

Aboriginal Economic and Human Development in the Northern Territory of Australia: To Work or Not to Work. A Clash of Non-Indigenous Beliefs

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Although Indigenous people in the poorest developing countries of the world confront the most severe hardships, nevertheless even in the most developed countries such as Australia, Indigenous standards of living in terms of economic, educational and basic human standards are far inferior to other groups within society. It has been argued that Indigenous affairs in Australia is divided into “two ideological tribes” both vigorously opposed with respect to the preferred manner in which the substantial disadvantage of Indigenous Australians can be overcome. Although more complex categorisations of ideological positions are possible, both maintain considerable influence within the field of Indigenous policy formulation in Australia and in the Northern Territory in particular, where nearly 30 per cent of the total population is Indigenous. The main purpose of this paper is to examine the central arguments advanced by these two sides of the debate and the implications for public policy decision making and Indigenous people, within the context of the Northern Territory of Australia.

Keywords: aboriginal, Indigenous Australia, development, employment.

1. Introduction

Raising the living standards of Indigenous Australians, especially in Northern Territory remote communities, is one of the major challenges facing Australia today (Briant, 2004, p. 5). There are a large number of people living in communities typified by conditions of poverty, poor health, high crime, alcoholism and other forms of substance abuse. Many have been caught in a destructive cycle of welfare dependency, incarceration and youth suicide, all of which have exacted severe suffering on Aboriginal people and their communities.

Pearson (2000), for example, has pointed to the manner in which welfare payments have placed many Indigenous Australians in a poverty trap such that “passive welfare” has undermined culturally acceptable norms of behaviour and traditional values and relationships within Indigenous communities. Pearson defines passive welfare as transfers from Federal and State budgets to individuals and families, without reciprocation.

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When you look at the culture of Aboriginal binge drinking you can see how passive welfare has corrupted Aboriginal values of responsibility and sharing, and changed them into exploitation and manipulation. The obligation to share has become the obligation to buy grog when your cheque arrives, and the obligation of non-drinkers to surrender their money to the drinkers. Our traditional value of responsibility has become the responsibility of non-drinkers to feed the drinkers and their children when the money is gone. (Pearson, 2000)

Pearson (2000) argues that passive welfare has several aspects that constitute a “passive welfare paradigm.” First, passive welfare is not based on reciprocity and there is an absence of mechanisms designed to promote rational and constructive behaviour by either the recipient or the providers. Second, welfare is intimately involved with methods of governance. The welfare mode involves established governing institutions both making decisions and taking action, on behalf of Indigenous Australians. Third, welfare leads to a particular mentality where people are prepared to accept the economic relationships and methods of governance.

Such welfare arrangements have a long history and have become embedded in the economic, social and political relationships between Aboriginal people and government institutions within Australia. Stephen (2010) argues that the distribution of rations became an essential tool of the “civilising” process by the police from 1879 in the Northern Territory. The distribution of rations became an important means of institutionalising colonial control throughout the Territory. Aboriginal people were drawn inexorably into a process, described by Tatz (1964) as “pauperisation.” Rowse (1998) has also explored the importance of rations in changing the economic and social structures of Aboriginal peoples. The incentive and obligation to undertake traditional economic activities was seriously disrupted and replaced by an increasing dependence on non-Indigenous welfare and rations.

In an article in *The Weekend Australian*, Pearson (cited in Sanders, 2009, p. 4) argues that Indigenous affairs in Australia is divided into “two ideological tribes.”

One tribe comprising most indigenous leaders and possibly most indigenous people (but by no means an overwhelming majority) and their progressive supporters hold the view that the absence or insufficient realization of rights is the core of the indigenous predicament in our country. The other tribe comprises most non-progressive, non-indigenous Australians and their conservative political leaders (including substantial numbers in the Labor party) who hold the view that it is the absence of responsibilities that lies at the core of our people’s malaise.

As pointed out by Sanders (2009), Pearson saw these two ideological tribes as “insistent and deadily opposed camps.” Pearson saw the Left as concerned mainly with the “rights” of Indigenous Australians. The Right, on the other hand, was concerned more with the issues of “responsibility.” These latter views have become more prominent in recent times. For example, the approach has been adopted in recent times within the Northern Territory by Bob Beadman, the Coordinator General of Remote Area Services Delivery (see Beadman, 2009, 2010), responsible for ensuring Northern Territory Government Agencies meet their service delivery responsibilities in the areas of Indigenous economic and human development. The view of the Left has been articulated by Professor Jon Altman, Director of the Centre for Aboriginal Economic Policy research at the Australian National University (Altman, 2007, 2010).

