

**Welfare and the domestic economy of
Indigenous families: Policy implications
from a longitudinal survey**

A. Daly, R. Henry and D.E. Smith

No. 239/2002

ISSN 1036-1774

ISBN 0 7315 5614 3

Anne Daly is a Senior Lecturer in the Division of Management and Technology at the School of Economics and Marketing at the University of Canberra. Rosita Henry is a lecturer in Anthropology at James Cook University, north Queensland. Diane Smith is Fellow at the Centre for Aboriginal Economic Policy Research at the Australian National University.

Table of Contents

Abbreviations and acronyms	v
Summary	v
Acknowledgments	vi
Introduction	1
Project methodology	1
Defining families, their households and the domestic economy	3
Key results: features of the welfare-based domestic economy	4
Families, households and mobility	4
Patterns of child care	5
Reliance on government transfers within mixed domestic economies	6
The welfare of youth.....	8
Policy issues and implications	9
The nexus between welfare dependence and work opportunity.....	9
The role of welfare in the mixed domestic economy	9
Defining participation under welfare reform	10
A revitalised role for the CDEP scheme	11
Welfare policy for children.....	11
Welfare policy for youth	12
Conclusion	13
Notes.....	15
References.....	16

Tables

Table 1. The size of the Kuranda sample, 1999–2001	2
Table 2. Movement in and out of the sampled households between the 2000 and 2001 Kuranda surveys	5
Table 3. Sources of income for Indigenous adults, Kuranda, 1999, 2000 and 2001	7

Abbreviations and acronyms

ABS	Australian Bureau of Statistics
ANU	The Australian National University
ATSIC	Aboriginal and Torres Strait Islander Commission
CAEPR	Centre for Aboriginal Economic Policy Research
CDEP	Community Development Employment Projects
DFACS	Department of Family and Community Services
IEC	Indigenous Employment Centre

Summary

This paper reports on a critical aspect of research findings from a three-year study conducted among Indigenous people living in and around the town of Kuranda in Northern Queensland, namely the role and impacts of welfare within the domestic economy of families. The research arose from a recognition of the difficulties faced in getting welfare services to Indigenous people, particularly youth and children. The focus of the survey has been on the relationship between the social security system, the domestic economies of families and their households, and Indigenous child-care arrangements. The survey documented sources of income, household composition and mobility and child-care patterns for approximately 30 households in Kuranda over a three-year period, using information from annual interviews with key reference people in each household.

The paper details the extent and nature of the reliance on welfare transfers among families and the households in which they live, highlights some of the main factors and patterns involved, and considers the apparent consequences for families and their children. The results raise issues for policy makers and local organisations considering changes to policy and service delivery to Indigenous communities in the current era of welfare reform. A set of key issues for policy reform are considered including: the consequences of the tight integration of welfare and other government transfers within the domestic economy of families and their households; the circumstances of extended families and their children under welfare; the position of young adults; the need for a flexible definition of participation and mutual obligation; and the current and potential role of the Community Development Employment Projects scheme.

Acknowledgments

We would like to thank the Centre for Aboriginal Economic Policy Research (CAEPR) and the Department of Family and Community Services (DFACS) for funding this study. Our particular thanks go to the Kuranda community, the Aboriginal facilitators, and respondents and their families, who participated in and greatly assisted the survey project over four years even though they saw few practical changes on the ground. We would also like to thank the local Aboriginal organisations, and officers from Centrelink regional and national offices and from DFACS and its Indigenous Policy Unit for their contributions to the project. Staff at CAEPR and project researchers have made a valued ongoing contribution to the project over the four years, and we greatly appreciate their comments and assistance on this and earlier papers arising from the research. This paper has also benefited from comments made by Jon Altman on an earlier draft, and from the systematic editorial work of Frances Morphy. Finally, we thank Wendy Forster for doing the layout for the final version, and Sally Ward for proof-reading.

Introduction

This paper reports on a key aspect of research findings from a three-year study conducted among Indigenous people living in and around the town of Kuranda in northern Queensland; namely the role and impacts of welfare within the domestic economy of families.¹ The study aimed to identify the factors influencing the delivery of welfare services and income payments to Indigenous families for the care of their children, and to inform options for improving the delivery of welfare payments and services to them (see Henry & Daly 2001; Henry & Smith 2002; Musharbash 2000, 2001; and Smith 2000 for detailed project reports).

The research arose from a concern that welfare payments to some Indigenous families were not necessarily reaching their targets of children and those most in need of income support. The project was also informed by the wider context of major reforms being carried out to the social security system at the national level, ongoing concern at the growing number of Indigenous Australian families on the welfare rolls, and the emerging policy issue of how national welfare reforms might be made more effective and relevant to the economic and cultural circumstances of Indigenous families, in which the care of children within an extended family network appeared to be a crucial factor. It was argued that a better understanding of sources of income, household structure and the mobility patterns of members, and of child-care arrangements would enable the development of more culturally-informed welfare policy and service delivery for Indigenous families.

The study's use of informal focus groups, household genealogies, and a structured questionnaire to the same people over a three-year period provided a unique opportunity to explore the relationship between families, their households and the welfare system. The results confirm and extend the picture from other ethnographic and aggregate data about the importance of government transfers in the Indigenous domestic economy (see e.g. Daly 1999; Finlayson 1991). This paper details the nature of that reliance on transfers among families and the households in which they live, highlights some of the key factors and patterns involved, and considers the apparent consequences. While too much reliance should not be placed on one case study, the results highlight some important issues for policy development in the present era of welfare reform.

Project methodology

The mixed methodology was designed to explore the role of welfare in the domestic economy and the patterns of child-care arrangements, as a basis for the development of culturally-informed and workable welfare policy and service delivery. A loosely structured questionnaire was administered to one key reference person (any adult) in each household included in the sample. The questionnaire covered household membership, shared child-care arrangements, income sources, adult and child mobility, and employment status. Project researchers worked with the assistance of local Indigenous facilitators who relocated respondents from the original set, introduced the project interviewers to potential

new respondents, helped explain the nature of the research, and acted as translators during the interviews.² At each successive survey, respondents have been very keen to discuss the research outcomes. A detailed discussion of the methodology employed and the results of the first year of the study are available in Smith (2000). More detailed results from subsequent waves of the study are presented in Henry and Daly (2001) and Henry and Smith (2002).

