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**PARLIAMENTARY STATEMENT BY THE PRIME MINISTER
ADMINISTRATION OF ABORIGINAL AFFAIRS
11 APRIL 1989**

Honourable Members will recall that in November last year the Government announced a number of inter-related inquiries into the administration of Aboriginal affairs.

The background to the establishment of these inquiries was material provided and statements made in Senate Estimates Committee processes, and elsewhere, alleging serious shortcomings in the administration, including financial management, in the Aboriginal Development Commission and in the Department of Aboriginal Affairs.

The Minister for Aboriginal Affairs announced in this Chamber on 7 November 1988 that he had asked the Auditor-General to undertake a comprehensive audit of the Aboriginal Development Commission and to extend this, as appropriate, to the Department of Aboriginal Affairs. He announced also that the Public Service Commissioner would be investigating questions concerning personnel management in the Department of Aboriginal Affairs and that the Department of Finance would investigate any staff classification issues.

Furthermore, he announced that the Government recognised that certain matters might still require further examination in the light of these specialised investigations and that the Government had asked Mr Andrew Menzies, AM, OBE, a former Deputy Secretary of the Attorney-General's Department, to make any such inquiry.

The Auditor-General and the Public Service Commissioner are, of course, independent statutory officers, and the Government made clear that Mr Menzies would also be exercising an independent role in following up any outstanding matters.

The Government also made it clear that each of these inquiries should be as thorough as those conducting them judged necessary.

It was the Government's intention from the outset that, in the light of the outcome of these inquiries, it would consider whatever steps might be necessary to address any problems brought to light.

I am now able to advise Honourable Members that most of these various inquiries have been completed. The Public Service Commissioner and the Department of Finance have completed their inquiries. Moreover, as a result of a further request from the Minister for Aboriginal Affairs to the Minister for Finance, the Department of Finance has prepared a broader report on financial management in the Aboriginal Development Commission.

As Honourable Members already know, the Auditor-General has completed a substantial part of his remit, with only a report on some particular enterprise projects in the Aboriginal Development Commission area which were brought to notice in the Senate yet to come.

Mr Menzies has completed an interim report which outlines the process he is following in his enquiries and the matters which he has excluded. In particular, he is not re-examining issues which have been dealt with definitively by the Public Service Commissioner, the Department of Finance or the Auditor-General in their reports.

Mr Menzies has identified two issues in the Auditor-General's report which have not been or are not being dealt with to finality by the Auditor-General and which Mr Menzies sees as appropriate for his investigation. He indicates that these two matters are under active investigation, together with a comparatively small number of matters arising from submissions received from the public or otherwise brought to his attention.

Mr Menzies outlines in Part II of his interim report the matters under investigation but recommends that that part of the report not be published generally. The Government accepts his recommendations that, in view of the continuing investigations, Part II should not be published. It has, however, been made available to the Leader of the Opposition, the Leader of the Opposition in the Senate and the Leader of the Australian Democrats.

I make the important point that, pending Mr Menzies' final report, I shall not comment today upon the conduct of any individual. Nor should others prejudge the findings. Attempts to ascribe guilt by allegation or smear are simply unacceptable.

The Government also has, of course, the recommendations and views of the Senate Select Committee on the Administration of Aboriginal Affairs.

The Government is confident, therefore, that the primary issues of administration in the area of Aboriginal affairs have been covered in all the reports we have now received.

Against this background, I now table in the House all the reports referred to, excepting the Auditor-General's report which has already been tabled and Part II of Mr Menzies report.

With the bulk of the inquiries now completed, the Government is in a position to inform the Parliament of its views and intentions concerning organisational arrangements for the Aboriginal Affairs portfolio on the basis of thorough consideration of the material now available to us. The Minister for Aboriginal Affairs will be following me with a detailed statement concerning these arrangements.

The Government, of course, stands ready to refine its response, and undertake any further action, should that be necessary, when the remaining reports are received. They will, of course, also be tabled in the Parliament.

Madam Speaker,

At the outset it needs to be acknowledged that administrative shortcomings, some of them serious, are evident in the area of Aboriginal administration. The Government does not sweep aside these shortcomings nor will we shirk our responsibility to correct them.