Although more complex categorisations of ideological positions in Australian Indigenous Affairs have been proposed (Sanders, 2009), these two positions maintain considerable influence within the field of Indigenous policy formulation in Australia and in the Northern Territory in particular, where nearly 30 per cent of the population is Indigenous. Both positions have arisen primarily in response to a need to address the now extensive body of research that indicates that Australian Indigenous people suffer considerable economic and social disadvantage compared with other Australians.

The sheer size of the socio-economic gap is evident in Table 1, derived from the 2006 Census that compares Indigenous and non-Indigenous Territorians (Altman, 2007, p. 10).

Table 1. Comparison of Key Variables: Northern Territory Indigenous Versus Northern Territory Non-Indigenous, 2006

Variable	Northern Territory Indigenous	Northern Territory non-Indigenous	Ratio
Unemployment rate (% labour force)	14.4	2.6	5.5
Labour force participation rate (% adults)	38.9	78.7	0.5
Employment to population ratio (% adults)	33.3	76.6	0.4
Private-sector employment (% adults)	19.2	32.8	0.6
Median income in \$ (individual)	215	712	0.3
Median income in \$ (household)	837	1324	0.6
Home owner or purchasing (% households)	20.0	56.4	0.4
Average number of persons per bedroom	1.8	1.1	1.6
Household size (persons)	4.5	2.5	1.8
Never attended school (% adults)	8.5	0.7	13.0
Completed year 10 or higher (% adults)	40.2	88.7	0.5
Completed year 12 (% adults)	10.1	48.4	0.2
Post-school qualification (% adults)	13.1	52.2	0.3
Degree or higher (% adults)	1.8	19.1	0.1

Source: Altman (2007).

The main purpose of this paper is to examine the central arguments advanced by these two sides of the debate and the implications for public policy decision making and Indigenous people, within the context of the Northern Territory of Australia. As a result, substantial recourse will be made in this paper to the recent work and policy proposals of Beadman (2009, 2010) and to the views of Altman (2003, 2004, 2007, 2010). In addition, the paper points to the urgent need for a major overhaul of the manner in which services are delivered by public- and private-sector organisations to Indigenous communities in Australia.

2. Main Principles Influencing the Debate in Indigenous Affairs in Australia

Sanders (2009) argues that the dominant principle of Australian Indigenous affairs is equality – the idea that Indigenous Australians ought to be equal to settler Australians. However, this principle calls into question the way in which such equality should be expressed and the means by which it should be achieved. Bennett (1999) identified five possible measures of equality that should be considered in Indigenous affairs – legal equality, political equality, economic equality, equality of opportunity and the equal satisfaction of basic needs.

Sanders (2009) combines these into three main measures: legal equality, socio-economic equality and equality of opportunity. A number of debates in Australian Indigenous affairs are about whether legal equality or socio-economic equality between Indigenous and settler Australians requires priority policy attention. According to Sanders (2009), both positions have not only advantages but also constraints. Legal equality, for example, may suggest an inadequate recognition of important historical and cultural aspects as well as the existing circumstances of Indigenous people. On the other hand, the drive towards socio-economic equality may suggest an insensitive, individualistic and inappropriate materialistic drive to eradicate the social and cultural distinctiveness of Indigenous peoples. With respect to the equality of opportunity, although this may be difficult to measure, it is the philosophical ideal of the equality of opportunity that Sanders regards as central to understanding the debates that take place in Australian Indigenous affairs.

Sanders (2009) argues that the concept of difference and diversity is philosophically opposed to the concept of equality. If seen positively, difference and diversity can be identified with the liberal principle of choice and freedom. This argument has been used by Altman (2003) to explain, in part, the decision of Aboriginal people to live within remote communities even though their standard of living and access to services, for example, is far inferior to most Australians. It is possible

that such difference and diversity may be used to justify economic and social inequality so long as this is the result of responsible, informed Indigenous choice or the reasonable and justifiable treatment of people with distinctive historical and cultural situations as well as acceptable current living conditions. According to Sanders (2009), if difference and diversity is seen as a result of misinformed or irresponsible decision making or of the exploitation of Indigenous people, it may trigger another important aspect of Indigenous policy making in Australia, the principle of “guardianship.” Such a principle has been used to justify the Northern Territory Emergency response or intervention in Aboriginal communities following the release of the *Little Children are Sacred* Report (Wild and Anderson, 2007). The important point recognised by Sanders (2009) is that the three competing principles of equality, choice and guardianship can lead to sharply different, and sometimes conflicting, directions in Indigenous public policy formulation.