A longitudinal survey of a highly mobile population such as the Indigenous population at Kuranda encounters many problems (see also Hunter & Smith 2002). It is difficult to ensure that respondents are representative of the underlying population and that they can be subsequently relocated. It was not feasible, in the light of the high rates of mobility of some individuals, to track all the original sets of household members. To have included them, and their new households, would have been to expand the pool of respondents to unmanageable proportions. The project focus was therefore on tracking the original sample of key reference persons and eliciting information on changes to their respective households at each subsequent survey.

The employment of local Indigenous facilitators played an extremely important role in relocating respondents from previous years, and making contact with possible new respondents. New key reference people were not randomly selected, but were chosen by the Indigenous facilitators and researchers so as to add specifically to the sample more households with welfare recipients (primarily female) who cared for children and young adults. Despite our best efforts, this 'familiarity effect' probably skewed the sample towards particular members of the community and the final sample in each year was not statistically random. However a comparison with data from the 1996 Census and administrative data from Centrelink suggests that the sample was probably fairly representative of the Indigenous population living in Kuranda (Daly & Smith 2000). Table 1 summarises the number of households and individuals covered by the survey in each of the three years. New individuals and therefore households were added to maintain the sample size over the course of the study.

Table 1. The size of the Kuranda sample, 1999–2001

People (no.)	Survey year		
	1999	2000	2001
Key reference people	28	28	29
Attrition from preceding year		6	3
New key reference people		6	1
Key reference people from 1999 absent in 2000 but returning in 2001			3
People from 1999 survey still in sample		108	136
People in households:			
adults	106	105	117
children	76	74	85
total	182	179	202

Source: Henry and Smith (2002).

Defining families, their households and the domestic economy

National welfare policy and program guidelines focus on particular eligibility criteria and family types. The project research was directed towards individuals receiving various types of welfare income paid specifically for the care of children. But those individuals operate within complex family formations and domestic economies not necessarily limited to the physical confines of a dwelling or a discrete household. The conceptual problems associated with the terms 'family' and 'household' have been discussed in a number of CAEPR publications over the last decade. Operational definitions for these terms were progressively refined across the survey waves in an effort to capture some of the complex realities and dynamism of family and community life described in these publications.

The baseline definition that was used follows the Australian Bureau of Statistics (ABS) definition of household as: 'a group of two or more related or unrelated people who usually reside in the same dwelling, who regard themselves as a household, and who make common provision for food and other essentials for living' (Daly & Smith 2000: 13). In Kuranda, however, the majority of household members residing in each dwelling are close kin and are also linked by ties of kinship to persons in other houses. Also, the ABS categories 'visitor' and 'usual resident' make little sense in the context of a highly mobile population. For the purposes of analysis, and in accord with respondents' own cultural categories, persons whom the ABS would define as 'visitors' were classified as 'usual residents' and therefore members of the household for the purposes of discussing household composition, family structures, and household income.

Similarly, the complexity of family formations within households defied any neat categorisation according to official census definition of family types (see also Daly & Smith 1996; Morphy 2002). The project methodology focused on eliciting household genealogies to capture an accurate reflection of kin relationships within dwellings, and their extension to relatives in other dwellings. These genealogies were also used to map sources of income for all household residents, and to clarify the relationship between carers and children. There was no attempt to artificially disaggregate extended family formations within households into the ABS categories of primary, second and third families.

Members of extended families do not all live together in a single dwelling. Individual households are tightly integrated, both socially and economically, into wider kin networks. The ultimate location, therefore, of the domestic economy of these extended families lies in the linked households that are created through the close kin ties and associated networks of cash and resource redistribution upon which family members rely. In this context, the Indigenous domestic economy of Kuranda (as elsewhere) is organised around extended families residing across linked households. These extended family conglomerations in Kuranda are both economic and social units; they are units of production, consumption, redistribution and sharing.

This domestic economy is not a separate entity within the wider economic context in which families operate. Rather it is tightly integrated into the 'hybrid economy' of the town, region and state.³ Its focus is extended families and their households, and it is taken to consist of all the sources of income individuals receive, including welfare payments, other government transfers such as Abstudy and participation in the Community Development Employment Projects (CDEP) scheme, waged employment, local production activities such as arts and crafts, goods produced and exchanged through subsistence activities, the bartering of services, and the internal redistribution of cash and resources. In other words the domestic economy of Kuranda's extended families and their households is not just what people do, or earn, but how they live and 'get by'. In this paper we refer to this complex of factors as a 'mixed domestic economy'.

Key results: features of the welfare-based domestic economy

Families, households and mobility

The research found that these households have many characteristics that have been identified in other studies of Indigenous households. They were typically large and the great majority comprised multi-generational extended families. The average household in the sample had 6.5 members, compared with the Australian average (from the 1996 Census) of 2.7 persons (Daly & Auld 2000). About half of all households in each of the Kuranda sample waves contained three or more generations of related kin, and households approximating a nuclear family were extremely rare: only three of the 28 households in the 1999 sample contained just a couple and their biological offspring. The large size of these households was not just a reflection of the preference for living in an extended family network; it can also be attributed to the shortage of affordable housing in the Kuranda area and economic necessity. Importantly, the kin boundaries of these extended families flow out of individual households, creating vital domestic linkages across households.

The longitudinal nature of the study allowed a detailed documentation of the high levels of mobility among this group of Indigenous Australians. Data analyses from all three survey waves pinpoint mobility as a key factor in determining household composition, and in giving rise to dynamic developmental cycles and associated fluctuations in the viability of domestic economies within households. Localised networks of movement characterised by a high incidence of mainly circular or short-distance mobility were identified. For example, few people moved outside the Kuranda area (defined as Kuranda and the outlying settlements at Mantaka, Kowrowa, Mona Mona, and Koah). Of those who did, most moved to neighbouring urban centres (Cairns and Mareeba). Between 1999 and 2000, only five people moved further afield (two to Perth and three to Armidale in New South Wales). Three of these had returned by the time of the 2001 survey. Between 2000 and

2001, five more people moved (a family of three moved to Brisbane, and two single men moved—one to the Gold Coast and the other to Nambour, Queensland).