In the case of the Department of Aboriginal Affairs, the Auditor-General found that, overall, there was a lower than acceptable standard of administration. Clearly, administrative practices in a wide range of areas will have to be tightened. The Government recognises this, the Department knows it and some steps have been taken already.

The Department of Finance concluded, in relation to certain staff classification matters, that the action taken by the Department was not well founded in terms of classification principles and processes. Honourable Members should note, in this regard, that the Department of Aboriginal Affairs has accepted the Department of Finance's conclusions, and the necessity of appropriate corrective action.

On the other hand, I believe it is important to note that, as the Auditor-General's and Public Service Commissioner's inquiries found, some of the more vocal critics of the Department were unable to provide evidence to back their claims.

The Public Service Commissioner has not substantiated allegations of patronage, favouritism, nepotism and cronyism in the Department of Aboriginal Affairs. No hard evidence was produced that would warrant investigation under the Public Service Act.

The Public Service Commissioner's delegate, Mr H B MacDonald, found no more than that there was an occasional lack of prudence or judgement and that there were some deficiencies in the Department's personnel practices, most particularly an inordinate delay in approving an equal employment opportunity program. Mr MacDonald also concluded that it was essential to clarify the policy guidelines on Aboriginalisation - that is, enhancing access by Aboriginal and Torres Strait Islander people to employment in the Department.

The much more fundamental problems brought to light in these inquiries are in the programs administered by the Aboriginal Development Commission rather than the Department.

The Special Audit Report's major criticisms are directed at the way the Aboriginal Development Commission administers its enterprise funds - pointing to a number of failed enterprises and less than rigorous oversight by the Commission. In nearly all cases mentioned in the report, Audit found that the ADC had failed to apply the criteria set out in its legislation, and concluded that the most serious defects in administration were in the ADC's approval procedures.

It should also be noted that there are proposals in the broader Department of Finance report for a strengthening of administrative support in these areas, and for the exercise of greater control, through clearer and more specific ministerially endorsed guidelines.

The Government has taken these findings into account in the response which I shall outline and on which the Minister's statement will elaborate.

Madam Speaker,

Before outlining the Government's response to the findings of these inquiries, it is essential that I reaffirm the two basic principles at stake in this crucial area of government administration.

There is, first, the imperative for self-management, by Aboriginal and Torres Strait Islander people, of Government programs designed to assist their well-being.

If there is one lesson that emerges from two hundred years of contact between the original inhabitants of this country and the Europeans who have arrived since 1788 it is this: that after all the benign neglect, the paternalism and the failed attempts at assimilation, we today realise that the Aboriginal and Torres Strait Islanders themselves are the best judges of their needs and priorities.

In recent years, the imperative of self-management has received considerable bipartisan support and it is one to which this Government has shown its fundamental commitment.

Second, there is the thoroughly complementary imperative for proper ministerial responsibility and accountability for, and effective parliamentary scrutiny of, programs as a whole, especially in relation to their financial administration.

The nub of the issue before us then is finding the right balance between the principles of self-management and of overall ministerial responsibility.

Many critics - including in this House - have failed to see this need for balance. They have drawn the facile conclusion that answers to the administrative shortcomings that have been identified, especially in the Aboriginal Development Commission, lie solely in winding back self-management.

The Government believes it is possible - indeed, it is vital - to strike a better balance; a balance that both widens and deepens the opportunity for self-management, and establishes a more appropriate means of financial accountability and ministerial oversight.

That is precisely what the Government's proposed legislation for the establishment of the Aboriginal and Torres Strait Islander Commission seeks to achieve.

It seeks to widen the scope for Aboriginal self-management to encompass all of the programs undertaken within portfolio agencies, and to deepen its real effectiveness by giving Aboriginal people at a regional and local level a far more specific responsibility to determine priorities and outcomes.

It seeks also to establish the right mechanism for ministerial involvement which will genuinely uphold the principle of accountability to the broader Australian community.

I take this opportunity to reaffirm the Government's determination to proceed with the ATSIC legislation.