Researchers and commentators such as Fuller and Parker (2002), Fuller *et al.* (2005) and Beadman (2004, 2009, 2010) depart clearly from the views of Altman (2003, 2004, 2007, 2010). Rather, they see current levels of economic and social disadvantage to be largely imposed on Indigenous people by historical decision making and to have been exacerbated by subsequent, inadequate government policy, in the form of a lack of emphasis upon appropriate levels and forms of education, identification and provision of employment opportunities, and an emphasis on discouraging labour force participation by an over-reliance on welfare payments. The emphasis here is not on guardianship, but rather on the serious economic and social impacts of misinformed policy formulation and public-sector decision making, leading to the severe economic and social disadvantage of Aboriginal people. The priority requirement according to Fuller and Parker (2002), Fuller *et al.* (2005) and Beadman (2004, 2009, 2010) is to establish the correct policy settings so that similar economic signals are sent to Indigenous as well as non-Indigenous peoples. The important effects of inappropriate labour market pricing signals for economic and social development as examined by Sen (2000), for example, are discussed later in this paper. At the same time, the need to complement this with appropriate levels of expenditure on housing and infrastructure and the identification and provision of adequate employment opportunities is also seen to be very important and will be discussed in the following sections of this paper.

3. Strategies for Aboriginal Economic and Human Development

Duncan (2003, p. 309) argues that the “terrible state of Aboriginal community living standards, particularly in rural areas (as shows up in social indicators such as life expectancy, infant and maternal mortality, and the incidence of disease), is primarily the result of a lack of economic development in these communities.” He points out that this is a contested premise and that “developmentalism” is almost used “as a term of abuse” in some social science areas in Australia, in discussions relating to Indigenous issues. However, Duncan (2003) argues that the past emphasis on welfare policies has not led to any noticeable improvement in their well-being, even though an estimated 90 per cent of the income of Aboriginal communities in the Northern Territory comes from the Commonwealth and Territory Governments (Pritchard and Gibson, 1996).

There is much evidence globally, according to Duncan (2003), that substantial improvements in living standards for poor communities occurs, initially through improving infrastructure related to health. The next stage of human and economic development occurs through increased access to income-earning assets such as education and land and the opportunities to access other markets. The important question is how to set these processes in place and sustain them. It is important to recognise that the approach to improving Aboriginal economic and human development in Australia has been different to that adopted in developing countries. An important reason for this is that Aboriginal Australians make up only a small percentage of the total population of what is a relatively prosperous country. This may lead to the “easy way out,” which is to expend relatively large amounts of money in an attempt to solve the problems rather than recognise the more complex interrelationships discussed later in this paper, which are necessary to achieve development and growth. Associated with this approach to Aboriginal development is a dependence on the redistribution of income through welfare arrangements. This approach, it may be argued, is grounded in

relatively widely held Australian notions of democratic socialism, which give preference to government-centred solutions compared with those that rely on individual effort and enterprise.

The theoretical understanding of the economic growth process and the implementation of economic development strategies have undergone substantial changes over the last fifty years (Duncan and Pollard, 2002). Growth theorists, such as Harrod (1939), Domar (1946) and Solow (1956), argued that poverty in societies was due largely to a lack of financial and physical capital. Other variables were later also seen as essential. For example following Becker (1964), economic growth theory and development recognised the importance of human capital and the significance of education and health in the realisation of human development and growth. In the latter part of the twentieth century, the work of North (1990), Olson (1996) and De Soto (2000) focused on the conditions necessary to create the required institutional frameworks that would allow human capital, when combined with financial and physical resources to lead to improved development outcomes. But as North (1990) and Olson (1996) point out, changing and creating primary economic and social institutions within a society is difficult, as such change requires fundamental shifts in the political balance of power within societies. The authors of this paper are of the view that the increasing social costs of Aboriginal welfare and expenditure associated with the spiralling expenditures on health, crime and other forms of social dislocation will necessitate an abrupt change in policy by governments. This will involve changes in institutional arrangements to involve Aboriginal people far more in the planning and delivery of policy aimed at economic and human development. Such changes are discussed within later sections of this paper.

Altman (2003) points out that the existence of Indigenous local and regional economies are unusual in a First World context. He calls them “hybrid economies,” with customary (or Aboriginal), market (or private) and state (or public) sectors interacting in different ways. Altman argues that official statistics show that remote Aboriginal economies have been in apparent crisis, because, in his view, a crucial element, the customary economy, has been overlooked. Altman, in the first instance, bases this argument on research undertaken in central Arnhem Land with Kuninjku harvesters in 1979–1980. At that time with welfare just arriving, he found that the customary sector accounted for around 64 per cent of the goods and services of the economy, and welfare payments were responsible for only 26 per cent.