In 2001, out of the 179 survey participants from the previous survey year, 24 individuals (13%) were no longer part of the sample. Of the remaining 155 people, 107 (60% of the 2001 sample) were still living in the same house, while 48 individuals (27%), had moved from one place of residence to another by the time of the 2001 survey. Some of these had moved to households within the survey and others to households outside our survey sample. In addition, 59 new people (34 adults and 25 children) who had not been part of the 2000 survey, had moved into the ongoing sample of households by the time those were re-surveyed in 2001.

As Table 2 indicates, taking into consideration all the people surveyed in 2000 and 2001 (222 persons), a total of 107 (62 adults and 45 children) had moved (either into houses outside the survey, between houses in the survey, or from houses outside the survey). In other words, one out of every two persons had moved. Such flows can have a dramatic impact on household size and can lead to overcrowding, faster depreciation of housing stock and capital goods, and unpredictable fluctuations in the availability of cash and foodstuffs, with often dramatic consequences for fragile domestic economies. However, in the midst of this substantial degree of mobility, there exists, nevertheless, a critical core of stability for many families. Our data indicated that some family members (usually senior residents) had remained in the same house for extended periods prior to the first survey, and continued to do so over the period of the survey. Such people act as a point of economic stability for members of the households they live in.

Table 2. Movement in and out of the sampled households between the 2000 and 2001 Kuranda surveys

Movers	No.
Adults (26 years and over)	47
Youth (17–25 years)	15
Children (16 years and under) ^a	45
Total	107

Note: a. The definition of 'child' was taken to be a person aged 16 years and under, in accord with standard criteria used by the social security system to determine eligibility for a range of welfare payments.

Source: Henry and Smith (2002).

Patterns of child care

Children and young adults were significant contributors to the high degree of mobility (see Table 2). A comparative analysis of data over the three surveys allows some conclusions to be drawn about the relationship between child-care arrangements and mobility in the Kuranda area. Child care is centred in the extended family rather than in the household, and the mobility of children and

youth is an expression of extended family networks. Of the 20 children in the 2000 sample who moved out of surveyed houses between 2000 and 2001, eight moved to other houses in the survey. Twenty-five children from houses outside the survey had moved into survey houses at the 2001 survey. Almost half of these moved with their primary carer or carers. Thirteen children moved alone, including one from Brisbane and three from Armidale. In all these cases the children moved to households within their kinship network.

These results relate to mobility over the course of a year but our discussions with key reference people highlighted that this pattern was also an expression of the significance of high rates of short-term movement. Children being cared for in an extended family network moved freely between households, sometimes staying for a few nights and at other times for much longer periods. The primary caregiver is not necessarily a biological parent; the social role of 'parent' recurs over the adult lifespan of many people. For example, in ten of the households surveyed in 2001 there were children under the age of 16 who had no biological parent present (Henry & Daly 2001). In 2000, approximately 75 per cent of surveyed households had children other than their own biological children in residence and being cared for by people other than their biological parents (Finlayson, Daly & Smith 2000: 35). In these cases it was usually the grandparents, particularly grandmothers, who were the primary caregivers. However in some cases these people were not receiving the family payments on behalf of the children. These 'caretaker relatives'—especially senior female kin—often make an enormous contribution of social and economic support to households through their care of children. However, this form of Indigenous social capital is fragile in the face of considerable strains, including the high burden of care that is often undertaken and the fact that many senior caregivers receive insufficient welfare service or income support for their role.

Reliance on government transfers within mixed domestic economies

In addition to collecting basic information about household composition, the questionnaire included detailed questions about sources of income for each of the household members. Project researchers did not attempt to collect information about the amount of income received from each source because of the biases expected in reporting on the income of other people. The results show the high level of dependence on government transfers among these households (see Table 3). There were no households without at least one adult receiving welfare income support; a majority had several residents whose main source of income was from welfare payments, along with others who receive income via their participation in the CDEP scheme.

The major employer of Indigenous people in Kuranda was the CDEP scheme. Under this scheme, Indigenous communities receive funding based on the combined equivalent dollars to the welfare entitlements of persons who were welfare recipients but have now chosen to participate in a community workfare arrangement. Each CDEP organisation receives an additional payment toward capital costs, in order to generate community-based employment projects.

Participants are expected to work part-time for their welfare entitlements (for a fuller discussion of the CDEP scheme see Morphy & Sanders 2001).

Table 3. Sources of income for Indigenous adults, Kuranda, 1999, 2000 and 2001

Income source	Share of total sources (%)		
	1999	2000	2001
CDEP	34	36	31
Parenting Payment	13	11	14
Family Tax Benefit	23	19	22
Newstart	6	6	6
Disability Pension	6	7	3
Age Pension	7	4	3
Carers Pension	2	4	2
Youth Allowance	1	1	1
Wage	4	6	12
Abstudy	3	6	6
Total (%)	100	100	100
No. of sources ^a	129	132	147
No. of households	28	28	29
No. of adults	103	105	111

Note: a. Some people have more than one source of income, so the number of income sources exceeds the number of individuals. Some adults had no independent source of income.

Source: Henry and Smith (2002).

There is ongoing debate about whether participation in the CDEP scheme is an employment or welfare-based activity, or both (see Morphy & Sanders 2001; Sanders 1997). Many CDEP organisations and participants are adamant that they are receiving wages for undertaking employment activities; indeed their individual incomes are officially recorded by the ABS under employment statistics. It is also possible for participants in the CDEP scheme to supplement their basic welfare entitlements with additional income funded through other profit-generating activities on the scheme, for example sale of arts and crafts. Altman, Gray and Sanders (2000) show that Indigenous people working on the CDEP scheme in 1994 had incomes that were 55 per cent higher than those of the Indigenous unemployed and 64 per cent higher than those not participating in the labour market.

Nevertheless, the reality is that income from CDEP participation is, in large part, funded by the government and that the entire scheme remains dependent on continued and significant government subvention. Many CDEP schemes also have a poor record of moving participants off CDEP into full-time work within their local (mainstream) labour force. If CDEP wages are viewed as a form of welfare, then approximately 85 per cent of the total surveyed adult household members in Kuranda in 2001 could be classed as dependent on some form of government transfer payment for their main source of income. Essentially this means that

not only individuals, but also entire families are vulnerable to the vagaries of government funding decisions and top-down changes in policy and program guidelines.