Nothing that has emerged from these inquiries has eroded the Government's fundamental support for the concept and nature of ATSIC. But we can and will draw on the work of the Senate Committee and on the inquiries to refine and improve the details.

In his statement today the Minister for Aboriginal Affairs will describe the Government's intentions on amendments to the ATSIC legislation, particularly in the light of the report of the Senate Select Committee.

I believe it is appropriate in this context to remind Honourable Members of some of the legislative history of Aboriginal self-management, and in particular to point out that the ADC itself was developed, under the previous Government, with a less than conventional level of ministerial oversight for a statutory authority.

I begin by quoting the words of Senator Neville Bonner, the first Aboriginal Member of Parliament, in giving, on behalf of the previous Government, the second reading speech on the Aboriginal Development Commission Bill in the Senate on 21 November 1979.

He said, "The Government, in introducing the Aboriginal Development Commission Bill, is taking steps to put into effect what I have been saying for a number of years - the placing into Aboriginal hands of the control of Aboriginal affairs."

He went on to say that "..... Aboriginals will be responsible for the decision making. Of course (he said) this is not to say that Aboriginals also will not make mistakes. It is to be expected that we will as we all do. But Aboriginals should have greater sensitivity to Aboriginal needs and they will learn from any mistakes they make while exercising this responsibility".

As Honourable members will know the legislation to establish the ADC was not actually passed until 1980. The amended legislation, again in the words of Senator Bonner, was designed to "strengthen the commitment to self-management" and to achieve "further steps down the road to making equality a reality for Aboriginal Australians". He was able to say that because the weight of the responses to the original Bill was to reduce the role of the Minister and expand the role of the Commission.

I would also remind Honourable Members of some important points made in that 1980 Senate debate by Senator Chaney, the then Minister for Aboriginal Affairs.

He said, "there is an element of risk in Aboriginal self-management. I think it is a risk which both the previous Government and this Government have seen as a worthwhile risk".

He also said, "I suggest to those Members of the Opposition who are concerned, that they look at the limitations of ministerial power in this Bill as compared to the Bills that the Opposition when in Government put through the Parliament in 1974 and 1975.

"I think they will see that we are progressing in the way that one would expect towards withdrawing ministerial authority. I do not suggest that the Bills that were passed in 1974 were wrong for their time. I suggest that, as one would expect, we are moving in a direction of increasing Aboriginal control rather than ministerial control".

The significance of this recital of the background to the ADC is that it shows that both sides of this Parliament have made, and welcomed, moves to give Aboriginals a greater say in the design and delivery of programs to advance their status in Australian society. We all have been prepared to accept what Senator Chaney termed "an element of risk".

In reaffirming my Government's support for ATSIC, I make the point that, given this legislative history, the proposed new Commission is the logical and appropriate next step for the advancement of both the great principles of self-management and ministerial accountability.

Not only do the reports of the inquiries not undermine the Government's belief that ATSIC represents the correct way forward - we are encouraged by some of the positive implications for ATSIC's basic structure in the inquiry reports.

For example, the Special Audit Report illustrates the problems which can arise when one agency, the Aboriginal Development Commission, confuses its activities in enterprise funding with its own wider socio-economic responsibilities, and those of other agencies. It also points up some difficulties the Department of Aboriginal Affairs has experienced in providing a balanced range of services to communities in response to their expressed needs.

While the Report does not draw any conclusion, the Government notes that such problems as these would be reduced by bringing the full range of programs under a single administration, by eliminating the potential for overlap, and by planning systematically on the basis of communities' and regions' own priorities.

At the same time, the Government accepts that it cannot proceed with these changes without addressing as effectively as possible the administrative shortcomings brought to light in the various inquiries, and the need for accountability and appropriate ministerial involvement and parliamentary scrutiny.

The Government had already, in the development of the ATSIC Bill, sought to provide for greater ministerial involvement - through the Minister being able to establish guidelines within which the new body would be required to operate in the administration of policies and programs, and being closely involved in the monitoring of priority setting through approval of estimates on a regional basis. These controls are designed to prevent the possibility of any radical departures from the approved estimates and policy goals.