In research undertaken with the same people at the same places in 2002–2003, it was found that, with full incorporation into income security (Community Development Employment Projects (CDEP) and Family Allowances), these proportions had changed and the customary sector had almost halved in terms of relative importance. At the same time, payments from the State, largely in the form of welfare payments, had more than doubled. Although Altman (2004) argues the customary sector remains important, in our view a clear outcome of the research is to highlight the relatively rapid rise in welfare payments and the decline of the customary sector. This is a finding that is supported by research currently being undertaken by Fuller and Bandias on the Tiwi Islands. There has been a sharp fall in the significance of the customary economy due to the decline in younger Tiwi who are interested in hunting and gathering activities as a food source along with a sharp rise in dependence on welfare payments and an unwillingness to take advantage of available employment and training opportunities, because of the availability of relatively generous welfare payments.

Altman (2007, p. 15) argues that, for sustainable Indigenous development, there are a number of important requirements. First, it is essential to recognise Indigenous diversity and difference that requires planning at the local and regional levels. There is also a need to establish genuine partnerships with communities that recognise intercultural organisations and institutions and capabilities, to identify realistic local and regional investments by listening to Indigenous aspirations and to “catch up and close the gaps.” Interestingly, much of Beadman’s work concentrates on such requirements. It is also an important objective of this paper to support the notion of the need for more knowledgeable and strategic intercultural organisations to assist in the task of partnership-oriented development in remote communities. Development is likely to be painful, involving changes to cultural and social structures, attitudes and institutions, as well as increases in

employment and the output of goods and services. Within this context, it is important that Indigenous individuals and organisations remain involved and committed to the pace and direction of such change.

The arguments of Altman (2007) with respect to existing government policy are perhaps most easily appreciated with regard to the Northern Territory Intervention. The intervention was triggered by the release of the *Report of the Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse* (Wild and Anderson, 2007). Altman (2007) is of the view that the Northern Territory intervention started with a very unclear focus. It concentrated on seventy-three prescribed communities with populations of over 200. The intervention announced on 21 June, 2007, consisted of eleven broad measures, with a twelfth, the abolition of the CDEP scheme, added a month later on 23 July. Altman is of the view that a number of the measures appear to have no link to the issue of child sex abuse, nor possess a coherent logic or consistency. However, they can be clustered into the following three groupings:

- 1 Those that seek to discipline Indigenous workforce and other social behaviours. Evidence for this is provided by government attempts to quarantine welfare incomes, ban alcohol and pornography, and requirements for people to work for the dole.
- 2 Those that seek to dilute land rights or expand their potential for commercial development. Altman (2007) argues that the compulsory acquisition of township leases, aimed at speeding opportunities for economic development, will dispossess traditional owners of their land.
- 3 Those that seek to depoliticise democratic Indigenous organisations and to impose external control over townships.

Evidence of these measures includes abolishing CDEP and appointing government business managers with significant levels of power and authority. On 16 August, these measures were enshrined in Australian legislation that overrode the *Racial Discrimination Act*. Altman (2007, p. 9) points out that when proclaimed on 21 June, 2007, the “national emergency” was about child sex abuse, but very quickly – in July and into August – it came to focus on the broader issues of social and economic dysfunction and what Altman refers to as the “normalisation” and “mainstreaming” of Indigenous people.

Altman (2007, p. 10) predicts that moving people from welfare to work, compulsorily acquiring land and providing more education and training without development projects for employment, will prove to be both ineffective and very expensive. He argues that intervention is likely to prove unsuccessful in meeting its goals for two main reasons. First, the intervention is *unrealistic* in terms of the extent of resourcing required. On 21 June, 2007, the Prime Minister declared that the intervention would cost tens of millions of dollars. By August, this had grown to hundreds of millions of dollars, and by September, 2007, it had reached AUD 1400 million. Altman’s (2007) estimate of the cost is at least AUD 4 billion over five years.

Second, the intervention is *unworkable* because it has not been planned adequately in terms of assessing and differentiating the needs of the seventy-three prescribed communities. It is also unworkable because it will be dependent on local on-the-ground personnel and organisations that have been alienated by the nature of the intervention. According to Altman (2007, p. 13), the Commonwealth is beginning to “walk away” from the responsibility for implementing the intervention by delegating programme delivery to the Northern Territory Government and community-based organisations.

In summary, Altman (2007, p. 13) argues:

... on theoretical and comparative historical, national and international grounds the overall approach seems a recipe for disaster. It is neo-paternalist, imposed without consultation, top-down, racist, non-discretionary, disempowering and nowhere implemented in its totality. While some Indigenous people want to cherry pick sensible aspects of the intervention, such as access to adequate housing, schooling and police, the totality of the package is probably far worse than its individual parts.