Wage earners were a small minority in the sample, although they had increased in number in 2001. The great majority of all employed adults worked part-time; only two people were in full-time employment. Adults were in a range of jobs including cleaning, art and craft work, working with the railways, national parks, or the shire council, working as health and teaching assistants, or as Tjapukai dancers.⁴

An important source of income for households was Abstudy.⁵ In addition to Abstudy income received by adults (presented in Table 3), there was a larger component of Abstudy income which accrued to children under 16 years of age. In 2001, for example, there were 20 children aged 16 and under in receipt of such income, compared to the seven adults. If these sources of income were included in Table 3, then Abstudy would proportionally increase from 6 to 16 per cent of all sources of income for the surveyed households in 2001. The two earlier survey waves revealed that similarly high levels of Abstudy income accrued to children in 1999 and 2000. This source of income only serves to reinforce the picture of reliance on government transfers within the domestic economies of extended families and their households.

While Abstudy payments for persons over 16 years are paid directly to the individual concerned, for children under 16 years old it is paid to their responsible parent. This source of income makes an important contribution (through demand-sharing mechanisms) to Kuranda mixed domestic economies.⁶ Over three-quarters of respondents reported that persons receiving Abstudy within their households made a regular contribution from their payment to help with such things as clothing, food, and electricity and telephone bills, in addition to their school needs.

The welfare of youth

The survey highlighted, albeit on the basis of a small sample of young people, the critical concern within the community about inter-generational reliance on welfare, and the related problems facing youth in the transition from school to work. Of the 32 people in the 17–25 age group who were present over two or more survey waves, only four were observed moving into waged employment. Ten young adults on CDEP stayed on the program over the three surveys, and seven on Abstudy stayed on that form of income assistance. For the remainder (11 persons) who transferred from one source of income to another, the major exits were from Abstudy to welfare or CDEP payments; from the CDEP to Abstudy or back to welfare payments; or from welfare to the CDEP scheme. In other words, these young people were already recycling through various forms of government transfer payments.

The data reinforce comments, repeatedly made by respondents, that the main transition for young school leavers in the community is into either the CDEP

scheme or the welfare system. Of those respondents who indicated they were CDEP participants, 36 per cent were people aged 25 years and under, and a number of those were recent school leavers. For young Indigenous school leavers in Kuranda, the local CDEP scheme seems to be the first point of entry into any work environment. A number of respondents expressed concern about young adults taking the CDEP pathway, suggesting it could become a dead-end street for them. Parents were keen to see their children leave high school and enter into the local labour market so they might develop employment skills in local businesses, establish a career path, and gain a higher income. There appeared to be entrenched barriers to Indigenous youth securing access to locally available employment (see Finlayson, Daly & Smith 2000; Henry & Daly 2001).

Policy issues and implications

The nexus between welfare dependence and work opportunity

The findings of this three-year survey have some key implications for welfare and employment policy development. The first that merits comment is the lack of paid employment and the reliance on transfer payments, and the implications of these for the incomes of the Kuranda households. Evidence from the wider community shows a close correlation between a lack of paid employment and low family incomes (Harding, Lloyd & Greenwell 2002; Harding & Richardson 1999). Data from the 1996 Census show that the median household income per household member in Indigenous households in Kuranda was 57 per cent of that of other Australians living in Kuranda (Daly & Auld 2000).

If household incomes are to be raised among the Indigenous community in Kuranda, it is important that people move into paid employment. For that to occur, paid employment has to be locally available, and accessible to Aboriginal residents. In Kuranda there appear to be demand and supply-side factors involved, but the simple lack of jobs is also a fundamental issue. While education and training are important, and while human capital endowments need to be increased, the fact is that even if these deficits are addressed, Indigenous welfare recipients will continue to remain reliant upon welfare if the local economies in which they live remain under-developed, if they are discriminated against in securing work, and if there are no local job opportunities available to them. As the recent North American experience with welfare reform in respect to Native Americans highlights, local economic development and job creation must be part of a welfare strategy.⁷

The role of welfare in the mixed domestic economy

Extended families and their households appear to have a long-term reliance on income transfers from government. Welfare has become entrenched as an integral and critical component of household domestic economies, and this picture continued at least over the three years of the survey. Overwhelmingly, children live in families which are dependent on a fragile combination of welfare and other

government transfers, buttressed by their own culturally-based forms of social capital and resource redistribution. The concept of welfare dependence is applicable, therefore, not just to individual recipients but to the domestic economies of entire extended families, and arguably to the whole community.

Given the integration of welfare into family domestic economies, any changes to eligibility criteria and access to welfare payments will have significant economic impacts on the majority of Indigenous families, and ramifications for the whole community. Welfare reform initiatives will need to be based on recognising this mixed domestic economy as a core component and focus, and not simply on forms of response to individual recipients.

Defining participation under welfare reform

Clearly current developments in welfare reform have important implications for the Indigenous population of Kuranda and other communities. A major development of welfare reform during the 1990s and increasingly emphasised by the Coalition government in its most recent policy statement *Australians Working Together* (DFACS 2001) is the idea of mutual obligation between the state and welfare recipients.⁸ Under this policy, recipients are expected to undertake 'reasonable requirements' such as work experience, training or community work to prepare them for paid employment in return for their income support (DFACS 2001). Financial penalties can be applied for non-compliance.

The list of activities that are considered as satisfying these requirements will be critical for Indigenous people in Kuranda. The survey showed a high level of community participation among local organisations and family support activities such as informal child-care. As well as CDEP work, recognised participation activities need to be broadly and flexibly defined to include activities such as the care and education of children, voluntary activities undertaken for Indigenous and community organisations, and cultural activities such as teaching Aboriginal dance and language.

As part of *Australians Working Together*, the Aboriginal and Torres Strait Islander Commission (ATSIC) is responsible for the development of Community Participation Agreements between remote Indigenous communities and government agencies. This program is focused on remote communities where there are few opportunities 'for people on income support to meet activity test requirements' (DFACS 2001, Fact Sheet 23). Under these agreements there is potential for a wide set of activities to be recognised by the community and ATSIC as appropriate justification for income support. For example, in the case of the Mutitjulu community in central Australia, a proposed agreement defined participation to include education and training activities such as adult literacy and numeracy, and participation of youth in schooling, mechanical training and health training; employment activities such as landscaping, rubbish and firewood collection and craft production; community development activities such as community governance, aged care, housing maintenance and sports coaching, and a wide range of culturally-based work (Smith 2001).

