book *Beyond Right and Left: New Politics and the Culture War*

⁴ Small "l" liberal

⁵ PM address to Reconciliation Australia Conference, 2005

Nevertheless, it is the reality.

We need to recreate that basic fabric of society that lets indigenous Australians enjoy that freedom. We will need to be as educated as you, live as long as you, have the same access to real jobs as you.

Despite its seeming simplicity, this pursuit of basic freedom in indigenous Australia is a radical change from the past.

We characterise it as being in the radical centre because it challenges the political vested interests of both left and right. We ask both sides of politics to concentrate first on building this basic fabric of economic and social life – reserving the right to disagree on how policies should be framed once that basic fabric is established.

7. The Policy Challenge

For communities, the path to rebuilding this basic fabric will require them to take a long hard look at how their community functions at a basic social level. We will have to look beyond our traditional homelands to engage in the mainstream Australian economy, all the while not forgetting who we are and where we are from.

Communities will have to examine and reconcile some of the tensions that inevitably arise when a change in the economic base occurs. Ultimately, to be viable, these communities will have to be clear about their attitudes toward work, attitudes toward mobility, attitudes toward outside investment, and attitudes toward mainstream Australia. Communities will have to commit to do things differently—radically.

At the same time, mainstream Australia will need to examine its attitudes. State and Commonwealth Governments will have to seek out boldly the right policies with incentives which encourage our communities to develop.

Getting those new policies right will require some radical thinking about incentives and radical re-assessment of current policies. Government will be challenged to transfer some responsibility to the individual and to the community. We recognise that there are risks both for government and for communities in this.

We propose to the federal government that communities such as those in Cape York ought to be able to put their hands up—voluntarily on an opt-in basis—for a ‘New Deal’ on welfare. Communities that want to fundamentally restructure the incentives in their communities, that want to build enabling institutions and invest in infrastructure, and that want to develop new social norms that underpin social order, should be given the space and responsibility to do this.

We believe the ‘New Deal’ could have the following elements:

- First, it would be a trial and would apply only to those communities that ‘opt-in’.
- Second, it means that communities would be able to go beyond mainstream welfare reforms and determine new criteria for receiving welfare payments, including CDEP, Newstart, Abstudy, the Family Tax Benefit and the parenting payment. These criteria

would be designed to avoid the poverty traps that currently exist and to create more incentives to take up work.

- Third, it means that monies received for family go to the wellbeing of the family and that there are mechanisms to ensure this happens.
- Fourth, it means designing CDEP to add value to the community while never becoming an unemployment trap, including a trap for community organizations who derive most of their service funding from the program. In this trial, we cannot ignore the current funding and administrative arrangements between government and communities. These raise issues which must be resolved.
- Fifth, it means looking at the prerequisites to economic development, including land tenure needs and telecommunication, infrastructure, etc. and making changes and investments that promote economic growth.
- Sixth, it means entertaining legislative change to allow for increased responsibility and decision-making at the community level. Recently, Halls Creek in Western Australia made national news by making welfare conditional on whether children attended school. Despite bipartisan and community support, and encouraging school attendance results, the program was halted because its legality was called into question. We will have to confront laws and programs, and where necessary, secure changes such that responsibility can be held where it is due.

I believe that if we commit to and make the changes required; we will see positive change in short order.

Our belief is that the direction is clear – we are now looking for support to carry it out.

We want a radical new deal, and we want the rules to be different because we need the rules to be different. We want the ability to opt in, and once in, we want the freedom—the responsibility—to make the hard changes necessary.

If, at the end of the day, all that is offered to us is tinkering, we will failure, and, what's worse, we will see the perpetuation of the Aboriginal 'problem' for as long as we avoid dealing with it.

8. Conclusion

In conclusion, our ultimate goal is to ensure that Cape York people have the capabilities to choose a life they have reason to value. It is an agenda of economic and social development that does not entail making choices for people, but is rather about expanding the range of choices people have available to them.

But to make this possible, we must restore social order, attack passive welfare, and reject substance abuse. We must invest in the capabilities of the individuals and the institutions that serve them. We must get the incentives right to ensure economic participation.

With economic development and participation comes empowerment. Economic development is therefore closely linked to self-determination.

The reason for emphasising the importance of economic development is not that the economy is more important than cultural and social issues. It is that *without* economic advancement, Indigenous Australians are more likely to lose their heritage and identity. The Cape York reform agenda seeks to re-establish a society that is both economically and culturally productive.

Several of the issues commonly associated with reconciliation I have mentioned only briefly or not at all in this address. I have not explicitly discussed the history of dispossession, racism, lack of self-determination and other injustices such as confiscation of wages and removal of children.

Let me therefore underscore some of the elements of reconciliation which I believe are necessary for Indigenous people to have the whole range of choices which they are entitled to:

- Indigenous land title needs to be secure. I have on earlier occasions spoken about my belief that the opportunity offered by Mabo has not been seized by the nation
- The historical truth needs to be acknowledged.
- Aboriginal languages need to be recognized and their survival must be a national priority.

Critics of the Cape York Agenda may argue that our policies advocate assimilation and that our analysis largely identifies indigenous people as the problem rather than the victims of two centuries of oppression. But the fundamental difference between the Cape York Agenda and the prevailing notion of reconciliation is perhaps this:

We need to recognise that some of the current problems have their own momentum and have become drivers of disadvantage in their own right. We acknowledge that history is the ultimate explanation for Indigenous people's predicament. But rectifying history by giving back land, recognising indigenous culture, compensating for historical injustices and delivering services is not enough. It's now a question of personal responsibility as well as legacy.

There must be social order on Indigenous homelands. Indigenous children must have at least the same knowledge about western and global culture and proficiency in the English language as do the rest of Australian children.

If we achieve this, and rebuild Indigenous people's capabilities, we Indigenous people will have the choice whether to remain on economically and culturally vibrant homelands or to orbit into the wider world, and return to home base when we wish.

The current situation in Cape York is that people stay in the communities not as a result of informed and free choice, but as a result of educational failure. When people do leave, there is great danger that their descendants will lose their identity, because it is difficult to retain a link with dysfunctional and under-developed homelands.

Until the indigenous people of Cape York can largely earn their own incomes we will not be truly free. We will be dependent on income transfers, where someone else takes all of the

rights and responsibilities to make decisions and take actions on behalf of a relatively powerless people.

If we revitalise our homelands at the same time as we support indigenous people in acquiring at least the same capabilities to live in a globalised world as other Australians have, we will achieve true self-determination. This is how we will deliver our future as a recognised first world Indigenous people, retaining a culture which has strong inherited and ongoing connection to ancestral lands.

We must never forget our past. But the Agenda I have presented today is about tackling the problems of the present in order to create a better future. We must be bold and radical, because the severity of our disadvantage demands no less.