4. Aboriginal Employment Projections for the Northern Territory

In May 2009, the Northern Territory Government announced “Working Future.” This aimed to build on the policies, programmes and targets included in National Agreements, and identified twenty growth towns in the Northern Territory, which would be the focus of future human and economic development. Beadman (2009, p. 10) is of the view that “there is now almost universal acceptance that the well intentioned plans of previous Governments had unforeseen, perverse consequences for the human and economic development of Indigenous Australians, and that change is now desperately needed.” In contrast to Altman, he believes that the key to a future where remote communities truly become regional growth centres, with all of the amenities found in similar sized towns elsewhere, will be opening them up to private-sector investment and business migration. This will require the leasing of Aboriginal townships to a Government entity, who can in turn deal in subleases for businesses.

The key to a future where all residents of those growth centres will truly be able to choose from the full scope of life’s options will come from pre-schooling, educational attainment, vocational training, work, decent lifestyle practices, decent housing, pride and self esteem. Only then will we begin to see a reversal in the social indicator statistics that depress us all. (Beadman, 2009, p. 10)

Increasing Indigenous employment within the mainstream economy will also be vital to overcoming Aboriginal economic and social disadvantage. Figure 1 shows the projected available jobs for Aboriginal people in the Northern Territory compared with the projected numbers of Indigenous people who are likely to be employed or not in the labour force, over the period 2006–2030. The graph includes Aboriginal people in urban areas. The situation in remote areas is even more challenging.

The 2010–2018 cohort of Indigenous workers in the Northern Territory, who are either unemployed or who have become discouraged and left the labour force, is estimated to be 11,000–16,000 adults and youth. The compounding effects of such unemployment upon future generations are likely to be significant in terms of inter-generational dependence upon welfare. Such high levels of approaching unemployment indicate the need for employment opportunities, as a matter of priority. It is likely that there would be little difference in the costs to government

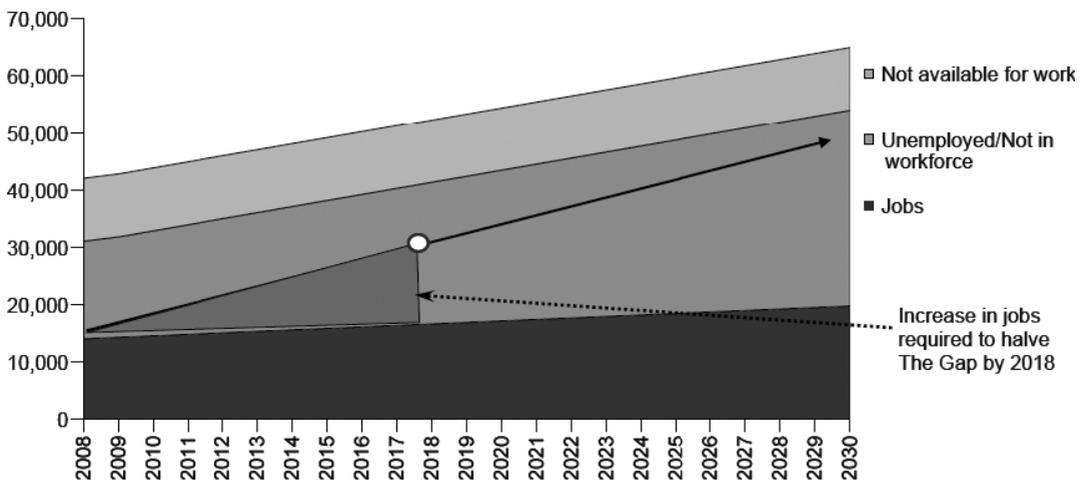


Figure 1. Northern Territory Indigenous Labour Market (2008-2018-2030)

Source: Beadman (2010, p. 30).

of directly funding employment opportunities compared with having Indigenous people in remote towns remain unemployed. This is particularly the case, given the increasing social costs associated with Indigenous communities with high welfare dependency. In addition, the escalating welfare and social costs are likely to have substantial budgetary implications and influence the ability of Australia to make choices in other important areas associated with social and economic development. Lack of immediate action to provide the required employment opportunities likely leads to a further rapid expansion of social and individual costs and human suffering. As pointed out by Altman (2004, p. 515), it cannot be economic development for non-Indigenous Australians or just for Indigenous Australians. It must be for both.

Many remote Indigenous communities are deficient in terms of available small enterprises to service their needs. Beadman (2010) refers to this as the “enterprise gap.” This is defined as the difference between the number of enterprises a relatively developed community supports compared with those presently operating in an Indigenous community of the same size. Although there may be different stages of development, in different communities, the concept of the “enterprise gap” assists identify the enterprise and employment potential of a community. Potential barriers to enterprise development can then be examined. Previous research has identified a number of recurring themes with respect to Indigenous aspirations to commence micro and small enterprises within their communities (Fuller and Parker, 2002; Fuller *et al.*, 2005). These include an interest in consumer goods and services, for example, bakeries, laundromats, furniture retailing, meatworks, community gardens, tourist accommodation and broader industries, including environment management, tourism and forestry. Given the data available on township populations and an evaluation of per capita incomes, it is also possible to estimate the potential expenditure on consumer goods and service businesses that could be sustained in each town.