Our study of the Indigenous community in Kuranda suggests that Indigenous people living in areas where there is an active labour market may nevertheless face difficulties in accessing employment opportunities that are comparable to the difficulties experienced in remote areas.⁹ The recognition of a wider range of activities for the purposes of satisfying mutual obligation tests—such as those acceptable under Community Participation Agreements—is critical for those Indigenous people in less remote locations who are excluded from wage employment for whatever reason. Without these options many may find it difficult to satisfy the mutual obligation conditions. Recent discussions with Centrelink in Cairns suggest (pers. comm. August 2002) that they are adopting a fairly wide definition of mutual obligation activities in dealing with the Indigenous population in Kuranda. This customised approach needs reinforcement at a national policy level.

A revitalised role for the CDEP scheme

The survey results emphasise the importance of the CDEP scheme in providing work opportunities and training for members of the community. However, it is important to remember that the wage for this employment is notionally linked to welfare entitlements and is therefore designed to support a minimal standard of living, although there are opportunities to supplement the basic CDEP income. Under *Australians Working Together* the Coalition government is hoping to promote the idea of CDEP employment as a temporary step on the way to standard employment (DFACS 2001, Fact Sheet 22). The introduction of Indigenous Employment Centres (IEC) in urban CDEP schemes is intended to encourage the placement of greater numbers of participants in mainstream full-time employment. Under the IEC program, urban CDEP organisations will be funded to identify local employment opportunities, to provide selected participants with relevant skills and training, and to case-manage their transition into full employment.¹⁰

The evidence of our survey in Kuranda suggests that at least so far, participation in the local CDEP scheme has not proved to be a stepping stone into mainstream employment. But the scheme has the potential in many communities to play a more active role in the transition of people from either welfare or CDEP participation into work. It is therefore important to consider the incentives, both financial and otherwise, for leaving CDEP, and to identify any barriers that are preventing Indigenous people from gaining standard employment before putting such expectations on CDEP schemes in small urban centres such as Kuranda. Some of the barriers mentioned by respondents to the survey included lack of access to transport and reliable child-care, a general lack of local employment opportunities, and a perception that the wider community was not keen to employ Indigenous people even when jobs are available.

Welfare policy for children

A particular focus of our survey has been Indigenous child-care arrangements and the implications of these for the delivery of income support and services to

children. The high level of mobility among the householders, including children, is a significant factor. Many welfare payments such as Parenting Payment and Family Tax Benefit are designed to provide income support for children, but where children are highly mobile the money does not necessarily go to the person currently responsible for the child.

Over the course of the project a number of options have been considered and discussed with respondents. It was generally agreed that an important element for the success of any service reform proposal is the recognition of the extended-family nature of child care in Indigenous families. While the majority of respondents in Kuranda preferred to make their own agreements regarding the financial implications of shared child-care, concern was also expressed about the high burdens of unsupported care for children that is routinely provided by senior female 'caretaker relatives'. Initiatives to improve welfare delivery need to respect individual autonomy and to be careful to avoid imposing unwanted restrictions on families and individuals. It is nevertheless also clear that some individuals and families would welcome locally available support to address the complex issues involved.

A Statement of Care, agreed on a voluntary basis between carers for a child, is one possibility. It provides a means of facilitating an agreement among the various carers of a child on how Family Tax Benefit and related payments will be shared between them. However, as the Kuranda case study has revealed, among the carers of a child might also be people who look after the child regularly on a day-care or after-school basis, and who are often placed under financial strain as a result. How might this situation be addressed? These carers might be given financial assistance via adjustments to the Child Care Benefits scheme. They might also be included as participants in a Statement of Care where such an agreement is made.

A Statement of Care approach to paying Family Tax Benefit and other payments for Indigenous families has been tested by DFACS in a number of pilot sites, with early results indicating that the supportive case-management approach provides positive outcomes for some Indigenous families. These pilots have been evaluated positively and are currently being considered for wider application (DFACS pers. comm.). One of the respondents in the Kuranda survey, who was a grandmother experiencing difficulty supporting her two grandchildren on an Aged Pension with no financial assistance from the mother of the children, herself suggested that such an approach might help alleviate her situation. However, it was suggested that supportive case management would only be required in particular situations, where families seek help in conflict resolution. It is important to recognise that there are some aspects of family life to which policy and service delivery cannot hope to respond fully.

Welfare policy for youth

One final set of research results with implications for policy development relate to young Indigenous people in Kuranda. Many respondents expressed deep concern

about the futures of young people in Kuranda. The reasons they cited were lack of work and activities for youth, overcrowding in houses, and rising alcohol and drug abuse among the young. The youthful Indigenous demographic profile and related rapid formation of young families in Kuranda suggests a growing future demand on services and a potentially expanding rate of welfare dependence amongst young unemployed parents and school leavers. This adds weight to the arguments in favour of immediate targeted support for this group, before they enter the welfare system.

The problem of how to effect the transition from welfare to employment and, in particular, from school into employment is a matter of mainstream policy concern. A number of new mainstream programs have been initiated to facilitate such transitions for welfare recipients. These include the Training and Literacy Supplement, Training Credits for the long-term unemployed and Job Search Training (DFACS 2001). However, there is little information available on such transitions among young Indigenous adults (for some relevant studies based in Torres Strait see Arthur & David-Petero 2000a, 2000b, 2000c).

The project results reveal the importance of the CDEP scheme as an employer of young Indigenous people in Kuranda, but they also show that a typical young person is not moving off the CDEP scheme into standard employment. If young adults are not to become permanent participants in either the CDEP scheme or the welfare system, then they must be targeted with policy and service support immediately upon leaving school—and preferably while still at school. Henry and Smith (2002) provide discussion of a proposal whereby the CDEP scheme could be revamped to provide a special focus on youth transition support. In much the same way that urban CDEP schemes are piloting the administration of IEC, it is suggested that CDEP organisations could also trial delivery of a youth-focused service to provide training, mentoring and work experience for young adults with the aim of facilitating (perhaps under an agreed timeframe) their entry into the local labour market rather than into the welfare system. In addition the position of young mothers who may wish to enter the labour market at some future date could usefully be served by the same local mentoring and transition support service.