Honourable Members will note that the Department of Finance report tabled today recommends that the Minister should be given a broad role to approve the estimates of the Aboriginal Development Commission; should consult on the Commission's corporate plan; and should issue broad policy guidelines, especially where financial administration is concerned.

The ATSIC legislation which the Government is proposing will meet those requirements.

We have, moreover, considered to what extent the thrust of those recommendations should apply to the ADC while it continues to function in the lead up to ATSIC, as the Minister for Aboriginal Affairs will indicate in his statement.

Also relevant is the recommendation made by the Auditor-General that the Government review the business enterprise provisions in the ATSIC Bill. The Government has done so and a more detailed statement covering its consideration of both the general financial accountability and business enterprise provisions of the Bill will be made by the Minister for Aboriginal Affairs.

The Government has also determined that it will respond to the problems raised in the various inquiry reports, and to the suggestions made by the Public Service Commissioner for strengthened support, in the following ways.

We will amend the ATSIC legislation to establish an Office of Evaluation and Audit, details of which will be provided in the Minister's statement.

We will ensure that there are adequate resources provided to the new Commission to enable these audit and reporting functions to be carried out effectively.

We will make sure that there are sufficient resources, including for training and by way of a temporary infusion of specialist managerial skills, for the new Commission. The Public Service Commissioner's reports pointed to the need for better training and improved management practices, and the Department of Aboriginal Affairs is discussing with the Public Service Commissioner the best way to implement those recommendations in the Department as it is now. Dr McIver, in her report last year, as consultant on the new Commission's staffing and administrative structure, also concluded that a very active staff development program would be vital in the Commission's early days.

Because the reports have highlighted the need for training Aboriginal and Torres Strait Islander people who work in community organisations, if they are to function with proper financial management, the Government will look to how it can intensify its efforts under the Aboriginal Organisations Training Program.

More immediately, the Government recognises the need to spell out and clarify the policy of Aboriginalisation for specific staffing positions concerned with formulation of policy for, and direct delivery of services to, Aboriginals, especially within the Department of Aboriginal Affairs and the new Commission.

We will require relevant Commonwealth agencies to establish - in consultation with the Public Service Commissioner and relevant unions - policy guidelines on enhancing access by Aboriginals and Torres Strait Islanders to employment, and that appropriate equal employment opportunity plans be in place on the establishment of ATSIC.

Madam Speaker,

It would not be appropriate to conclude this statement without making mention of those many people whose diligence and commitment to the cause of the Aboriginal people cannot be questioned.

The efforts of so many of these Australians, Aboriginal and non-Aboriginal alike - including those in the Department of Aboriginal Affairs and the Aboriginal Development Commission - are beyond the demands of duty.

Indeed, some of the shortcomings that have been identified have arisen, not from base motives, but from a genuine determination to overcome the appalling disadvantage suffered by Aboriginal and Torres Strait Islander people.

It is as a result of those efforts, over very many years, that Government-sponsored programs are, gradually, improving the health, housing, education and employment of Aboriginal Australians and are, steadily, strengthening Aboriginal communities through land rights, through enterprise development, and through the provision of services to improve basic living conditions.

My Government is proud that, in recognition of this vitally important work, we have continued to make substantial real increases in allocations to Aboriginal programs in an era when it has been necessary to wind back the growth in overall Commonwealth expenditure.

The inquiries have submitted the administration of Aboriginal Affairs to an extraordinarily detailed scrutiny and produced a wealth of material and analysis in a relatively short time frame. The Government appreciates the effort of all of the agencies and people involved, and I take this opportunity to thank them for it.

Surely the time has now come, especially in this Parliament, to cease the constant stream of allegation which has dogged this vital area of government administration.

The Government's approach is, as I have indicated, to draw upon the lessons from the inquiries and to look to the future - to ensure that mechanisms are put in place and support provided so that future administration is on a sound footing. We are determined to address administrative problems in a way which ensures a higher quality of future administration in this very important area of government and, in the long run, a higher quality of life and sense of belonging for all Aboriginal and Torres Strait Islander people.