Any economic development strategy concerned with creating employment opportunities within growth towns should also examine those associated with the public sector and associated government expenditure from recurrent funding and direct grants. Sanders and Holcombe (2010), for example, have found that local governments have an important influence on settlement patterns in remote areas and underlying socio-economic factors are also significant. Opportunities are available in areas additional to the relatively large number of jobs available in education, health, defence and emergency services, police, justice and local government. Governments also need to provide proactive assistance in supporting new private-sector business start-ups and assisting attract outside interest and investment in business development. Employment opportunities also exist in larger-scale industry developments in proximity to growth towns within the areas of mining, forestry, fishing and pastoral development, for example. These areas have the potential to create a relatively large number, as well as a wide range, of employment opportunities within growth towns of the Northern Territory.

There currently exists a relatively large, under-utilised workforce in growth centres of the Northern Territory. If such employment opportunities are to be acted on, it will be essential that people are able to recognise a clear economic advantage to employment, compared with remaining on welfare. In particular, labour force pricing signals need to be consistent and established in a manner designed to encourage, rather than discourage, the active employment of Aboriginal people. Education, employment and training need to be recognised as the key drivers of change to overcome the extreme poverty and disadvantage currently experienced in remote towns.

The first report of the Coordinator General of Remote Area Services Delivery in the Territory underscored the essential need of working and having a job, as a key requirement for turning around the significant disadvantage suffered by Indigenous people in the Northern Territory (Beadman, 2009). Beadman (2009) also identified the growing tendency for people to opt out of available work in favour of remaining on welfare. On further examination of the issue, Beadman (2010) has found it is not just jobs that are being declined, but also generous training opportunities provided by governments to get people “job ready.” The so-called Participation Failure Reports that result from a refusal by a person on unemployment benefits to attend training are submitted by Job Service Providers to Centrelink, yet there appears to be no, or very few, penalties applied.

There are then two crucial policy requirements for Indigenous human and economic development following Beadman. First, the preconditions need to be established for economic development by improving human and physical capital and identifying relevant employment and business opportunities. Second, once employment opportunities are generated, they need to be taken up by Indigenous people in a move from welfare dependency to paid employment. In economic terms, Beadman (2004, 2009, 2010) is very clearly pointing to the consequences for individuals and groups of erroneous labour market pricing signals that seriously disrupt incentives to work. Not only does this occur, however. Such incorrect pricing signals are likely to have serious implications for social and human development and result in large-scale individual and social costs.

5. The Relevance of Labour Market Pricing Signals

As Sen (2000, p. 27) has questioned, if we were to consider, contrary to what is generally assumed, a case in which the same economic result is brought about by a fully centralised public-sector controlled, non-market-based system, would that have been just as good an achievement? It is not hard to argue, he states, that something would have been missing in such a situation – in particular, the freedom of people to act as they like in deciding where to work, what to produce and what to consume.

Sen (2000, p. 130) points to the importance of the market for determining employment incentives, and “the effects that a system of public support may have in discouraging initiative and distorting individual efforts.” According to Sen (2000, p. 130), both the need for fiscal prudence and the importance of incentives deserve serious attention.

Any pure transfer – the redistribution of income or the free provision of a public service – can potentially have an effect on the incentive system of an economy. For example, it has been argued particularly strongly that generous unemployment insurance can weaken the resolve of the jobless to find employment, and that it has actually done so in Europe.

Given the importance of equity arguments with regard to government welfare arrangements, there will be a difficult tension between fiscal prudence and economic “efficiency” requirements compared with equity considerations, particularly where there is a relatively large amount of expenditure involved. This is certainly the case with Indigenous people in Australia.

Sen (2000, p. 130) argues that “Even for free medical care and health services, or free educational facilities, questions can be raised regarding (1) the extent of the need for these services by the recipients and (2) the extent to which the person could have afforded to pay for these services himself (and might have done so in the absence of free public provisioning).” Sen further suggests that those who see entitlement to such services as health and education as an inalienable right of citizens would tend to see such questions as wrongheaded and even perhaps as a distressing denial of the normative principles of a contemporary “society.” Although such a position may be defensible up to a point, given the limitation of economic resources, there are serious choices involved, which cannot be dismissed on the grounds of some pre-economic “social” principle. The incentive issue has to be addressed because the extent of social support that a society is able to provide must depend on costs and incentives.