Conclusion

This paper has presented some key results on the role of welfare in the domestic economy of extended families and their households from a three-year case study of the Indigenous community in Kuranda in northern Queensland. The aim of the study was to examine the relationship between Indigenous people and welfare service delivery. Data were collected from key reference people on household composition, employment, sources of income and patterns of child care over a three-year period. The results show large multi-generational households organised around a core of individuals with a highly mobile group of temporary residents. Most of the households are dependent on welfare income for their

survival and this was true in each of the three years of the study. The study raises some important issues for policy makers.

The lack of access to standard employment and the reliance on government transfers implies continuing low incomes for these households. In order to raise these incomes it is critical to promote greater employment of Indigenous people in the local labour market. Our survey shows that progress on this front has been slow and it seems to be important to understand why before the problem can be adequately addressed. For example, further training will not get Indigenous people into jobs if there are no jobs available in the local labour market; or if there is resistance to employing Aboriginal people among local businesses.

If, as seems likely, many of these people remain on income support, it is important that a broad range of activities are included on the list of activities which satisfy mutual obligation for recipients of welfare support. This is already the case for CDEP participants. While it has been recognised that those living in remote communities will have difficulties meeting stricter activity tests under *Australians Working Together*, Indigenous people living in rural communities such as Kuranda may also face significant barriers to entry to the local labour market. So far, the CDEP scheme in Kuranda has not acted as a stepping-stone into the local labour market and it would need a revitalised policy and funding framework in order to do so. How best to promote employment opportunities for Indigenous people remains a critical question that requires urgent policy consideration. There is little doubt that community economic development and the generation of local jobs is perhaps the most critical strategic issue for Indigenous welfare reform objectives—and this is probably the case for communities in remote, rural and urban areas alike.

Our survey also considered the delivery of income support and services to children and young adults in the community. The advantage of a three-year survey was that it enabled the movement of children between carers to be documented in a series of ‘snapshots’ over time. The results reported here show substantial movement of children between households, but they only tell part of the story. There was also considerable movement between surveys, as reported by our key reference people. Children were cared for in an extended kin network, with the result that they might move between relatives for short or long periods. The research highlights the importance of recognising a wider family responsibility for child care, and the key role of ‘caretaker relatives’, in welfare payment systems. An example of one such approach is the Statement of Care that has been trialed by DFACS. This enables welfare income associated with an individual child to be shared between a group of carers according to some voluntarily agreed formula.

The third wave of the survey has identified an important characteristic of young adults: namely, the apparent absence of any transition for them from school into mainstream local employment. The main transition is, in fact, into early dependence on welfare or CDEP payments. If inter-generational welfare dependence is to be short-circuited, there needs to be immediate targeted

policy and program support for this age group, preferably before they enter the welfare system.

The use of a longitudinal case study has enabled a detailed investigation of some aspects of the domestic economy of Indigenous families, particularly the mix of sources of incomes and internal production and redistribution networks, and the tight integration of welfare and other government transfers into the fragile economic viability of extended families. It has proved to be a useful research tool for greater understanding of the complexities of these mixed domestic economies, and of their role and relationship to the welfare system, and the ramifications for welfare reform. The results relate to a small community in northern Queensland, but the similarities between our results and other studies across the country suggest that the conclusions have wider application in the design of policy.

Notes

1. The term Indigenous Australians is used to describe people of Aboriginal and Torres Strait Islander origin. The people interviewed in this survey were Aboriginal.
2. Julie Finlayson, Anne Daly and Diane Smith conducted the interviews in 1999, Anne Daly and Rosita Henry conducted those in 2000, and Rosita Henry and Diane Smith those in 2001.
3. In developing a conceptual framework for discussing sustainable development options on Aboriginal land, Altman (2001) refers to the notion of a 'hybrid' economy, comprised of the market ('the productive private sector'), the state (as provider of services and income transfers) and the customary Aboriginal economy.
4. The Tjapukai Cultural Park (formerly the Tjapukai Dance Theatre based in Kuranda) is now located in Cairns. It operates as a major cultural tourism attraction, and a small number of Indigenous residents of Kuranda work there as dance performers and artists. The Cultural Park also purchases arts and crafts from Kuranda CDEP participants.
5. Abstudy is the income support payment given to Indigenous Australians who are studying at high school or a tertiary institution. It is subject to the usual income and asset tests.
6. Schwab (1995: 13) included the following among the core principles of demand sharing: 'Aboriginal people are, in general, protected by and benefit greatly from the generosity of members of broad-ranging kinship systems. Individuals involved with and supported by such systems consider them normal and sensible, and expectations related to the sharing of shelter, food, cash and other resources appear entirely reasonable to the participants in such kinship networks. Sharing among Aboriginal people is propelled by demand but constrained by a delicate balance between what is considered appropriate to demand and appropriate to refuse.'
7. See Cornell (2002) who makes a compelling argument for the necessity of this policy and strategy in the context of welfare reform for Native Americans. Daly, Henry and Smith (forthcoming 2002) attempt to further explore the implications of that particular connection for the direction of Australian welfare reform for Indigenous Australians.

8. The McClure report which is the basis for the most recent reforms of the welfare system argued that 'Within the social support system social obligations are defined as mutual obligations, whereby the whole of the society has an obligation to provide assistance to those most in need. Similarly, those who receive assistance and opportunities through the social support system have a responsibility to themselves and the rest of society to seek to take advantage of such opportunities' (McClure 2000: 34).
9. See also similar comments made by Smith (1995) in respect to Aboriginal residents and CDEP participants in Redfern, Sydney, later confirmed in a study by Champion (2002).
10. See Champion (2002) for a discussion of the CDEP scheme and the management of the related IEC in Redfern, Sydney.