6. The Urgent Need for Policy Changes

Many billions of dollars have been spent in Indigenous communities over recent decades, and yet the problems seem as intractable as ever, and in a number of areas, such as drug abuse, youth suicide, education and employment – they have actually worsened in a number of communities. Recent past policies have clearly failed Aboriginal people and the wider Australian community. We therefore need to look more closely at the fundamental impediments to human and economic development in Aboriginal communities, and to construct and deliver policy proposals that target these significant problems far more effectively and efficiently. In the case of Indigenous Australians able to rely on relatively generous welfare benefits, for example, it is likely that such welfare benefits interfere, in a substantial way, with the freedom to choose amongst available alternatives, with

regard for example, to employment, production and consumption decisions. As Sen (2000) points out, this has been the experience of Europe. It has also been the experience in Australia, with regard to other periods and other non-Indigenous socio-economic groups (Beadman, 2004, p. 4).

It is likely to be a rational economic decision *not* to work if the alternative is to be paid an amount sufficient to meet the basic requirements of life and a little more, which may be regarded as culturally acceptable for consumption purposes. This may particularly be the case where the total resources of a group, received from the social welfare system, can be supplemented in reciprocally based sharing systems, to be “pooled” and drawn upon. However, as pointed out by both Pearson (2000) and Beadman (2004), such behaviours are likely to favour the dominant members of the group and lead to expenditure patterns on goods and services that may not be in the interests of all members – for example, expenditure on alcohol and drugs. Such communal resource arrangements are likely to further inhibit freedom to act and choose and therefore inhibit decision making regarding employment, production and consumption patterns, for example. Further, such interference with market decision making will not lead to individual or social optimums in terms of either utility maximisation or efficiency in resource allocation.

As argued by Sen (2000) and Beadman (2010), there is also likely to be a very important fiscal constraint impacting on government policy in such areas. If expenditure within Indigenous Affairs continues to escalate in association with high and increasing social costs in important areas associated with human development, it is not likely that this nation (or any other) will be able to afford the required high levels of future expenditure. The number of people on welfare compared with the number of people working continues to increase, leading amongst other things, to the raising of the eligibility for the age pension to be extended to sixty-seven years.

It is likely, as Beadman (2004) has commented, that the period of self-determination in Australia led in fact to a period of attempts at separate development. However, it is clear that development must proceed in a shared manner. This is particularly the case in Australia, where the information and knowledge relating to the contemporary options for change lie principally in the hands of non-Indigenous individuals and organisations. As anthropologist Peter Sutton has noted, there is little logic in remaining outside contemporary social and economic systems for Indigenous Australians (cited in Beadman, 2010, p. 11). This does not mean, however, that Indigenous Australians need to relinquish their valued cultural traditions. What is needed is a shared responsibility in development. The individual and institutional actors of mainstream economic development need to be brought to bear in a manner that assists both Indigenous and non-Indigenous people. Such mainstream, institutional and market-based economic actors have shown themselves to be remarkably adaptable to a range of social and cultural backgrounds. However, far more needs to be asked of the mainstream institutions and actors that either deliver services to Indigenous people or are involved in market-led economic development, with respect to adaptation to, and understanding of, different cultural requirements and priorities. To this stage, such requirements have been avoided by responsible government agencies and business organisations operating within Indigenous communities.

Thus, Pearson has described the experiences Aboriginal communities are forced to endure when dealing with government bureaucracies (cited in Beadman, 2004, p. 32).

The resources and efforts that are consumed in the process of trying to get the Hydra of Government to cooperate, coordinate and deliver are incredible. Excellent expertise, good people, immense resources, valuable time – are wasted on the processes of trying to make Government work against its natural tendency to segregate, factionalise, hoard power and play the bureaucratic power games.

It is now widely recognised that Aboriginal Affairs has been a particular victim of this hopeless system. However, what is not properly recognised is that all of the existing methods of trying to make government efforts holistic have never worked and are not likely to work. We have to stop being fobbed off with the promise that “inter-agency coordination” or “multilateral agreements” between governments are going to produce a change.

Beadman (2004, p. 33) is of the view that effective and efficient service delivery will not occur until effective local and regional organisations take command, determine their own priorities and “tell governments what will be convenient and when.”

However, in addition to this, it is our view that service delivery either from the private or public sectors, to Indigenous people, will need to be supported by a closer degree of cultural integration, understanding and respect between Indigenous and non-Indigenous peoples. Indigenous people have to be included and become full and respected partners in such developments so that separate development is avoided. An important means of encouraging this higher degree of cultural integration is through joint venture partnerships and arrangements. Although correct labour market pricing signals are critical, it is in our view unlikely that the price mechanism will be sufficient to entice people into employment – by removing the skewing effects of welfare payments, for example. Additional supply-side changes will be necessary to influence the determinants of Indigenous labour force participation in a positive manner. These supply-side changes will require government service deliverers and private-sector firms and organisations to reinvent the way they deal with Indigenous people and Indigenous communities.

This point has been well illustrated by Sen (2000, p. 28), when referring to the debates surrounding slave labour in the United States before abolition. The consumption patterns of slaves compared favourably with those of free agricultural labourers. Slaves’ life expectancy too was not particularly low – “nearly identical with the life expectation of countries as advanced as France and Holland,” and “much longer – [than] life expectations [of] free urban industrial workers in both the United States and Europe” (Sen, 2000, p. 29). However, slaves did try to escape and even the attempts, after the abolition of slavery to pay the slaves high wages in gangs, were not successful. This suggests that there are important determinants associated with the supply of labour, beside higher wages. In our view, these are likely to be factors such as freedom in individual and family decision making – particularly regarding long accepted cultural practices and obligations, the need for feelings of well-being, confidence, safety, respect and understanding and inclusiveness. Until Indigenous people have confidence in equal partnerships with non-Indigenous in the areas of mutual respect and relationship building, it is most unlikely that Indigenous people will be prepared to participate in mainstream economic and social activities.

7. Conclusions: The need for “Two Way Knowledge Engagement”

It is particularly important when living and working with Indigenous people that knowledge transfer be not seen as “one way” – from non-Indigenous people to Indigenous people. Rather, Indigenous knowledge has to be sought out and understood, as far as possible and practicable, by non-Indigenous people. It is not possible just to *work* with Indigenous people in a way understood and accepted by non-Indigenous people – on the basis of maximising economic gain – independent of family and cultural understandings and obligations, for example. There are non-Indigenous that may not be either interested, or capable, of such involvement. If so, it is our view that they should not be involved in areas of business or service delivery to Indigenous individuals or communities. Unfortunately, it is likely that such individuals and organisations have dominated larger-scale service delivery in many Indigenous communities, up to this point. This is not to acknowledge that there have been some wonderfully effective, dedicated, ethical individuals who have tried against almost all odds, to contribute to an improved life for Indigenous people in the Northern Territory.

As pointed out by Sen (2000), the discipline of economics has tended to move away from focusing on the value of such important aspects, to that of income, wealth and efficiency. This narrowing of focus has led to a diminished appreciation of the full role of the market mechanism. Indigenous knowledge consists of the critical areas of spiritual understandings, relationships to the land, relationships to other living species, and vitally important family and kinship relationships. These factors are likely to be highly intertwined and have a major influence on attitudes to consumption, employment, savings, investment and accumulation. It does not seem possible to us that significant progress will be made in the areas of service delivery unless a far more informed

understanding of such complex social, cultural and economic issues is acquired by those responsible for service delivery in the fields of health, education and economic development, for example. In our view, it is necessary that Indigenous people be seen as more than “clients” by public and private deliverers of goods and services. Those that deal with Indigenous communities should be chosen because they are interested in Indigenous people and have empathy and a willingness to learn and understand Indigenous values, cultural practices and understandings. They need to be prepared to build long-term relationships. Very importantly, they need to be capable of understanding how existing mainstream systems and practices can be adapted and changed to accommodate Indigenous behaviours and priorities. As Beadman (2009, p. 10) has noted, “the building of infrastructure is the *easy part* of the current development effort within Northern Territory Growth Towns” [emphasis added]. The rebuilding of pride and self-worth is far more difficult and important. A very important part of a person’s pride and self-worth is likely to be associated with learning and employment.

Agencies and organisations will need to be aware that “engagement” means far more than consultation. It requires far more skill and involvement to seek and acquire Indigenous knowledge and far more intelligence to identify when and how to apply alternative knowledge systems, to the economic and human development challenges that now confront us – than has been expended by private and public sector agencies, to date. As Beadman (2010, p. 11) states, it requires “*intellectual and physical engagement in a shared responsibility* to turn the social tragedy around” [emphasis added]. It is not clear why the same effort, concern and accommodation are not shown by government and private-sector organisations when they deal with Indigenous communities, compared with when they deal with organisations and individuals from other countries. In such situations, there is often a demonstrated ability to show high levels of empathy and understanding, while at the same time maintaining a market and outcomes perspective.

Far more needs to be demanded of service deliverers and those with a responsibility to interact with Indigenous communities to facilitate an understanding of the implications of “modernity.” There needs to be a heightened preparedness to be involved in “two-way” cultural understandings, shared knowledge and communication, across the range of employment, sporting, social and cultural activities regarded as important by both Indigenous and non-Indigenous Australians. The task requires far more organisational and individual *intellectual* commitment, interest, involvement and understanding – than public or private sector organisations have been prepared to acknowledge and commit – to this point in time.

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