References

- Altman, J.C. 2001. 'Sustainable development options on Aboriginal land: The hybrid economy in the twenty-first century', *CAEPR Discussion Paper No. 226*, CAEPR, ANU, Canberra.
- , Gray, M. and Sanders, W. (2000) 'Indigenous Australians working for welfare: What difference does it make?' *Australian Economic Review*, 33 (4): 355–62.
- Arthur, W.S. and David-Petero, J. 2000a. 'Career aspirations and orientation to work: Young Torres Strait Islanders, 1999', *CAEPR Discussion Paper No. 206*, CAEPR, ANU, Canberra.
- and — 2000b. 'Education, training and careers: Young Torres Strait Islanders, 1999', *CAEPR Discussion Paper No. 207*, CAEPR, ANU, Canberra.
- and — 2000c. 'Job searching and careers: Young Torres Strait Islanders, 1999', *CAEPR Discussion Paper No. 205*, CAEPR, ANU, Canberra.
- Champion, M. 2002. 'Urban CDEPs as Indigenous Employment Centres: Policy and community implications', *CAEPR Discussion Paper No. 228*, CAEPR, ANU, Canberra.
- Cornell, S. 2002. 'What is institutional capacity, and how can it help American Indian Nations meet the welfare challenge?' Paper presented at the Symposium on Capacity-Building and Sustainability of Tribal Governments, 21–23 May 2002, Washington University, St Louis.
- Daly, A. 1999. 'Prospects for Indigenous Australians in the welfare system', *Agenda*, 6 (1): 5–16.
- and Auld, T. 2000. 'A statistical overview of the two case-study communities', in D.E. Smith (ed.), *Indigenous Families and the Welfare System: Two Community Case Studies*, CAEPR Research Monograph No. 17, CAEPR, ANU, Canberra.
- , Henry, R. and Smith, D.E. forthcoming 2000. 'Some lessons for Indigenous welfare policy: Results of a longitudinal survey in an Indigenous community', *Agenda*, 9 (4).
- and Smith, D. E. 1996. 'The contemporary economic status of Indigenous Australian families', *Australian Journal of Social Issues*, 31 (4): 354–75.

- Daly, A. and Smith, D.E. 2000. 'Research methodology', in D.E. Smith (ed.), *Indigenous Families and the Welfare System: Two Community Case Studies*, CAEPR Research Monograph No. 17, CAEPR, ANU, Canberra.
- Department of Family and Community Services (DFACS) 2001. *Australians Working Together* [<http://www.dfacs.gov.au>].
- Finlayson, J. 1991. Don't Depend on Me: Autonomy and Independence in an Aboriginal Community in Northern Queensland, PhD thesis, ANU, Canberra.
- , Daly, A. and Smith, D. E. 2000. 'The Kuranda community case study', in *Indigenous Families and the Welfare System: Two Community Case Studies*, CAEPR Research Monograph No. 17, CAEPR, ANU, Canberra.
- Harding, A., Lloyd, R. and Greenwell, H. 2002. *Financial Disadvantage in Australia 1990 to 2000*, The Smith Family and NATSEM, NSW [www.natsem.canberra.edu.au].
- and Richardson, S. 1999. 'The lowly paid, the unemployed and family incomes', *Australian Journal of Labour Economics*, 3 (1): 23–46.
- Henry, R. and Daly, A. 2001. 'Indigenous families and the welfare system: The Kuranda community case study, stage two' *CAEPR Discussion Paper No. 216*, CAEPR, ANU, Canberra.
- and Smith, D. 2002. 'Three years on: Indigenous families and the welfare system, the Kuranda community case study', *CAEPR Discussion Paper No. 229*, CAEPR, ANU, Canberra.
- Hunter, B.H. and Smith, D.E. 2002. 'Surveying mobile populations: Lessons from recent longitudinal surveys of Indigenous Australians', *Australian Economic Review*, 35 (3): 261–75.
- McClure, P. 2000. *Participation Support for a More Equitable Society: Final Report of the Reference Group on Welfare Reform*, DFACS, Canberra.
- Morphy, F. 2002. 'When systems collide: The 2001 census at a Northern Territory outstation', in Martin, D.F., Morphy, F., Sanders, W. and Taylor, J. *Making Sense of the Census: Observations of the 2001 Enumeration in Remote Aboriginal Australia*, CAEPR Research Monograph No. 22, CAEPR, ANU, Canberra.
- and Sanders, W. (eds) 2001. *The Indigenous Welfare Economy and the CDEP Scheme*, CAEPR Research Monograph No. 20, CAEPR, ANU, Canberra.
- Musharbash, Y. 2000. 'The Yuendumu community case study', in D.E. Smith (ed.), *Indigenous Families and the Welfare System: Two Community Case Studies*, CAEPR Research Monograph No. 17, CAEPR, ANU, Canberra.
- 2001. 'Indigenous families and the welfare system: The Yuendumu community case study, stage two', *CAEPR Discussion Paper No. 217*, CAEPR, ANU, Canberra.
- Sanders, W. 1997. 'Opportunities and problems astride the welfare/work divide: The CDEP scheme in Australian social policy', *CAEPR Discussion Paper No. 141*, CAEPR, ANU, Canberra.
- Schwab, R.G. 1995. 'The calculus of reciprocity: Principles and implications of Aboriginal sharing', *CAEPR Discussion Paper No. 100*, CAEPR, ANU, Canberra.

- Smith, D.E. 1995. 'Redfern works: The policy and community challenges of an urban CDEP scheme', *CAEPR Discussion Paper No 99*, CAEPR, ANU, Canberra.
- (ed.) 2000. *Indigenous Families and the Welfare System: Two Community Case Studies*, CAEPR Research Monograph No. 17, CAEPR, ANU, Canberra.
- 2001. 'The Mutitjulu Community Participation and Partnership Agreement', *CAEPR Discussion Paper No. 223*, CAEPR, ANU, Canberra.

Centre for Aboriginal Economic Policy Research Publications

For information on earlier CAEPR Discussion Papers and Research Monographs please contact:

Publication Sale, Centre for Aboriginal Economic Policy Research, The Australian National University, Canberra, ACT, 0200, Telephone: 02-6125 8211, Facsimile: 02-6125 2789. Information on CAEPR, abstracts or summaries of all CAEPR print publications and those published electronically, can be found at the following WWW address: <http://online.anu.edu.au/caepr/>

MONOGRAPH SERIES

7. *Mabo and Native Title: Origins and Institutional Implications*, W. Sanders (ed.), 1994.
8. *The Housing Need of Indigenous Australians, 1991*, R. Jones, 1994.
9. *Indigenous Australians in the Economy: Abstracts of Research, 1993-94*, L.M. Roach and H.J. Bek, 1995.
10. *Native Title: Emerging Issues for Research, Policy and Practice*, J. Finlayson and D.E. Smith (eds), 1995.
11. *The 1994 National Aboriginal and Torres Strait Islander Survey: Findings and Future Prospects*, J.C. Altman and J. Taylor (eds), 1996.
12. *Fighting Over Country: Anthropological Perspectives*, D.E. Smith and J.D. Finlayson (eds), 1997.
13. *Connections in Native Title: Genealogies, Kinship and Groups*, J.D. Finlayson, B. Rigsby and H.J. Bek (eds), 1999.
14. *Land Rights at Risk? Evaluations of the Reeves Report*, J.C. Altman, F. Morphy and T. Rowse (eds), 1999.
15. *Unemployment Payments, the Activity Test and Indigenous Australians: Understanding Breach Rates*, W. Sanders, 1999.
16. *Why Only One in Three? The Complex Reasons for Low Indigenous School Retention*, R.G. Schwab, 1999.
17. *Indigenous Families and the Welfare System: Two Community Case Studies*, D.E. Smith (ed.), 1999.
18. *Ngukurr at the Millennium: A Baseline Profile for Social Impact Planning in South East Arnhem Land*, J. Taylor, J. Bern and K.A. Senior, 2000.
19. *Aboriginal Nutrition and the Nyirranggulung Health Strategy in Jawoyn Country*, J. Taylor and N. Westbury, 2000.
20. *The Indigenous Welfare Economy and the CDEP Scheme*, F. Morphy and W. Sanders (eds), 2001.
21. *Health Expenditure, Income and Health Status among Indigenous and other Australians*, M.C. Gray, B.H. Hunter and J. Taylor, 2002.
22. *Making Sense of the Census: Observations of the 2001 Enumeration in Remote Aboriginal Australia*, D.F. Martin, F. Morphy, W.G. Sanders and J. Taylor, 2002.

RECENT DISCUSSION PAPER SERIES

- 219/2001** *Implications of developments in telecommunications for Indigenous people in remote and rural Australia*, A. Daly.
- 220/2001** *Indigenous autonomy in Australia: Some concepts, issues and examples*, W.S. Arthur.
- 221/2001** *Indigenous land in Australia: A quantitative assessment of Indigenous landholdings in 2000*, D.P. Pollack.
- 222/2001** *Valuing native title: Aboriginal, statutory and policy discourses about compensation*, D.E. Smith.
- 223/2001** *Community Participation Agreements: A model from community-based research*, D.E. Smith.
- 224/2001** *A regional CDEP for four remote communities? Papunya, Ikuntji, Watiyawanu and Walungurru*, W. Sanders.
- 225/2001** *Building Indigenous learning communities*, R.G. Schwab and D. Sutherland.
- 226/2001** *Sustainable development options on Aboriginal land: The hybrid economy in the twenty-first century*, J.C. Altman.
- 227/2002** *The Indigenous population of Cape York Peninsula, 2001–2016*, J. Taylor and M. Bell.
- 228/2002** *Urban CDEPs as Indigenous Employment Centres: Policy and community implications*, M. Champion.
- 229/2002** *Three years on: Indigenous families and the welfare system, the Kuranda community case study*, R. Henry and D.E. Smith.
- 230/2002** *Towards an Indigenous order of Australian government: Rethinking self-determination as Indigenous affairs policy*, W. Sanders.
- 231/2002** *Population futures in the Australian desert, 2001–2016*, J. Taylor.
- 232/2002** *Autonomy and the Community Development Employment Projects scheme*, W.S. Arthur.
- 233/2002** *Jurisdictional devolution: Towards an effective model for Indigenous community self-determination*, D.E. Smith.
- 234/2002** *Indigenous community stores in the 'frontier economy': Some competition and consumer issues*, S. McDonnell and D.F. Martin.
- 235/2002** *Some competition and consumer issues in the Indigenous visual arts industry*, J. C. Altman, B.H. Hunter, S. Ward and F. Wright.
- 236/2002** *Indigenous residential treatment programs for drug and alcohol problems: Current status and options for improvement*, M. Brady.
- 237/2002** *Journey without end: Reconciliation between Australia's Indigenous and settler peoples*, W. Sanders.
- 238/2002** *Decentralisation, population mobility and the CDEP scheme in central Cape York Peninsula*, B.R. Smith.

WORKING PAPER SERIES

Available at no cost on WWW at <http://online.anu.edu.au/caepr/>

- 1/1999** *Three nations, not one: Indigenous and other Australian poverty*, B.H. Hunter.
- 2/1999** *Further investigations into Indigenous labour supply: What discourages discouraged workers?* B.H. Hunter and M.C. Gray.
- 3/1999** *Dealing with alcohol in Alice Springs: An assessment of policy options and recommendations for action*, M. Brady and D.F. Martin.
- 4/1999** *Aboriginal people in the Kakadu region: Social indicators for impact assessment*, J. Taylor.
- 5/1999** *Reforming the Northern Territory Land Rights Act's financial framework into a more logical and more workable model*, J.C. Altman and D.P. Pollack.
- 6/2000** *Governance and service delivery for remote Aboriginal communities in the Northern Territory: Challenges and opportunities*, N. Westbury and W. Sanders.
- 7/2000** *What's in it for Koories? Barwon Darling Alliance Credit Union and the delivery of financial and banking services in north-west New South Wales*, N. Westbury.
- 8/2000** *The relative social and economic status of Indigenous people in Bourke, Brewarrina and Walgett*, K. Ross and J. Taylor.
- 9/2001** *Indigenous communities and business: Three perspectives, 1998–2000*, J.C. Altman.
- 10/2001** *Indigenous Australian arrest rates: Economic and social factors underlying the incidence and number of arrests*, B.H. Hunter.
- 11/2001** *Sensitivity of Australian income distributions to choice of equivalence scale: Exploring some parameters of Indigenous incomes*, B.H. Hunter, S. Kennedy, and D.E. Smith.
- 12/2002** *Indigenous Australians and competition and consumer issues: An interim review of the literature and an annotated bibliography*, J.C. Altman, S. McDonnell, and S. Ward.
- 13/2002** *The rise of the CDEP scheme and changing factors underlying Indigenous employment*, B.H. Hunter.
- 14/2002** *Institutional factors underpinning Indigenous labour force participation: The role of the CDEP scheme and education*, B.H. Hunter.
- 15/2002** *Generating finance for Indigenous development: Economic realities and innovative options*, J.C. Altman.